KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Melissa L. Schwarzell

1. Refer to Kentucky-American's Response to Commission Staff's First Request for Information, Item 3. Provide in a separate storage medium the Excel spreadsheets filed in response to this request in such manner that all links and references are intact and enabled.

Response:

Please refer to the CD provided in response to Item 3 of the Commission Staff's First Request for Information.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Cheryl Norton/Keith Cartier/Linda Bridwell

2. Refer to Kentucky-American's Response to Commission Staff's First Request for Information, Item 3, W/P-8.

   a. State how, for each meter size, Kentucky-American determined the cost of the meter.

   b. Describe how Kentucky-American procures meters for new service installations or connections. This description should include a list of each procurement method that Kentucky-American considered and an explanation as to why Kentucky-American chose not to use that method.

   c. At page 2 of 5, Kentucky-American lists the contract meter price for a 5/8-inch meter as $95.40 and its "MIU Cost" as $42.00. State what the acronym "MIU" represents. List and describe the costs that compose the "MIU Cost."

   d. List and describe each expense included in the five-year average installation cost of $983.

Response:

   a. The meter costs are based on the price paid to the vendor for the meter.

   b. Kentucky-American leverages the national buying power provided through American Water Supply Chain, and procures meters through the national contracts bid by American Water.

   c. MIU, or Meter Interface Unit, refers to the radio transmitter portion of the meter. When purchased separately, the MIU for a 5/8" meter costs $42.00.

   d. The number that is shown in W/P-8, $983, is incorrect. The correct value should be $1,179. This value is the average of cost per residential service for year 2008 through 2012.

Year	Cost per Residential Service
2008	$815
2009	$956
2010	$1,456
2011	$1,211
2012	$1,457
Average	$1,179

The costs included in the five-year average installation cost are the costs of materials including copper tubing for service lines, meter setters, meter boxes, and materials to attach the line to the main and the house line. Also included are the costs paid to the contractor for each installation including restoration, the KAW costs of labor to manage the installation and materials process, and any capital overhead as appropriate.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Cheryl Norton/Keith Cartier/Linda Bridwell

3. Provide for each of the years from 2007 through 2012 a copy of the annual contract with the contractor who performed new service installations for Kentucky-American.

Response:

Please see attached.

AMENDMENT No. 1
TO NEW SERVICS INSTALLATION AGREEMENT BETWEEN
KENTUCKY AMERICAN WATER COMPANY AND
TFH, LLC
DATED January 1, 2010

This Amendment No. 1 to the Agreement ("Amendment") is entered into this 1st day of January, 2013 ("Effective Date") by and between TFH, LLC ("Contractor") and Kentucky American Water Company, Inc. ("Owner").

RECITALS

A. The effective date of the agreement between Contractor and Owner ("Agreement") is January 1, 2010

B. Contractor and Owner desire to set forth in this Amendment No. 1 certain modifications to the Agreement; and,

C. In all other respects, the Agreement shall control the relationship between the parties.

NOW, THEREFORE, in consideration of the Recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Section 1 - Term of Agreement**. The term of the Agreement shall be extended until December 31, 2014.

2. **Section 3 – Pricing.** Exhibit 1 shall be replaced with Exhibit 1A (attached hereto) which includes revised pricing for the Central and Northern Divisions as well as additional unit pricing for Renewal Services and Settings.

3. **Other Provisions.** All other terms and conditions of the Agreement and its Schedules shall remain in full force and effect.

IN WITNESS WHEREOF, Contractor and Owner have signed this Amendment and a copy has been delivered to both Contractor and Owner.

TFH ~~THF~~, LLC	**Kentucky American Water Company**
By: _____	By: Keith Cartier
Name: Tom Friley	Name: Keith Cartier
Title: Owner	Title: VP Ops
Date: 12/28/12	Date: 1. 3. 13

KENTUCKY AMERICAN WATER
NEW & RENEWAL SERVICES/SETTINGS

Exhibit 1A - TFH, LLC Price Schedule
Central Division - Lexington Area

Description	2013 - 2014 Unit Pricing
Installation of ¾" " & 1" services – short (Each)	$425.00
Installation of ¾" " & 1" services – long (Each)	$850.00
Installation of 2" services – short (Each)	$600.00
Installation of 2" services – long (Each)	$1,025.00
Price per foot in excess of 60', 3/4", 1", 2" services (L.F.)	$1.00
Installation of 5/8" x ¾" & 1" meter settings (Each)	$75.00
Installation of additional meter box & top for dual PRV type ¾" & 1" settings (Each)	$375.00
Install 2" meter settings (incl. vault construction material)	$1,500.00
Install 2" pre-fabricated meter setting (including vault construction material) (Each)	$1,450.00
Install 2" pre-fabricated meter setting with pre-fabricated box & top furnished (Each)	$400.00
Install 5/8" x 3/4" and 1" meters (regular read) (Each)	$20.00
Open cut 1" and 2" long blind services in rock areas where required (Each)	$10.00
Install 5/8" x 3/4" and 1" meter settings on existing blind services at a later date (Each)	$25.00
Install 5/8" x 3/4", 1" and 2" encoder meters – (radio read) (all 2" encoder) (Each)	$30.00
Tap in street (Each)	$2,000.00
4" Concrete Sidewalk Replacement (Sq. Ft.)	$5.45
Retire or Kill Service (Each)	$500.00
Retire or Kill setting w/ reconnection (Each)	$750.00
Retire or Kill setting (Each)	$450.00
Concrete Apron Replacement (Sq. Ft.)	$25.00
Asphalt Apron Replace (Sq. Ft.)	$15.00

KENTUCKY AMERICAN WATER
NEW & RENEWAL SERVICES/SETTINGS

Exhibit 1A - TFH, LLC Price Schedule
Northern Division - Owenton - Owen County

Description	2013 - 2014 Unit Pricing
Installation of ¾" " & 1" services – short (Each)	$1,675.00
Installation of ¾" " & 1" services – long (Each)	$2,100.00
Installation of 2" services – short (Each)	$2,500.00
Installation of 2" services – long (Each)	$3,000.00
Price per foot in excess of 60', 3/4", 1", 2" services (L.F.)	$50.00
Installation of 5/8" x ¾" & 1" meter settings (Each)	$75.00
Installation of additional meter box & top for dual PRV type ¾" & 1" settings (Each)	$375.00
Install 2" meter settings (incl. vault construction material)	$5,000.00
Install 2" pre-fabricated meter setting (including vault construction material) (Each)	$5,000.00
Install 2" pre-fabricated meter setting with pre-fabricated box & top furnished (Each)	$400.00
Install 5/8" x 3/4" and 1" meters (regular read) (Each)	$20.00
Open cut 1" and 2" long blind services in rock areas where required (Each)	$2,500.00
Install 5/8" x 3/4" and 1" meter settings on existing blind services at a later date (Each)	$350.00
Install 5/8" x 3/4", 1" and 2" encoder meters – (radio read) (all 2" encoder) (Each)	$30.00
Tap in street (Each)	$3,000.00
4" Concrete Sidewalk Replacement (Sq. Ft.)	$25.00
Retire or Kill Service (Each)	$1,000.00
Retire or Kill setting w/ reconnection (Each)	$1,500.00
Retire or Kill setting (Each)	$900.00
Concrete Apron Replacement (Sq. Ft.)	$25.00
Asphalt Apron Replace (Sq. Ft.)	$15.00

NEW SERVICES INSTALLATION AGREEMENT
BETWEEN
TFH, LLC. AND KENTUCKY AMERICAN WATER COMPANY

THIS AGREEMENT (the "Agreement") is entered into this 1st day of January 2010 (the "Effective Date"), by and between Kentucky American Water Company, a Kentucky corporation with its principal office located at 2300 Richmond Road, Lexington, Kentucky 40502 (hereinafter "American Water"), and TFH, LLC, a Kentucky corporation with its principal office located at 917 Contract Street, Lexington, Kentucky 40505 (hereinafter "Supplier").

RECITALS

WHEREAS, American Water is desirous of obtaining new services installation services for its Central (Lexington) Operations area and its Northern (Owen County) Operations area and,

WHEREAS, Supplier is in the business of providing new service installation services and,

WHEREAS, American Water desires to work with Supplier for the provision of new installation services,

AGREEMENT

Therefore, to accomplish the purpose stated above, and in consideration of the mutual promises stated below, Supplier and American Water, intending to be legally bound, agree as follows:

1. **TERM** This Agreement shall commence on the Effective Date and shall remain in effect until December 31, 2012. This Agreement may be cancelled by American Water at any time upon 60 calendar days' advance written notice to Supplier.

2. **SCOPE** Contractor agrees to provide certain New Services Installations (the "Services") as outlined in the Statement of Work ("SOW"), which is attached hereto as Exhibit 2 – Procedure for Payment, and the Basis of Payment, which is attached hereto as Exhibit 3.

3. **PRICING** Pricing for the Services will be as outlined in Exhibit 1, which is attached hereto and incorporated into this Agreement in its entirety.

4. **INDEMNIFICATION** Supplier will, at its sole cost, indemnify, defend and hold American Water and its Affiliates and Operating Ventures harmless, together with their respective directors, officers, employees and agents, from and against any and all claims, losses, demands and actions and any liabilities, damages or expenses resulting therefrom (including court costs and reasonable attorneys' fees), arising out of or related to the goods and services provided under this Agreement or a breach of any representation or warranty set forth in the Agreement by Supplier. American Water shall (i)

notify Supplier in writing about the raised claim in a timely manner; and (ii) authorize Supplier to lead and settle the legal proceedings (provided that no such settlement shall include an admission of liability or guilt by American Water without American Water's prior written consent) at Supplier's own cost, with American Water providing reasonable cooperation and support as requested by Supplier.

5. **LIMITATION OF LIABILITY** Notwithstanding anything to the contrary contained in this Agreement and except for American Water's obligations under Section 8 (Confidentiality) under this Agreement, for any and all claims related to this Agreement, American Water's and its Affiliates' and Operating Ventures' cumulative and aggregate liability to Supplier hereunder shall in no event exceed the amount of fees and other amounts shown to be owed and unpaid by American Water pursuant to the terms of this Agreement for services and/or goods rendered by Supplier hereunder.

6. **WARRANTY**

   A. Supplier represents and warrants that the Services do not and will not infringe upon or otherwise violate any rights, patents, trademarks, copyrights or trade secrets of any third party. If American Water's use of the Services is enjoined, impaired, or otherwise restricted by reason of any claim of infringement of patent, trademark, copyright, trade secret or infringement of any other rights, Supplier shall, at its option, either (1) modify such deliverable so that it becomes non-infringing, but still in conformance with American Water's requirements; or (2) procure for American Water the right to use such deliverable with equivalent capabilities. This Section 6a shall survive any termination of this Agreement.

   B. Supplier represents and warrants to American Water that the Services will be free from liens and defects and that the Services will conform with the requirements of the Agreement and SOW. Services not conforming to these requirements shall be corrected promptly by Supplier after receipt of a written notice from American Water to do so. Supplier further represents and warrants that no part of any Services violate any right of privacy of any third parties and that the Services shall substantially comply with all written descriptive materials furnished to American Water by Supplier.

   C. Supplier represents and warrants that any Services performed by Supplier or its employees, agents, or subcontractors hereunder shall be performed by appropriately skilled and qualified personnel in a timely, professional, work person-like manner, in compliance with all applicable laws, rules, regulations, and ordinances and in accordance with best industry standards and practices for best-in-class, nationally recognized providers of similar types of services.

   D. Any information describing the Supplier's skill, experience, techniques, training and services contained in material provided to American Water in Supplier's response to American Water's RFQ issued on November 6,

2009 are incorporated as a representation and warranty in this Agreement.

E. Supplier represents and warrants that: (i) it is capable in all respects of providing all Services in accordance with this Agreement; and (ii) it understands the nature, location, and scope of Services to be performed hereunder.

F. Supplier represents and warrants that: (i) it is a corporation duly formed and in good standing under the laws of the State of Kentucky (ii) it is qualified and registered to transact business in all locations where the performance of its obligations hereunder would require such qualification; (iii) it has all necessary rights, powers, and authority to enter into, and to fulfill all of its obligations and grant all of the rights that it purports to grant under this Agreement; (iv) the execution, delivery, and performance of this Agreement by Supplier has been duly authorized by all necessary corporate action; (v) the execution and performance of this Agreement by Supplier shall not violate any domestic or foreign law, statute, or regulation and shall not breach any agreement, covenant, court order, judgment, or decree to which Supplier is a party or by which it is bound or otherwise violate any rights of any third party; (vi) it has, and covenants that it shall maintain in effect, all governmental licenses and permits necessary for it to provide the Services contemplated by this Agreement; and (vii) it owns or leases, and covenants that it shall own or lease, or have the right to use, free and clear of all liens and encumbrances, other than lessors' interests, or security interests of Supplier's lenders, appropriate right, title, or interest in and to the tangible property that Supplier intends to use or uses to provide the Services in accordance with this Agreement (except for any resources expressly indicated herein as to be provided by American Water).

G. Supplier represents and warrants that, as of the Effective Date, there is no pending or threatened outstanding litigation, arbitrated matter, or other dispute to which Supplier is a party, that, if decided unfavorably to Supplier, could reasonably be expected to have a potential or actual material adverse effect on Supplier's ability to fulfill its obligations hereunder, and that Supplier knows of no basis that might give rise to any such litigation, arbitration, or other dispute in the foreseeable future. Upon becoming aware of any such basis, Supplier shall promptly notify American Water thereof.

H. Supplier warrants that, in providing the Services and in otherwise performing its obligations under this Agreement, Supplier shall comply, and, to the extent within Supplier's control, shall not prevent American Water or its Affiliates and Operating Ventures from complying or materially impede them in complying, with all applicable laws, regulations, and ordinances of any relevant jurisdiction, and all applicable policies of American Water and its Affiliates and Operating Ventures, including but not limited to those pertaining to personnel and security.

l. Supplier is expected to conform its business dealings with American Water in accordance with the underlying principles of American Water's Code of Ethics, a copy of which is available on American Water's website at http://www.amwater.com.

7. BACKGROUND CHECKS

7.1 Supplier acknowledges that the Federal Government has declared public water systems, including American Water's, to be critical infrastructure essential to the continued operation of the government and the nation.

7.2 Supplier acknowledges that American Water's water and wastewater operations are governed by numerous federal and state statutes and regulations, and subject to regulation by numerous federal and state agencies.

7.3 Supplier acknowledges that, among other things, American Water provides retail water and wastewater service to the public, as authorized and regulated by public utility commissions, so that American Water has a public-service obligation to provide safe and affordable water and wastewater service to the public.

7.4 Supplier will conduct, or will have conducted, a background check on each of its employees or individual subcontractors before the employee or subcontractor performs any function or activity under this Agreement that involves access to American Water's Confidential Information or on-site work at any of American Water's facilities. The background check conducted by Supplier will include at least the following:

- Previous employers and dates of employment;
- Education;
- Professional License verification;
- Military Service Verification;
- Driving record;
- Criminal history (state and federal);
- References;
- Credit history or social security number trace;
- Personal history to the extent permitted by applicable laws and regulation; and
- Verification of eligibility to work in the United States.

7.5 Supplier's review of this information will endeavor to:

- authenticate the identity of the individual;
- insure that data is consistent with an individuals stated history and current status;
- uncover any discrepancies;

- reveal any criminal history; and
- uncover any other pertinent information tending to establish that the individual may represent a security risk to American Water's personnel, facilities, or American Water's responsibility for the public safety and the providing of safe and adequate utility to American Water's customers.

7.6 Upon request, Supplier will make available for American Water's review, the documentation and results of the background check with respect to any employee of Supplier performing under this Agreement. American Water will not retain such records or documentation and any findings from its review will be confidential.

8. **PROTECTION OF PROPRIETARY INTERESTS; CONFIDENTIALITY** The parties agree that specifications, pricing schedules, proprietary tools, basic forms, computer programs, manuals, supporting material data, documents, policies, procedures, records and other information that have been disclosed or may be disclosed by one party (the "Disclosing Party") to the other (the "Receiving Party") is confidential in nature ("Confidential Information"), and the Receiving Party agrees to refrain from using such Confidential Information in a manner inconsistent with the purpose of this Agreement or disclosing such Confidential Information to (i) third parties; or (ii) individuals within its own organization who do not have a strict need to know such information. All American Water information shall qualify as confidential unless it is disclosed in writing and labeled as not confidential. Any information that is disclosed orally by American Water must be confirmed as not confidential in writing to qualify for the exclusion of protection set forth in this Section 8. The nondisclosure obligations herein shall not apply to information that: (i) is or becomes publicly known through no fault or breach of this Agreement by the Receiving Party; (ii) is independently developed by the Receiving Party without using the Disclosing Party's Confidential Information, or is rightfully obtained from a third party without restriction on use or disclosure; or (iii) is already in the possession of the Receiving Party at the time of the disclosure without the obligation of confidentiality. Notwithstanding anything to the contrary contained in this Agreement, the terms and conditions of this Agreement shall be considered Confidential Information. Except as may be required by law or regulatory process, in the event that one party to this Agreement receives a summons, subpoena, regulatory order, court order or other demand to disclose any Confidential Information, each party agrees to first notify the other of such demand in writing, and shall provide an opportunity for such other party to lawfully object and defend any rights it may have to the Confidential Information at the Disclosing Party's sole cost and expense. The requirement to notify and provide an opportunity to defend shall not apply to American Water's regulated utility Affiliates ("Regulated Entities") in the event such Regulated Entity determines in good faith that disclosure of Supplier's Confidential Information is required in response to a general information request (whether by subpoena or otherwise) made by such Regulated Entity's utility regulator not specifically targeting Supplier's Confidential Information. No rights or

licenses under patents, trademarks or copyrights are granted or implied by any disclosure of Confidential Information. Confidential Information, and any and all authorized copies thereof, shall remain the property of the Disclosing Party and shall be destroyed or returned if requested by the Disclosing Party, provided that the Receiving Party may keep one copy of Confidential Information solely for recordkeeping so long as is necessary to comply with regulatory requirements.

A. Each party will permit the other party to disclose information to any consultant or third-party provider, provided (1) that party has a confidentiality agreement with that consultant or third-party provider that ensures it will not disclose to anyone or use information for its own benefit or the benefit of its customers; (2) the confidentiality agreement restricts third-party's or consultant's employees to do only what that party needs them to do; (3) the third-party or consultant agrees to use what it learns only to help that party conduct its internal business operations, and agrees that it will not use the information for themselves or for their customers.

B. Each of Supplier and American Water acknowledge that, in the event of a breach of this Section 8, the owner of the Confidential Information may not have an adequate remedy in money or in damages and, therefore, shall be entitled to seek injunctive relief against such breach without any requirement to post bond as a condition thereof.

C. All of the restrictions set forth Section 8, shall in this survive any termination of this Agreement.

9. **SUBCONTRACTORS** Except as otherwise provided herein (i) Supplier shall not subcontract to any subcontractor all or any part of the Services described in or contemplated under this Agreement without the prior written consent of American Water (such consent to be withheld or granted in its sole discretion); (ii) each such subcontractor may perform only the specific services described with regard to such subcontractor in a written request submitted by Supplier to American Water when seeking such consent; and (iii) no change may be made to the specific services performed by a particular subcontractor, and no substitution, replacement, or change of subcontractors may be made without the advance written consent of American Water. All performance of Services by each subcontractor shall at all times be in accordance with the terms and conditions of this Agreement. Prior to performing any Services, each subcontractor shall execute a non-disclosure agreement that contains terms substantially consistent with the terms of Section 8, of this Agreement. Supplier covenants that its arrangements with subcontractors shall not prohibit or restrict any such subcontractor from, at any time, entering into direct agreements with American Water. Notwithstanding anything to the contrary set forth in this Section 9 or elsewhere in this Agreement, Supplier shall not engage any subcontractors that are competitors of American Water. Approval by American Water of any subcontractor shall not relieve Supplier of its obligations or liability with respect to the work to be performed by it or the subcontractor, or of its liability for any property damage or personal injury caused by the subcontractor or its

employees. Supplier shall at all times be liable and responsible as a principal for the performance of all of the duties and obligations of Supplier hereunder that Supplier may elect to subcontract to any of its subcontractors or affiliates, or to any other third party.

10. **ASSIGNMENT** Except as otherwise provided herein neither party will have a right to assign this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the other party; provided that American Water may assign this Agreement to an Affiliate located within the United States without such written consent. Except as otherwise provided herein, any attempt to assign this Agreement without such written consent shall be void for any and all purposes. Subject to the foregoing, this Agreement shall inure to the benefit of the parties' permitted successors and permitted assigns.

11. **RELATIONSHIP OF THE PARTIES**
    A. Supplier agrees that any and all personnel providing services to Supplier and/or American Water as a result of this Agreement or any subsequent agreement(s) will be considered solely employees of Supplier. Supplier's employees shall not be entitled to participate in any of American Water's employee benefit plans, including but not limited to retirement plans (such as pensions, 401(k), and profit sharing), stock purchase plans, deferred compensation plans, health and welfare benefits, disability benefits, paid time off (such as vacation, sick, personal, sabbatical), severance pay and other like plans and programs.

    B. Supplier and its employees, agents, and consultants shall be an independent contractor and not employees of American Water. Nothing contained herein shall serve to constitute a relationship or partnership or joint venture between the parties. Supplier shall not be an agent of American Water and shall have no power to bind or otherwise obligate American Water in any manner whatsoever nor shall Supplier be authorized to enter into agreements or any other contractual relationships on behalf of American Water.

12. **SAFETY** Supplier shall be responsible for initiating, maintaining and supervising all safety programs in connection with the Services. Supplier shall take all necessary precautions for the safety of and shall provide the necessary protection to prevent damage , injury, or loss to:
    a. All persons on the premises who may be affected by the Services;
    b. all the work, materials, and equipment to be incorporated therein, whether in storage or off the site: and
    c. other property at the site or adjacent thereto, including trees, shrubs, lawns, walks, pavements, roadways, structures, utilities and Underground Facilities not designed for removal , relocation, or replacement in the course of construction.

13. **PERMITS** Unless otherwise specified in the Agreement, Supplier is responsible for obtaining all permits associated with the Services being conducted. American Water will, where it can, assist the Supplier in obtaining such permits and licenses.

14. **GOVERNING LAW; SEVERABILITY**
    A. This Agreement shall be governed and construed in accordance with the laws of the State of Kentucky, without reference to or application of conflict of laws, rules or principles.

    B. If any one or more of the provisions contained within this Agreement is deemed invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the provision of the Agreement will be enforced to the maximum extent permissible and the remainder of the provisions of this Agreement will remain in full force and effect. Supplier and American Water mutually agree to substitute any invalid, illegal or unenforceable provision of this Agreement with a valid, legal, or enforceable provision which comes as close as possible to the reasonably inferred intent of the invalid, illegal, or unenforceable provision.

15. **FORCE MAJEURE** Neither party hereunder will be responsible for any failure or delay in its performance under this Agreement due to causes that are beyond such party's reasonable control and that is not caused by such party's negligence including, but not limited to, acts of God or the public enemy, fire, flood or other labor dispute directly affecting the project implementation, civil disturbance, or omission by public authority or authorities having proper jurisdiction; provided, however, that if either party's failure or delay in performance hereunder extends beyond fifteen (15) calendar days then the other party shall have the right to immediately terminate this Agreement.

16. **USE OF LOGO** Supplier shall not, without American Water's express written permission, (i) use American Water's name, nor any trade name, logo, trademark, or service mark, whether registered or not, or the name, assumed business name, trade name, logo, trademark, or service mark, whether registered or not, of any American Water Affiliate or Operating Venture, in connection with publicity, advertisements, promotion or in any other connection, or (ii) identify American Water or its Affiliates and Operating Ventures in any manner on customer or vendor lists or on a web site (or on any third party web site) or in any web site metatags; or (iii) disclose to any third party the existence of this Agreement or the monetary value of any goods or services purchased hereunder. Supplier shall indemnify American Water for reasonable costs and expenses incurred in connection with enforcing the provisions of this Section 16. All of the restrictions and obligations set forth in this Section 16 shall survive any termination of this Agreement.

17. **NON-EXCLUSIVITY** Both American Water and Supplier are free to enter into similar agreements with others, set their own prices, and conduct their

business in whatever way they choose, provided that there is no interference with performing the obligations under this Agreement.

18. NOTICES All notices required or permitted under this Agreement from one party to another under or in connection with this Agreement shall be in writing (or shall be made by a tele-communications device capable of creating a written record), and shall be delivered to American Water and Supplier at their contact addresses specified below. Notices shall be deemed given at the time they are actually received by the receiving party. Either party may change its address for notices under this Agreement by giving written notice to the other party by the means specified in this Section 18.

19.
The respective addresses for giving notices hereunder are as follows:

A. **To Supplier:**
TFH, LLC
917 Contract Street
Lexington, KY 40505

B. **To American Water:**
William E. Hardy, Jr.
Manager
American Water
800 W. Hersheypark Drive
Hershey, PA 17033

20. DISPUTE RESOLUTION

A. The intent of the parties is to identify and resolve disputes promptly after any dispute arises. Before attempting to exercise any legal or equitable remedy, each party agrees to follow the dispute resolution procedure described below. Except as provided otherwise elsewhere in this Agreement, in the event that either party determines that following the procedure described below in this Section 20 could potentially be harmful or damaging to their respective businesses or third-party suppliers, that party may elect to forego the dispute resolution process and pursue injunctive relief.

B. Escalation of Dispute. In there is a dispute between the parties arising out of this Agreement, each party agrees to engage in good faith negotiations between progressively more senior representatives of each party, as follows.

Level	Representatives of the Parties	Maximum Duration of Negotiations Prior to Escalation to Next Level
One	**AMERICAN WATER**: Bill Hardy **SUPPLIER**: Tom Friley	5 business days
Two	**AMERICAN WATER**: Director of Supply Chain Department **SUPPLIER**: Tom Friley	5 business days

Three **AMERICAN WATER:** 7 business days

COO or American Water's designee

SUPPLIER: Tom Friley

C. Either party may at any time change its representative party designated above by providing written notice to the other party.

D. If such matter remains unresolved following the negotiations and the expiration of the periods specified above in this Section 20, each party may immediately exercise or pursue any other rights or remedies available hereunder or at law or in equity, and it is acknowledged by the parties that nothing herein shall preclude, limit, or otherwise restrict any legal or equitable remedies available to either party for failure of the other party to perform its obligations under this Agreement.

21. **NO TERMINATION OR SUSPENSION OF SERVICES** Unless otherwise provided in this Agreement, and even if any dispute or other problem arises between the parties and regardless of whether or not it requires at any time the use of the dispute resolution procedures described herein, in no event nor for any reason shall Supplier interrupt or suspend or terminate the provision of Services to American Water hereunder or perform any action that prevents, impedes, or reduces in any way the provision of Services or American Water's ability to conduct its activities or otherwise fully utilize the goods provided hereunder, unless: (i) authority to do so is granted by American Water or ordered by a court of competent jurisdiction; or (ii) the term of this Agreement has expired or has been terminated or cancelled in accordance herewith.

22. **TRANSITION ASSISTANCE** Unless requested or directed otherwise by American Water in accordance herewith, Supplier shall continue to provide any Services being provided on an ongoing basis hereunder until the effective date of any expiration, termination, or cancellation of this Agreement. Upon receipt of any notice of termination or cancellation, or upon any expiration or termination of this Agreement that occurs without such a notice, Supplier shall promptly deliver to American Water copies of all goods and other results of the Services, to the extent that they have then been completed and American Water has continuing rights thereto, in accordance with this Agreement. Supplier shall reasonably cooperate with American Water and its designated service providers to provide for an orderly transition of the Services following any expiration, termination, or cancellation of this Agreement, as requested by American Water. Any such transition assistance shall be provided by Supplier at its then-current reasonable consulting rate.

23. **TAXES** Supplier shall pay all sales, consumer, use and other similar taxes required to be paid by Supplier in accordance with all applicable laws, rules,

and regulations of the location which are applicable during the performance of the Services.

Supplier's responsibility to pay all such taxes shall: (i) include the obligation to pay any interest or penalties that may be assessed as a result of Supplier's late payment or failure to pay such taxes, and (ii) survive final payment, completion and acceptance of the Services and termination or completion of the Agreement.

American Water is exempt from sales and use taxes on certain services, machinery, equipment, materials, apparatus, tools or supplies in connection with the Services. The Contract Price shall not include any sales and use taxes on any exempt items. Supplier shall be responsible for determining what items are tax-exempt. Supplier shall furnish evidence satisfactory to American Water that Supplier has paid all sales, consumer, use and other similar taxes required to be paid by Supplier. Supplier shall also furnish to American Water with Supplier's application for final payment a schedule of all items incorporated in the Services that Supplier has determined are entitled to sales and use tax exemption and for which no sales and use taxes were paid by Supplier. American Water reserves the right to audit the Supplier's compliance with applicable sales and use tax requirements prior to release of retainage and final payment. If American Water disagrees with any of Supplier's determinations or exemptions or otherwise has reason to believe that Supplier has not paid all applicable sales and use taxes, American Water shall be entitled to withhold or separately recover the amount of sales and use taxes American Water believes American Water may be potentially liable for as a result of Supplier's nonpayment until: (i) Supplier presents evidence satisfactory to American Water that the Supplier has paid the taxes in question or that the items in question are exempt and (ii) all statutes of limitation for the applicable taxing authority to bring an action against American Water for payment of the taxes in question have expired, whichever first occurs. Should any services, machinery, equipment, materials, apparatus, tools or supplies in connection with the Services not be tax exempt, Supplier will separate labor and materials on all related invoices sent to American Water.

Supplier shall indemnify and hold harmless American Water for any sales and use tax which American Water is required to pay by reason of Supplier's failure to seek and to implement any available sales and use tax exemption and Supplier's failure to obtain any necessary exemption certificate.

24. **AUDIT RIGHTS** Supplier shall maintain complete, legible and accurate records of all files in support of American Water's charges. American Water or its authorized representatives shall have the right, at reasonable times during Supplier's regular business hours, and with 5 business days prior notice, to examine and audit all such records as may, under recognized accounting practices, contain information bearing upon the fees paid by American Water to Supplier under this Agreement. American Water will have the right, with 5 business days' advance written notice to Supplier, to return to Supplier's premises to verify that all necessary remedial actions were taken at Supplier's facility.

25. HEADINGS
Headings in this Agreement are for convenience only and are not to be used in the construction or interpretation of this Agreement.

26. COUNTERPARTS This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one instrument

27. ENTIRE AGREEMENT This Agreement constitutes the entire understanding and agreement between Supplier and American Water relating to the subject matter herein, and except as expressly set forth herein, supersedes any and all prior or contemporaneous agreements or understandings, whether oral or written, relating to the subject matter herein. Any waiver, modification or amendment of any provision of this Agreement will be effective only if in writing and signed by duly authorized representatives of the parties. The parties agree that the terms and conditions stated on any purchase orders or acknowledgement forms shall be superseded by the terms and conditions stated herein and shall be of no force and effect.

28. INSURANCE (a) At no expense to American Water, Supplier shall (1) obtain and keep in force during the term of this Agreement, and any renewals or extensions hereof; and (2) require its subcontractors to obtain and keep in force during the terms of their respective engagements or contracts, the minimum insurance limits and coverage set forth below. The insurance coverage limits stated below are minimum coverage requirements, not limitations of liability, and shall not be construed in any way as American Water's acceptance of the responsibility of Supplier.

I. Commercial General liability:

- $1,000,000 per occurrence combined single limits.
- $1,000,000 general aggregate.
- $1,000,000 products and completed operations aggregate.
- CGL ISO 1996 or later occurrence form including premises and operations coverage, products and completed operations, coverage for independent contractors, personal injury coverage and blanket contractual liability, Supplier's protective liability if Supplier subcontracts all or any portion of the work to be performed hereunder. Completed operations shall be maintained for a period of three (3) years following final completion for any construction, renovation, repair and maintenance service.

II. Workers' Compensation:

- Coverage A: Applicable federal or state requirements: statutory minimum.
- Coverage B: Employer's Liability:
- Each accident: $1,000,000.
- Each employee – disease: $1,000,000.
  Policy limit - disease: $1,000,000
- Coverage C: Voluntary workers compensation insurance coverage for all employees not subject to the applicable workers compensation act or acts.

· The workers' compensation policy shall also include U.S. longshoreman and harbors workers' compensation act coverage if any work to be performed hereunder shall be done over or within one hundred (100) feet of any body of water, or otherwise at the sole discretion of American Water. Supplier shall provide maritime (Jones Act) coverage if a boat or vessel of any type is used.

III. Automotive Liability (including owned, hired, borrowed and non-ownership liability).

· Bodily injury and property damage $1,000,000 each occurrence combined single limits.

IV. Umbrella Liability. $9,000,000 each occurrence and annual aggregate in excess of employer's liability, General liability and Automotive liability (no more restrictive than underlying insurance).

(b) The minimum liability limits required may be satisfied through the combination of the primary general liability, employers' liability, and automotive liability limits with an umbrella liability policy (with coverage no more restrictive than the underlying insurance) providing excess limits at least equal to or greater than the combined primary limits.

(c) All commercial general liability including completed operations-products liability coverage and automotive liability insurance shall designate American Water, its parent, Affiliates and subsidiaries, its directors, officers and employees as an additional insured. All such insurance should be primary and non-contributory, and is required to respond and pay prior to any other insurance or self-insurance available to American Water. In addition to the liability limits available, such insurance will pay on behalf of or will indemnify American Water for defense costs. Any other coverage available to American Water applies on a contingent and excess basis. Such insurance shall include appropriate clauses pursuant to which the insurance companies shall wave its rights of subrogation against American Water.

(d) Supplier and any of its subcontractors shall furnish, prior to the start of work, certificates or adequate proof of the foregoing insurance including, if specifically requested by American Water, copies of the endorsements and insurance policies naming American Water as an additional insured, as provided herein. Current certificates of insurance shall be provided prior to the commencement of work and shall be maintained until termination of this Agreement. Supplier shall notify American Water in writing, at least thirty (30) calendar days prior to cancellation, or of a material change in any policy.

(e) The certificate holder is included as an additional insured with respect to liability arising out of the named insured's operations performed on behalf of such certificate holder.

(f) Carriers providing coverage will be rated by A.M. Best with at least an A-rating and a financial size category of at least Class VII. Such cancellation or material alteration shall not relieve Supplier of its continuing obligation to maintain insurance coverage in accordance with this contract. Carriers shall be licensed in the state(s) where work is performed.

(g) If Supplier shall fail to procure and maintain such insurance, American Water, upon written notice, may, but shall not be required to, procure and maintain same, but at the expense of Supplier. In the alternative, American Water may declare a default hereunder and, unless such default is timely cured, terminate the Agreement. Unless and until the default is cured, neither Supplier nor its servants, employees or agents will be allowed to enter upon American Water's premises.

29. EEOC Supplier specifically warrants and guarantees to American Water:

a. that it agrees to comply with Executive Order 11246 and abide by the provisions of the "Equal Opportunity Clause" at 41 CFR § 60-1.4, which is incorporated herein by reference, unless exempt pursuant to 41 CFR § 60-1.5;

b. that it agrees to comply with the Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended, Executive Order 11701 (Employment of Veterans by Federal Agencies and Government Contractors and Subcontractors), and the provisions of the "Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era Clause" at 41 CFR §60-250.5, which is incorporated herein by reference, unless exempt pursuant to 41 CFR §60-250.4.

c. that it agrees to comply with the Rehabilitation Act of 1973, Executive Order 11758 (Authority Under Rehabilitation Act of 1973), and the provisions of the "Affirmative Action for Workers With Disabilities Clause" at 41 CFR 60-741.5, which is incorporated herein by reference, unless exempt pursuant to 41 CFR §60-741.4;

d. that it agrees to comply with Executive Order 13201 (Notice of Employee Rights Concerning Payment of Union Dues or Fees) and abide by the provisions of the clause at 29 CFR § 470.2, which is incorporated herein by reference, unless exempt pursuant to 29 CFR §§ 470.3-.4;

e. that it agrees to comply, where applicable, with the policies set forth in Executive Order 11625 (National Program for Minority Business Enterprises) and Executive Order 12138 (National Program for Women's Business Enterprise), the Small Business Act, 15 U.S.C. § 631, et seq., and with the "Utilization of Small Business Concerns" and "Small Business Subcontracting Plan" clauses at 48 CFR § 52.219-8 and 9, respecting subcontracting with small disadvantaged, female-owned, veteran-owned, service-disabled veteran-owned, HUBZone, and other small businesses.

30. INVOICING

A. Supplier shall invoice American Water as follows:

(i) American Water will be invoiced for Services when the Services are completed.

B. All undisputed invoices shall be due and payable within forty-five (45) calendar days of receipt by American Water. American Water agrees to make payment to Contractor in lawful money of the United States of America.

C. All invoices must be mailed directly to the American Water Shared Services Center for payment processing. Supplier must invoice the appropriate American Water locations via U.S. mail in accordance with the table below:

Billing PO Boxes	
All invoices should be sent to the following address using the appropriate PO Box:	American Water PO Box 5610 Cherry Hill, NJ 08034

Payments shall be remitted to:

TFH, LLC.
917 Contract Street
Lexington, KY 40505

D. If American Water disputes any invoice or a portion thereof, American Water shall not pay the disputed portion of such invoice until the parties have resolved such dispute in accordance with the dispute resolution process delineated in Section X of this Agreement. The undisputed portion of any invoice shall be paid as set forth herein.

E. If any undisputed fees remain unpaid sixty (60) calendar days after American Water's receipt of an invoice, Supplier will notify American Water in writing of the late payments and, in Supplier' discretion, the dispute resolution procedures delineated in Section 20 shall begin to resolve payment of such fees. If such matter remains unresolved following completion of the dispute resolution process delineated in Section 20, then the parties may resolve such dispute through litigation, the losing party bearing all costs of such litigation.

31. DEFINITIONS

"Affiliate". For purposes of this Agreement, the term "Affiliate" means any entity, corporation, subsidiary, partnership, joint venture or other entity controlling, controlled by or under common control with American Water and does not produce services or goods which compete with the services or goods to be provided herein. For purposes of this Agreement, "control" means an active and direct participation in the entity's operations and management and 50% or greater ownership of the stock, or 50% or greater representation on the board of directors.

"Operating Venture". For the purposes of this Agreement, the term "Operating Venture" means any entity, corporation, subsidiary, partnership, joint venture or other entity in which American Water, or one of its Affiliates, has direct and active participation in such entity's field operations and management; provided that the

entity does not produce services or goods that compete with the services or goods to be provided herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date last written below.

TFH, LLC

(Signature)

By: Tom Farley

Title: Owner

Date: 12/14/09

Kentucky American Water

(Signature)

By: Nick O. Rowe

Title: President

Date: 12/22/09

KENTUCKY AMERICAN WATER
NEW SERVICES/SETTINGS

Exhibit 1 - TFH, LLC Price Schedule
Central Division - Lexington Area

Description	2010 Unit Pricing	2011 Unit Pricing	2012 Unit Pricing
Installation of ¾" " & 1" services – short (Each)	$425.00	$425.00	$425.00
Installation of ¾" " & 1" services – long (Each)	$850.00	$850.00	$850.00
Installation of 2" services – short (Each)	$600.00	$600.00	$600.00
Installation of 2" services – long (Each)	$1,025.00	$1,025.00	$1,025.00
Price per foot in excess of 60', 3/4", 1", 2" services (L.F.)	$1.00	$1.00	$1.00
Installation of 5/8" x ¾" & 1" meter settings (Each)	$75.00	$75.00	$75.00
Installation of additional meter box & top for dual PRV type ¾" & 1" settings (Each)	$375.00	$375.00	$375.00
Install 2" meter settings (incl. vault construction material)	$1,500.00	$1,500.00	$1,500.00
Install 2" pre-fabricated meter setting (including vault construction material) (Each)	$1,450.00	$1,450.00	$1,450.00
Install 2" pre-fabricated meter setting with pre-fabricated box & top furnished (Each)	$400.00	$400.00	$400.00
Install 5/8" x 3/4" and 1" meters (regular read) (Each)	$20.00	$20.00	$20.00
Open cut 1" and 2" long blind services in rock areas where required (Each)	$10.00	$10.00	$10.00
Install 5/8" x 3/4" and 1" meter settings on existing blind services at a later date (Each)	$25.00	$25.00	$25.00
Install 5/8" x 3/4", 1" and 2" encoder meters– (radio read) (all 2" encoder) (Each)	$30.00	$30.00	$30.00
Tap in street (Each)	$2,000.00	$2,000.00	$2,000.00
4" Concrete Sidewalk Replacement (Sq. Ft.)	$5.45	$5.45	$5.45

KENTUCKY AMERICAN WATER
NEW SERVICES/SETTINGS
PRICE SCHEDULE

Exhibit 1 - TFH, LLC Price Schedule

Northern Division - Owenton - Owen County

Description	2010 Unit Pricing	2011 Unit Pricing	2012 Unit Pricing
Installation of ¾" " & 1" services – short (Each)	$1,675.00	$1,675.00	$1,675.00
Installation of ¾" " & 1" services – long (Each)	$2,100.00	$2,100.00	$2,100.00
Installation of 2" services – short (Each)	$2,500.00	$2,500.00	$2,500.00
Installation of 2" services – long (Each)	$3,000.00	$3,000.00	$3,000.00
Price per foot in excess of 60', 3/4", 1", 2" services (L.F.)	$50.00	$50.00	$50.00
Installation of 5/8" x ¾" & 1" meter settings (Each)	$75.00	$75.00	$75.00
Installation of additional meter box & top for dual PRV type ¾" & 1" settings (Each)	$375.00	$375.00	$375.00
Install 2" meter settings (incl. vault construction material)	$5,000.00	$5,000.00	$5,000.00
Install 2" pre-fabricated meter setting (including vault construction material) (Each)	$5,000.00	$5,000.00	$5,000.00
Install 2" pre-fabricated meter setting with pre-fabricated box & top furnished (Each)	$400.00	$400.00	$400.00
Install 5/8" x 3/4" and 1" meters (regular read) (Each)	$20.00	$20.00	$20.00
Open cut 1" and 2" long blind services in rock areas where required (Each)	$2,500.00	$2,500.00	$2,500.00
Install 5/8" x 3/4" and 1" meter settings on existing blind services at a later date (Each)	$350.00	$350.00	$350.00
Install 5/8" x 3/4", 1" and 2" encoder meters – (radio read) (all 2" encoder) (Each)	$30.00	$30.00	$30.00
Tap in street (Each)	$3,000.00	$3,000.00	$3,000.00
4" Concrete Sidewalk Replacement (Sq. Ft.)	$25.00	$25.00	$25.00

EXHIBIT NO. 2

SCOPE OF WORK - SPECIFICATIONS

**CONSTRUCTION OF SERVICES AND SETTINGS
INSTALLATIONS ¾-INCH THROUGH 2-INCH
JANUARY 1, 2010 THROUGH DECEMBER 31, 2011**

1. Contractor agrees that he will perform all the work and provide all of the labor, tools, equipment necessary to install the following:

   For the **installation of new** ¾-inch, 1-inch and 2-inch service lines at such times and locations designated by the Water Company in its sole discretion, in the Water Company's service area, the Water Company will furnish service material for the 2009 contract. The Contractor will furnish his own tools and equipment for making installations, including tapping machine and combined drills and taps. The Contractor will also furnish materials required to restore street openings and disturbed areas to their original condition, or as required by law, whichever standard is higher.

   Contractor also agrees to comply with all urban county, city, county and state highway requirements in restoring street openings or any disturbed areas immediately to their original condition, using the same type of materials or better, to the satisfaction of the various requirements.

2. The Contractor agrees that personnel and equipment necessary to perform work will be available to commence said work upon approval of contract.

3. The Contractor agrees to maintain sufficient personnel so that the total backlog of tap orders approved for installation will never exceed 30 days. (Sufficient personnel means keeping backlog less than 30 with 5-day workweek, not working Saturday and Sunday.)

4. The Contractor agrees that all tap orders will be installed within 5 working days after receipt of tap order from Water Company.

5. The Contractor agrees that if the backlog of tap orders ready for installation exceeds 30, or if tap orders are not installed within 5 working days, the Water Company reserves the right to use whatever means necessary to bring the tap orders up to date and any additional costs will be paid by the Contractor.

6. The Contractor agrees to furnish accurate measurements and a diagram showing the location of the corporation stops, service lines and meter boxes. All dimensions included on tap orders will be accurately measured by tape. Measurements on tap orders should be from closest intersecting streets, curb lines, centerlines and from corners of houses. Tap orders will be prepared on the job site. (See attached sample of completed tap orders.)

7. The Contractor will furnish a list of materials used for the installation of each service and meter box location. All materials used will be measured accurately with a tape. All materials shall be listed by proper size and code numbers.

8. The Water Company will furnish a tap service order for each service installed by the Contractor; all measurements, diagram and material shall be shown on the tap service order. Tap orders for services installed will be completed by the Contractor and submitted each day.

9. The Contractor agrees that the cover over the service lines shall not be less than 30 inches.

10. The Contractor is not required to be a certified asbestos contractor to make taps on asbestos cement pipe, but asbestos handling procedures are required when making taps on asbestos cement pipe.

11. The Contractor will have a mobile cellular phone on the foreman's person so that communication can be achieved during working hours.

12. Work practices and procedure guidelines, as they exist now or as amended from time to time, as set forth in the Water Company's Pipe Specifications will be followed.

13. Equipment used and method of boring and tapping main must be approved by Water Company. Note: The Contractor will be required to have directional boring equipment available and employees trained in its use.

14. All services and meter boxes installed must be approved by a representative of Water Company.

    a. All taps will be installed in the main according to the approved specifications and at a minimum 45° angle.
    b. All meter boxes will be set level with the ground; all setters centered in boxes, and all boxes will be set on blocks.
    c. It will be the responsibility of the Contractor to locate and connect to customer's line.
    d. It will be the responsibility of the Contractor to locate water mains and have other utilities located.
    e. Any frozen services will be the responsibility of the Contractor to repair for the warranty of the contract.
    f. In rural areas, meter boxes are to be set outside fences.
    g. Taps are to be made directly across from meter boxes.
    h. No more than one tap should be made at the end of the main and looped around the cul-de-sac to service houses at the end of the court.
    i. Service saddles will be used for all taps in asbestos cement, PVC and concrete mains.
    j. Backfill around meter boxes will be compacted as directed by the Water Company.
    k. Tap in street applies to all services installed where the existing water main is located in street right-of-way.
    l. If two or more taps are made in a single street excavation, payment will be for one tap in street only, even though two or more separate services may be installed.
    m. Tap in street applies only to those locations where the main is located in the street. Mains located under driveway aprons, parking lots, sidewalks or under gravel roadways do not apply. This is also not applicable when excavation in the street area is necessary but the main is not located in the street area. In order to apply, tap in street must require complete excavation of the street.

15. a. Contractor will set all meter boxes in a government right-of-way or easement for the purposes of utilities or an easement for the benefit of water service. Installation of meter boxes on private property must have the prior written approval of Water Company.
    b. Contractor is responsible for setting meter box for dual settings on property lines.

16. Contractor is responsible to confirm that houselines are not crossed.

17. All street and sidewalk cuts will be approved by the Water Company prior to the cuts being made.

18. No street or sidewalk will be cut without first obtaining proper permits.

19. All streets cut to install services will be repaired before any invoice is submitted for payment except during winter months when 50% retainage will be held until cuts have been repaired. (These cuts require a separate invoice. Refer to attached "Procedure for Payment When Street Cut Repair Cannot Be Made in a Timely Manner)

20. All cuts will be temporarily paved the same day cut.

21. All cuts will be completed within 10 days except during winter months when the blacktop plants are closed. In winter months, the Contractor shall concrete street cuts and fill with cold patch until permanent repairs can be made. Cuts made after the asphalt plant closes in 2009 will still be the responsibility of the contractor in 2010.

22. All street and sidewalks cuts will be repaired to city, county, urban-county or state specifications which include but are not limited to:

    a. Backfill all cuts with stone.
    b. Cut back 1 foot on all sides.
    c. 6-inch concrete base for city and 8-inch concrete base for state roads.
    d. Two full inches of blacktop, minimum.
    e. Rolled adequately and leveled properly.
    f. Permit released and approved by city or state.
    g. If a curb is cracked or settles during or after service installation, it must be replaced.
    h. If curb replacement is required, it must contain at least one expansion joint.
    i. Minimum length of curb replacement is 10 feet.
    j. All joints must be straight-line saw cut.
    k. Bituminous pavement replacement must be a minimum of 2 inches thick or match the thickness of the existing pavement, whichever is greater.
    l. Installation of concrete under the existing curb is not required if all existing material remains in place under the curb and only sufficient material is removed to allow for pipe installation.

23. Any driveway apron that is cut requires replacing the entire apron.

24. Sod repair – seeding

    a. All property owners will be notified before excavating in front of their property or notified with doorknob notice.
    b. All sod and seed disturbed will be replaced before invoice is submitted for payment.
    c. Area compacted so sod can be replaced within 10 days.
    d. Repair must satisfy property owner and/or city inspector.
    e. Sod and seed must live and grow or be replaced and should be of good quality.
    f. Contractor agrees to have sod cutter and cut sod where applicable.

25. A company-wide inventory is taken once a year.

26. Contractor must be able to receive and store a 30 day supply of service material.

27. Contractor will be billed for all materials lost or damaged.

28. Contractor foreman must come to the Water Company office each morning to deposit and receive daily tap orders.

29. Billing will be monthly on approximately the 20th. It will be the responsibility of the Contractor to maintain accurate records of services installed in order to prepare invoices for billing. A list of addresses and materials for each service shall accompany the invoice with totals, which will include material per address as well as a grand total sheet for material items used per billing. A separate invoice for Labor and Material will be required.

30. Bidders agree to notify Water Company who their foreman will be and provide documentation on experience and reliability of crews.

31. Contractor agrees not to redirect crews to other work.

32. Contractor agrees to warranty work for two full years after this agreement expires or two years following any work hereunder, whichever date is later.

33. The bid price per service and meter installation is to cover the complete cost of the installation and restoration of the excavated area involved to its original condition.

34. It is agreed that Contractor is an independent contractor and not an agent for the owner.

35. This agreement shall not be assignable by the Contractor without the written consent of the Water Company.

36. No work to be performed by the Contractor shall be sublet without the written consent of the Water Company. The Water Company shall not give its consent to any event unless it receives satisfactory evidence that any subcontractor to whom the work or any part thereof is proposed to be sublet carries insurance of the same types and with the provisions under the caption "Insurance" as contained in Section 18 of the Standard Pipeline Installation Specifications.

37. A long service shall be constituted by either of the following:

    a. A service pushed or bored under the road/street in excess of 8 feet in length.
    b. A service line more than 30 feet in length.
    c. A service line that is installed from a main on private easement to the road right-of-way to set meter box and then installed back to vicinity of main to connect to customer's line in excess of 20-feet in length.

38. Material necessary for the construction of meter vault for 2-inch meter setting to be furnished by Contractor. An example of this is concrete block and concrete.

    a. Taps for 2-inch services shall be spaced a minimum of 1 foot apart and staggered to prevent excessive stress on the pipe.
    b. Meter vaults for 2-inch meter installations shall be constructed of 8" x 8" x 16" concrete blocks.
    c. All meter vaults shall have concrete tops and concrete block cores poured solid with concrete.
    d. An OSHA-approved safety ladder with a ladder up is installed in all vaults in excess of 5 feet deep.
    e. Dimensions of 2-inch meter vaults shall be no less than 6' x 4' inside dimensions.

39. Contractor agrees to follow all local, city, county, urban-county, state and federal traffic laws, as they may change from time to time, including, but not limited to those as stated in the Uniform Traffic Control Guide.

40. There may be times when service is critical and the Contractor must work overtime on Saturday (Water Company supervisor will make decision concerning overtime and weekend work).

41. Water Company will have complete discretion of when, where, and under what circumstances each service will be installed.

42. The Water Company reserves the right to revoke and deem void this contract and to make any necessary changes in order to provide service should the Contractor fail to adequately perform the work as stipulated by the aforesaid specifications.

43. When there is not a meter set in a setter, all meter settings will be locked with a locking pin. Pins will be furnished by Kentucky American Water Company.

44. All vehicles and backhoes used by the Contractor must have the contractor's name clearly identified on the outside.

PIPELINE BID DOCUMENTS AND SPECIFICATIONS

BASE BID UNIT COST BASIS

Prepared By:

AMERICAN WATER WORKS SERVICE COMPANY, INC.
SYSTEM ENGINEERING
1025 LAUREL OAK ROAD
VOORHEES, NEW JERSEY 08043

December, 1990

Revised By:

KENTUCKY AMERICAN WATER

August, 1991
August, 1994
October, 1994

AGREEMENT

THIS AGREEMENT is dated as of the 1st day of January in the year 2009 by and between KENTUCKY AMERICAN WATER (hereinafter called OWNER) and TFH, LLC (hereinafter called CONTRACTOR).

OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

Article 1. **WORK**

CONTRACTOR shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows:

Article 2. **ENGINEER**

ENGINEER for the Project is KENTUCKY AMERICAN WATER and who is to act as OWNER's representative, assume all duties and responsibilities and have the rights and authority assigned to ENGINEER in the Contract Documents in connection with completion of the Work in accordance with the Contract Documents.

Article 3. **CONTRACT TIMES**

3.1 The Work will be substantially completed within **45** calendar days from the date when the Contract times commences to run as provided in Paragraph 2.3 of the General Conditions, and completed and ready for final payment in accordance with Paragraph 14.13 of the General Conditions within **60** calendar days from the date when the Contract Times commences to run.

3.2 Liquidated Damages: OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and that OWNER will suffer financial loss if the Work is not completed within the times specified in Paragraph 3.1 above, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. They also recognize the delays, expense and difficulties involved in providing in a legal or arbitration proceeding the actual loss suffered by OWNER if the Work is not completed on time.

Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER _____ dollars ($N/A) for each day that expires after the times specified in Paragraph 3.1 for Substantial Completion until the Work is substantially complete. After Substantial Completion if CONTRACTOR shall neglect, refuse or fail to complete the remaining Work within the Contract Times or any proper extension thereof granted by OWNER, CONTRACTOR shall pay OWNER _____ dollars ($N/A) for each day that expires after the times specified in Paragraph 3.1 for completion and readiness for final payment.

Article 4. **CONTRACT PRICE**

4.1 OWNER shall pay CONTRACTOR for completion of the Work in accordance with the Contract Documents in current funds as follows: (Bid Sheet is attached.)

Article 5. **PAYMENT PROCEDURES**

CONTRACTOR shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by ENGINEER, as provided in the General Conditions.

5.1 Progress Payment. OWNER shall make progress payments on account of the Contract Price on the basis of CONTRACTOR's Applications for Payment as recommended by ENGINEER. At intervals of once a month, the CONTRACTOR shall submit an estimate of the value of the work completed to the first day of such month, and the value of materials and equipment suitably stored at the work site to be incorporated into the finished project. Upon approval by the ENGINEER, payment will be made for the net sum of eighty percent (80%) of such value less aggregate of previous payments. The net sum will be paid to the CONTRACTOR within thirty (30) days following receipt of the approved estimate.

When pipeline testing has been completed in accordance with the specifications to the satisfaction of the ENGINEER, payment of five percent (5%) of the value of completed work will be made to the CONTRACTOR. An additional payment of five percent (5%) of the value of completed work will be made to the CONTRACTOR upon completion of restoration work to the satisfaction of the ENGINEER. The net sums for testing and restorations will be paid to the CONTRACTOR within thirty (30) days following receipt of an approved estimate.

5.2 Final Payment. Upon final completion and acceptance of the Work in accordance with Paragraph 14.13 of the General Conditions, OWNER shall pay the remainder of the Contract Price and any retained funds, as recommended by ENGINEER as provided in said Paragraph 14.13.

Article 6. **CONTRACTOR'S REPRESENTATIONS**

In order to induce OWNER to enter into the Agreement, CONTRACTOR makes the following representations:

6.1 CONTRACTOR has familiarized itself with the nature and extent of the contract documents, contract times, work, site, locality, and all local conditions and laws and regulations that in any manner may affect cost, progress, performance or furnishing of the work.

6.2 CONTRACTOR has studied carefully all reports of explorations and tests of subsurface conditions and drawings of physical conditions which are identified in the Supplementary Conditions as provided in Paragraph 4.2 of the General Conditions, and accepts the limitations set forth in Article 4, Section 4.2 of the General Conditions.

6.3 CONTRACTOR has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests, reports and studies (in addition to or to supplement those referred to in Paragraph 6.2 above) which pertain to the subsurface or physical conditions at or contiguous to the site or otherwise which may affect the cost, progress, performance or furnishing of the Work as CONTRACTOR considers necessary for the performance or furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Paragraph 4.2 of the General Conditions; and no additional examinations, investigations, explorations, tests, reports, studies or similar information or data are or will be required by CONTRACTOR for such purposes.

6.4 CONTRACTOR has reviewed and checked all information and data shown or indicated on the Contract Documents with respect to existing Underground Facilities at or contiguous to the site and assumes responsibility for the accurate location of said Underground Facilities. No additional examinations, investigations, explorations, tests, reports, studies or similar information or data in respect of said Underground Facilities are or will be required by CONTRACTOR in order to perform and furnish the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Paragraph 4.3 of the General Conditions.

6.5 CONTRACTOR has correlated the results of all such observations, examinations, investigations, explorations, tests, reports and studies with the terms and conditions of the Contract Documents.

6.6 CONTRACTOR has given ENGINEER written notice of all conflicts, errors or discrepancies that he has discovered in the Contract Documents and the written resolution thereof by ENGINEER is acceptable to CONTRACTOR.

Article 7. **CONTRACT DOCUMENTS**

The Contract Documents, which comprise the entire agreement between OWNER and CONTRACTOR concerning the Work, consist of the following:

7.1 This Agreement (pages **1** to **5**, inclusive)

7.2 Contractors Bid Sheet

7.3 Performance and other Bonds, identified as exhibits A, B and C and consisting of 7 pages (if applicable)

* 7.4 Notice of Award

* 7.5 General Conditions (Document Identification 12/90-PIPELINE, pages GC-0 to GC-29, inclusive)

* 7.6 Supplementary Conditions

* 7.7 Specifications Special Conditions

* 7.8 Specifications, Document Identification 12/90-Pipeline

7.9 Work Order Sketch

7.10 Addenda numbers ____ to ____, inclusive (if applicable)

7.11 The following which may be delivered or issued after the Effective Date of the Agreement and are not attached hereto: All Written Amendments and other documents amending, modifying, or supplementing the Contract Documents pursuant to paragraphs 3.5 and 3.6 of the General Conditions.

7.12 The documents listed in Paragraphs 7.2 et seq. above are attached to this Agreement (except as expressly noted otherwise above).

7.13 CONTRACTOR's Certificate of Insurance

7.14 Release of Liens

❖ As previously received by CONTRACTOR.

There are no Contract Documents other than those listed above in this Article 7. The Contract Documents may only be amended, modified or supplemented as provided in Paragraphs 3.4 and 3.5 of the General Conditions.

Article 8. **MISCELLANEOUS**

8.1 Terms used in this Agreement, which are defined in Article 1 of the General Conditions, will have the meaning indicated in the General Conditions.

8.2 No assignment by a party hereto of any rights under or interests in the Contract Documents will be binding on another party hereto without the written consent of the party sought to be bound; and specifically but without limitation moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment no assignment will release or discharge the assigned from any duty of responsibility under the Contract Documents.

8.3 OWNER and CONTRACTOR each binds itself, its partners, successors, assigns and legal representatives to the other party hereto, its partners, successors, assigns and legal representatives in respect of all covenants, agreements and obligations contained in the Contract Documents.

8.4 OWNER has amended its Standard Pipeline Documents to require a guaranty and warranty, and a correction of defective work, of two years instead of one year. Notwithstanding any provision in any other document, CONTRACTOR agrees that it will provide such guaranty and warranty and will correct defective work for a two-year period after substantial completion of any work performed under this Agreement.

Article 9. **OTHER PROVISIONS**

9.1 Government Regulations

The following clauses, where applicable, are incorporated in this Agreement by reference as is fully set out; the Equal Opportunity Clause prescribed in 41 CFR 60-1.40, the Affirmative Action Clause prescribed in 41 CFR 60-205.4, regarding veterans and veterans of the Vietnam Era, and the Affirmative Action Clause for handicapped Workers prescribed in 41 CFR 60-741.4.

CONTRACTOR accepts this Agreement and will supply any information relating to federal or state laws, rules or regulations relating to the above.

IN WITNESS WHEREOF, OWNER and CONTRACTOR have signed this Agreement in duplicate. One counterpart each has been delivered to OWNER and CONTRACTOR. All portions of the Contract Documents have been signed or identified by OWNER and CONTRACTOR or by ENGINEER on their behalf.

This Agreement will be effective on _____, 20_____ .

OWNER:

KENTUCKY AMERICAN WATER

By: _____

Attest _____

Address for giving notices:
2300 Richmond Road
Lexington, Kentucky 40502

CONTRACTOR:

TFH, LLC

By: _____ Tom Fairley

Attest _____

Address for giving notices:
917 Contract Street
Lexington, KY 40505

License No. _____
Agent for service of process:

_____
(If CONTRACTOR is a corporation, attached evidence of authority to sign.)

Approved By:

_____
Loss Control Manager

BID

PROJECT IDENTIFICATION: **Blanket Services New - 2009**

THIS BID IS SUBMITTED TO: Mr. Nick O. Rowe, President
Kentucky American Water
2300 Richmond Road
Lexington, Kentucky 40502

1. The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into a non-exclusive Agreement with OWNER in the form included in the Contract Documents to perform and furnish all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Times indicated in this Bid and in accordance with the other terms and conditions of the Contract Documents.

2. Bidder accepts all of the terms and conditions of the Invitation to Bid and Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for forty-five days after the day of Bid opening. Bidder will sign and submit the Agreement with the Bonds and other documents required by the Bidding Requirements within fifteen days after the date of OWNER's Notice of Award.

3. In submitting this Bid, Bidder represents, as more fully set forth in the Agreement:

(a) Bidder has examined copies of all the Bidding Documents and of the following Addenda (receipt of all which is hereby acknowledged):

Date	Number

(b) Bidder has familiarized itself with the nature and extent of the Contract Documents, Work, site, locality, and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance or furnishing of the work.

(c) Bidder has studied carefully all reports and drawings of subsurface conditions and drawings of physical conditions which are identified in the Supplementary Conditions as provided in Paragraph 4.2 of the General Conditions, and accepts the determination set forth in Paragraph GC-4.2.2 of the General Conditions, as may be amended by the Supplemental Conditions, of the extent the technical data contained in such reports and drawings upon which Bidder is entitled to rely.

(d) Bidder has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests and studies (in addition to or to supplement those referred to in (c) above) which pertain to the subsurface or physical conditions or otherwise may affect the cost, progress, performance or furnishing of the Work as Bidder considers necessary for the performance or furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Paragraph 4.2 of the General Conditions; and no additional examinations, investigations, exploration, tests, reports or similar information or data are or will be required by Bidder for such purposes.

(e) Bidder has correlated the results of all such observations, examinations, investigations, explorations, tests, reports and studies with the terms and conditions of the Contract Documents.

(f) Bidder has given OWNER written notice of all conflicts, errors or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by OWNER is acceptable to Bidder.

(g) This Bid is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any person, firm or corporation to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over OWNER.

(h) Bidder has made such examination to represent, and does hereby represent to OWNER, that it has no claims, demands, causes of action or litigation, asserted or unasserted, against the OWNER, nor does it know of any facts or conditions which, through the passage of time or otherwise, could arise to a claim, demand, cause of action or litigation against the OWNER.

4. Bidder will complete the Work for the price(s) shown.

The prices provided herein are for installation only.

1FH

KENTUCKY AMERICAN WATER
BLANKET SERVICES/SETTINGS
PRICE SCHEDULE

The following unit prices shall be used to determine the amount of payment to the contractor for the actual work completed. Quantities shown for 2009 are estimates only; payment will be made on actual quantities.

Description	Unit Bid	2009 Estimated Quantities	Totals
Installation of ¾" " & 1" services – short	425.00	500 each	212,500.-
Installation of ¾" " & 1" services – long	850.00	200 each	170,000.-
Installation of 2" services – short	600.00	30 each	18,000.-
Installation of 2" services – long	1,025.00	20 each	20,500.-
Price per foot in excess of 60', 3/4", 1", 2" services	1.00	2,000 L.F.	2,000.-
Installation of 5/8" x ¾" & 1" meter settings	75.00	1,500 each	112,500.-
Installation of additional meter box & top for dual PRV type ¾" & 1" settings	375.00	25 each	9,375.-
Install 2" meter settings (incl. vault construction material)	1,500.00	2 each	3,000.-
Install 2" pre-fabricated meter setting (including vault construction material)	1,450.00	3 each	4,350.-
Install 2" pre-fabricated meter setting with pre-fabricated box & top furnished	400.00	40 each	16,000.-
Install 5/8" x 3/4" and 1" meters (regular read)	20.00	100 each	2,000.-
Open cut 1" and 2" long blind services in rock areas where required	10.00	20 each	200.-
Install 5/8" x 3/4" and 1" meter settings on existing blind services at a later date	25.00	30 each	750.-
Install 5/8" x 3/4", 1" and 2" encoder meters – (radio read) (all 2" encoder)	30.00	1,200 each	36,000.-
Tap in street	2,000.00	25 each	50,000.-
4" Concrete Sidewalk Replacement	* 87.20	30 each	2,616.-
		TOTAL	659,791.-

Six hundred fifty nine thousand seven hundred ninety one & 00/100

* SAME AS B $5.45 = 1 SF BASED ON 4'x4' PANEL

5. Bidder agrees that the Work will be complete within ____ working days after the date assigned, when the Contract Times commence to run as provided in Paragraph 2.3 of the General Conditions.

Bidder accepts the provisions of the Agreement as to liquidated damages in the event of failure to complete the Work on time.

6. The following documents are attached to and made a condition of this Bid: (If Applicable)

a) Required Bid Security in the form of a Bid Bond.

b) A tabulation of subcontractors, suppliers and other persons and organizations required to be identified in this Bid, if required by Paragraph 6.8.2 of the Supplementary Conditions.

c) Evidence of Bidder's qualification to do business in the State where the project is located.

d) Bidder's contractor's license number if required to work in the State where the project is to be constructed.

7. The terms used in this Bid which are defined in the General Conditions of the Contract Documents have the meanings assigned to them in the General Conditions.

SUBMITTED on December 23, 2008
(Date)

IF BIDDER IS:

An Individual: By: _____ Seal)
(Individual's Name)

Doing business as _____
Business address: _____

Phone No.: _____

A Partnership: By: TFH, LLC (Seal)
(Firm Name)

Tom Finley
(General Partner)

Business address: 917 CONTRACT
LEXINGTON KY 40505

Phone No.: 859 351 2118

A Corporation: By: _____
(Corporation Name)

_____
(State of Incorporation)

By: _____
(Name of Person Authorized to Sign)

_____
(Title)

(Corporate Seal)

Attest _____
(Secretary)

Business address: _____

Phone No: _____

A Joint Venture: By: _____
(Name)

_____
(Address)

By: _____
(Name)

_____
(Address)

(Each joint venture must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above).

ACORD. CERTIFICATE OF LIABILITY INSURANCE

OP ID HR TFHLL-1 | DATE (MM/DD/YYYY) 12/17/08

PRODUCER

GCH Insurance Group
2250 Thunderstick Dr Ste. 1104
Lexington KY 40505
Phone: 859-254-1836 Fax: 859-226-0277

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

TFH, LLC
917 Contract St
Lexington KY 40505

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:	Acuity, A Mutual Ins Co	14184
INSURER B:	KY AGC SIF	
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	K54256	03/01/08	03/01/09	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1000000 $ 250000 $ 10000 $ 1000000 $ 3000000 $ 3000000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	K54256	03/01/08	03/01/09	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1000000 $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE X RETENTION $ NIL	K54256	03/01/08	03/01/09	EACH OCCURRENCE AGGREGATE	$ 9000000 $ 9000000
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	7276	01/01/09	12/31/09	WC STATU-TORY LIMITS / OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 4000000 $ 4000000 $ 4000000
A		OTHER Leased & Rented Equipment	K54256	03/01/08	03/01/09	Limit Ded	100000 500

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

KENTUC1

Kentucky American Water Co
2300 Richmond Rd
Lexington KY 40502

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

RELEASE OF LIENS
PRIME CONTRACTOR

WHEREAS, we, the undersigned, have installed or furnished labor, materials and/or equipment for the installation of 2009 Blanket New Services, installed pursuant to a written agreement dated the _____ day of _____, 20____ between Kentucky American Water, (hereinafter referred to as the WATER COMPANY) and TFH, LLC (hereinafter referred to as the CONTRACTOR), which said facilities are owned by the WATER COMPANY and described and located as follows:

2009 Blanket New Services

WHEREAS, we, the undersigned, have agreed to release any and all claims and liens which we have, or might have, against the WATER COMPANY, or said facilities by reason of the labor, materials and equipment furnished by us in connection with said installation;

NOW THESE PRESENTS WITNESS that we, the undersigned, in consideration of the premises, and of the sum of One Dollar ($1.00) in hand paid by the said WATER COMPANY, at and before the sealing and delivery hereof, the receipt whereof we do hereby acknowledge, have remised, released and forever quitclaimed, and by these presents do remise, release and forever quitclaim, unto the said WATER COMPANY, its successors and assigns, any and all manner of liens, claims and demands whatsoever which we now have, or might or could have, on or against the said facilities, or the owner thereof, for work done, or for equipment or materials furnished in connection with the installation thereof. It is the intent of this release that the WATER COMPANY, its successors and assigns shall and may hold, have, use and enjoy the said facilities free and discharged from all liens and demands whatsoever which we now have, or might have or could have, against the same if these presents had not been made.

IN WITNESS WHEREOF, we have hereunto set our hand and seal the day written opposite our signature.

Company Name _____(SEAL)

By _____

Title _____

Dated _____, 20 _____

Sworn to and subscribed before me, a Notary Public, this ____ day of _____, 20 ___.

_____ (SEAL)
Notary Public

I, _____, duly authorized representative of _____, designated as CONTRACTOR, do hereby state that the parties whose names are signed to the attached releases, pages 1 through __, are all of the parties who have furnished labor, materials or equipment in connection with the construction of the facilities mentioned above, excepting only such materials as may have been furnished by the WATER COMPANY.

Dated _____, 20_____ _____
Representative's Signature

Sworn to and subscribed before me, a Notary Public, this ____ day of _____, 20 ___.

_____ (SEAL)
Notary Public

RELEASE OF LIENS

SUBCONTRACTORS AND MATERIAL SUPPLIERS

WHEREAS, we, the undersigned, have installed or furnished labor, materials and/or equipment for the installation of _____

_____

installed pursuant to a written agreement dated _____, 20___, between Kentucky American Water, (hereinafter referred to as the WATER COMPANY and _____ _____ (hereinafter referred to as the CONTRACTOR), which said facilities are owned by the WATER COMPANY and described and located as follows:

_____

_____

WHEREAS, we, the undersigned, have agreed to release any and all claims and liens which we have, or might have, against the WATER COMPANY, or said facilities by reason of the labor, materials and equipment furnished by us in connection with said installation;

NOW THESE PRESENTS WITNESS that we, the undersigned, in consideration of the premises, and of the sum of One Dollar ($1.00) in hand paid by the said WATER COMPANY, at and before the sealing and delivery hereof, the receipt whereof we do hereby acknowledge, have remised, released and forever quitclaimed, and by these presents do remise, release and forever quitclaim, unto the said WATER COMPANY, its successors and assigns, any and all manner of liens, claims and demands whatsoever which we now have, or might or could have, on or against the said facilities, or the owner thereof, for work done, or for equipment or materials furnished in connection with the installation thereof. It is the intent of this release that the WATER COMPANY, its successors and assigns shall and may hold, have, use and enjoy the said facilities free and discharged from all liens and demands whatsoever which we now have, or might have or could have against the same if these presents had not been made. And we do further certify and acknowledge, that we have received of and from the said CONTRACTOR, payment in full on account of labor done or materials or equipment furnished for or in connection with said facilities.

IN WITNESS WHEREOF, we have hereunto set our hand and seal the day written opposite our signature.

Company Name _____(SEAL)

By _____

Title _____

Dated _____, 20 _____

Sworn to and subscribed before me, a Notary Public, this ____ day of _____, 20 ___.

_____ (SEAL)
Notary Public

AMENDMENT No. 1
TO 2009 NEW SERVICES AGREEMENT BETWEEN
KENTUCKY AMERICAN WATER COMPANY AND
TFH, LLC
DATED January 1, 2009

This Amendment to the Agreement ("Amendment") is entered into this 5th day of March, 2009 ("Effective Date") by and between TFH, LLCH ("Contractor") and Kentucky American Water Company ("Owner").

RECITALS

A. The effective date of the agreement between Contractor and Owner ("Agreement") is January 1, 2009

B. Contractor and Owner desire to set forth in this Amendment certain modifications to the Agreement; and,

C. In all other respects, the Agreement shall control the relationship between the parties.

NOW, THEREFORE, in consideration of the Recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Term of Agreement**. The term of the Agreement shall remain the same and expire on December 31, 2009.

2. **Attachment A – Price Schedule.** As of the Effective Date of this Amendment, a Price Schedule to provide hourly rates and prices for the area known as the Northern Operations – Owen County, is attached hereto and is hereby incorporated into the original Agreement.

3. **Other Provisions.** All other terms and conditions of the Agreement and its Schedules shall remain in full force and effect.

IN WITNESS WHEREOF, Contractor and Owner have signed this Amendment in duplicate. One counterpart each has been delivered to both Contractor and Owner.

TFH, LLC	**Kentucky American Water Company**
By: _____	By: _____
Name: Tom Foley	Name: Jarold Jackson
Title: Owner	Title: Mgr., Field Operations
Date: 3/20/09	Date: 3-23-09

2009 - REVISED

TFH

Cost Breakdown - Owen County

Crew Description	Hourly Rate	Hours	Total
Operator - Backhoe/Directional Drill Tracker	$ 30.00		$ -
CDL Driver	$ 30.00		$ -
Operator - Directioal Drill/Utility	$ 24.00		$ -
Labor - Assistant to Drill Operator	$ 18.00		$ -
Labor - General	$ 18.00		$ -
		Labor	$ -
Backhoe/Tractor/Trailer	$ 1,000.00	per Day	$ -
Directional Drill/2 Ton Truck	$ 800.00	per Day	$ -
Dump Truck	$ 500.00	per Day	$ -
Compressor	$ 250.00	per Day	$ -
Utility Truck/1 Ton Box	$ 350.00	per Day	$ -
Tom or Frank (w/ Vehicle)	$ 75.00	per Hour	$ -
Fuel Charge	$ 400.00	per Day	$ -
		Equipment	$ -
		Sub Total	$ -
		Overhead @ 12%	$ -
		Profitt @ 20%	$ -
		TOTAL	$ -

TFH, LLC

CONTRACT APPROVAL FORM

10 Day / 5Day Requirement:

All fully executed contracts must be returned to the law department for indexing within 10 days during the quarter and within 5 days at quarter end.

Section I: General Contract Information

☐ CHECK THIS BOX IF THIS IS AN AMERICAN WATER CONTRACT APPROVED FOR STANDARD USE BY THE AMERICAN WATER LAW AND FINANCE DEPARTMENTS (NO CHANGES MADE)

1) Contract Name*: KY- TFH, LLC – New Services Amendment

2) Contract Number: _____

3a) Contract Owner* Jarold Jackson Phone number* 859-268-6376

3b) Contract Owner taking responsibility after the contract is signed (if different than original Contract Owner):

4) Secondary contact name and phone number: William E. Hardy, Jr. 717.531.3287

5) Physical location of document(s) (office location and department name)*: Hershey, PA - Supply Chain

6) Name of the American Water company entering into the contract*: Kentucky American Water

7) Other company or companies signing the contract*: TFH, LLC

8) Contract description*: New Services Installation - Northern Operations Area

9) Relationship to other contracts (amendment, change order with new terms, etc.)*: Amendment

10a) Estimated Lifetime Contract Payments*:$50,000

10b) Estimated Lifetime Contract Receipts* $_____

Estimated Lifetime Contract Payments should be expressed in gross

11) Effective Date*: 03/05/09

12) Renewal terms* (check one): ☐ Perpetual unless cancelled ☐ Annual automatic renewal unless cancelled ☐ Monthly automatic renewal unless cancelled ☒ Not renewable ☐ Renewable with prior notice (notice date: _____/_____/_____) ☐ Other (describe on item 15)

13) Termination Date*: 12/31/2009

14) Termination provisions* (check all that apply): ☐ At-will by either party ☐ At-will by AW only ☐ At-will by other party only ☐ For cause by either party ☒ For cause by AW ☐ For cause by other party ☐ No termination provisions in contract

15) Miscellaneous Notes:_____

CONTRACT APPROVAL FORM

16) Contract Type* (check only one box):

NOTE: See Appendix 1 for a description of each contract type

Contract types marked with an "F" require the prior input and approval of the Finance Department (regardless of total value)

Contract types marked with an "F$" require the prior input and approval of the Finance Department only if the total value exceeds $100,000

Contract types marked with a "P" require the prior input and approval of the Supply Chain Department

See Instructions for description of approval process

☐	(F)(P)	Benefit/Pension Agreement
☐		Billing/Shut-Off Agreement
☐	(F)	Debt/Securities Agreement
☐		Confidentiality Agreement
☐	(F$)	Construction Agreement
☐		Developer Service/Main Extension Agreement
☐	(F$)	Easement Agreement
☐	(F)	Employment Agreement
☐	(F)	Environmental Agreement
☐	(F)	Financial Agreement
☐		Fire Protection Agreement
☐	(F)	Franchise Agreement
☐	(F)	Joint Venture Agreement
☐		Labor Agreement
☐	(F) (P)	Lease Agreement
☐	(P)	License Agreement
☐	(F)	Merger/Acquisition/Disposition Agreement
☐	(F)	Miscellaneous Agreement
☐	(F)	Operating Agreement
☐	(F$)(P)	Purchase/Sale Agreement
☐		Rate Agreement
☒	(F$)(P**)	Services Agreement
☐	(F)	Settlement Agreement
☐	(P)	Supply Agreement
☐	(F)	Water Supply/Wastewater Agreement

**- Only when the company is receiving the services

17) If the contract contains a non-cancellable payment commitment by AW in the current or future years (such as a long-term take-or-pay supply agreement or lease), fill out the following schedule*:

Year	Commitment Amount (in $'s)
2008	
2009	
2010	
2011	
2012	
2013	
2014	
2015	

Year	Commitment Amount (in $'s)
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023 and beyond	

CONTRACT APPROVAL FORM

Section II: Approvals

Business Unit Review:

CONTRACT OWNER*

Jarold Jackson (Name) (Signature) 3/5/09 (Date)

By checking this box, Contract Owner represents he/she has reviewed the Delegation of Authority and is authorized to sign the contract: ☒

CONTRACT SIGNER (only if Contract Owner does not have authority to sign contract pursuant to the DOA; see instructions)

____ (Name) _____ (Signature) _____ (Date)

Comment (use back if necessary)

Law Department Review by:

ATTORNEY*

A. W. Turner, Jr. (Name) (Signature) 3/6/09 (Date)

Comment (use back if necessary)

Finance Department Review by:

____ (Name) _____ (Signature) _____ (Date)

Check box if Finance Department review is not required: ☒

Comment (use back if necessary)

Supply Chain Department Review by:

William E. Hardy, Jr. (Name) (Signature) 3/5/09 (Date)

Check box if Supply Chain Department review is not required: ☐

Comment (use back if necessary)

CONTRACT APPROVAL FORM

Section II: Approvals

Business Unit Review:

CONTRACT OWNER*

Jarold Jackson (Name) _____ (Signature) _____ (Date)

By checking this box, Contract Owner represents he/she has reviewed the Delegation of Authority and is authorized to sign the contract: ☐

CONTRACT SIGNER (only if Contract Owner does not have authority to sign contract pursuant to the DOA; see instructions)

_____ (Name) _____ (Signature) _____ (Date)

Comment (use back if necessary)

Law Department Review by:

ATTORNEY*

A. W. Turner, Jr. (Name) _____ (Signature) _____ (Date)

Comment (use back if necessary)

Finance Department Review by:

_____ (Name) _____ (Signature) _____ (Date)

Check box if Finance Department review is not required: ☒

Comment (use back if necessary)

Supply Chain Department Review by:

William E. Hardy, Jr. (Name) W E Hardy Jr. (Signature) 3/5/09 (Date)

Check box if Supply Chain Department review is not required: ☐

Comment (use back if necessary)

MEMO

TO: Jarold Jackson

FROM: Bambi Floyd
Operations Specialist

DATE: January 3, 2008

RE: 2008 New Service Blanket Contract

Please, consider this recommendation for extending the New Service agreement that is currently in effect with TFH, LLC.

- TFH has been consistent installing new services in a timely manor.
- TFH has preformed work outside the contract willingly when approached.
- TFH demonstrates high performance and customer care.
- The new service contractor bid for 2006/2007 was $378,500 under the closest bid.

This contract would be rolled over as written in the 2006/2007 agreement.

Rolled over 2007 into 2008

EXTENSION OF SERVICE AGREEMENT

THIS EXTENSION OF SERVICE AGREEMENT entered into this 2 day of January, 2007 by and between TFH, LLC of 917 Contract Street, Lexington, Kentucky 40505 ("CONTRACTOR") and KENTUCKY AMERICAN WATER, a Kentucky corporation with its principal place of business at 2300 Richmond Road, Lexington, Kentucky 40502 ("WATER COMPANY").

WITNESSETH:

For the consideration of One Dollar ($1.00) and other good and valuable consideration, receipt of which is acknowledged, and the covenants and premises herein, the parties hereby agree as follows:

1. That unless specifically amended herein, all of the terms, conditions, covenants, promises, limitations and obligations of the Service Agreement (including, but not limited to, the Bid, Bidding Documents, Price Schedule, Exhibits and referenced documents) between the parties dated January 4, 2006, a copy of which is attached hereto and incorporated herein, are hereby extended for a period commencing January 1, 2007 and continued through December 31, 2007.

2. By agreeing to this Extension of Service Agreement, CONTRACTOR covenants that all of the original covenants, representations, promises and obligations it made regarding the Service Agreement dated November 25, 2002, remain true, accurate and complete and CONTRACTOR knows of no breach of the Service Agreement by CONTRACTOR or WATER COMPANY, nor knows of any fact or condition which through the passage of time would arise to a breach of said Service Agreement.

3. By agreeing to this Extension of Service Agreement, WATER COMPANY agrees to add an additional pay item for the duration of this Agreement. That pay item is "Replace 4-inch concrete sidewalk @ $5.45 per square foot."

IN WITNESS WHEREOF, the parties have set forth their hands the day and year first above written.

TFH, LLC:

By: _____
Tom Tinsley

Owner
(Title)

KENTUCKY AMERICAN WATER:

By: _____
President

WITNESS:

WITNESS:

Workers comp expires on 12/3/06.
J. Roll

MEMO

TO: Fred White

FROM: Bambi Floyd
Operations Specialist

DATE: October 25, 2006

RE: 2007 New Service Blanket Contract

Please, consider this recommendation for extending the New Service agreement that is currently in effect with TFH, LLC.

- TFH has been consistent installing new services in a timely manor.
- TFH has preformed work outside the contract willingly when approached.
- TFH demonstrates high performance and customer care.
- The new service contractor bid for 2006 was $378,500 under the closest bid.

This contract would be rolled over as written in the 2006 agreement with the exception of the following addendum.

- Compensation for Miscellaneous Paving as stated in 2006 Service Renewal Contract.

This addendum would result in an increase of approximately 1% increase.

TFH, LLC
Underground Utilities Contractor

917 Contract Street
Lexington, KY 40505
859.259.9888
859.259.9887 FAX

October 26, 2006

Mr. Fred White
Kentucky-American Water Company
2300 Richmond Road
Lexington, KY 40502

RE: 2007 New Services Blanket Contract

Dear Fred:

Please accept this letter as confirmation that TFH, LLC is willing to enter an agreement for the 2007 New Services Blanket Contract. TFH requests the contract be amended to include:

4" Concrete Sidewalk Replacement @ $5.45/Square Foot

TFH appreciates the opportunity to continue working with KAWC on the New Services Contract.

Please call with any further questions or comments.

Sincerely,

Tom Friley

Frank Hundley

Frank Hundley

Blanket Services - New

Service Agreement

AGREEMENT made this 4th day of January, 20 06 between **TFH, LLC** of 917 Contract Street, Lexington, Kentucky 40505 (hereinafter called CONTRACTOR) and KENTUCKY AMERICAN WATER, a Kentucky corporation with its principal place of business at 2300 Richmond Road, Lexington, Kentucky 40502 (hereinafter called WATER COMPANY).

WITNESSETH AS FOLLOWS:

1. CONTRACTOR agrees, in consideration of the mutual promises herein contained, that he will perform, on a non-exclusive basis, all of the work, which is to include providing all of the labor, tools, and equipment necessary to perform the following in accordance with Kentucky American Water Standard Pipeline Documents (hereinafter called WORK):

Items listed in attached price schedule with description of requirements.

2. The CONTRACTOR agrees that he will commence the WORK **beginning January 1, 2006** or thereafter as directed by WATER COMPANY to do so, **until December 31, 2006.**

3. The WATER COMPANY agrees to pay and the CONTRACTOR agrees to accept for said WORK the following prices:

In accordance with unit prices specified in attached price schedule.

4. It is understood that the CONTRACTOR is thoroughly familiar with the location where the WORK is to be done and conditions which will, in any way, affect its

cost; that it is familiar with the amount and location of all materials to be utilized in accomplishing the WORK; and that it will make no claim whatever for extra compensation with respect to such matters, all such claims for extra compensation being hereby expressly waived. Likewise, the CONTRACTOR is familiar with the policies, procedures and rules of the WATER COMPANY regarding safety and security, including, but not limited to, the requirements for background security checks and access to COMPANY property, and will make no claim for extra compensation with respect to such matters, with all claims for extra compensation being hereby expressly waived. CONTRACTOR agrees to be bound by all the WATER COMPANY'S policies, procedures and rules that now exist or may be changed from time to time in the determination of the WATER COMPANY. No WORK shall be performed by the CONTRACTOR without the WATER COMPANY'S approval of background security checks of the CONTRACTOR, its employees, agents and contractors. Such checks to be at the CONTRACTORS expense and subject to approval of the WATER COMPANY in its discretion.

5. It is agreed that the CONTRACTOR is an independent contractor and not an agent, partner or joint-venture participant for the WATER COMPANY.

6. The CONTRACTOR will not, without prior written consent of the WATER COMPANY, assign, sublet or transfer in whole or in part, any of CONTRACTOR's interest or rights or any monies due or to become due under this AGREEMENT or any of the WORK to be performed hereunder; and a merger, sale of all or substantially all of the assets or transfer of control through stock ownership or otherwise, shall be considered an assignment or transfer for the purposes of this paragraph.

7. Should any of the WORK be sublet by the CONTRACTOR, as provided in Section 6 above, nothing contained in the subcontract shall create any contractual relation between the WATER COMPANY and any such subcontractor.

8. The CONTRACTOR hereby accepts exclusive liability for and shall hold the WATER COMPANY harmless from all payroll taxes or contributions for unemployment insurance, or old age pensions, or annuities, measured by wages, salaries or other remuneration paid to employees of said CONTRACTOR.

9. Prior to final payment and as a condition precedent thereto, the CONTRACTOR and all other suppliers of materials, services, transportation, equipment or labor shall execute and deliver to the WATER COMPANY their releases on forms supplied by the WATER COMPANY, of all claims or liens for material supplied or labor performed under or by virtue of this AGREEMENT.

10. INDEMNIFICATION:

(a) CONTRACTOR shall indemnify and hold harmless WATER COMPANY and its affiliated companies, agents and employees from and against all claims, damages, losses, judgments, and expenses and liabilities whatsoever including attorneys' fees arising out of or resulting from the performance of the WORK or the failure to perform the WORK, provided that any such claim, damage, loss or expense is caused, directly or indirectly, in whole or in part by any conduct, negligent act or omission of CONTRACTOR, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

(b) In any and all claims against WATER COMPANY or any of its agents or employees by any employee of CONTRACTOR, subcontractor, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation under subparagraph (a) shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for CONTRACTOR or any subcontractor under Workers' Compensation acts, disability benefit acts or other employee benefit acts.

(c) Any provision of this paragraph in respect of indemnification which is prohibited

or unenforceable by law in the State in which the WORK, or other performance described in this AGREEMENT, is sited shall not invalidate the remaining provisions of this paragraph or this AGREEMENT.

(d) The indemnification provided herein shall survive the termination or expiration of the AGREEMENT.

11. INSURANCE:

(a) The CONTRACTOR shall submit with this signed AGREEMENT two (2) copies of a "Certificate of Insurance." The certificates are to be completed by the CONTRACTOR'S insurance carrier(s) and signed by an authorized agent(s) of the insurance company(s). The CONTRACTOR shall not commence any work under this AGREEMENT until such "Certificate of Insurance" is in the hands of and approved by the WATER COMPANY.

(b) Workers' Compensation and Employer's Liability Insurance:

The CONTRACTOR shall carry Workers' Compensation Insurance during the life of this AGREEMENT to insure his statutory liability to his employees in the State in which the WORK under this AGREEMENT is to be performed plus not less than $1,000,000 Employer's Liability Insurance coverage.

(c) Comprehensive General Liability and Property Damage:

The CONTRACTOR shall carry the Comprehensive Form of General Liability and Property Damage Insurance during the life of this AGREEMENT covering the risks itemized in the form for "Certificate of Insurance" provided for in this AGREEMENT. The limits shall be not less than $1,000,000 for bodily injury and $1,000,000 for property damage.

(d) Comprehensive Automobile Liability and Property Damage:

The CONTRACTOR shall carry the Comprehensive Form of Automobile Liability and Property Damage Insurance during the life of this AGREEMENT covering the risks itemized in the form for "Certificate of Insurance" provided for in this AGREEMENT. The limits shall be not less than $1,000,000 for bodily injury and $1,000,000 for property damage.

(e) Umbrella and/or Excess Liability:

The CONTRACTOR shall carry umbrella and/or excess liability insurance during the life of this AGREEMENT covering the risk involved in subparagraph (c) and (d) above with a combined single limit which shall be not less than $9,000,000.

12. American Water and its affiliates including WATER COMPANY, are complying with the requirements of Executive Order 11246 of September 24, 1965 and

the regulations, orders and rules promulgated thereunder as amended. These requirements (See 41 CFR Section 60-2.21 (b) (2)) make it mandatory that we incorporate the provisions of Equal Employment Opportunity into the terms and conditions of each nonexempt purchase order or contract which exceeds $10,000 and annually obtain a Certification of Nonsegrated Facilities from all suppliers prior to the award of any nonexempt purchase order or contract. CONTRACTOR'S acceptance of this AGREEMENT constitutes a material representation that it will supply any necessary certificates relating to the above and its compliance with the provisions of Equal Employment Opportunity.

13. CONTRACTOR agrees to comply with the requirements of the Occupational Safety and Health Standards 29 CFR Part 1910. CONTRACTOR further agrees to comply with any and all safety rules and regulations required by the WATER COMPANY.

14. HAZARDOUS MATERIALS AT JOB SITE:

In accordance with the intent of the Federal Occupational Safety and Health Administration Standard Section 29CFR-1910.1200, Hazard Communication with effective date of May 25, 1986, and Standard Section 29CFR-1910.119, Process Safety Management of Highly Hazardous Chemicals (effective May 26, 1992), the WATER COMPANY hereby notifies the CONTRACTOR, work is to be performed on company property where the CONTRACTOR'S employees may be exposed to hazardous materials existing on the premises.

Chemicals known to be used or stored by the WATER COMPANY include the following:

Liquid Chlorine	Calcium Hydroxide (Hydrated Lime)
Liquid Alum	Calcium Oxide (Pebble Lime)
Hydrofluosilicic Acid	Potassium Permanganate
Powdered Activated Carbon	Liquid Caustic Soda
Ammonia	Various laboratory reagent
Copper Sulfate	Polymers
Ferric Chloride	Zinc Orthophosphate
Polyaluminum Chloride	

Material Safety Data Sheets are available at the WATER COMPANY for all chemicals. CONTRACTOR acknowledges that this information is furnished in compliance with the Hazard Communication Standard and further accepts that it is the CONTRACTOR's responsibility to notify its employees of the location and hazards of working around hazardous Chemicals. The WATER COMPANY agrees to notify the CONTRACTOR of any release and/or spill which may affect the health and safety of its employees. It is the CONTRACTOR's responsibility to notify the WATER COMPANY of any chemicals which the CONTRACTOR may bring onto WATER COMPANY property. It is further the responsibility of the CONTRACTOR to notify the WATER COMPANY of any release and/or spill which may affect the safety or health of WATER COMPANY employees.

15. CONFINED SPACE:

CONTRACTOR will provide certification to the WATER COMPANY which will indicate that its confined space program complies with the requirements as outlined in OSHA 29 CFR 1910.146. When confined space work is to be performed on WATER COMPANY property, the CONTRACTOR agrees to follow the guidelines listed in 29 CFR 1910.146 and further to coordinate any confined space work which may involve

WATER COMPANY employees with the WATER COMPANY representative responsible for the work. The CONTRACTOR must provide its own equipment necessary to work safely in a confined space. At no time will the CONTRACTOR be allowed to utilize WATER COMPANY equipment for the purpose of safely entering and/or working in a confined space environment.

16. HARASSMENT COMPLAINTS and INAPPROPRIATE CONDUCT:

It is the policy of the WATER COMPANY to provide and maintain a work environment free of discord related to matters which do not pertain to company business, especially disparaging ethnic or religious remarks, unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature or any other inappropriate or offensive conduct or language (including, but not limited to, such language, conduct or behavior regarding, related to or in the presence of, WATER COMPANY employees, customers, invitees, agents, contractors, regulators, vendors or any other person).

An investigation of all complaints of the above-described conduct will be made immediately. The CONTRACTOR agrees that this type of behavior will not be tolerated. Any CONTRACTOR who permits this type of behavior to exist while working on behalf of the WATER COMPANY may subject itself to legal action against the CONTRACTOR and its responsible employees. The actions may, in the discretion of the WATER COMPANY, lead to termination of this and other agreements between the WATER COMPANY and the CONTRACTOR.

17. Notwithstanding any other provision of the AGREEMENT, the WATER COMPANY may terminate this AGREEMENT upon any violation of law, regulation or

WATER COMPANY policy or the breach or failure of the CONTRACTOR to meet, maintain or perform, in the determination of the WATER COMPANY, any provision, obligation or covenant of this AGREEMENT, or the Bidding Documents, including any representation therein, or if there exists or occurs any act of insolvency, reorganization or bankruptcy by or against the CONTRACTOR.

18. Amendments to this AGREEMENT, including any changes in the WORK or the price schedules, must be agreed upon, in advance and in writing by the WATER COMPANY.

19. This AGREEMENT incorporates by reference all of the Exhibits attached hereto (including, but not limited, to Exhibits 1, 2, 3 and the Bidding Documents).

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed, the day and year first above written.

WITNESS: **WATER COMPANY:**

By _____
(President)

WITNESS: **TFH, LLC:**

By _____
(Signature)

Tom Friley
(Print or type name)

Owner
(Title/Position

Approved By:

_____
Loss Control Manager

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID CJ TFHLL-6 | DATE (MM/DD/YYYY) 1/1/06

PRODUCER

Carroll & Stone Insurance
406 Rosemont Garden
Lexington KY 40503
Phone: 859-269-1044 Fax: 859-276-0266

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

TFH, LLC
Attn: Tom Friley
917 Contract St.
Lexington KY 40515

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Motorists Insurance Companies	14621
INSURER B: Kentucky A.G.C.	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	33.227986-10E	03/01/05	03/01/06	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
A		AUTOMOBILE LIABILITY [X] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS	33.227986-10E	03/01/05	03/01/06	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY [ ] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $	33.227986-10E	03/01/05	03/01/06	EACH OCCURRENCE AGGREGATE	$ 9,000,000 $ 9,000,000 $ $ $
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	7276	01/01/06	12/31/06	[X] WC STATU-TORY LIMITS [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
A		OTHER Leased Equipment	33.227986-10E	03/01/05	03/01/06	Rent Eq	$100,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

For all work performed.

CERTIFICATE HOLDER

KENT009

Kentucky American Water Co.
2300 Richmond Road
Lexington, KY 40502

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Stephen E. Carroll

EXHIBIT NO. 2

**CONSTRUCTION OF SERVICES AND SETTINGS
INSTALLATIONS ¾-INCH THROUGH 2-INCH
JANUARY 1, 2006 THROUGH DECEMBER 31, 2006**

1. Contractor agrees that he will perform all the work and provide all of the labor, tools, equipment necessary to install the following:

   For the **installation of new** ¾-inch, 1-inch and 2-inch service lines at such times and locations designated by the Water Company in its sole discretion, in the Water Company's service area, the Water Company will furnish service material for the 2006 contract. The Contractor will furnish his own tools and equipment for making installations, including tapping machine and combined drills and taps. The Contractor will also furnish materials required to restore street openings and disturbed areas to their original condition, or as required by law, whichever standard is higher.

   Contractor also agrees to comply with all urban county, city, county and state highway requirements in restoring street openings or any disturbed areas immediately to their original condition, using the same type of materials or better, to the satisfaction of the various requirements.

2. The Contractor agrees that personnel and equipment necessary to perform work will be available to commence said work upon approval of contract.

3. The Contractor agrees to maintain sufficient personnel so that the total backlog of tap orders approved for installation will never exceed 30 days. (Sufficient personnel means keeping backlog less than 30 with 5-day workweek, not working Saturday and Sunday.)

4. The Contractor agrees that all tap orders will be installed within 5 working days after receipt of tap order from Water Company.

5. The Contractor agrees that if the backlog of tap orders ready for installation exceeds 30, or if tap orders are not installed within 5 working days, the Water Company reserves the right to use whatever means necessary to bring the tap orders up to date and any additional costs will be paid by the Contractor.

6. The Contractor agrees to furnish accurate measurements and a diagram showing the location of the corporation stops, service lines and meter boxes. All dimensions included on tap orders will be accurately measured by tape. Measurements on tap orders should be from closest intersecting streets, curb lines, centerlines and from corners of houses. Tap orders will be prepared on the job site. (See attached sample of completed tap orders.)

7. The Contractor will furnish a list of materials used for the installation of each service and meter box location. All materials used will be measured accurately with a tape. All materials shall be listed by proper size and code numbers.

8. The Water Company will furnish a tap service order (P-14) for each service installed by the Contractor; all measurements, diagram and material shall be shown on the tap service

order. Tap orders for services installed will be completed by the Contractor and submitted each day.

9. The Contractor agrees that the cover over the service lines shall not be less than 30 inches.

10. The Contractor is not required to be a certified asbestos contractor to make taps on asbestos cement pipe, but asbestos handling procedures are required when making taps on asbestos cement pipe.

11. The Contractor will have a mobile cellular phone on the foreman's person so that communication can be achieved during working hours.

12. Work practices and procedure guidelines, as they exist now or as amended from time to time, as set forth in the Water Company's Pipe Specifications will be followed.

13. Equipment used and method of boring and tapping main must be approved by Water Company. Note: The Contractor will be required to have directional boring equipment available and employees trained in its use.

14. All services and meter boxes installed must be approved by a representative of Water Company.

    a. All taps will be installed in the main according to the approved specifications and at a minimum 45° angle.
    b. All meter boxes will be set level with the ground; all setters centered in boxes, and all boxes will be set on blocks.
    c. It will be the responsibility of the Contractor to locate and connect to customer's line.
    d. It will be the responsibility of the Contractor to locate water mains and have other utilities located.
    e. Any frozen services will be the responsibility of the Contractor to repair for the warranty of the contract.
    f. In rural areas, meter boxes are to be set outside fences.
    g. Taps are to be made directly across from meter boxes.
    h. No more than one tap should be made at the end of the main and looped around the cul-de-sac to service houses at the end of the court.
    i. Service saddles will be used for all taps in asbestos cement, PVC and concrete mains.
    j. Backfill around meter boxes will be compacted as directed by the Water Company.
    k. Tap in street applies to all services installed where the existing water main is located in street right-of-way.
    l. If two or more taps are made in a single street excavation, payment will be for one tap in street only, even though two or more separate services may be installed.
    m. Tap in street applies only to those locations where the main is located in the street. Mains located under driveway aprons, parking lots, sidewalks or under gravel roadways do not apply. This is also not applicable when excavation in the street area is necessary but the main is not located in the street area. In order to apply, tap in street must require complete excavation of the street.

15. a. Contractor will set all meter boxes in a government right-of-way or easement for the purposes of utilities or an easement for the benefit of water service. Installation of

24. Sod repair – seeding

    a. All property owners will be notified before excavating in front of their property or notified with doorknob notice.
    b. All sod and seed disturbed will be replaced before invoice is submitted for payment.
    c. Area compacted so sod can be replaced within 10 days.
    d. Repair must satisfy property owner and/or city inspector.
    e. Sod and seed must live and grow or be replaced and should be of good quality.
    f. Contractor agrees to have sod cutter and cut sod where applicable.

25. A company-wide inventory is taken twice a year. At this time all materials are to be returned to the stockroom.

26. Contractor must be able to receive and store a 30 day supply of service material.

27. Contractor will be billed for all materials lost or damaged.

28. Contractor foreman must come to the Water Company office each morning to deposit and receive daily tap orders.

29. Billing will be bimonthly on approximately the 10th and the 20th. It will be the responsibility of the Contractor to maintain accurate records of services installed in order to prepare invoices for billing. A list of addresses and materials for each service shall accompany the invoice with totals, which will include material per address as well as a grand total sheet for material items used per billing. A separate invoice for Labor and Material will be required.

30. Bidders agree to notify Water Company who their foreman will be and provide documentation on experience and reliability of crews.

31. Contractor agrees not to redirect crews to other work.

32. Contractor agrees to warranty work for two full years after this agreement expires or two years following any work hereunder, whichever date is later.

33. The bid price per service and meter installation is to cover the complete cost of the installation and restoration of the excavated area involved to its original condition.

34. It is agreed that Contractor is an independent contractor and not an agent for the owner.

35. This agreement shall not be assignable by the Contractor without the written consent of the Water Company.

36. No work to be performed by the Contractor shall be sublet without the written consent of the Water Company. The Water Company shall not give its consent to any event unless it receives satisfactory evidence that any subcontractor to whom the work or any part thereof is proposed to be sublet carries insurance of the same types and with the provisions under the caption "Insurance" as contained in Section 18 of the Standard Pipeline Installation Specifications.

37. A long service shall be constituted by either of the following:

    a. A service pushed or bored under the road/street in excess of 8 feet in length.
    b. A service line more than 30 feet in length.
    c. A service line that is installed from a main on private easement to the road right-of-way to set meter box and then installed back to vicinity of main to connect to customer's line in excess of 20-feet in length.

38. Material necessary for the construction of meter vault for 2-inch meter setting to be furnished by Contractor. An example of this is concrete block and concrete.

    a. Taps for 2-inch services shall be spaced a minimum of 1 foot apart and staggered to prevent excessive stress on the pipe.
    b. Meter vaults for 2-inch meter installations shall be constructed of 8" x 8" x 16" concrete blocks.
    c. All meter vaults shall have concrete tops and concrete block cores poured solid with concrete.
    d. An OSHA-approved safety ladder with a ladder up is installed in all vaults in excess of 5 feet deep.
    e. Dimensions of 2-inch meter vaults shall be no less than 6' x 4' inside dimensions.

39. Contractor agrees to follow all local, city, county, urban-county, state and federal traffic laws, as they may change from time to time, including, but not limited to those as stated in the Uniform Traffic Control Guide.

40. There may be times when service is critical and the Contractor must work overtime on Saturday (Water Company supervisor will make decision concerning overtime and weekend work).

41. Water Company will have complete discretion of when, where, and under what circumstances each service will be installed.

42. The Water Company reserves the right to revoke and deem void this contract and to make any necessary changes in order to provide service should the Contractor fail to adequately perform the work as stipulated by the aforesaid specifications.

43. When there is not a meter set in a setter, all meter settings will be locked with a locking pin. Pins will be furnished by Kentucky American Water Company.

44. All vehicles and backhoes used by the Contractor must have the contractor's name clearly identified on the outside.

45.

T P I, LLC

BID

PROJECT IDENTIFICATION: **Blanket Services New**

THIS BID IS SUBMITTED TO:

Mr. Nick O. Rowe
President
Kentucky American Water
2300 Richmond Road
Lexington, Kentucky 40502

1. The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into a non-exclusive Agreement with OWNER in the form included in the Contract Documents to perform and furnish all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Times indicated in this Bid and in accordance with the other terms and conditions of the Contract Documents.

2. Bidder accepts all of the terms and conditions of the Invitation to Bid and Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for forty-five days after the day of Bid opening. Bidder will sign and submit the Agreement with the Bonds and other documents required by the Bidding Requirements within fifteen days after the date of OWNER's Notice of Award.

3. In submitting this Bid, Bidder represents, as more fully set forth in the Agreement:

(a) Bidder has examined copies of all the Bidding Documents and of the following Addenda (receipt of all which is hereby acknowledged):

Date 11/23/05 Number [redacted] #1 (INSURANCE)

(b) Bidder has familiarized itself with the nature and extent of the Contract Documents, Work, site, locality, and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance or furnishing of the work.

(c) Bidder has studied carefully all reports and drawings of subsurface conditions and drawings of physical conditions which are identified in the Supplementary Conditions as provided in Paragraph 4.2 of the General Conditions, and accepts the determination set forth in Paragraph GC-4.2.2 of the General Conditions, as may be amended by the Supplemental Conditions, of the extent the technical data contained in such reports and drawings upon which Bidder is entitled to rely.

NOTE: THIS BID INCLUDES THE COST OF LIABILITY INSURANCE AS REQUIRED FOR 2006. ($9 MILLION IN EXCESS OF UMBRELLA COVERAGE)

(d) Bidder has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests and studies (in addition to or to supplement those referred to in (c) above) which pertain to the subsurface or physical conditions or otherwise may affect the cost, progress, performance or furnishing of the Work as Bidder considers necessary for the performance or furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Paragraph 4.2 of the General Conditions; and no additional examinations, investigations, exploration, tests, reports or similar information or data are or will be required by Bidder for such purposes.

(e) Bidder has correlated the results of all such observations, examinations, investigations, explorations, tests, reports and studies with the terms and conditions of the Contract Documents.

(f) Bidder has given OWNER written notice of all conflicts, errors or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by OWNER is acceptable to Bidder.

(g) This Bid is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any person, firm or corporation to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over OWNER.

(h) Bidder has made such examination to represent, and does hereby represent to OWNER, that it has no claims, demands, causes of action or litigation, asserted or unasserted, against the OWNER, nor does it know of any facts or conditions which, through the passage of time or otherwise, could arise to a claim, demand, cause of action or litigation against the OWNER.

4. Bidder will complete the Work for the price(s) shown.

The prices provided herein are for installation only.

TFH, LLC

KENTUCKY AMERICAN WATER
BLANKET SERVICES/SETTINGS
PRICE SCHEDULE

The following unit prices shall be used to determine the amount of payment to the contractor for the actual work completed. Quantities shown for 2006 are estimates only; payment will be made on actual quantities.

Description	Unit Bid	2006 Estimated Quantities	Totals
Installation of ¾" " & 1" services – short	375.00 =	900 each	337,500.00 =
Installation of ¾" " & 1" services – long	650.00 =	700 each	455,000.00 =
Installation of 2" services – short	500.00 =	40 each	20,000.00 =
Installation of 2" services – long	900.00 =	20 each	18,000.00 =
Price per foot in excess of 60', 3/4", 1", 2" services	1.00 =	2,000 L.F.	2,000.00 =
Installation of 5/8" x ¾" & 1" meter settings	60.00 =	2,500 each	150,000.00 =
Installation of additional meter box & top for dual PRV type ¾" & 1" settings	350.00 =	50 each	17,500.00 =
Install 2" meter settings (incl. vault construction material)	1,500.00 =	2 each	3,000.00 =
Install 2" pre-fabricated meter setting (including vault construction material)	1,450.00 =	3 each	4,350.00 =
Install 2" pre-fabricated meter setting with pre-fabricated box & top furnished	300.00 =	50 each	15,000.00 =
Install 5/8" x 3/4" and 1" meters (regular read)	20.00 =	200 each	4,000.00 =
Open cut 1" and 2" long blind services in rock areas where required	10.00 =	40 each	400.00 =
Install 5/8" x 3/4" and 1" meter settings on existing blind services at a later date	25.00 =	60 each	1,500.00 =
Install 5/8" x 3/4", 1" and 2" encoder meters – (radio read) (all 2" encoder)	30.00 =	2,000 each	60,000.00 =
Tap in street	2,000.00 =	30 each	60,000.00 =
		TOTAL	$ 1,148,250

One million one hundred forty eight thousand two hundred fifty (1,148,250)

SUBMITTED on Dec 1, 2005
(Date)

IF BIDDER IS:

An Individual: By: _____ (Seal)
(Individual's Name)
Doing business as _____
Business address: _____
_____
Phone No.: _____

A Partnership: By: TFH, LLC (Seal)
(Firm Name)
E E Tomfinky
(General Partner)
Business address: 917 CONTRACT ST
LEXINGTON KY 40505
Phone No.: 859 351 2118

A Corporation: By: _____
(Corporation Name)
_____
(State of Incorporation)
By: _____
(Name of Person Authorized to Sign)
_____
(Title)

(Corporate Seal)
Attest _____
(Secretary)
Business address: _____
_____
Phone No: _____

A Joint Venture: By: _____
(Name)
_____
(Address)
By: _____
(Name)
_____
(Address)

(Each joint venture must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above).

TFH, LLC.

EXHIBIT NO. 1

NAME	EXPERIENCE	2-YR EMPLOYMENT HISTORY
Foreman:		
Tom Farley	Owner/Contractor	TFH
Frank Hoadley	Owner/Contractor	TFH
Doug Taylor	Fabrication/Equip Main	TFH
1st Crew:		
1. Scotty Johnson	20 yrs	TFH
2. Wes Major	7 yrs	TFH
3. Jay Franklin	2 yrs	TFH/Plumbing
2nd Crew:		
1. Rocky Johnson	27 yrs	TFH
2. David Hall	20 yrs	TFH/KAWC
3. Boral Colton (CAL)	5 yrs	TFH
Steve Stacy (CAL)	5 yrs	TFH/CKFP
3rd Crew:		
1. Tim Bennington	18 yrs	TFH
2. Lonnie Hatton	12 yrs	TFH/Spartan
3. Ernie Crase	3 yrs	TFH

EXHIBIT NO. 1

4th Crew:

1. Tony Bloomfield (Ldr)	20 yrs	TFH
2. Clay Hoodley	7 yrs	TFH
3. Gary Abney	25 yrs	TFH / KAWC

5th Crew:

1.		
2.		
3.		

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID TFHLL-6 | DATE (MM/DD/YYYY) 08/30/06

PRODUCER

Carroll & Stone Insurance
406 Rosemont Garden
Lexington KY 40503
Phone: 859-269-1044 Fax: 859-276-0266

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

TFH, LLC
Attn: Tom Friley
917 Contract St.
Lexington KY 40515

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Motorists Insurance Companies	14621
INSURER B: Kentucky AGC	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	33.227986-10E	03/01/06	03/01/07	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
A		AUTOMOBILE LIABILITY [X] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS	33.227986-10E	03/01/06	03/01/07	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY [ ] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $	33.227986-10E	03/01/06	03/01/07	EACH OCCURRENCE AGGREGATE	$ 9,000,000 $ 9,000,000 $ $ $
B		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	7276	01/01/06	12/31/06	[X] WC STATU-TORY LIMITS [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 3,000,000 $ 3,000,000 $ 3,000,000
A		OTHER Leased Equipment	33.227986-10E	03/01/06	03/01/07	Rent Eq	$100,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

For all work performed

CERTIFICATE HOLDER

KENTAME

Kentucky-American Water Company
Attn: Sue Oliver
2300 Richmond Rd.
Lexington KY 40502

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Stephen E. Carroll Stephen E Carroll

CONTRACTOR OR SUPPLIER APPLICANT CERTIFICATION

Except as may be disclosed below, the undersigned contractor or supplier applicant ("Applicant"), hereby certifies that neither it, nor its officers, directors, owners, employees, contractors or agents, have any business, financial or close family relationships with Kentucky American Water (KAW) or any officer, director, owner, contractor or agent of KAW.

A close family relationship means spouse, children, stepchildren, siblings, parents (or anyone acting in that capacity), parents-in-law or grandparents.

A business or financial relationship means a partnership, joint venture, closely held corporation, limited partnership, limited liability company, limited liability partnership, unincorporated association, or other business association, or the co-ownership, landlord-tenant or lessor-lessee relationship involving real or personal property, or having a creditor, debtor or guarantor relationship with KAW or any person in a close family relationship as listed above.

Further, the undersigned has not offered, given, received or been requested to offer, give or receive any gifts, payments or other thing of value to do business with KAW.

Signed this _____ day of _____, 2007.

_____
Name of Entity or Individual

Owner
_____
Title or Other Representative Capacity

_____
Witness

Disclosure of Relationship:

None: TAF (initial here)

Other (describe here):

_____
_____
_____

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

4. At page 13 of her written direct testimony, Linda C. Bridwell states: "An analysis was made of the costs to provide a service trip for fees relating to activation, disconnect and reconnect." Provide this analysis and identify the person who performed the analysis.

Response:

Please see workpaper W/P – 2-3 pages 317 through 323 that were provided in response to item number 3 of the Commission Staff's first data request. The excel workpaper Service Order.xls was also provided in the same request. The analysis was performed by Ms. Gina Money Handel, Central Division Manager of Finance KY/TN and was supported in Direct Testimony by Ms. Linda Bridwell.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

5. Refer to Direct Testimony of Linda C. Bridwell at 39. Identify each workshop, community event, and speaking engagement in calendar year 2012 at which a Kentucky-American employee appeared to promote customer conservation activities. For each event identified, provide the name of the employee who appeared, the sponsor of the event, the approximate attendance, and the general purpose of the event.

Response:

Glendover Elementary School Science Fun Day
Employee Shana Carr presented.
Glendover Elementary School served as event host.
Approximately 75 students attended sessions.
The general purpose of the event was to educate students about the many ways that science and science careers affects our lives, and perhaps inspire them to pursue science careers. Water conservation tips were included in the presentation and in handouts.

Southern Middle School Career Fair
Employee Mark Walters hosted an informational table.
Southern Middle School served as event host.
Several hundred students participated.
The general purpose of the event was to educate students about careers they wish to pursue. The company used this opportunity to discuss drinking water careers but also as a means to distribute water conservation educational materials.

Reforest the Bluegrass
Employees Keith Cartier, Angela Griffin, Beverly Horton, Bethany Hungate and Ellen Williams hosted informational table.
The Lexington-Fayette Urban County Government coordinated the event and Kentucky American Water was among the leading corporate sponsors.
Approximately one thousand citizens participated.
The general purpose of the event is to engage citizens in planting trees for the purpose of preserving and protecting waterways and educate them on how they can help protect and preserve the environment.

Carnegie Center Earth Day Celebration – Family Fun & Learning Night
Employees LaToshia Daniels and Marie Williams hosted an informational table and activity.
The Carnegie Center hosted the event and Kentucky American Water served as the night's sponsor.
70 people attended.

The general purpose of the event is to commemorate Earth Day and engage children and families in educational activities about protecting and preserving the environment.

Stonewall Elementary Science Night
Employees Susan Lancho and Dottie Johnson hosted an interactive trivia quiz activity on water conservation and water treatment.
Stonewall Elementary School hosted the event.
Approximately 100 adults and students attended.
The general purpose of the event was to educate students about the many ways that science and science careers affects our lives.

Arbor Day at the Arboretum
Employees Jason Hurt, Beverly Horton, Kenny Roney and Ellen Williams hosted an informational table.
The Friends of the Arboretum hosted the event, and Kentucky American Water served as one of the corporate sponsors.
Approximately 3,000 people attended.
The general purpose of the event is to commemorate Arbor Day and to educate citizens about preserving and protecting the environment.

Founders' Day at McConnell Springs
Employees Angie Griffin, Beverly Horton and Lance Williams hosted an informational table at the event.
The Friends of McConnell Springs hosted the event, and Kentucky American Water served as a sponsor.
Approximately 750 people attended.
The general purpose of the event is to celebrate the site where Lexington was founded, introduce people to McConnell Springs Park -- a unique, historical, natural site in an urban setting -- and promote the protection and preservation of the environment.

Rain Barrel Workshops
Kentucky American Water recognizes that other organizations have resources and expertise for promoting water conservation. Therefore, we engaged in a partnership with Bluegrass PRIDE to conduct rain barrel workshops on our behalf in 2012.
Bluegrass PRIDE staff hosted and promoted the workshops on behalf of Kentucky American Water. Kentucky American Water served as the sponsor.
A total of 84 people participated.
The general purpose of the events was to educate attendees about ways to conserve water outdoors by using rain barrels, and to enable each participant to construct and take home a rain barrel for residential use.

Healthy Lawn, Grass and Soil Workshop
Kentucky American Water recognizes that other organizations have resources and expertise for promoting water conservation. Therefore, we engaged in a partnership with Bluegrass PRIDE to conduct a healthy lawn workshop on our behalf in 2012.

Bluegrass PRIDE staff hosted and promoted the workshop on behalf of Kentucky American Water. Kentucky American Water served as the sponsor.
A total of 15 people attended.
The general purpose of the event was to educate participants about environmentally responsible lawn care, water conservation and rain gardens.

WaterFest
Employees Casey Allen, Dennis Blevins, Richard Bliss, Charlie Boland, Cody Brenneman, Linda Bridwell, Doug Brock, Doug Brooks, Ken Buehler, Nathan Clark, Rachel Cole, Brett Collins, Mitzi Combs, Wes Felts, Virginia-Bibb Golden, Roger Graves, Angie Griffin, Bethany Hungate, Jarold Jackson, Dottie Johnson, Dalvin Krug, Kevin Kruchinski, Susan Lancho, Mike Maggard, Wayne Mattingly, Randy Merriman, Gina Money, Russell Music, Cheryl Norton, Mary Ellen Pugh, Kenny Roney, Melissa Schwarzell, Justin Sensabaugh, Bryan Siler, Peggy Slone, Domonique Serio, David Shehee, Chris Smith, Mark Walters, Ellen Williams, Lance Williams, B.J. Wink and James Young Sr. assisted with hosting this event at Kentucky American Water's Richmond Road property.
The company hosted and sponsored the event.
Approxmately 600 people attended.
The general purpose of the event was to educate attendees about their water service, including water treatment, water infrastructure, water rates and water conservation.

Beaumont Middle School Science Class Presentations
Employees Cody Brenneman, Susan Lancho and Ellen Williams conducted presentations for 6th grade science classes.
Beaumont Middle School hosted the presentations.
A total of approximately 85 students participated.
The general purpose of the presentations was to educate students about the water treatment process and also share knowledge of practical ways to conserve water at home.

Southern Middle School Sustainability Fair
Employees Cody Brenneman and Ellen Williams hosted an informational table at this event.
Southern Middle School hosted the event.
A total of approximately 50 people attended.
The general purpose of the event was to educate students about the environment and how to protect and preserve natural resources.

Girl Scouts Girls in Engineering, Math and Science Event (GEMS)
Employee Dottie Johnson conducted presentations on water treatment for participants, and distributed information on water conservation, as well.
The Girl Scouts Wilderness Road Council coordinated the event, the University of Kentucky served as host and Kentucky American Water served as a corporate sponsor.
Several hundred Girl Scouts attended, as well as Girl Scout leaders.
The general purpose of the event was to inspire girls and young women to pursue careers in engineering, math and science.

Lexington Habitat for Humanity Participant Educational Session

Employees Charlie Boland and Rachel Cole conducted a presentation about water conservation in the home and how to read one's water bill.

Lexington Habitat for Humanity hosted the event for representatives of families currently participating in the Habitat program, working toward home ownership.

Approximately 20 people attended.

The general purpose of this particular session, which was part of a series for Habitat participants, was to educate future homeowners about the ways to manage water use at home.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

6. Provide for calendar year 2012, for each of the programs listed below, Kentucky-American's total expenditure for the program, the total number of Kentucky-American employees involved in the program, and the total number of members of the public participating or receiving materials or funds:

   a. Water Conservation Kits;

   b. Environmental Grant Program;

   c. Water Fest;

   d. Arbor Day at The Arboretum;

   e. Reforest the Bluegrass;

   f. Founders' Day at McConnell Springs;

   g. River Sweep;

   h. Own It! Video Contest;

   i. Leak Detection Booklets;

   j. School Presentations and Facility Tours.

Response:

   a. Water conservation kits: In 2012 Kentucky American Water distributed 100 water conservation kits, including low-flow showerheads and faucet aerators, to Community Action Council for the purpose of providing these items to low-income customers identified by CAC. The cost of these materials was $435.57. A total of two employees were involved in this effort.

   b. Environmental Grant Program: Kentucky American Water provided a total of $19,789.10 in environmental grants in 2012. A $10,000 grant was provided to St. John Catholic School in Georgetown for a partnership between the school, Georgetown College, Sheltowee Environmental Education Coalition, the Kentucky Water Resources Research Institute and Elkhorn Crossing School for a new wetland education center. A grant of $9,789.10 was provided in 2012 to the City of Winchester for a partnership with the Strodes Creek Conservancy, St.

Agatha Elementary School, Bluegrass PRIDE and Sekisui for wetland construction along Town Branch in Winchester. Approximately six employees are involved in administering this program, to include mailing and receiving applications, reviewing applications and making grant presentations.

c. WaterFest: The total expenditure for this community event was approximately $20,000. Approximately 45 employees were involved in this effort and approximately 600 people attended.

d. Arbor Day at the Arboretum: The total expenditure for sponsorship of this event and materials provided to participants is approximately $1,750. A total of five employees assisted with coordinating our participation. Approximately 3,000 people attended.

e. Reforest the Bluegrass: The total expenditure for sponsorship of this event and materials provided to participants is approximately $5,250. Five employees were involved. Approximately one thousand people participated.

f. Founders' Day at McConnell Springs: The total expenditure for sponsorship of this event and materials provided to participants is approximately $2,250. Five employees were involved with coordinating our participation. Approximately 750 people attended.

g. River Sweep: The total expenditure for our sponsorship and participation in this event was approximately $5,300. Approximately 10 employees participated in the Fayette County event, and a total of approximately 20,000 volunteers in six states bordering the Ohio River participate.

h. Own It! Video Contest: This contest was conducted in 2011.

i. Leak Detection Booklets: The total expenditure for this program in 2012 was $1,672.38. The total number of kits distributed to customers was 1,467. A total of approximately five employees are involved in ordering and distributing these booklets.

j. School tours and presentations: The total expenditure for these programs in 2012, which primarily included the production of a new video on the water treatment process, was approximately $21,000. Approximately 10 employees are involved in these programs. Approximately 400 people participated in various tours separate from the Waterfest program identified in part c, above.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

7. At page 30 of her written direct testimony, Ms. Bridwell states that Kentucky-American has moved away from the weather normalization analysis that was used in prior rate cases.

   a. State why the approach that Kentucky-American has chosen to use in this case is more appropriate that the weather normalization analysis used in prior rate adjustment proceedings.

   b. Provide a table that lists average daily consumption for residential customers, commercial customers, and other public authority customers that Kentucky-American has reported in each of its five most recent rate cases (including the present case).

   c. List each regulatory jurisdiction in which American Water Works Company ("American Water") or an American Water subsidiary has submitted an application for rate adjustment in which the new method of analysis has been used.

   d. List each decision in which a state utility regulatory commission has commented upon the appropriateness and reasonableness of Kentucky-American's proposed approach. Provide either a copy of the decision or a hyperlink that will permit access to the decision.

   e. Describe the consequences to Kentucky-American's operations, if any, if the Commission chooses not to accept Kentucky-American's proposed approach.

Response:

   a. The approach taken in this case to project future consumption utilizes a "weather neutral" approach through the study of customer consumption during winter months. Outdoor usage by customers, for instance for lawn irrigation, is negligible during winter months in a climate such as Kentucky American's. Therefore, study of winter consumption enables us to analyze underlying trends in customer usage, independent of variable summer weather patterns. Further, this approach captures the declining use trend that a weather normalization approach doesn't fully capture.

   b. Please note that Kentucky American has not traditionally reported average daily usage per customer per classification. However, the information provided in

response to Item 10 of this same data request can easily be used to calculate the actual average daily usage per customer in each of the three customer classifications listed from 2003 to 2012. Attached is a table that compares this actual, historical usage to the per customer usage calculated as part of the weather normalization model in each of the previous four rate cases. The information from previous rate cases was taken from Dr. Spitznagel's model in each case.

c.

Affiliate	**Case or Docket #**	**Filing Date**
Illinois American Water	DOCKET NO. 11-0767	10/27/2011
Indiana American Water	IURC Cause No.44022	5/2/2011
Iowa American Water	DOCKET NO. RPU-2011-0001	4/29/2011
Kentucky American Water	Case No. 2012-00520	1/27/2013
Missouri American Water	Case No. WR-2011-0337	6/30/2011
New Jersey American Water	BPU Docket No. WR08010020	1/14/2008
New Jersey American Water	BPU Docket No. WR10040260	4/9/2010
New Jersey American Water	BPU Docket No. WR11070460	7/29/2011
New Mexico American Water	Case No. 11-00196-UT	5/3/2011
Pennsylvania American Water	DOCKET NO. R-2011-2232243	4/29/2011
Tennessee American Water	DOCKET NO. 12-00049	6/1/2012
Virginia American Water	Case No. PUE-2011-00127	2/6/2012
West Virginia American Water	Case No. 12-1648-S-42T	2/1/2013

d. Attached please find the applicable pages from New Jersey American's Docket No. WR11070460, Illinois American's Docket No. 11-0767 and Indiana American's Cause No. 44022. Commission Decisions/Orders for the remainder of the listed cases do not contain a discussion of the water usage normalization analysis utilized by the company. However, authorized water sales in many of these settled cases reflects the utilization of the company's analysis in whole or in part.

e. Kentucky American believes the trend for declining customer usage, which was included in its capacity planning demand projections for two decades is fairly self-evident in looking at the historical per customer usage. The consequences for the Commission choosing not to accept this approach could range from minor to significant, depending on how the Commission would alternatively choose to project customer usage in the forecasted test year. If declining customer usage is

not recognized at all, it will likely result in Kentucky American in a position that earning a fair rate of return to continue to attract capital to be challenging. Kentucky American has already matched projected fuel and power, and chemical costs to match the lower projected system delivery so there would not be an opportunity to offset lower revenues that Kentucky American believes will occur in a normal weather year. This could be compounded with wet or cool weather where generally not only are customer water sales below projections, but chemical costs are frequently higher. This could be further compounded if sewer rate increases that may impact price elasticity of water usage were to occur. In order to manage expenses, Kentucky American may be in a position that jeopardizes high quality customer service. While this may be offset if a warm or dry period, if the Commission chooses not to accept the approach to declining usage trends, Kentucky American would likely seek additional rate relief in an earlier cycle than otherwise would be the case.

Response to Commission's Second Request for Information
Item 7

Comparison of Actual Average daily Consumption as report in 2012-00520
to
Average Daily Consumption in Previous Four Cases
In Gallons

	Dr. Spitzinagel's Testimony 2004-00130		Dr. Spitznagel's Testimony 2007-00427		Dr. Spitznagel's Testimony 2008-00427		Dr. Spitznagel's Testimony 2010-0036		2012-00520		
Year	Avg Daily Consumption Residential	Avg Daily Consumption Commercial	Avg Daily Consumption Residential	Avg Daily Consumption Commercial	Avg Daily Consumption Residential	Avg Daily Consumption Commercial	Average Daily Consumption Residential	Average Daily Consumption Commercial	Average Daily Consumption Residential	Average Daily Consumption Commercial	Average Daily Consumption Other Public Authority
2003									160.71	1,362.86	8,443.56
2004	168.36	1,404.33							158.80	1,340.17	7,730.19
2005	165.14	1,381.62							177.73	1,439.53	8,726.39
2006	161.85	1,360.22							169.79	1,388.90	8,011.29
2007	158.56	1,338.17	164.76	1,416.96					172.98	1,355.80	8,975.17
2008			162.64	1,407.25	160.93	1,374.30			165.11	1,295.75	9,112.82
2009			160.63	1,398.30	158.59	1,356.21	159.55	1,233.97	152.08	1,186.91	7,615.19
2010			158.56	1,388.97	156.34	1,339.40	157.36	1,204.85	157.35	1,271.38	8,312.48
2011					154.05	1,321.96	155.17	1,175.74	146.70	1,172.53	7,141.10
2012							152.94	1,146.41	150.11	1,219.66	7,527.10

Agenda Date: 5/1/12
Agenda Item: 5A

STATE OF NEW JERSEY

Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

WATER

IN THE MATTER OF THE PETITION OF NEW JERSEY AMERICAN WATER COMPANY, INC. FOR APPROVAL OF INCREASED TARIFF RATES AND CHANGES FOR WATER AND SEWER SERVICE; CHANGE IN DEPRECIATION RATES AND OTHER TARIFF MODIFICATIONS	)	ORDER ADOPTING INITIAL DECISION/STIPULATION BPU DOCKET NO. WR11070460 OAL DOCKET NO. PUC 09799-2011N

Parties of Record:

Ira G. Megdal, Esq., Counsel on behalf of New Jersey American Water Company, Inc., Petitioner
Stefanie A. Brand, Esq., Director, on behalf of the Division of Rate Counsel
Kenneth J. Quinn, Esq., Intervenor, on behalf of Middlesex Water Company
Steven B. Genzer, Esq., Intervenor, on behalf of Aqua New Jersey, Inc. and the Lawrenceville Water Company
Bradford M. Stern, Esq., Intervenor, on behalf of ConocoPhillips Company, Cogen Technologies Linden Venture L.P., Johanna Foods, Inc., Princeton University and Rutgers, The State University of New Jersey
Anthony R. Francioso, Esq., Intervenor, on behalf of the Mount Laurel Township Municipal Utilities Authority (MLTMUA)
Walter G. Reinhard, Esq., Intervenor, on behalf of the Manasquan Customer Group
Richard A. Gantner, Esq., Participatory Party, on behalf of Local 423 of the Utility Workers Union of America, AFL-CIO

BY THE BOARD:

On July 29, 2011, New Jersey American Water Company ("Company" or "Petitioner"), a public utility of the State of New Jersey filed with the Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1[1], N.J.A.C. 14:1-5.7 and N.J.A.C. 14:1-5.12, a petition ("Petition") seeking to increase rates for water and wastewater service. The combined proposed rates would increase the Company's annual revenues by $95.5 million or approximately 15.5% over pro-forma present rate revenues of $565 million. The Company also

[1]The Board notes that although the petition cites N.J.S.A. 48:2-21.1, the petition does not include a request for an adjustment of rates during the pendency of the hearing.

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES
OFFICE OF ADMINISTRATIVE LAW

IN THE MATTER OF THE PETITION OF NEW JERSEY AMERICAN WATER COMPANY, INC. FOR APPROVAL OF INCREASED TARIFF RATES AND CHARGES FOR WATER AND WASTEWATER SERVICE, CHANGE IN DEPRECIATION RATES AND OTHER TARIFF MODIFICATIONS	:	BPU DOCKET NO.WR11070460 OAL DOCKET NO. PUC09799-11N **STIPULATION OF SETTLEMENT**

APPEARANCES:

Ira G. Megdal, Esq., Cozen O'Connor, and **Suzana Duby, Esq.**, Corporate Counsel, Counsel for Petitioner, New Jersey American Water Company, Inc.;

Debra F. Robinson, Esq., Deputy Rate Counsel, **Susan E. McClure, Esq.**, Assistant Deputy Rate Counsel, and **Christine Juarez., Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director);

Alex Moreau, Deputy Attorney General, **Jennifer Hsia,** Deputy Attorney General and **Carolyn McIntosh,** Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Jeffrey S. Chiesa,** Attorney General of New Jersey);

Stephen B. Genzer, Esq., Saul Ewing, LLP, Counsel for Intervenors, Aqua New Jersey, Inc. and Lawrenceville Water Company;

Bradford M. Stern, Esq., Law Offices of Bradford M. Stern LLC, Counsel for Intervenors Cogen Technologies Linden Venture, L.P., ConocoPhillips Company, Johanna Foods, Inc., Princeton University, and Rutgers, the State University of New Jersey;

Anthony R. Francioso, Esq., Fornaro Francioso, Counsel for Intervenor the Mount Laurel Township Municipal Utilities Authority

Walter G. Reinhard, Esq., Norris McLaughlin & Marcus, P.A., Counsel for Intervenor Manasquan Customer Group; and

Kenneth J. Quinn, Esq., Middlesex Water Company, Counsel for Intervenor Middlesex Water Company

TO: THE HONORABLE LELAND S. McGEE, ALJ

In addition to the above Fixed Service Charge the parties stipulate that the Sewer Usage Charge for these General Metered Residential Wastewater Service Customers is at the non-exempt rate of $9.3000 per thousand gallons and that the volume of wastewater use is assumed to equal water meter registration. The average APPLIED HOMESTEAD residential metered customer consuming 4,000 Gallons of water per month would pay $85.55 per month under proposed rates.

The parties stipulate that sewer service revenues will increase for the Company's Non-Residential General Metered Wastewater Service Customers applicable to the Applied System by 5.74% and for the Other Contract Wastewater Service Customers in the Applied System by 2.95%.

18. Trend in SA-1/SA-2 Residential and Commercial Consumption Decline. The parties acknowledge that the rate relief set out in this stipulation recognizes the near-term change in the Petitioner's revenue caused by a continuing, declining trend in base consumption per customer.

19. Service of Board Order. The Parties agree to accept as service delivery by courier ("hand delivery") of the BPU Order approving this Stipulation, in whole or in part (the "Order"). The Parties agree that such method of hand delivery shall be sufficient service of the Order. The Signatory Parties further acknowledge that any increase or resolution of any issue agreed to in this Stipulation shall become effective upon service of the Board Order on all parties of record unless a later date is indicated in the Order.

20. The undersigned parties hereby agree that this Settlement has been made exclusively for the purpose of this proceeding and that this Settlement, in total or by specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of the Settlement.

21. The undersigned parties agree that this Settlement contains a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois-American Water Company	:	
	:	
Proposed general increase in water and sewer rates. (Tariffs filed October 27, 2011)	:	**11-0767**
	:	
	:	

ORDER

DATED: September 19, 2012

V. OPERATING REVENUES AND EXPENSES

Test-year revenues was a contested issue, as were various operating expense items as discussed below. Certain adjustments related to a call center are addressed in the "Affiliated Interest Issues" section of this order below.

A. Test Year Sales Volumes and Revenues

IAWC's forecasted test-year revenues reflect a continuing decline in customer usage. The AG and IIWC/FEA contend that IAWC has understated test-year sales and revenues.

1. IAWC's Position

According to IAWC, usage by its residential customers has declined by 2.89 gallons per customer per day, or by approximately 1.90% per year for the last eight years. IAWC claims usage by its commercial customers has similarly declined by 8.59 gallons per customer per day, or by approximately 1.08% per year for the same period. As such, IAWC indicates it adjusted its projected test year level of present rate revenues to reflect that significant and continuing trend of declining residential and commercial customer water usage. (IAWC IB at 47)

IAWC says it used a declining residential and commercial customer usage model to forecast test-year sales for those customer classes. IAWC indicates that its approach consisted of a two-step process. IAWC first segregated out and examined that portion of annual usage not impacted by weather, or "base" usage. IAWC says it accomplished this by examining usage per-customer per-day data for the non-summer months of January through April of each year 2003-2011 to develop a trend line. Using the resulting regression equation, IAWC indicates it determined the linear "base" usage per customer per day for each month January 2003 through December 2010, and continued that trend through December 2013.

Next, IAWC says it determined customer usage that is impacted by weather and layered that usage atop the "base" usage. IAWC states that it accomplished this by first subtracting the trend line amounts calculated in step one from the actual usage per customer per day for the years 2003 through 2011. IAWC says it then averaged the remaining summer, weather-related usage for those periods and added that average back to the respective "base" amount for 2011 through 2013. IAWC claims the results of its analysis demonstrate a continuing annual usage decline across all of IAWC's service territories. (IAWC IB at 47-48)

IAWC asserts that the declining usage trend is not surprising. The increasing prevalence of high efficiency or "low flow" plumbing fixtures and more efficient appliances such as dishwashers and washing machines contributes to the decline in water consumption. When a customer replaces such a fixture or appliance the new model will use less water than the one replaced. Also, new homes will have more

efficient water fixtures and appliances. IAWC also says that recent federal regulations have mandated the manufacture of water efficient toilets, showerheads and faucets and water-using appliances.

IAWC believes Federal regulation in this area will further increase the prevalence of water efficient household appliances and thus continue to drive down residential water consumption. Overall, with all other factors being equal, IAWC claims a typical residential household in a home with new fixtures and appliances would use 35% less water for indoor purposes than a non-retrofitted home built prior to 1994. IAWC also asserts that according to the U.S. Census Bureau's 2005-2009 American Community Survey, over 80% of existing homes in Illinois were built prior to 1990. IAWC says those homes would have been constructed with more water-intensive plumbing fixtures and appliances than are now available. In IAWC's view, it is clear that water efficient fixtures will continue to drive down usage. (IAWC IB at 48-49)

In addition to the increasing prevalence of water-efficient plumbing fixtures and appliances, IAWC contends that increasing customer conservation ethic and utility conservation measures also attribute to the declining usage trend experienced by IAWC. IAWC says this is because, as awareness of water and energy efficiency increases, customers may replace plumbing fixtures and appliances with more efficient models before the older models require replacement, and may further reduce their water consumption by changing their water use habits. IAWC claims the 2.89 gallon per customer per day decline IAWC has experienced with respect to residential customer usage can be achieved by subtle changes in customer behavior such as running the dishwasher 5 times per week rather than 7.

IAWC states that it has taken numerous steps to promote consumer conservation activities, including providing customers with educational literature and initiating workshops, community events, conferences and speaking engagements related to conservation. IAWC asserts that these conservation initiatives and the resulting awareness also attribute to the declining usage experienced by IAWC. (IAWC IB at 49)

IAWC believes its declining usage experience is not unique. IAWC asserts that for other American Water subsidiaries and, for those states with climates similar to that of Illinois, the operating companies in those states are also experiencing declining usage. IAWC contends that of those studied all have experienced declining usage ranging from 1.09% to 2.47% per year. IAWC's claims its own experience falls in the middle of that range. IAWC contends that the declining usage trend is industry-wide. IAWC expects the declining usage trend to not only continue, but also accelerate as a result of the increased prevalence of water efficient fixtures and conservation initiatives. (IAWC IB at 49-50)

While IAWC acknowledges there are environmental and operational benefits from lower water usage by residential and commercial customers, currently, it claims there is an economic disincentive to IAWC to sell less water in its service territories. IAWC contends it is fully committed to preserving natural resources and to encouraging

the benefits of conservation, while continuing to provide safe, adequate and reliable utility service in accordance with its regulatory obligations. IAWC says the Commission's recognition in this case of the decline in water usage IAWC is experiencing will support this goal. IAWC claims its test-year projection of present rate revenues reflects all of these factors. (IAWC IB at 50)

IAWC states that the AG acknowledges there may be a declining long-term trend in consumption. IAWC also says the AG concedes advancements in water-using technologies, water conservation programs and reductions in household occupancy rates may reduce water usage levels. IAWC reports that the AG attacks the methodology underlying IAWC's declining usage analysis for a host of reasons. (IAWC IB at 50)

IAWC argues that despite the AG's "nit-picking" of IAWC's analysis, IAWC is experiencing significant and continual declining customer usage. IAWC believes that criticizing its analysis and arguing it could have been more robust does not make the trend any less apparent. IAWC claims the AG's own regression analysis suggests such a trend exists. IAWC also complains that the AG did not prepare a consumption forecast in this case. IAWC says the AG proposes using IAWC's 2011-2012 usage forecast simply because that forecast appeared to be a less extreme result than IAWC's test year forecast. In IAWC's view, this is not a basis to discard IAWC's comprehensive projection model. IAWC says the AG contends IAWC has not provided sufficient reasons to assume residential consumption will continue to decline. IAWC argues that contention is not credible, given the record evidence that a trend is affecting the entire water industry and will continue to do so. (IAWC IB at 50-51)

IAWC argues that absent from IIWC/FEA and the AG's condemnation of IAWC's test year usage forecast, is any recognition of the declining usage trend experienced by IAWC or the myriad drivers exerting downward pressure on usage per customer. IAWC says Staff does not dispute the accuracy of the decline in annual usage. (IAWC RB at 33-34)

According to IAWC, although IIWC/FEA claims its witness offers a more appropriate and conservative forecast than IAWC's, IIWC/FEA simply supplants IAWC's test year base usage with 2010 base usage for the Total Company and Zone 1. By so doing, IAWC claims IIWC/FEA ignores the fact that IAWC actually experienced a 1.90% annual decline in usage since 2010 and the effect of water efficient fixtures installed or conservation measures undertaken since that year. IAWC insists its forecast is based on a detailed projection based on multiple years of data and incorporates IAWC's analysis of declining per customer usage trends. IAWC asserts that IIWC/FEA's forecast lacks this level of detail. IAWC states that while its usage forecast methodology uses eight seasonal averages, IIWC/FEA looks at only one. IAWC believes this leads IIWC/FEA to the erroneous conclusion that IAWC has understated its test year usage. IAWC believers such a narrow approach cannot be the basis for IAWC's test year level of consumption. (IAWC RB at 34; IAWC RBOE at 12-14)

IAWC says that the AG did not prepare a consumption forecast. Despite this, IAWC says the AG mischaracterizes IAWC's consumption model as simplistic. According to IAWC, despite adopting IAWC's 2011-2012 forecast, the AG criticizes IAWC's forecast method as erroneous and ignoring factors that influence usage such as population, economic conditions, changes in water-use technologies, weather, climate and price. IAWC asserts that its forecast model considers exactly those factors. IAWC claims it is the AG that ignores a time-series analysis recognizing that multiple factors influence usage and do so over time.

IAWC says that rather than selectively including or excluding specific factors, as the AG suggests would be appropriate, IAWC's method quantifies the composite effect of all factors on usage over time. IAWC states that time, as the dependent variable, functions as a proxy for increased fixture and appliance efficiency, consumer conservation ethic and education, price changes and a host of other factors that influence usage. In IAWC's view, the AG's contrary contention here is not credible. (IAWC RB at 34-35)

IAWC says the AG also criticizes IAWC's projection because the AG believes the base period employed excludes the non-weather sensitive months of November and December. IAWC contends that this argument ignores the record evidence. According to IAWC, some of its residential customers whose data was used were billed on a bi-monthly basis. For this reason, IAWC says there is a lag between actual consumption and sales figures such that sales figures from November and December can include usage from September and October. IAWC claims the AG appears to agree that is potentially weather-sensitive usage because the AG identifies November and December, and not September and October, as non-weather sensitive months. IAWC insists it properly excluded weather-sensitive October and September usage from base period usage. (IAWC RB at 35)

According to IAWC, the AG claims, without citation to the record or further explanation, that IAWC's consumption forecast methodology, by averaging the demand for each year, ignores the variability in monthly usage. The AG argues that seasonal variability is precisely what must be removed to study an underlying trend in non-weather sensitive, base usage. IAWC says averaging accomplishes this. The AG also criticizes IAWC's methodology as using too limited a number of years. IAWC responds that the eight seasonal averages (2003 – 2011) on which IAWC based its analysis represents the maximum data set available and strikes a reasonable balance between providing sufficient statistical data for analysis and being representative of today's demographics and drivers. IAWC says the AG recommends a projection based on only one year. In IAWC's view, the AG's criticisms in this regard are baseless. (IAWC RB at 35-36)

In its BOE, IAWC takes issue with the Proposed Order for "cutting off [the] forecast at September 30, 2012, and not continuing it through the end of IAWC's test year." (IAWC BOE at 17)

2. The AG's Position

The AG states that in developing rates, the appropriate level of projected revenues must be determined so that the new rates accurately recover the revenue requirement. The AG contends that in this docket, IAWC has used a simplistic and ultimately erroneous method to predict its demand and understated its associated revenue in the future test year by $2,302,388. The AG says this adjustment is reflected in AG Ex. 2.2, Schedule C-1 for each operating district and claims the revenue projection must be corrected to set fair rates. (AG IB at 29)

According to the AG, IAWC's method for projecting consumption ignores key factors that affect demand forecasting, including population, economic conditions including inflation and household income, changes in water-use technologies, weather and climate, and price. The AG asserts that instead of using well established water demand forecasting methods, IAWC used a limited set of data that was made less representative of actual variability by being reduced to annual averages. (IAWC IB at 29)

Although IAWC claimed to base its analysis on base consumption or consumption that is not weather sensitive, it excluded demand data for November and December, reducing the number of months involved in its analysis for six (half a year) to four (only a third of a year). The AG argues that in Illinois, weather sensitive outdoor water use is limited to the summer months, making it appropriate to treat November and December as non-weather sensitive months. The AG also asserts that IAWC used an improperly small sample of months in its analysis, making the results less reliable. The AG contends the use of all non-weather sensitive months reduces the size of the change IAWC projects based on an unreasonably restricted data set. (AG IB at 29-30)

The AG also complains that IAWC's analysis averages the demand for each year, ignoring that monthly use varies. The AG argues that the effect of using an average of an unreasonably small number of months is compounded by the limited number of years used in the analysis. The AG contends that an unusually high starting point or an unusually low ending point would have a dramatic effect on the analysis because so few data points are included. The AG believes it is neither accurate nor fair to consumers to accept IAWC's analysis that does not follow accepted industry approaches to projecting demand and that has so many data limitations and biases. (AG IB at 30)

In effort to produce a more accurate demand and revenue projection, the AG says it analyzed IAWC's most recent consumption and customer figures for each of the years ending September 30, 2011 and 2012. The AG argues that this more precise projection of revenues is more appropriate for ratemaking, and includes a separately calculated revenue projection for each district. The AG claims actual data shows that there is significant variation among the districts. The AG states that from 2011 to 2012, revenues in some areas increased (Chicago Metro and Pekin) and revenues in other areas (Zone 1 and Lincoln) decreased. The AG says notwithstanding the fact that

actual revenues increased in some areas from year to year, its recommendation, like IAWC's, results in lower total revenues in the test year compared to the year ending September 30, 2012 for all districts except Pekin. The AG contends IAWC over-stated the degree of decreased demand and revenues by $2,302,388. (AG IB at 30)

The AG says it recommends using IAWC's projected level of consumption and customer growth for the 2011-2012 period because it appeared to be a less extreme result than that proposed by IAWC, in that it has consumption higher than 2010-2011 in two rate areas and lower than 2010-2011 in the other two rate areas. (AG RB at 15-16)

The AG contends its analysis properly recognizes differences among IAWC's rate areas. The AG states that the number of people per household varies considerably from district to district, ranging from 2.62 to 4.18, and averaging 3.01, and the number of people per household affects total household water usage. In addition, the AG says in the pre-test year period ending September 30, 2012, IAWC projected more water usage for Chicago Metro and Pekin, contradicting its premise that water usage is steadily declining year-over-year. The AG suggests this shows the danger in applying general assumptions to disparate service areas, and also highlights that IAWC has under-projected overall water usage. (AG RB at 16)

IAWC relies on various factors that it argues justify its declining usage projections. The AG relies on the age of the housing stock, of which it asserts that 80% was built prior to 1990. Accepting that as true, the AG suggests it is unreasonable to expect that water fixtures have not been changed in these houses when the life expectancy of water fixtures is only 10-15 years. The AG also claims IAWC ignores that in several of its service areas, consumers' usage is already approaching or even exceeding efficient usage levels calculated by IAWC's own witness. The AG believes these customers' usage cannot be expected to continue to decrease in a linear fashion when they have already eliminated what IAWC considers inefficient usage. (AG RB at 16)

In its Reply Brief on Exceptions, the AG contends that the arguments in IAWC's Brief on Exceptions to extend declining usage beyond the current year should be rejected. (AG RBOE at 2-3)

3. IIWC/FEA's Position

IIWC/FEA states that IAWC forecasts an annual sales volume of 19,569,755 CCF which includes 13,999,507 CCF for Zone 1, for its test year. To arrive at this estimate, IIWC/FEA indicates IAWC used a declining residential and commercial model to forecast test year sales for the customer class. IIWC/FEA argues that IAWC's proposal for residential sales volumes understates the sales volumes for the test year as compared to historical sales levels and recommends IAWC's volumes be rejected. (IIWC/FEA IB at 5)

IIWC/FEA contends that by understating sales volume in the test year IAWC understates the revenues it receives from customers under current rates. Understating

the revenues received increases IAWC's claimed revenue deficiency. (IIWC/FEA IB at 5)

IIWC/FEA offers what it believes is a more appropriate and conservative forecast. IIWC/FEA says it accepted IAWC's base level of usage for 2010 and applied it to the test year months of January-May and October-December. IIWC/FEA indicates it then averages the actual IAWC usage over the 5-year period 2005-2010 for the months of June-September to arrive at test year usage for the months of June-September. IIWC/FEA arrives at a calculated test year sales level of 20,992,514 CCF for IAWC in total, including 15,188,508 CCF for Zone 1. According to IIWC/FEA, this reduces IAWC's claimed revenue deficiency at current rates by $4,380,192 on a total company basis, which includes $3,570,144 for Zone 1. IIWC/FEA asserts that its calculated test year sales level results in a reasonable level of consumption as compared to IAWC's historical sales level. IIWC/FEA recommends that its proposed adjustment to IAWC's annual sales volume be adopted by the Commission. (IIWC/FEA IB at 5-6)

In its BOE, IIWC/FEA asserts that its use of measurable data results in a more reasonable test year usage forecast than either the Company's or AG's respective forecasts. (IIWC/FEA BOE at 2-4; RBOE at 8-9)

4. Commission Conclusions

The Commission has reviewed the three proposals and argument relating thereto regarding test year sales volumes. Both the AG and IIWC/FEA object to IAWC's forecast of test year residential sales volumes.

While the AG seems to acknowledge that per-customer usage has been declining, IIWC/FEA's position on this issue is not clear. For residential base usage, IIWC/FEA uses actual 2010 non-summer usage, which suggests IIWC/FEA does not believe residential usage will continue to decline. While IIWC/FEA suggests IAWC has understated residential sales for the test year, it is not clear how it reached that conclusion.

The Commission's review of the record supports IAWC's assertion that residential sales volume, on a per customer basis, has been declining and can reasonably be expect to continue to decline in the short term. Contrary to the AG's suggestion, it does not appear that IAWC believes residential sales volumes, on a per customer basis, will continue to decline indefinitely. Instead, using a linear regression of recent history, IAWC is forecasting reduced residential usage, on a per customer basis, for the test year.

It appears to the Commission that IIWC/FEA essentially proposes to mix historical residential usage data and use it for the future test year. In the face of declining residential sales volumes, on a per customer basis, the Commission finds the IIWC/FEA method and results to be less reliable than the other proposals in the record.

The AG identifies what it believes are numerous errors in IAWC's residential sales forecasting methodology. The AG's recommendation is to use IAWC's residential sales forecast for the year ending September 30, 2012, which as the Commission understands it, uses essentially the same forecasting methodology employed by IAWC. The AG claims its proposal produces a higher residential sales forecast for the year ending September 30, 2012 and is more consistent with actual sales in the year ending September 30, 2011.

The AG asserts that IAWC's regression analysis ignores factors that influence usage such as population, economic conditions, changes in water-use technologies, weather, climate and price. IAWC responds that time, as the dependent variable, functions as a proxy for increased fixture and appliance efficiency, consumer conservation ethic and education, price changes and a host of other factors that influence usage. As an initial matter, it appears to the Commission that in IAWC's regression analysis, residential usage is the dependent variable because it is the factor being influenced by independent variables.

It appears to the Commission that the record lacks any meaningful statistical information substantiating IAWC's suggested correlation between time and residential usage. Even if such statistical information were in the record, it would at best substantiate a correlation between two variables, time and residential usage. Such information would not demonstrate a causal relationship, that is, changes in residential usage that can be explained by the passage in time. Additionally, the record appears to contain no information to support IAWC's assertion that time is a reasonable proxy for the host of factors that influence usage, as it assumes.

In future rate cases where IAWC proposes to forecast residential usage, the Commission will expect a more complete analysis as outlined above, as well as a more reasonable amount of information by which the Commission may evaluate the forecasting methodology.

Having rejected IIWC/FEA's residential volume methodology and recommendation, the Commission will consider the load forecast for the year ended September 30, 2012, as recommended by the AG, and IAWC's load forecast for the test year.

Given the Commission's concerns about IAWC's methods of forecasting residential usage, as identified above -- which for the most part would also apply to the AG's method -- the Commission is unable to find the results are sufficiently reliable to be used to predict further declines in usage beyond those reflected in the "current year" ending September 30, 2012. The Commission finds that IAWC's forecasted test-year revenues shall be adjusted accordingly.

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN WATER COMPANY, INC. FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR WATER AND SEWER UTILITY SERVICE AND FOR APPROVAL OF NEW SCHEDULES OF RATES AND CHARGES APPLICABLE THERETO	)	CAUSE NO. 44022
		APPROVED: JUN 06 2012

ORDER OF THE COMMISSION

Presiding Officers:
Carolene Mays, Commissioner
Jeffery A. Earl, Administrative Law Judge

proposed a 10% reduction to the pro forma late fee revenue adjustment to account for uncollectable late fees. As stated above, because we do not have a full year of actual data, we must estimate as best we can what the actual impact of collected late fees will be on Petitioner's revenues. Both Ms. Stull and Mr. VerDouw made estimates using limited data in an attempt to reach a reasonable pro forma late fee revenue adjustment. We accept the Parties' methodologies and Mr. VerDouw's late fee revenue adjustment. Thus, we find that Petitioner's pro forma late fee revenue adjustment is $1,034,513.

(4) Declining Usage Adjustment.

(a) Petitioner's Position. Petitioner's Witness, Mr. Gary A. Naumick sponsored an adjustment to revenues to reflect a declining usage trend by Petitioner's residential customers over the last ten years. Petitioner's proposed declining usage adjustment is based on Mr. Naumick's analysis regarding water usage trends by Indiana-American's residential customers and shows a continuing annual decline of 769 gallons per customer per year, or approximately 2.1 gallons per customer per day ("gpcd"). This relates to an approximate annual rate of decline of 1.32% per year at present customer usage levels. Mr. Naumick testified that the decline is attributable to several key factors, including the increasing prevalence of more efficient plumbing fixtures within residential households, the conservation ethic of customers, conservation programs, and price elasticity. He explained that the Energy Policy and Conservation Act of 1992 mandated the manufacture of water efficient toilets, showerheads, and faucet fixtures and the more recent Energy Independence & Security Act of 2007 has established high efficiency standards for dishwashers and clothes washers, which will further impact indoor water usage and could perpetuate and further accelerate the downward trend. Overall, Mr. Naumick stated that with all other factors being equal, a typical residential household in a new home constructed in 2011 would use 35% less water for indoor purposes than a non-retrofitted home built prior to 1994. He also stated that as customer awareness and interest in the benefits of conserving water and energy continues to increase, customers may decide to replace a fixture or appliance even before it has broken or further reduce consumption by changing their household water use habits in other ways.

Mr. Naumick's analysis is based on monthly residential water sales recorded in January through April for each of the last ten years. He explained that studying usage in the winter months helps reveal underlying trends in indoor (or "base") usage, largely independent of discretionary usage (such as lawn and landscape irrigation, car washing, filling swimming pools, etc.). He explained that the ten-year time period was utilized for his analysis because it is long enough to adequately study the underlying trend, while also providing a reasonable reflection of the most recent trends and demographics. In order to calculate the usage per customer trend, Mr. Naumick performed a four-step calculation. First, monthly water sales data were recorded and divided by the number of customers to yield the average usage per customer. Next, winter consumption (January through April) was calculated in gallons per customer per month for the years 2001 through 2010. A "best-fit" linear regression trend line was then created using the 10 year winter usage per customer history. Finally, in order to apply the trend in "base" usage to the full-year usage by customers, Mr. Naumick calculated what portion of consumption is constant throughout the year (and therefore is considered to be baseline indoor usage) versus the amount of increased usage that occurs during the discretionary summer usage period. This was done by calculating the daily usage per customer during winter months versus the daily usage per

customer for the entire year. The results show that 92.0% of residential usage is considered base usage. The winter trend was then applied to the full-year consumption. As noted above, Mr. Naumick's analysis shows that residential usage per customer is declining at a rate of 769 gallons per customer per year, or 2.1 gallons per customer per day. Mr. VerDouw then calculated the effects of twelve months of this decline, corresponding to the adjustment period of 2011, and computed an adjustment that decreased revenues by $861,090.

Mr. Naumick testified that the trend exhibited by Indiana-American is very similar to the trends being experienced by other American Water companies in other states and across the industry. He referred to the 2010 Water Research Foundation ("WRF") report, which indicated that many water utilities across the United States and elsewhere are experiencing declining water sales among households. The report further stated that a pervasive decline in household consumption has been determined at the national and regional levels. He testified that not only does he expect the declining usage trend to continue in the future, but could, in fact, accelerate as a result of water efficient fixtures and conservation actions by utilities, such as Indiana-American's Wise Water Use Plan.

Mr. Naumick noted that certain water efficiency initiatives being undertaken by Indiana-American impact residential water usage. He observed that currently, there is an economic disincentive to Indiana-American to sell less water in its service territories, but expressed Indiana-American's desire to work with the Commission to overcome this disincentive and fully unlock the benefits of resource preservation.

(b) **OUCC's Position.** Mr. Jon Dahlstrom opposed Petitioner's declining usage adjustment. Mr. Dahlstrom explained that for ratemaking purposes, Mr. VerDouw's schedule assumes a prospective decline in customer usage that translates into an $861,090 revenue requirement. Mr. Dahlstrom specifically took issue with Mr. Naumick's failure to consider alternative causes for a decline in usage, the accuracy of the data, and whether the data actually shows a continuing downward trend in usage.

Mr. Dahlstrom noted that, while Mr. Naumick listed items that could potentially influence customer use (e.g. the introduction of water efficient appliances, housing age and stock, appliance saturation, and remodeling), during cross-examination by the OUCC, Mr. Naumick acknowledged that Indiana-American has not performed any studies as to the particular causes of any trend indicated by his study. Mr. Dahlstrom noted that Mr. Naumick based his analysis on one factor – the passage of time. He explained that, because numerous factors might cause customer use to vary, it is nearly impossible to isolate just one of these items (time) and rationally argue this one item provides fixed, known, and measurable justification and support for the proposed adjustment.

Mr. Dahlstrom explained that, to represent a period not influenced by outdoor usage, Mr. Naumick's analysis was done using one point for each winter period (January – April). Mr. Dahlstrom indicated that he analyzed the four winter months in each of the ten years and noted a large variability within each year and from year to year. He considered the large variability not indicative of base load use. Rather, Mr. Dahlstrom considered that variability to suggest the existence of many variables driving customer use each and every month within the 10 year period on which Mr. Naumick based his analysis.

Mr. Dahlstrom also expressed doubt about the accuracy of the information relied on by Mr. Naumick. Mr. Dahlstrom noted that adjustments were made to the Indiana-American sales and customer count historical data prior to Mr. Naumick running his regression analyses, but no reason for the changes was given. For example, Mr. Dahlstrom noted, during one two-year period Indiana-American added customers to the customer count in each month of the period, but there was no corresponding adjustment made to consumption during these same months. In another example, Indiana-American moved a large quantity of sales from April 2010 to May 2010. The magnitude of the move increased May 2010 sales by 35% and decreased April 2010 sales by 20%. Mr. Dahlstrom noted that because Mr. Naumick's analysis was based on January through April consumption, changes to any of these months would change the results of his analysis. Mr. Dahlstrom explained he had no opinion about the appropriateness of such a change in the data. But he did note that such a change would have the effect of decreasing the winter usage for 2010 and thereby increasing the declining use results in Mr. Naumick's analysis. Mr. Dahlstrom suggested that such a change should call into question the data inputs for prior years.

Mr. Dahlstrom expressed other concerns about the compilation of the inputs Mr. Naumick considered. Mr. Dahlstrom noted that the residential usage was based on historical data compiled by Indiana-American in due course, but added that Mr. Naumick is unable to speak to whether any changes have occurred in how Indiana-American compiles the data or verifies the accuracy of the data. Mr. Dahlstrom added that, like most water utilities, Indiana-American does not read its meters for every customer on the same day every month of every year. For example, customers in the Northwest District are scheduled to be read every other month. Thus, Mr. Dahlstrom concluded, there is nothing in Mr. Naumick's analysis to establish that each four month period in each year included the same number of days for the customers as a whole. Mr. Dahlstrom stated that Mr. Naumick's study made no allowance for the fact that from year to year there may be variations in the number of days in December included in the so called "winter" month readings. For instance, conditions in December and January may result in delayed readings in a given year that would skew the results in Mr. Naumick's methodology.

Mr. Dahlstrom noted that even a one-day difference can affect the results of the data. He explained that if a typical day's usage is 150 gallons, one fewer day of recorded usage for the average customer during the "winter" months would explain more than half of the annual decline projected by Mr. Naumick. Thus, Mr. Dahlstrom noted, a difference in two days would exceed the "trend" observed by Mr. Naumick.

Mr. Dahlstrom stated that Mr. Naumick does not appear to acknowledge any margin of error in his inputs. But the errors and variances that seem likely lead him to conclude that the trend line observed by Mr. Naumick is not a sufficiently reliable basis upon which to recommend a revenue requirement that deviates from the test year. He concluded the adjustment to revenues proposed by Mr. Naumick does not meet the fixed, known, and measurable standard.

Mr. Dahlstrom also noted that Mr. Naumick chose the four months he selected to "isolate base, non-discretionary usage." Mr. Dahlstrom did not agree that this goal was necessarily accomplished. Mr. Dahlstrom reviewed the per customer usage for those months and observed a variation among the months that was inconsistent with this theory. Mr. Dahlstrom reasoned that if such usage is truly non-discretionary, one might expect there to be less variation in average gallons used per customer from month to month, within each year. Mr. Dahlstrom stated that

this could be explained by variations of when the meters are read from month to month or reductions in usage due to vacationing. Mr. Dahlstrom added that neither of these explanations adds an element of reliability to Mr. Naumick's reliance on these winter months.

Mr. Dahlstrom added that Mr. Naumick's decision to ignore the usage per customer for the entire year does not give a full picture of what is happening to residential use and may skew any results. For instance, Mr. Naumick's analysis, which looks only at the four "winter" months, indicates a decline in per customer use from 2009 to 2010. But looking at the year in its entirety, per customer use increased from 2009 to 2010. Mr. Dahlstrom noted that, while Mr. Naumick's analysis is designed to address a particular trend and is not designed to capture changes in non-discretionary use, its application may lead to customers paying more in rates to address declining usage when usage on a per customer basis may in fact be increasing.

Mr. Dahlstrom added that the theory behind Indiana-American's adjustment to test-year operating revenues is to allow it to meet its revenue requirement by offsetting the decline it projects in its revenues. Therefore, he questions Indiana-American's decision to justify the revenue adjustment by looking only at sales on a per customer basis, and not overall residential sales for Indiana-American. Mr. Dahlstrom asserted this selected methodology fails to take into account Indiana-American's sales growth from the addition of new customers, which would offset a decline in per customer usage. For instance, Indiana-American added 2,544 customers in the first 6 months of 2011. If you multiply this by an average monthly consumption for 2011 and then multiply this amount by 12 months, you arrive at usage of approximately 135 million gallons in additional sales for the first 6 months of 2011 due to new customer growth. Mr. Dahlstrom added that an annualized amount of customer growth would yield much larger results. Mr. Dahlstrom stated that if there were declining use losses in 2011, this sales growth would offset those estimated losses.

Considering the calculations Indiana-American made to arrive at the baseload percentage, Mr. Dahlstrom said the calculation can also be affected by the period of time chosen. He noted Mr. Naumick chose to look at a period of ten years in his analysis. However, a shorter period, such as five years, yields results that may be more representative of current conditions. Mr. Dahlstrom explained that the AWWA's M1 manual recommends the most recent 5-year period for calculating Capacity Factors. Using this same 5-year period in calculating a baseload factor is consistent in this case. Results for the individual years on Petitioner's Exhibit GAN-3 vary widely from 86% to 96% adding to the concern that this average is not representative of today's conditions.

Mr. Dahlstrom expressed other concerns with the 92% baseload factor chosen. Mr. Dahlstrom explained that after running his 10-year regression analysis on baseload data, Mr. Naumick, calculated a 708 gallon annual trend decrease in baseload usage, Mr. Naumick then divided this trend result by 92%, and mistakenly increased the annual trend amount to 769 gallons. Mr. Naumick's analysis calculated the impacts on his winter baseload amount over time. Dividing his results by 92% mistakenly applies his declining baseload result to non-baseload demand (the 8% discretionary demand above 92% baseload). There is no need to divide the results by 92% because Mr. Naumick is only addressing winter baseload sales, not annual total sales in his analysis. This mistaken overstating of the results is another concern Mr. Dahlstrom expressed in his testimony.

Mr. Dahlstrom addressed the likelihood of the trend Mr. Naumick described continuing into the next decade. He said that it is possible that extending Mr. Naumick's data points into the next ten years may reflect what will happen, but it also may not. Mr. Dahlstrom stated that is one of the problems of basing revenues on a projected, unknown amount. Mr. Dahlstrom said that the important question is whether it is sufficiently certain that we will see the level of usage projected by Mr. Naumick during the life of the rates established in this rate case, which is approximately two years.

Mr. Dahlstrom noted that Indiana-American ran more than one analysis for its adjustment and the different studies had widely varying results. Mr. Dahlstrom explained that Indiana-American ran two different analyses on the January-April winter baseload data, one for ten years and one for five years. The result of the 10-year analysis was a projected annual trend decrease of 769 gallons. The result of the 5-year analysis was a projected annual trend decrease of only 244 gallons. He noted that Mr. Naumick testified on the witness stand that he had added the January-June 2011 data to his original analysis and he again came up with different results. Mr. Dahlstrom explained these substantially differing results support his position that the decline in usage for the next two years as predicted by Petitioner is too speculative.

Mr. Dahlstrom attached to his testimony copies of Mr. Naumick's 5-year and 10-year graphs and noted that they show a visible change in the slope of the line between the 10-year graph and the 5-year graph. Mr. Dahlstrom added that this suggests a leveling off of the rate of decline over the last ten years. Mr. Dahlstrom also noted the substantial difference in slope between the 5- and 10-year regression formulas shown on Mr. Naumick's spreadsheet, which Mr. Naumick provided in response to OUCC Data Request No. 01-007. Mr. Dahlstrom considered this too to support the leveling off in the rate of decline.

To explain the leveling off, Mr. Dahlstrom ran linear regression analyses for first 5-year and second 5-year periods used in Mr. Naumick's analyses. He explained that a comparison of these results indicates the declines in customer use had been more pronounced in the past, but those declines have now leveled off and will continue to level off when compared to Mr. Naumick's results. In addition, to more thoroughly investigate these inconsistencies, Mr. Dahlstrom ran a non-linear regression analysis of Mr. Naumick's winter month data over the same 10-year period. Mr. Dahlstrom's non-linear regression analysis shows this same trend of declining use leveling off in the most recent years.

Mr. Dahlstrom explained that, while Mr. Naumick's regression analysis calculated a decline of 769 gallons per year, the ten years included in Mr. Naumick's study did not consistently show actual decreases from year to year. Mr. Dahlstrom noted that looking at the months relied on by Mr. Naumick in his analysis, three of the nine year to year comparisons show an increase in per customer baseload use. Moreover, two of the last four comparisons of baseload use showed increases from year to year. Mr. Dahlstrom said this shows that the correlation in Mr. Naumick's analysis is not strong and impugns the study's ability to project a decrease or increase in the relatively short period between rate cases. Mr. Dahlstrom also noted Indiana-American will have the opportunity to adjust to any changes in per customer use in each rate case it files.

In addition, Mr. Dahlstrom also noted Mr. Naumick did not take into account potential growth in sales to Indiana-American's commercial, industrial, and sale-for-resale customers, which may offset the decline in residential use. Mr. Dahlstrom noted that a Value Line article on American Water, published July 22, 2011, stated that declines in residential water usage should slow and we look for more growth of the company's commercial and industrial water segments. Mr. Dahlstrom added that an article by Mary Ann Dickerson, President and CEO of the Alliance for Water Efficiency, published in Water Efficiency magazine indicated that water use is going down in the residential sector indoors, but going up outdoors.

Mr. Dahlstrom indicated these articles underscore the many challenges analysts face when trying to forecast what will happen to water use in the future. Considering this issue to be complex, he added that we cannot simply look at one aspect in isolation, as Mr. Naumick did in his study. Mr. Dahlstrom suggested that before the Commission establishes expectations of water utilities receiving increases in their revenue requirements, these complexities need to be better understood and more certainty established.

Based on the foregoing, Mr. Dahlstrom recommended the Commission not allow Petitioner's proposed $861,090 revenue adjustment.

(c) **West Lafayette's Position.** West Lafayette Witness, Mr. Otto W. Krohn also opposed Petitioner's declining usage adjustment on the basis that Mr. Naumick's analysis lacks sophistication and is unsuitable for ratemaking purposes. Mr. Krohn contended that Mr. Naumick's analysis lacked thoroughness in that it did not include a "t-test" to test the statistical significance of the slope of the regression equation or an "f-test" to test the statistical significance of the regression equation as a whole. He further stated that Mr. Naumick's regression equations are time-series regressions that do not capture cyclical or counter-cyclical trends, the effects of changes in direction of the data, or changes in the rate of change over time. As such, Mr. Krohn asserted that these regressions must be tested for possible non-linear trends and for autocorrelation and that it is unclear whether these tests were performed. Mr. Krohn testified that the R^2 value for the regression equation estimating Mr. Naumick's 10-year trendline is low and does not demonstrate a direct correlation between water usage and time. He also suggested that Mr. Naumick's analysis is oversimplified because it does not specifically address changes in weather, income, general economic conditions, employment status, household composition, and community demographics as factors potentially affecting residential customer water usage. Finally, Mr. Krohn stated Petitioner has not offered sufficient information to establish that average monthly water usage by its residential customers will not level off or even increase in the next several years.

(d) **Crown Point's Position.** Mr. Guerrettaz also opposed Petitioner's declining usage adjustment. First, he testified that the declining residential use adjustment is not justified or necessary because Petitioner already files a base rate case approximately every two years and receives DSIC rate adjustments on a regular, ongoing basis. He explained that, in traditional Indiana regulation, increases and decreases in operating revenues are captured with each rate case. Given that Petitioner files a base rate case every two years, plans to continue doing so, and receives regular and ongoing DSIC adjustments, Mr. Guerrattaz stated that regulatory lag is already minimized and he sees no need to impose this pro forma adjustment in rates for a hypothetical estimate of what decline in residential sales may or may not occur.

Second, Mr. Guerrettaz pointed out that the proposed adjustment focuses only on possible residential sales decreases. It does not address other customer class sales and revenue to the Petitioner, which he testified may offset any decrease in residential sales. Similarly, he testified that Mr. Naumick's analysis does not take into account the impact of weather on water sales, particularly during the summer months. He testified that Mr. Naumick's Exhibit GAN-3 shows there have been periods where increased summer usage more than offset any perceived decline in residential usage. He testified that increases in customer base between rate cases can also offset any perceived decline in residential sales.

Third, Mr. Guerrettaz testified that it is not reasonable for customers, who voluntarily engage in water conservation or pay for more efficient plumbing fixtures and appliances, to have the savings they expected to enjoy reduced or eliminated by a declining usage adjustment. He pointed out that the customer utility bill savings to be achieved by high efficiency appliances is one of the reasons people choose to buy high efficiency appliances and to install low flow fixtures. Mr. Guerrattaz opined that the declining usage adjustment could discourage people from voluntary conservation and purchasing efficient appliances.

Fourth, Mr. Guerrettaz testified that Petitioner's declining usage adjustment is not fixed, known, and measurable. He testified that it is not fixed that the estimated decline in sales will occur in the twelve months following the test year. He testified the projected reduction is not known, with certainty, to occur. He testified that the projected reduction is not reasonably measurable or subject to accurate quantification for ratemaking purposes. He testified "Mr. Naumick can't accurately predict floods, droughts, or economic changes, and thus, cannot now accurately measure the direct impact of each on future sales levels. In addition, he testified there is no showing of dire need or unusual circumstances that warrant the proposed non-traditional accelerated recovery of possible future sales declines that otherwise would be reflected in the revenue update in Petitioner's next biennial rate case.

Finally, Mr. Guerrettaz testified that Petitioner is uncertain of the number of days in its billing data. He took issue with the number of billing days utilized by Mr. Naumick in his analysis. He characterized the data used in Mr. Naumick's analysis as inaccurate and questioned the reliability of the analysis as a result.

(e) Petitioner's Rebuttal. Petitioner's Witness, Mr. VerDouw, explained that the declining usage adjustment is fixed, known, and measurable and is not a "projection" as suggested by Mr. Dahlstrom. He stated that Mr. Naumick used ten years of historical residential usage data to develop a relationship between residential customer usage and time to produce an adjustment to Test-year residential customer water usage based on a fixed, known, and measurable historical ten-year trend. He compared this adjustment to an adjustment to test-year expenses for known and measurable increases in Purchased Power expenses. He explained that the fact that Mr. Naumick's adjustment is calculated using statistical modeling, whereas a Purchased Power Expense adjustment is made using a revised rate tariff and spreadsheet, is immaterial to the concept that both are fixed, known, and measurable adjustments for known changes to test-year conditions. He asserted that Mr. Dahlstrom's categorization of Mr. Naumick's analysis and proposed adjustment as a "projection" is incorrect and should be rejected.

Mr. VerDouw explained that the purpose of the adjustment was to account for the continued decline during the adjustment period, the twelve months of 2011. During the first nine months of 2011, the decline estimated by Mr. Naumick has manifested itself at a more dramatic rate. Monthly sales per customer for all customers have decreased by 1.5%, and for residential customers (the class for which the adjustment is made) the decline is 2.1%. On a total sales volume basis, 2011 year-to-date sales volumes are down 2.4% over the test year. Mr. VerDouw explained that 2011 has been hot and dry across all operations and so weather is not the cause of the decline.

In response to Mr. Dahlstrom's and Mr. Krohn's criticisms of his analysis for failure to consider other factors that may influence the declining residential usage trend, Mr. Naumick explained that his time series analysis recognizes that multiple factors are influencing the trend, and that these factors are occurring over time. He explained that rather than selectively including or excluding specific factors that may be impacting residential customer base usage, his analysis quantifies the composite effect that all relevant factors are having over time. He explained that in his linear regression analysis, time, as the dependent variable, functions as a proxy for price, fixture efficiency, income, employment, conservation ethic, and a host of other factors that impact the per customer usage of water over time. Mr. Naumick pointed out that none of the intervenors specifically addressed the drivers that are exerting strong downward pressure on residential usage per customer. Instead, the intervenors debated statistical methodology, took issue with small movements in the data within the context of an overwhelming downward trend, and expressed denial that the trend is continuing in the face of both the historical trend and the presence of continuing drivers toward conservation behavior. They raised arguments regarding growth and weather, which are irrelevant to the "base usage per customer" analysis Mr. Naumick presented. Mr. Naumick observed that the intervenors simply argue that the decline in residential customer usage will stop, or should be ignored, but fail to offer any information about any of the factors causing the decline, such as high efficiency fixtures and appliances or the regulatory standards on which these originate. Mr. Naumick testified that the intervenors' arguments not only contradict historical results that have been occurring for more than a decade and are anticipated to continue by most industry experts, but they would deny the residents of Indiana the opportunity to share in the benefits that a progressive regulatory approach to water and energy efficiency would present.

Mr. Naumick testified that he has a high confidence level that the replacement of older fixtures and appliances will continue to reduce residential usage per customer. He examined data provided in the U.S. Census Bureau's 2005- 2009 American Community Survey reflecting the age of the housing stock in the communities served by Indiana-American. He performed a quantitative analysis of the theoretical indoor usage in a fully conserving home. At full saturation of water efficient fixtures and appliances, indoor usage is estimated to be reduced to 95 gpcd compared to base usage by Indiana-American residential customers of 139 gpcd in 2011. This analysis projects that indoor usage by Indiana-American residential customers may continue to decline over time by an additional 32%, or 44 gpcd until full saturation with water efficient fixtures is reached. How long it will take for Indiana-American's customers to reach this theoretical threshold is dependent on numerous economic, demographic, and price factors that will impact the conversion rates over time. He analyzed the base usage of Indiana-American residential customers versus those in other states served by American Water, which showed that base usage by Pennsylvania-American customers is 8% lower (and still declining) and base

usage by West Virginia-American customers is 18% lower (and still declining) when compared to usage exhibited by Indiana-American customers. Mr. Naumick asserted that this trend further illustrates that there is ample opportunity for the customers of Indiana-American to continue to reduce usage. In addition, Mr. Naumick testified that the active measures taken by the Company to promote wise water use as it implements its Statewide Wise Water Use Plan approved in Cause No. 43649 will be complementary to the trend already occurring, and will serve to accelerate reductions in usage per customer.

In response to Mr. Krohn's criticism that his analysis lacked thoroughness and sophistication, Mr. Naumick pointed to the overwhelming results of his analysis, which focused on the historical per customer usage trend over a group of time periods considering a broad range of customers. He provided data showing the winter consumption trend for periods ranging from the last 9 years to the most recent 2 years. In each period, base residential usage per customer shows a downward trend. In addition, Mr. Naumick referred to studies of residential usage trends for the American Water residential customers in 17 states, all of which showed declines in base residential usage.

In response to Mr. Dahlstrom's suggestion that any increase in the rate of declining usage is unfounded speculation, Mr. Naumick testified that the Energy Independence and Security Act of 2007 (which impacts the water efficiency of dishwashers and washing machines, effective in 2010 and 2011, respectively), the EPA's WaterSense program (which contains specifications for many plumbing fixtures and appliances that are even more efficient than those called for in the Energy Policy Act), and implementation of Petitioner's Statewide Wise Water Use Plan all may accelerate the usage decline further. Year-to-date sales data for 2011 presented by Mr. VerDouw in Petitioner's Exhibit GMV-9R reflects a more rapid decline in usage per residential customer than predicted by the analysis in Mr. Naumick's direct testimony.

In response to Mr. Krohn's criticisms of his analysis for not including the "t-test" and "f-test" and for failing to capture cyclical and counter-cyclical trends, Mr. Naumick opined that a more sophisticated statistical analysis does not necessarily lead to a better conclusion regarding customer usage trends. He defended his analysis as technically sound and effective at showing the magnitude of the trend that is occurring.

With respect to the R^2 result of his linear regression, Mr. Naumick defended the R^2 value of 0.63 as having a moderately strong explanatory value. According to Mr. Naumick, this indicates that, over the span of ten years, time has proven to be a good predictor of the trend in declining base usage. He noted that although using a historical period shorter than ten years would have increased the statistical R^2, this would give more weight to individual data points, including any anomalous data point. He defended his choice of a ten-year historical period and the winter months as representing the best balance of sample size, completeness, quality of historical data and relevance of historical period to contemporary demographics.

Mr. Naumick stated that Mr. Dahlstrom's five-year regression results underscore the need to examine the entire ten-year period. He stated that he conducted numerous analytical iterations before finalizing the ten-year analysis presented in his direct testimony. Using his professional experience and judgment, Mr. Naumick chose the historical period of study that provided the most logical and defensible result, regardless of whether that outcome would be favorable or not.

He explained that the 5-year trend results shown by Mr. Dahlstrom yield an average decline of -244 gallons per customer per year (gpcy) or -0.42%, whereas if a 4 year history were chosen, the result would be -931 gpcy, or -1.62%. Accordingly, Mr. Dahlstrom's 5-year analysis, which has fewer data points than Mr. Naumick's analysis, is more indicative of a bump in the data than a change in the trend. In addition, Mr. Naumick pointed out that all three regressions plotted by Mr. Dahlstrom on OUCC Exhibit JCD, Attachment 6 plainly show a strong downward trend. Mr. Naumick suggested Mr. Dahlstrom's own analysis contradicts his recommendation and supports Petitioner's position for a declining usage adjustment.

Mr. Naumick then responded to arguments related to the customer and sales data used in his analysis. He reiterated that his analysis indicates that an ongoing long-term trend is underway. He explained that field data is never perfect, and customer behaviors do not proceed in a perfectly linear fashion from year to year. Nevertheless, Mr. Naumick testified that individual customer data is of sufficient reliability and quality to render the intervenors' concerns inconsequential in the context of the long-term, broad-based evidence of declining usage that he presented. Mr. Naumick stated the four-month period studied each year is sufficiently long to minimize the impact of any potential variation in the meter reading cycle. Similarly, he stated the ten-year period analyzed minimizes the impact of a single year's data on the modeling results.

Mr. Naumick testified that Mr. Dahlstrom's and Mr. Guerrettaz's arguments that the declining usage adjustment analysis did not address consumption by other customer classes are irrelevant. He then responded to the objection of Messrs. Krohn and Guerrettaz to his analysis on the basis that weather can impact usage in a given year. He explained that his analysis takes a "weather neutral" approach through the study of usage in the winter months of January through April when customer usage is not influenced by outdoor weather. He stated that the intervenors' objection either signifies a misunderstanding of the underlying trend, or an attempt to simply cloud the issue. With respect to the objection by Messrs. Dahlstrom and Krohn that his analysis did not take into consideration customer growth, Mr. Naumick responded that his analysis is based on annual usage per customer and customer growth per se does not and will not impact usage per customer or those usage behaviors that impact usage per customer and hence Messrs. Dahlstrom's and Krohn's arguments are baseless.

Finally, Mr. Naumick responded to Mr. Dahlstrom's reference to two articles in support of the position that declining use has leveled off over the last five years. Mr. Naumick pointed out that the article in the September/October 2011 issue of Water Efficiency magazine from which Mr. Dahlstrom quoted actually supports, in numerous places, Indiana-American's position that new technologies will enable more efficient use of water for everyday customer uses, thereby continuing to lower residential usage per customer. Mr. Naumick observed that this article is one of many examples of the increasing momentum for declining water use and energy conservation. He reiterated Indiana-American's desire to partner with the Commission to seize the opportunity to enhance the economic, environmental, and energy reduction benefits that reduced water usage can bring. Mr. Naumick dismissed the Value Line article cited by Mr. Dahlstrom as irrelevant and not substantiated.

Petitioner also offered the rebuttal testimony of Mr. Kerry A. Heid to support the policy basis for the proposed declining usage adjustment. Specifically, Mr. Heid discussed the need to

eliminate regulatory or financial bias against conservation, energy efficiency, and demand side management programs (collectively "conservation programs") and how Indiana-American's proposed declining usage adjustment supports that policy.

Mr. Heid explained that the water utility's costs are primarily fixed while its revenues are based to a large extent on sales. He testified that approximately 96% of Indiana-American's costs are fixed while only approximately 4% of Indiana-American's costs vary based on customer usage/utility production. Mr. Heid stated that under Indiana-American's present rate structure approximately 37% of Indiana-American's revenues are fixed (including fire protection and miscellaneous revenues), and approximately 63% of Indiana-American's revenues are variable. Mr. Heid explained that traditional utility ratemaking creates a paradigm where a utility's revenues, and therefore its ability to recover its costs, are directly dependent on customers' water usage. Unfortunately, he stated, because this rate design couples customer consumption with cost recovery, it is financially disadvantageous for a water utility to encourage its customers to use less water. Mr. Heid testified that innovative regulation and ratemaking is required to allow the water utility to advocate the benefits of conservation without sacrificing its own ability to recover its operating and capital costs.

Mr. Heid described Petitioner's current conservation program, its "Statewide Wise Water Use Plan" approved on August 26, 2009 in Cause No. 43649. This Plan was the first conservation plan approved by the Commission. Indiana-American requested approval to defer and eventually recover program costs related to the development and implementation of its Wise Water Use Plan. Indiana-American is not recovering lost revenues or an incentive for its conservation program. Mr. Heid explained that an incentive for a conservation program such as Petitioner's is needed because utilities have a natural disinclination to encourage a reduction in sales and utilities' profits are a function of their supply-side investments and their ability to earn a return on those rate base assets. Therefore, according to Mr. Heid, utilities need to be made whole for those lost opportunity returns that result from the use of demand-side rather than supply-side resources.

Mr. Heid stated one option for regulators to help remove the financial disincentive related to lost sales is to decouple profits from sales. He noted the Commission has used this approach successfully in a number of gas companies. Another approach described by Mr. Heid is a Lost Revenue Adjustment Mechanism ("LRAM"). Under this approach utility revenue losses associated with approved conservation measures are estimated or measured and the utility is allowed to recover the revenues from customers. Mr. Heid noted that the LRAM is most effective with electric utilities whose energy efficiency programs are more suitable for precise estimation or measurement. He explained Indiana has a Demand Side Management rule that provides electric utilities the opportunity to request lost revenues. The final alternative Mr. Heid mentioned is the demand-repression adjustment, which recognizes the effects of declining usage. Indiana-American's declining usage adjustment is such an adjustment. Mr. Heid noted that there are a number of other approaches and many variations of such approaches, such as straight fixed variable rate design, future test years, and regulatory incentives.

Mr. Heid testified that Indiana-American's proposed declining use per customer adjustment is a very modest mechanism to help remove some of the disincentives. He stated that the Company is not asking for full decoupling at this time, nor has it proposed anything

approaching a straight fixed variable rate design. It has rather asked that one year's decline in residential sales, corresponding to the adjustment period, be reflected in the calculation of pro forma revenues.

Mr. Heid then cited the National Energy Policy Act of 1992, which urged state utility regulatory commissions to establish such regulation:

> The rates charged by any State regulated gas utility shall be such that the utility's prudent investment in, and expenditures for, energy conservation and load shifting programs and for other demand-side management measures which are consistent with the findings and purpose of the Energy Policy Act of 1992 are at least as profitable (taking into account the income lost due to reduced sales resulting from such programs) as prudent investments in, and expenditures for, the acquisition or construction of supplies and facilities.
>
> 15 U.S.C. §3203(b)(4).

He went on to quote NARUC's Resolution on Gas and Electric Energy Efficiency, adopted in July 14, 2004, which referred to the Joint Statement of the American Gas Association, the National Resources Defense Council, and the American Council for an Energy-Efficient Economy stating:

> WHEREAS, the National Resources Defense Council (NRDC), the American Gas Association (AGA) and the ACEEE have recently adopted a Joint Statement noting that traditional rate structures often act as disincentives for natural gas utilities to aggressively encourage their customers to use less gas. Therefore, the NRDC, AGA, and the ACEEE have urged public utility commissions to align the interests of consumers, utility shareholders, and society as a whole by encouraging conservation. Among the mechanisms supported by these groups are the use of automatic rate true-ups to ensure that a utility's opportunity to recover authorized fixed costs is not held hostage to fluctuations in retail gas sales ....

NARUC's Resolution encouraged State Commissions to address regulatory incentives associated with sponsoring efficiency programs and to consider the regulatory recommendations set forth in the Joint Statement.

Mr. Heid testified that Petitioner's proposal is also supported by an August 2, 2006 NARUC Resolution which supports the EPA's National Action Plan on Energy Efficiency including "[modifying] policies to align utility incentives with the delivery of cost-effective energy efficiency and modify[ing] ratemaking practices to promote energy efficiency investments ...."

Finally, Mr. Heid noted that the State of Indiana has also encouraged removing financial disincentives for promoting energy efficiency in its 2006 report entitled "Economic Growth from Hoosier Homegrown Energy-Indiana's Strategic Energy Plan," under the heading "What We Need to Do Now." Mr. Heid testified that The Hoosier Homegrown Energy strategic plan includes the following action item on page 14: "Support alternative pricing regulatory mechanisms that encourage utilities to promote efficiency and conservation by their customers

without incurring negative financial results." He pointed out that a second action item under the same heading states: "Support the National Action Plan for Energy Efficiency through gas and electric utilities, regulators and industry partners to create a sustainable, aggressive U.S. commitment to energy efficiency." Mr. Heid noted that one of the National Action Plan for Energy Efficiency recommendations states: "Modify policies to align utility incentives with the delivery of cost-effective energy efficiency and modify ratemaking practices to promote energy efficiency investments."

Mr. Heid further described the requirements placed on the Commission under the Energy Independence and Security Act of 2007 ("EISA") as recognized by the Commission in *Commission's Investigation, Pursuant to IC § 8-1-2-58, into the Effectiveness of Demand Side Management ("DSM") Programs*:

> The Commission further recognizes that additional issues are to be examined under the provisions of the recently enacted Energy Independence and Security Act of 2007. This Act, which amended the Public Utility Regulatory Policies Act of 1978 ("PURPA") (as amended by Section 1252 of the EPAct05), added two new PURPA standards. These standards, reflected under PURPA section 111(d)(16) and (17), address: (16) Integrated Resource Planning and (17) Rate Design Modifications to Promote Energy Efficiency Investments and state as follows:
>
> (16) INTEGRATED RESOURCE PLANNING.--Each electric utility shall--
>
> (A) integrate energy efficiency resources into utility, State, and regional plans; and
> (B) adopt policies establishing cost-effective energy efficiency as a priority resource.
>
> (17) RATE DESIGN MODIFICATIONS TO PROMOTE ENERGY EFFICIENCY INVESTMENTS.--
>
> (A) IN GENERAL.--The rates allowed to be charged by any electric utility shall--
> (i) align utility incentives with the delivery of cost-effective energy efficiency; and
> (ii) promote energy efficiency investments.
> (B) POLICY OPTIONS.--In complying with subparagraph (A), each State regulatory authority and each nonregulated utility shall consider--
> (i) removing the throughput incentive and other regulatory and management disincentives to energy efficiency;
> (ii) providing utility incentives for the successful management of energy efficiency programs;
> (iii) including the impact on adoption of energy efficiency as 1 of the goals of retail rate design, recognizing that energy efficiency must be balanced with other objectives;

(iv) adopting rate designs that encourage energy efficiency for each customer class;

(v) allowing timely recovery of energy efficiency-related costs; and

(vi) offering home energy audits, offering demand response programs, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about all existing Federal and State incentives, including the availability of low-cost loans, that make energy efficiency improvements more affordable.

Cause No. 42693, 2008 Ind. PUC LEXIS 190, at *80-82 (IURC Apr. 23, 2008).

Mr. Heid concluded that there is widespread support among utilities, regulators, legislators, and environmental advocates for removing financial or regulatory bias that discourages the promotion of energy efficiency. He advocated that the same should be true for water utilities. He asserted it is important for the Commission to provide timely cost recovery for declining use per customer to support the objective of increasing water conservation in Indiana.

(f) Commission Discussion and Findings. Petitioner asks us to authorize an operating revenue adjustment of $861,090 to reflect a decline in per customer residential usage. The decline in usage asserted by Petitioner is based on an analysis performed by Mr. Naumick, looking at residential use in January through April of 2001 through 2010. Mr. Naumick's analysis shows that for those periods, the typical residential customer's usage has declined by an average of 769 gallons per year. Indiana-American argues that this downward trend is likely to continue going forward. The evidence in this case demonstrates a general downward trend in residential customer usage. However, Indiana-American has traditionally come to the Commission with a new base rate case every two years and anticipates continuing to do so in the future.

While Petitioner's evidence may suggest a historical downward trend in residential customer usage, we do not agree that such a trend is sufficiently predictive of future usage to meet the fixed, known, and measurable standard. In our discussion of revenues from post-test-year customer growth above, we reached a similar conclusion. We agreed with Petitioner that average usage per customer could not be used to predict a volumetric revenue adjustment for future usage. We find that same to be true for future decreased usage.

In addition, Petitioner's request relies solely on the argument that its total revenues will decline based on a decline in per customer usage. Petitioner's analysis does not take into account other sources of additional revenues that might offset the decline, for example, growth in the number of residential customers, increased usage due to weather, and the possibility of increased usage by other customer classes. Further, because Petitioner has traditionally filed base rate cases every two years and anticipates continuing to do the same, any change in actual usage from rate case to rate case is captured on a regular basis and reflected in Petitioner's base rates.

Therefore, we conclude that Petitioner's declining usage adjustment does not meet the fixed, known, and measurable standard, and should not be included as a pro forma operating revenue adjustment. The sum of all the preceding revenue test-year adjustments totals $14,724,664, which results in a pro forma present rate operating revenue of $196,426,042.

B. Operating Expenses. The Company proposed in its case-in-chief a total pro forma Operating Expense of $147,232,818. The OUCC proposed a total Operating Expense of $145,124,782. The OUCC accepted Petitioner's proposed expense levels for purchased water expense, pension and post-retirement benefits other than pensions ("OPEB") expense, Insurance Other Than Group Expense, maintenance expense, rate case expense, depreciation expense, amortization expense, and Petitioner's proposed adjustment in calculating the IDEM Safe Drinking Fee. On rebuttal, Petitioner accepted the OUCC's pro forma adjustment for Security Expense and its methodology for pro forma IURC Fee expense. Petitioner further noted that its rate case expense estimate was likely understated due to the need to call an additional rebuttal witness and the breadth of discovery in this case. We now proceed to address the remaining contested issues, as well as issues raised by other parties.

(1) Labor Expense. Petitioner proposed a pro forma adjustment to labor expense in excess of test-year labor expenses, resulting in total pro forma labor expense of $18,151,438. The first component of the adjustment was for normalization of raises that took place during the test-year or adjustment period, which no party opposed. The remainder of the adjustment falls into three basic categories – O&M labor positions, incentive pay, and overtime, all of which the OUCC opposed. These adjustments also impact other adjustments for 401(k) expense, the defined contribution plan ("DCP"), group insurance, and payroll related taxes.

(a) O&M Labor Positions.

(i) Petitioner's Position. Petitioner's Witness Mr. VerDouw calculated a pro forma labor expense based on a level of 370 full-time associates and ten temporary, summer-help associates. Mr. VerDouw stated that of the 370 full-time associates included in the total, nine of these associates were Service Company associates for a part or all of the actual test year. Four have since transferred to Indiana-American as full-time, Indiana-American employees. And five were shifted to the Indiana-American payroll for adjustment purposes. Mr. VerDouw explained that those five associates are classified as Service Company employees to allow them to charge time for non-Indiana-American work to other American Water affiliates; however, the time charged to those affiliates is miniscule. As such, Mr. VerDouw testified, they are essentially full-time, Indiana-American employees and are reflected as such in this case. He stated that an offsetting adjustment was made to Support Services Expense for these employees. If an associate was hired during the test year, his or her hours were adjusted to reflect a full year of employment. Likewise, if an associate left during the test year, Mr. VerDouw stated that those hours were eliminated. Finally, Mr. VerDouw testified that any current vacancies were adjusted to reflect the normal level of regular and overtime hours for each specific classification.

(ii) OUCC's Position. Mr. Patrick disagreed with Petitioner's proposed pro forma labor expense. Mr. Patrick testified that in order to calculate pro forma labor expense, he reduced Petitioner's pro forma full-time employee count by twelve and Petitioner's

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Witness: Linda C. Bridwell

8. At page 30 of her written direct testimony, Ms. Bridwell states that Kentucky-American "analysis has reviewed water usage trends by KAW's residential, commercial, and 'other public authority' (OPA) customers." Explain why the analysis did not consider other customer classes.

Response:

For industrial and sale for resale customer classifications, KAW made a forecast based on its best judgment from the historical usage. In the case of both customer classifications, each individual customer's historical usage was reviewed and projection made.

Both the industrial and sale for resale customer categories consist of a smaller number of customers, including some individual large customers. Their consumption is driven by situations which may be unique to that customer, for instance expansion of an industrial process line, in the case of an industrial customer. That is why usage projections for those customers is made based on both analysis of historic usage and also knowledge and consultation as appropriate with individual large customers.

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Witness: Linda C. Bridwell

9. Refer to Scott Sloan, *Georgetown Toyota Plant Slashing Water Use*, Lexington Herald-Leader, Jan. 20, 2013, *available at* 2013 WLNR 1541265.

   a. Describe how Toyota Manufacturing Co.'s plans to reduce its water consumption affect Kentucky-American's analysis of water usage trends.

   b. State whether Kentucky-American knew of these plans when preparing its analysis and took them into consideration.

Response:

   a. In the referenced article, Toyota Manufacturing Co. estimates that their water usage will be reduced annually by 17,000,000 gallons, or 17,000 thousand gallon units. This would reduce the forecasted industrial usage by 17,000 thousand gallons units of annual consumption, but would not affect usage trend analysis. Usage trend analysis is relevant to residential, commercial, and other public authority.

   b. Kentucky-American did not know of these plans when preparing the usage trend analysis.

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10. Provide a table that provides the average yearly usage, average monthly usage, and average daily usage for each Kentucky-American customer classification for each year since January 1, 2003.

Response:

Please see the attached.

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2003

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	371,720	425,938	564,320	352,503	453,644	467	1,043,966	549,017	663,093	511,805	457,448	287,703	5,681,624
Commercial	290,331	274,869	390,777	300,094	327,138	(50)	735,513	359,032	482,075	358,770	353,519	188,330	4,060,398
Industrial	52,922	70,265	58,091	67,031	63,068	347	136,569	78,702	89,228	69,031	75,872	57,940	819,065
OPA	89,407	96,874	110,697	102,099	105,816	(353)	247,898	162,801	181,313	147,445	147,646	93,318	1,484,961
OWU	31,858	30,011	38,961	28,475	32,692		62,240	46,777	37,677	32,662	32,773	27,275	401,401
Misc.	82	86	222	(1)			518	392	310		91,745	(604)	92,750

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly Customer
Residential	95,536	95,760	95,990	96,200	96,286	96,689	96,999	97,614	97,689	97,887	97,840	97,801	96,858
Commercial	8,051	8,068	8,073	8,094	8,101	8,136	8,192	8,229	8,233	8,261	8,258	8,254	8,163
Industrial	16	17	17	17	17	17	17	17	17	17	17	17	17
OPA	468	471	472	484	483	485	484	487	487	487	487	487	482
OWU	9	9	9	9	9	9	9	9	9	9	9	9	9
Misc.	1	1	1	1	1	1	1	1	1	1	1	1	1

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	3.89	4.45	5.88	3.66	4.71	0.00	10.76	5.62	6.79	5.23	4.68	2.94	58.66
Commercial	36.06	34.07	48.41	37.08	40.38	(0.01)	89.78	43.63	58.55	43.43	42.81	22.82	497.45
Industrial	3,307.63	4,133.24	3,417.12	3,943.00	3,709.88	20.41	8,033.47	4,629.53	5,248.71	4,060.64	4,463.05	3,408.21	48,417.65
OPA	191.04	205.68	234.53	210.95	219.08	(0.73)	512.19	334.29	372.31	302.76	303.17	191.62	3,081.90
OWU	3,539.78	3,334.56	4,329.00	3,163.89	3,632.44	0.00	6,915.56	5,197.44	4,186.33	3,629.13	3,641.43	3,030.60	44,600.16
Misc.	0.00	0.00	222.00	(1.00)	0.00	0.00	518.00	392.00	310.00	0.00	91,744.61	(603.70)	92,749.91

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	11,990.97	15,212.07	18,203.87	11,750.10	14,633.68	15.57	33,676.32	17,710.23	22,103.10	16,509.85	15,248.26	9,280.74	15,566.09
Commercial	9,365.52	9,816.75	12,605.71	10,003.13	10,552.84	(1.67)	23,726.23	11,581.68	16,069.17	11,573.22	11,783.97	6,075.17	11,124.38
Industrial	1,707.16	2,509.46	1,873.90	2,234.37	2,034.45	11.57	4,405.45	2,538.77	2,974.27	2,226.80	2,529.06	1,869.02	2,244.01
OPA	2,884.10	3,459.79	3,570.87	3,403.30	3,413.42	(11.77)	7,996.71	5,251.65	6,043.77	4,756.28	4,921.53	3,010.27	4,068.39
OWU	1,027.68	1,071.82	1,256.81	949.17	1,054.58	0.00	2,007.74	1,508.94	1,255.90	1,053.62	1,092.43	879.85	1,099.73
Misc.	2.65	3.07	7.16	(0.03)	0.00	0.00	16.71	12.65	10.33	0.00	3,058.15	(19.47)	254.11

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2004

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	725,473	426,901	486,986	423,506	276,457	614,133	473,314	414,826	662,454	490,640	422,160	311,947	5,728,797
Commercial	471,053	286,170	350,530	275,281	241,755	430,542	352,378	295,311	474,996	354,085	280,824	198,721	4,011,647
Industrial	57,161	63,711	51,577	59,130	62,450	62,709	69,516	71,003	76,695	69,664	58,168	54,161	755,945
OPA	107,230	70,291	125,946	133,444	106,344	134,165	97,016	144,607	110,545	166,403	83,825	95,435	1,375,251
OWU	29,709	24,532	32,680	29,143	29,660	32,394	33,372	36,371	34,827	49,493	34,360	31,842	398,384
Misc.	53	99	101	122		1,242	228		276	249	273	322	2,965

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Residential	97,656	97,673	97,783	98,075	98,255	98,593	98,707	99,025	99,211	99,299	99,258	99,267	98,567
Commercial	8,194	8,183	8,160	8,183	8,186	8,180	8,197	8,178	8,183	8,178	8,158	8,164	8,179
Industrial	16	16	16	18	18	18	18	18	18	18	20	20	18
OPA	487	487	487	487	486	485	487	487	486	485	485	484	486
OWU	9	9	9	9	9	10	10	10	10	10	10	10	10
Misc.	0	0	0	0	0	4	1	1	1	1	1	1	1

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	7.43	4.37	4.98	4.32	2.81	6.23	4.80	4.19	6.68	4.94	4.25	3.14	58.12
Commercial	57.49	34.97	42.96	33.64	29.53	52.63	42.99	36.11	58.05	43.30	34.42	24.34	490.50
Industrial	3,572.55	3,981.92	3,223.59	3,284.98	3,469.46	3,483.84	3,861.98	3,944.60	4,260.82	3,870.25	2,908.39	2,708.06	42,389.41
OPA	220.18	144.34	258.62	274.01	218.81	276.63	199.21	296.93	227.46	343.10	172.83	197.18	2,829.25
OWU	3,300.98	2,725.73	3,631.12	3,238.15	3,295.58	3,239.36	3,337.21	3,637.10	3,482.70	4,949.33	3,436.02	3,184.23	41,570.46
Misc.	0.00	0.00	#DIV/0!	#DIV/0!	#DIV/0!	310.49	227.87	0.00	276.10	249.49	272.62	321.73	3,557.42

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	23,402.37	14,720.71	15,709.21	14,116.87	8,917.97	20,471.11	15,268.20	13,381.49	22,081.80	15,827.10	14,071.99	10,062.81	15,652.45
Commercial	15,195.27	9,867.93	11,307.43	9,176.03	7,798.56	14,351.41	11,367.04	9,526.16	15,833.20	11,422.09	9,360.81	6,410.34	10,960.78
Industrial	1,843.90	2,196.92	1,663.79	1,970.99	2,014.53	2,090.30	2,242.44	2,290.41	2,556.49	2,247.24	1,938.92	1,747.13	2,065.42
OPA	3,459.03	2,423.83	4,062.78	4,448.15	3,430.44	4,472.18	3,129.54	4,664.73	3,684.83	5,367.83	2,794.16	3,078.56	3,757.52
OWU	958.35	845.92	1,054.20	971.44	956.78	1,079.79	1,076.52	1,173.26	1,160.90	1,596.56	1,145.34	1,027.17	1,088.48
Misc.	1.71	3.41	3.26	4.07	0.00	41.40	7.35	0.00	9.20	8.05	9.09	10.38	8.10

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2005

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	612,580	419,042	531,207	393,870	418,430	662,611	623,578	663,865	784,038	576,175	522,201	326,954	6,534,551
Commercial	401,051	280,446	352,694	302,431	278,293	426,867	363,526	422,645	554,180	376,224	358,757	213,107	4,330,219
Industrial	54,769	59,127	59,212	59,545	63,641	63,690	78,892	78,939	88,588	83,536	64,273	51,903	806,114
OPA	109,420	95,958	94,958	105,932	110,476	121,820	153,036	152,467	218,454	164,263	116,241	94,331	1,537,357
OWU	36,144	18,878	25,957	28,807	24,747	34,221	58,599	52,059	59,174	43,320	32,477	30,035	444,418
Misc.	25	0	96	0	48	167	0	0	0	0	0	0	336

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly Customer
Residential	99,442	99,551	99,801	100,043	100,356	100,603	100,748	101,265	101,684	101,788	101,787	101,683	100,729
Commercial	8,165	8,180	8,179	8,213	8,235	8,276	8,283	8,289	8,280	8,266	8,268	8,262	8,241
Industrial	20	20	20	20	21	22	22	22	22	21	21	21	21
OPA	483	483	482	483	482	482	482	483	482	483	483	484	483
OWU	10	10	10	10	10	10	10	10	10	10	10	10	10
Misc.	0	0	6	7	7	7	7	7	7	7	7	8	6

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	6.16	4.21	5.32	3.94	4.17	6.59	6.19	6.56	7.71	5.66	5.13	3.22	64.87
Commercial	49.12	34.28	43.12	36.82	33.79	51.58	43.89	50.99	66.93	45.51	43.39	25.79	525.43
Industrial	2,738.43	2,956.36	2,960.58	2,977.26	3,030.54	2,895.00	3,585.98	3,588.12	4,026.72	3,977.90	3,060.64	2,471.57	38,386.40
OPA	226.54	198.67	197.01	219.32	229.20	252.74	317.50	315.67	453.22	340.09	240.66	194.90	3,185.13
OWU	3,614.41	1,887.80	2,595.71	2,880.70	2,474.68	3,422.10	5,859.91	5,205.86	5,917.35	4,332.04	3,247.74	3,003.52	44,441.82
Misc.	0.00	0.00	16.03	0.00	6.79	23.87	0.00	0.00	0.00	0.00	0.00	0.00	57.62

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	19,760.64	14,965.78	17,135.70	13,129.01	13,497.76	22,087.04	20,115.42	21,415.00	26,134.62	18,586.29	17,406.70	10,546.90	17,902.88
Commercial	12,937.12	10,015.93	11,377.22	10,081.03	8,977.18	14,228.89	11,726.63	13,633.70	18,472.68	12,136.27	11,958.57	6,874.41	11,863.61
Industrial	1,766.73	2,111.68	1,910.05	1,984.84	2,052.95	2,123.00	2,544.89	2,546.41	2,952.93	2,694.71	2,142.45	1,674.29	2,208.53
OPA	3,529.67	3,427.08	3,063.16	3,531.08	3,563.74	4,060.67	4,936.64	4,918.30	7,281.80	5,298.82	3,874.71	3,042.94	4,211.94
OWU	1,165.94	674.22	837.33	960.23	798.28	1,140.70	1,890.29	1,679.31	1,972.45	1,397.43	1,082.58	968.88	1,217.58
Misc.	0.82	0.00	3.10	0.00	1.53	5.57	0.00	0.00	0.00	0.00	0.00	0.00	0.92

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2006

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	600,161	448,671	532,835	353,458	622,656	579,289	563,518	606,125	708,516	465,684	523,292	432,167	6,436,371
Commercial	385,805	278,241	372,546	255,228	380,145	357,038	391,413	392,225	452,213	334,031	341,033	362,516	4,302,435
Industrial	69,634	54,378	58,935	60,940	57,571	66,722	75,733	62,977	80,299	51,065	58,627	52,038	748,918
OPA	129,099	91,998	96,148	104,180	95,870	120,751	153,830	125,379	162,945	132,668	108,130	97,687	1,418,685
OWU	32,198	25,291	24,062	28,067	26,667	38,341	38,262	41,370	46,682	30,402	28,791	28,719	388,852
Misc.	0	0	121,280	94,786	0	0	0	33,009	11,004	2,039	6,231	10,109	278,458

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Residential	101,740	102,836	103,237	103,351	103,647	103,901	104,025	104,444	104,715	104,797	104,822	104,780	103,858
Commercial	8,264	8,371	8,374	8,421	8,475	8,509	8,535	8,554	8,584	8,584	8,586	8,586	8,487
Industrial	21	23	23	23	23	23	23	23	23	23	23	23	23
OPA	484	484	484	485	485	484	484	485	487	487	487	486	485
OWU	10	10	10	10	10	10	10	11	11	11	11	11	10
Misc.	15	15	28	29	29	29	33	35	35	35	36	35	30

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	5.90	4.36	5.16	3.42	6.01	5.58	5.42	5.80	6.77	4.44	4.99	4.12	61.97
Commercial	46.69	33.24	44.49	30.31	44.85	41.96	45.86	45.85	52.68	38.91	39.72	42.22	506.95
Industrial	3,315.92	2,364.27	2,562.38	2,649.58	2,503.07	2,900.94	3,292.73	2,738.14	3,491.24	2,220.23	2,549.02	2,262.50	32,799.34
OPA	266.73	190.08	198.65	214.80	197.67	249.49	317.83	258.51	334.59	272.42	222.03	201.00	2,924.12
OWU	3,219.77	2,529.14	2,406.17	2,806.72	2,666.69	3,834.10	3,826.24	3,760.94	4,243.81	2,763.79	2,617.32	2,610.86	37,329.82
Misc.	0.00	0.00	4,331.43	3,268.49	0.00	0.00	0.00	943.11	314.41	58.26	173.07	288.82	9,439.24

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	19,360.03	16,023.96	17,188.23	11,781.92	20,085.67	19,309.64	18,178.01	19,552.41	23,617.19	15,022.05	17,443.06	13,940.89	17,633.89
Commercial	12,445.32	9,937.16	12,017.62	8,507.60	12,262.75	11,901.25	12,626.22	12,652.42	15,073.78	10,775.19	11,367.78	11,694.08	11,787.49
Industrial	2,246.27	1,942.08	1,901.12	2,031.34	1,857.12	2,224.05	2,442.99	2,031.52	2,676.62	1,647.26	1,954.25	1,678.63	2,051.83
OPA	4,164.48	3,285.65	3,101.54	3,472.66	3,092.57	4,025.05	4,962.27	4,044.49	5,431.50	4,279.63	3,604.34	3,151.19	3,886.81
OWU	1,038.63	903.26	776.18	935.57	860.22	1,278.03	1,234.27	1,334.53	1,556.06	980.70	959.68	926.43	1,065.35
Misc.	0.00	0.00	3,912.26	3,159.54	0.00	0.00	0.00	1,064.80	366.81	65.78	207.69	326.09	762.90

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2007

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	477,769	445,117	461,428	466,738	473,339	732,040	685,620	638,636	729,099	558,118	546,166	451,396	6,665,465
Commercial	290,885	299,624	294,724	325,534	309,892	416,617	421,182	441,542	424,018	387,492	368,331	287,593	4,267,434
Industrial	50,230	61,010	55,866	71,010	62,836	64,749	69,583	63,449	82,925	68,677	59,957	57,645	767,938
OPA	86,537	91,837	95,355	111,503	107,208	157,859	155,448	153,009	222,320	156,901	147,208	109,923	1,595,109
OWU	27,779	31,967	24,379	30,176	50,569	70,926	55,193	64,423	75,158	62,569	70,415	46,338	609,892
Misc.	43	1	5	0	114	451	0	390	2,580	257	288	136	4,266

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Residential	104,801	104,890	105,065	105,303	105,481	105,506	105,490	105,935	106,121	106,151	106,047	106,068	105,572
Commercial	8,586	8,580	8,585	8,626	8,633	8,665	8,659	8,675	8,667	8,625	8,595	8,585	8,623
Industrial	21	21	21	21	21	21	21	21	21	21	21	21	21
OPA	485	485	485	485	485	485	486	489	490	491	489	488	487
OWU	11	11	11	13	13	13	13	13	13	13	13	13	13
Misc.	35	35	35	33	32	32	34	31	32	31	31	31	33

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	4.56	4.24	4.39	4.43	4.49	6.94	6.50	6.03	6.87	5.26	5.15	4.26	63.14
Commercial	33.88	34.92	34.33	37.74	35.90	48.08	48.64	50.90	48.92	44.93	42.85	33.50	494.87
Industrial	2,391.93	2,905.23	2,660.28	3,381.42	2,992.21	3,083.29	3,313.50	3,021.39	3,948.80	3,270.33	2,855.08	2,745.02	36,568.48
OPA	178.43	189.36	196.61	229.90	221.05	325.48	319.85	312.90	453.72	319.55	301.04	225.25	3,275.94
OWU	2,525.38	2,906.05	2,216.26	2,321.24	3,889.91	5,455.88	4,245.59	4,955.62	5,781.41	4,813.02	5,416.55	3,564.43	48,791.37
Misc.	0.00	0.00	0.16	0.00	3.57	14.11	0.00	12.58	80.62	8.30	9.28	4.37	130.58

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	15,411.91	15,897.04	14,884.76	15,557.93	15,269.01	24,401.32	22,116.77	20,601.15	24,303.31	18,003.79	18,205.53	14,561.15	18,261.55
Commercial	9,383.38	10,700.87	9,507.22	10,851.14	9,996.50	13,887.24	13,586.53	14,243.29	14,133.92	12,499.75	12,277.69	9,277.20	11,691.60
Industrial	1,620.34	2,178.92	1,802.13	2,367.00	2,026.98	2,158.30	2,244.63	2,046.75	2,764.16	2,215.38	1,998.56	1,859.53	2,103.94
OPA	2,791.51	3,279.90	3,075.96	3,716.78	3,458.32	5,261.98	5,014.44	4,935.78	7,410.68	5,061.33	4,906.92	3,545.92	4,370.16
OWU	896.10	1,141.66	786.41	1,005.87	1,631.25	2,364.21	1,780.41	2,078.16	2,505.28	2,018.36	2,347.17	1,494.76	1,670.94
Misc.	1.40	0.02	0.18	0.00	3.69	15.05	0.00	12.58	85.99	8.30	9.59	4.37	11.69

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2008

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	481,196	478,919	423,758	427,052	486,440	561,230	618,740	680,575	683,138	627,529	511,719	467,423	6,447,718
Commercial	292,831	308,151	273,440	285,978	328,053	348,363	383,596	435,304	425,927	414,153	347,331	290,238	4,133,365
Industrial	42,436	50,168	47,647	48,776	59,441	40,472	63,777	57,511	61,518	56,628	50,988	41,930	621,293
OPA	88,679	117,347	113,626	139,082	121,050	135,856	147,587	181,911	196,819	169,215	147,570	107,792	1,666,534
OWU	31,037	35,326	33,765	31,892	32,994	38,359	46,368	55,365	59,130	57,832	62,743	33,187	517,997
Misc.	60	91	20	77	126	742	967	743	946	17	1,956	341	6,087

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Residential	106,086	106,072	106,293	106,292	106,529	106,581	106,814	107,224	107,195	107,161	107,082	107,003	106,694
Commercial	8,586	8,579	8,574	8,739	8,749	8,747	8,741	8,778	8,793	8,788	8,766	8,748	8,716
Industrial	21	21	21	21	21	21	21	21	21	22	22	22	21
OPA	489	494	497	495	497	499	503	503	505	505	505	504	500
OWU	11	11	11	11	11	11	11	11	11	12	12	12	11
Misc.	33	33	33	33	33	33	34	35	34	34	33	33	33

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	4.54	4.52	3.99	4.02	4.57	5.27	5.79	6.35	6.37	5.86	4.78	4.37	60.43
Commercial	34.11	35.92	31.89	32.72	37.50	39.83	43.88	49.59	48.44	47.13	39.62	33.18	474.25
Industrial	2,020.78	2,388.97	2,268.90	2,322.68	2,830.50	1,927.24	3,037.02	2,738.64	2,929.42	2,574.00	2,317.64	1,905.90	29,237.33
OPA	181.35	237.54	228.62	280.97	243.56	272.26	293.41	361.65	389.74	335.08	292.22	213.87	3,335.29
OWU	2,821.52	3,211.44	3,069.52	2,899.32	2,999.41	3,487.18	4,215.25	5,033.16	5,375.47	4,819.36	5,228.58	2,765.61	46,044.22
Misc.	0.00	0.00	0.61	2.33	3.81	22.48	28.45	21.23	27.82	0.51	59.27	10.35	182.14

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	15,522.47	16,514.44	13,669.63	14,235.07	15,691.60	18,707.65	19,959.36	21,954.05	22,771.25	20,242.86	17,057.29	15,078.15	17,616.72
Commercial	9,446.16	10,625.91	8,820.65	9,532.59	10,582.35	11,612.09	12,374.07	14,042.06	14,197.58	13,359.76	11,577.69	9,362.52	11,293.35
Industrial	1,368.91	1,729.94	1,537.00	1,625.88	1,917.44	1,349.07	2,057.34	1,855.21	2,050.59	1,826.71	1,699.61	1,352.58	1,697.52
OPA	2,860.61	4,046.43	3,665.34	4,636.07	3,904.85	4,528.54	4,760.88	5,868.09	6,560.63	5,458.54	4,919.01	3,477.16	4,553.37
OWU	1,001.19	1,218.13	1,089.18	1,063.08	1,064.31	1,278.63	1,495.73	1,785.96	1,971.00	1,865.56	2,091.43	1,070.56	1,415.29
Misc.	1.93	3.14	0.65	2.56	4.06	24.73	31.21	23.97	31.53	0.55	65.20	11.02	16.63

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2009

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	519,070	451,313	426,176	459,660	457,029	534,442	593,414	564,094	546,031	502,086	443,744	461,438	5,958,497
Commercial	299,860	291,845	269,876	299,903	300,238	330,297	374,665	373,292	349,855	342,114	286,431	281,371	3,799,746
Industrial	33,849	33,720	36,873	35,692	36,898	37,128	54,686	50,881	53,008	54,967	46,306	38,374	512,382
OPA	110,982	103,685	96,823	100,891	109,795	120,561	137,214	152,202	143,358	137,826	108,607	98,868	1,420,811
OWU	38,569	35,000	34,844	28,288	34,324	40,918	55,175	47,332	40,827	41,331	34,403	35,464	466,477
Misc.	37	82	58	176	483	411	498	480	65	103	186	405	2,985

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Residential	106,914	106,974	107,009	107,178	107,311	107,362	107,379	107,642	107,598	107,654	107,596	107,500	107,343
Commercial	8,731	8,716	8,722	8,769	8,793	8,810	8,801	8,797	8,809	8,794	8,749	8,760	8,771
Industrial	22	22	22	22	21	22	22	22	22	22	21	22	22
OPA	504	503	501	501	503	514	518	515	519	518	519	519	511
OWU	12	12	12	12	12	12	12	12	12	12	12	12	12
Misc.	33	34	34	34	34	34	34	34	34	34	34	34	34

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	4.86	4.22	3.98	4.29	4.26	4.98	5.53	5.24	5.07	4.66	4.12	4.29	55.51
Commercial	34.34	33.48	30.94	34.20	34.15	37.49	42.57	42.43	39.72	38.90	32.74	32.12	433.22
Industrial	1,538.60	1,532.72	1,676.06	1,622.34	1,757.05	1,687.66	2,485.71	2,312.78	2,409.44	2,498.49	2,205.07	1,744.27	23,467.89
OPA	220.20	206.13	193.26	201.38	218.28	234.55	264.89	295.54	276.22	266.07	209.26	190.50	2,779.55
OWU	3,214.09	2,916.70	2,903.67	2,357.32	2,860.35	3,409.82	4,597.96	3,944.33	3,402.28	3,444.29	2,866.90	2,955.35	38,873.06
Misc.	0.00	0.00	1.71	5.19	14.21	12.08	14.65	14.11	1.91	3.02	5.47	11.91	88.00

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	16,744.21	16,118.33	13,747.60	15,322.01	14,742.87	17,814.73	19,142.40	18,196.57	18,201.02	16,196.32	14,791.45	14,885.11	16,324.65
Commercial	9,672.90	10,423.03	8,705.68	9,996.77	9,685.10	11,009.89	12,085.97	12,041.67	11,661.83	11,035.94	9,547.68	9,076.49	10,410.26
Industrial	1,091.91	1,204.28	1,189.46	1,189.72	1,190.26	1,237.62	1,764.05	1,641.33	1,766.93	1,773.12	1,543.55	1,237.87	1,403.79
OPA	3,580.07	3,703.03	3,123.31	3,363.03	3,541.76	4,018.70	4,426.27	4,909.73	4,778.60	4,446.02	3,620.22	3,189.28	3,892.63
OWU	1,244.17	1,250.01	1,124.00	942.93	1,107.23	1,363.93	1,779.85	1,526.84	1,360.91	1,333.27	1,146.76	1,144.01	1,278.02
Misc.	1.19	2.94	1.87	5.88	15.59	13.70	16.07	15.48	2.16	3.31	6.20	13.06	8.18

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2010

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	494,057	414,845	423,309	493,516	453,244	532,631	614,646	578,181	660,040	619,452	506,580	421,878	6,212,378
Commercial	292,769	259,642	264,001	330,047	303,929	351,426	391,666	381,018	475,745	395,446	340,854	281,778	4,068,320
Industrial	47,960	36,017	38,045	45,838	46,273	43,302	59,560	57,827	63,089	50,618	42,262	40,828	571,617
OPA	107,527	105,981	108,267	107,822	121,439	120,560	151,512	170,137	194,824	182,534	132,148	101,505	1,604,257
OWU	40,149	34,220	32,764	35,068	33,379	36,460	47,134	43,805	53,431	55,362	53,384	16,110	481,265
Misc.	146	31	0	245	562	711	124	1,424	1,120	0	0	18	4,383

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Residential	107,578	107,757	107,860	108,117	108,241	108,223	108,325	108,424	108,472	108,347	108,291	108,389	108,169
Commercial	8,716	8,700	8,717	8,741	8,769	8,797	8,798	8,805	8,814	8,800	8,780	8,766	8,767
Industrial	23	23	23	23	23	23	23	22	23	23	23	22	23
OPA	522	524	529	532	532	532	529	532	533	531	525	524	529
OWU	12	12	12	12	12	12	12	12	12	12	12	12	12
Misc.	34	34	34	35	34	34	34	34	34	34	34	34	34

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	4.59	3.85	3.92	4.56	4.19	4.92	5.67	5.33	6.08	5.72	4.68	3.89	57.43
Commercial	33.59	29.84	30.29	37.76	34.66	39.95	44.52	43.27	53.98	44.94	38.82	32.14	464.05
Industrial	2,085.20	1,565.95	1,654.12	1,992.96	2,011.86	1,882.68	2,589.54	2,628.51	2,742.98	2,200.78	1,837.48	1,855.82	25,034.33
OPA	205.99	202.25	204.66	202.67	228.27	226.62	286.41	319.81	365.52	343.76	251.71	193.71	3,034.06
OWU	3,345.74	2,851.63	2,730.32	2,922.31	2,781.56	3,038.31	3,927.87	3,650.43	4,452.59	4,613.48	4,448.67	1,342.54	40,105.45
Misc.	0.00	0.00	0.01	6.99	16.54	20.92	3.65	41.89	32.95	0.00	0.00	0.54	128.59

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	15,937.31	14,815.89	13,655.13	16,450.52	14,620.78	17,754.37	19,827.28	18,650.99	22,001.35	19,982.33	16,886.00	13,608.97	17,020.22
Commercial	9,444.16	9,272.94	8,516.15	11,001.56	9,804.17	11,714.19	12,634.38	12,290.90	15,858.16	12,756.33	11,361.80	9,089.60	11,146.08
Industrial	1,547.08	1,286.32	1,227.25	1,527.94	1,492.67	1,443.39	1,921.27	1,865.39	2,102.95	1,632.84	1,408.73	1,317.03	1,566.07
OPA	3,468.62	3,785.04	3,492.48	3,594.07	3,917.37	4,018.68	4,887.49	5,488.29	6,494.14	5,888.20	4,404.92	3,274.36	4,395.22
OWU	1,295.13	1,222.13	1,056.90	1,168.92	1,076.73	1,215.33	1,520.47	1,413.07	1,781.04	1,785.86	1,779.47	519.69	1,318.54
Misc.	4.69	1.12	0.01	8.16	18.14	23.71	4.00	45.94	37.34	0.00	0.00	0.59	12.01

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2011

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	536,835	412,845	408,736	439,280	438,096	534,924	590,177	546,734	600,461	476,574	420,187	430,221	5,835,071
Commercial	305,941	264,844	263,561	287,292	285,064	320,060	381,076	368,311	406,774	315,636	283,929	264,802	3,747,290
Industrial	29,822	37,191	35,452	39,493	32,480	31,411	48,280	50,766	55,005	43,011	38,716	37,506	479,134
OPA	96,144	87,669	91,588	98,376	105,464	114,331	146,756	153,481	164,339	125,476	101,912	94,170	1,379,708
OWU	40,670	29,670	27,937	31,054	28,517	49,516	38,175	46,377	53,191	34,269	30,771	30,054	440,201
Misc.	1	0	0	0	0	0	0	0	1	0	0	0	3

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Residential	108,446	108,390	108,590	108,838	109,038	109,020	109,105	109,295	109,354	109,302	109,207	109,071	108,971
Commercial	8,757	8,722	8,717	8,739	8,754	8,777	8,784	8,784	8,778	8,767	8,757	8,735	8,756
Industrial	22	22	22	23	23	23	23	23	23	23	23	23	23
OPA	528	525	526	528	527	527	531	532	534	532	530	532	529
OWU	12	12	12	12	12	12	12	12	13	13	13	13	12
Misc.	34	36	44	44	44	44	43	43	43	43	43	43	42

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	4.95	3.81	3.76	4.04	4.02	4.91	5.41	5.00	5.49	4.36	3.85	3.94	53.55
Commercial	34.94	30.37	30.24	32.87	32.56	36.47	43.38	41.93	46.34	36.00	32.42	30.32	427.97
Industrial	1,355.55	1,690.48	1,611.46	1,717.08	1,412.19	1,365.69	2,099.15	2,207.22	2,391.52	1,870.07	1,683.33	1,630.71	21,060.85
OPA	182.09	166.99	174.12	186.32	200.12	216.95	276.38	288.50	307.75	235.86	192.29	177.01	2,606.50
OWU	3,389.19	2,472.51	2,328.09	2,587.83	2,376.40	4,126.34	3,181.24	3,864.73	4,091.62	2,636.07	2,367.02	2,311.84	35,691.97
Misc.	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.06

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	17,317.27	14,744.47	13,185.05	14,642.67	14,132.13	17,830.82	19,037.98	17,636.58	20,015.35	15,373.34	14,006.22	13,878.10	15,986.50
Commercial	9,869.06	9,458.70	8,501.96	9,576.39	9,195.61	10,668.68	12,292.78	11,881.01	13,559.12	10,181.80	9,464.29	8,542.01	10,266.55
Industrial	962.00	1,328.23	1,143.62	1,316.43	1,047.75	1,047.03	1,557.43	1,637.61	1,833.50	1,387.47	1,290.55	1,209.88	1,312.70
OPA	3,101.43	3,131.05	2,954.46	3,279.21	3,402.05	3,811.04	4,734.07	4,951.01	5,477.98	4,047.62	3,397.07	3,037.75	3,780.02
OWU	1,311.94	1,059.65	901.20	1,035.13	919.90	1,650.54	1,231.45	1,496.02	1,773.03	1,105.45	1,025.71	969.48	1,206.03
Misc.	0.04	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.01

Kentucky American Water Company
Case No. 2012-00520
Data Request PSC 2-10

2012

1000 Gallons

Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential	461,088	409,417	398,012	431,305	453,070	620,353	722,224	656,610	529,291	505,672	459,817	415,111	6,061,969
Commercial	270,231	266,513	264,080	281,045	300,822	369,831	428,212	434,248	386,823	347,035	312,528	259,171	3,920,539
Industrial	37,250	40,607	40,439	44,658	42,138	48,586	56,190	55,802	61,655	41,214	43,884	41,560	553,983
OPA	83,577	83,871	77,170	92,616	103,913	146,523	168,550	172,190	188,570	130,286	119,555	100,174	1,466,995
OWU	34,855	30,183	29,271	26,914	31,298	46,095	39,577	68,072	52,093	33,029	37,654	29,637	458,679
Misc.	0	0	0	0	0	0	0	0	0	0	0	45	45

Customers

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Residential	109,285	109,508	109,782	110,019	110,165	110,453	110,556	110,784	110,879	110,846	110,808	110,935	110,335
Commercial	8,718	8,704	8,709	8,758	8,786	8,813	8,834	8,833	8,842	8,812	8,801	8,782	8,783
Industrial	23	23	23	24	24	24	25	25	25	25	24	24	24
OPA	531	531	529	531	533	533	534	535	534	533	534	532	533
OWU	13	13	13	13	13	13	13	13	13	13	13	13	13
Misc.	46	46	46	46	46	46	46	46	46	46	46	46	46

Average Monthly & Yearly Usage Per Customer

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average Yearly
Residential	4.22	3.74	3.63	3.92	4.11	5.62	6.53	5.93	4.77	4.56	4.15	3.74	54.94
Commercial	31.00	30.62	30.32	32.09	34.24	41.96	48.47	49.16	43.75	39.38	35.51	29.51	446.40
Industrial	1,619.55	1,765.51	1,758.22	1,860.74	1,755.74	2,024.43	2,247.59	2,232.09	2,466.22	1,648.56	1,828.52	1,731.65	23,002.75
OPA	157.40	157.95	145.88	174.42	194.96	274.90	315.64	321.85	353.13	244.44	223.89	188.30	2,754.92
OWU	2,681.18	2,321.79	2,251.65	2,070.29	2,407.52	3,545.75	3,044.42	5,236.29	4,007.15	2,540.73	2,896.49	2,279.73	35,282.99
Misc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.98	0.98

Average Daily Consumption

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Daily Average
Residential	14,873.79	14,117.82	12,839.08	14,376.83	14,615.17	20,678.44	23,297.55	21,180.97	17,643.02	16,312.01	15,327.22	13,390.67	16,562.76
Commercial	8,717.13	9,190.11	8,518.71	9,368.16	9,703.93	12,327.69	13,813.28	14,007.99	12,894.10	11,194.69	10,417.62	8,360.35	10,711.85
Industrial	1,201.60	1,400.23	1,304.49	1,488.59	1,359.28	1,619.54	1,812.57	1,800.07	2,055.18	1,329.49	1,462.81	1,340.63	1,513.61
OPA	2,696.03	2,892.10	2,489.37	3,087.20	3,352.03	4,884.12	5,437.09	5,554.50	6,285.67	4,202.77	3,985.17	3,231.41	4,008.18
OWU	1,124.36	1,040.80	944.24	897.13	1,009.61	1,536.49	1,276.69	2,195.86	1,736.43	1,065.47	1,255.14	956.02	1,253.22
Misc.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.45	0.12

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

11. State whether Kentucky-American or American Water has projected usage trends for Kentucky-American's customers for a period beyond 2020 to estimate the effect of any declining usage pattern. If yes, provide such analyses.

Response:

Yes. Kentucky American develops long range usage projections for capacity planning through 2030 that includes a declining use pattern due to conservation and price elasticity. These demand projections were included as part of Case No. 2012-0096 and are attached.

Kentucky American Water Demand Projections

Updated Demand Projections with 2010 Population Projections:

Normal Weather	**2000 Actual**	**2005 Actual**	**2010 Actual**	**2015**	**2020**	**2025**	**2030**
Residential	20.13	22.31	20.73	20.75	21.71	22.81	23.91
Commercial/Industrial	10.70	12.20	11.49	10.34	10.99	10.94	10.92
Public/Unaccounted for	7.20	6.77	5.60	7.12	7.41	7.74	8.08
Other	2.99	3.02	3.05	3.10	3.21	3.33	3.43
Average Day Demand	41.02	44.30	40.87	41.30	43.31	44.82	46.34
Total Maximum Day Demand	66.37	69.65	61.36	73.46	76.23	79.39	82.68
Hot, Dry Scenario							
Average Day Demand w/ Conservation				44.39	46.15	48.15	50.23
Maximum Day Demand w/ Conservation				77.98	80.87	84.17	87.60
Drought Average Day				58	61	63	66

KENTUCKY AMERICAN WATER COMPANY
WATER DEMAND MODEL
U of L PROJECTIONS & UNACCOUNTED-FOR of 13%

2011 Usage with 2010 Census and Kentucky State Data Center 2010 Population Projections

MODEL UPDATE MARCH, 1992
RUN DATE 07/16/12
DIRECTORY: \Engineering\Demand Projections
FILENAME: 12DEMFOR.xls
SHEET: 12updtul10

Assumed Inflation Rate for the Year (CPI)					5.4%	4.21%	3.01%	2.99%	3.60%	2.50%	3.20%	2.29%	1.56%	3.45%	2.21%	2.80%	1.60%	2.30%	2.70%
Projected Water/Sewer Rate Increase for the Year					4.04%	5.51%	51.80%	0.00%	3.32%	6.65%	6.19%	3.10%	0.00%	0.00%	0.00%	7.79%	20.10%	0.00%	0.00%
Losses and Non-Revenue Uses for Year						13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
% GROWTH FOR YEAR - REFERENCE CASE			1.1%	1.1%	1.0%	1.0%	0.9%	0.8%	0.8%	0.7%	0.7%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
			1.1%	0.0%	1.1%	1.6%	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%	1.4%	1.4%	1.4%	0.6%	0.2%	1.1%	0.4%
Calendar Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Population (Fayette County)	217701	220526	222912	222904	225366	228881	232395.2	235910	239424	242939	246454	249968	253483	256997	260512	262185	262648	265478	266451
Apartment Population	70546	71462	72235	72232	75741	76922	78103	79285	80466	81647	82828	84009	85190	86372	95127	95932.7	96738.1	97543.5	98348.9
U of K Full Time Residents	8153	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200
Inmates of Institutions	3793	4116	4439	4761	5084	5163	5243	5322	5401	5480	5560	5639	5718	5798	6385	6439.34	6493.4	6547.46	6601.52
Remaining Population Served (SFR, Fayette Co)	135,209	136,748	138,039	137,710	136,341	138,595	140,849	143,103	145,358	147,612	149,866	152,120	154,374	156,628	150,799	152,146	153,492	154,838	156,184
Outside County Population Served	4720	4979	5256	5436	5557	5721	5899	6050	6288	6584	6926	7529	8187	8791	9511	9959	10536	11113	11691
New Residents											2597	5454	8366	11224	6115	7909	9832	11756	13680
Actual Number of Total Customers	69437	71500	73348	74653	76274	77871	79600	81301	83382	85180	87403	89491	93391	96477	99199	101580	103659	105332	107424
Usage Per Customer (gpd)	515	535	500	453	453	477	460	486	486	470	483	469	457	411	413	415	371	355	395
											80.81	82.20	83.47	84.63	83.05	82.96	81.99	80.69	78.63
											80.42	82.09	83.68	85.09	83.35	82.30	79.56	80.98	78.97
											0.08	0.02	-0.04	-0.09	-0.06	0.13	0.49	-0.06	-0.07
Single Family Residential Per Capita Use (gpd)	85.54	89.11	85.17	76.13	79.55	80.38	75.73	80.74	84.51	82.69	87.32	82.09	86.52	76.65	82.24	82.45	75.57	76.25	78.59
New Resident SFR Per Capita Use (gpd)											78.59	73.88	77.87	68.98	74.01	74.20	68.02	68.62	70.73
Single Family Residential	11.97	12.63	12.21	10.90	11.29	11.60	11.11	12.04	12.82	12.75	13.69	13.11	14.06	12.68	13.18	13.37	12.40	12.65	13.19
Fayette Co. Residential use (in mgd).....	11.57	12.19	11.76	10.48	10.85	11.14	10.67	11.55	12.28	12.21	13.09	12.50	13.13	11.80	12.18	12.33	11.41	11.61	12.08
Apartment Population	70546	71462	72235	72232	75741	76922	78103	79285	80466	81647	82828	84009	85190	86372	95127	95933	96738	97544	98349
New Residents											1181	2362	3544	4725	13480	14286	15091	15897	16702
Number of Customers																			
Usage Per Customer																			
											75.81	81.90	85.09	87.84	87.21	86.40	79.70	74.23	69.92
											75.58	81.84	85.22	88.14	87.40	85.97	78.22	74.40	70.11
											0.05	0.01	-0.03	-0.06	-0.04	0.09	0.29	-0.03	-0.04
Existing Apart. Resident Per Capita Use (gpd)	79.66	83.04	78.91	80.71	75.56	74.57	74.17	76.04	77.23	77.03	105.05	90.11	89.77	74.08	73.00	71.53	62.79	68.22	61.60
New Resident MFR Per Capita Use (gpd)																			
Multi-Family Residential	1.37	1.41	1.39	1.33	1.40	1.40	1.42	1.49	1.57	1.45	1.71	1.49	1.53	0.96	1.21	1.18	0.88	1.19	1.36
Garden Apartments	4.20	4.47	4.26	4.45	4.27	4.28	4.32	4.49	4.58	4.82	5.89	5.08	5.01	4.38	4.78	4.77	4.18	4.55	4.68
High Rise Apartments	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.06	0.02	1.10	1.00	1.11	1.05	0.96	0.91	1.02	0.91	0.02
Apartment use (in mgd).....	5.62	5.93	5.70	5.83	5.72	5.74	5.79	6.03	6.21	6.29	8.70	7.57	7.65	6.40	6.94	6.86	6.07	6.65	6.06
Outside Counties (see "Counties" pages)																			
Individual Cust. Use (in mgd)....	0.40	0.44	0.45	0.41	0.44	0.46	0.45	0.49	0.53	0.54	0.60	0.61	0.93	0.88	1.00	1.04	0.99	1.04	1.11
Bulk Sales Use (in mgd).....	0.53	0.77	0.73	0.61	0.58	0.64	0.63	0.78	0.75	0.71	0.80	0.85	1.08	1.46	1.39	1.38	1.37	1.17	1.22
										8.33	7.81	8.11	8.19	8.43	8.39	8.00	7.91	7.84	7.23
										0.03	0.02	0.01	-0.01	-0.03	-0.02	0.04	0.15	-0.02	-0.02
Commercial Use (mgd)	7.75	8.10	7.74	7.18	7.48	7.79	7.53	7.93	8.37	7.84	8.12	8.18	8.40	8.37	8.04	8.06	7.83	7.21	8.98
Toyota Usage (mgd)			0.41	0.74	0.89	0.94	1.09	1.05	1.25	1.40	1.37	1.61	1.70	1.62	1.48	1.39	1.48	1.27	1.20
Industrial Use (mgd,non-Toyota)	1.64	1.58	1.49	1.36	1.44	1.39	1.23	1.24	1.23	1.23	1.31	1.38	1.43	1.30	1.18	1.07	0.96	0.97	0.93

University of Kentucky																			
U of K Base Demand including residences (Main Campus only)	1.20	1.31	1.30	1.50	1.46	1.55	1.47	1.57	1.73	1.63	1.45								
U of K Student Population	23696	22461	22879	23297	23081	24132	24197	24288	24217	24378	24200								
U of K per student use (g/d)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00								
U of K student usage on campus (mgd).....	0.24	0.22	0.23	0.23	0.23	0.24	0.24	0.24	0.24	0.24	0.24								
Total U of K Main Campus Usage (mgd)	1.44	1.53	1.53	1.73	1.69	1.79	1.71	1.81	1.97	1.88	1.69	1.67	1.80	1.77	1.60	1.57	1.60	1.79	1.74

Calendar Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Other Public Use (in mgd).....	0.76	1.00	1.40	1.32	1.48	1.50	1.64	1.67	1.60	1.52	1.35	1.37	1.32	1.52	2.32	2.64	0.86	0.75	1.30
Total System Usage (mgd).....	29.70	31.55	31.20	29.67	30.57	31.40	30.73	32.56	34.19	33.61	37.03	35.73	37.44	35.13	36.14	36.34	32.57	32.46	34.62
Losses and Non-Revenue Use (%)	16.90%	17.60%	15.00%	12.30%	11.60%	15.40%	16.10%	17.64%	15.69%	16.01%	12.25%	14.90%	12.30%	11.50%	11.90%	13.70%	15.20%	13.30%	18.50%
Losses and Non-Revenue Use (mgd).....	6.04	6.74	5.51	4.16	4.01	5.71	5.90	6.97	6.36	6.41	5.17	6.25	5.25	4.56	4.88	5.77	5.84	4.98	7.86
Calculated Average Day Demand (mgd)	35.74	38.28	36.71	33.84	34.59	37.11	36.63	39.53	40.55	40.02	42.20	41.98	42.69	39.69	41.02	42.11	38.41	37.44	42.48
Average Day Demand w/out Conservation (mgd)	35.74	38.28	36.71	33.84	34.59	37.11	36.63	39.53	40.56	41.98	42.51	43.65	43.24	39.99	41.54	42.59	38.31	38.19	40.64
Maximum Day w/out Conservation (mgd)	60.32	64.09	62.33	58.36	59.76	62.86	61.95	66.08	68.43	70.86	72.70	73.88	73.79	68.55	71.15	72.31	64.87	65.31	67.46
Actual Maximum Day (mgd)	57.47	54.89	63.91	47.72	58.52	56.42	47.22	59.49	58.36	63.77	53.7	60.7	64.67	61.18	66.37	56.04	71.82	61.37	56.89
Conservation Impacts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-1.95	-0.31	-1.67	-0.55	-0.30	-0.53	-1.39	-1.96	-1.12	-3.71
Total Average Day Demand (mgd).....																			
Max Day: 95% Exceedance (mgd).....	57.62	61.52	59.70	55.69	57.11	60.24	59.26	63.51	65.74	64.78	69.47	68.30	70.27	65.56	67.63	68.87	62.40	61.35	67.98
In Plant Usage (mgd)	1.617	2.37	1.91	1.77	1.36	1.40	1.42	1.55	1.59	1.64	1.66	1.71	1.69	1.56	1.62	1.37	1.40	1.34	1.38
Total Max Day Production (mgd)[95%excd]	59.087	57.26	65.82	49.49	59.88	57.82	48.64	61.04	67.33	66.42	71.13	70.01	71.96	67.13	69.26	70.24	63.80	62.69	69.36
previous forecast (1992 CPS)	59.087	57.26	65.82	49.49	59.88	57.82	63.53	63.87	64.67	65.44	65.71	65.79	65.88	65.97	65.81				

* NOTE: Revised to reflect actual 1986-1998 year-end billed usage.

FOR SAME CONDITIONS UNDER HOT,DRY SCENARIO:

TOTAL SYSTEM USAGE (mgd).....	31.48	33.44	33.08	31.45	32.41	33.28	32.58	34.51	36.24	35.63	39.25	37.87	39.69	37.23	38.30	38.52	34.52	34.41	36.70
LOSSES AND NON-REVENUE USE (%)	16.90%	17.60%	15.00%	12.30%	11.60%	15.40%	16.10%	17.64%	15.69%	16.01%	12.25%	14.90%	12.30%	11.50%	11.90%	13.70%	15.20%	13.30%	18.50%
LOSSES AND NON-REVENUE USE (mgd).....	6.40	7.14	5.84	4.41	4.25	6.06	6.25	7.39	6.74	6.79	5.48	6.63	5.57	4.84	5.17	6.11	6.19	5.28	8.33
Average Day Demand w/out Conservation (mgd)	37.89	40.58	38.91	35.87	36.66	39.34	38.83	41.90	42.99	44.38	45.04	46.17	45.80	42.37	44.00	45.11	40.62	40.44	43.19
Maximum Day w/out Conservation (mgd)	64.08	68.08	66.21	62.01	63.48	66.78	65.80	70.19	72.67	75.05	77.17	78.27	78.31	72.79	75.51	76.74	68.91	69.29	71.84
ACTUAL MAXIMUM DAY (mgd)	57.47	54.89	63.91	47.72	58.52	56.42	47.22	59.49	58.36	63.77	53.70	60.70	64.67	61.18	66.37	56.04	71.82	61.37	56.89
CONSERVATION IMPACTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-1.95	-0.31	-1.67	-0.55	-0.30	-0.53	-1.39	-1.96	-1.12	-3.71
Projected Average Day Demand (mgd)	37.89	40.58	38.91	35.87	36.66	39.34	38.83	41.90	42.99	42.42	44.73	44.50	45.26	42.07	43.48	43.72	38.66	39.32	39.48
6-mo Summer Avg. Day Dem.: 95% C. I. (mgd) w/out cons.		54	52	48	49	52	52	55	57	58	59	61	60	56	58	59	54	54	57
6-mo Summer Avg. Day Dem.: 99% C. I. (mgd) w/out cons.		55	53	49	50	54	53	57	59	60	61	63	62	58	60	61	55	55	59
6-mo Summer Avg. Day Dem.: 95% C. I. (mgd) w/ cons.		54	52	48	49	52	52	55	57	56	59	59	59	55	57	57	51	52	52
6-mo Summer Avg. Day Dem.: 99% C. I. (mgd) w/ cons.		55	53	49	50	54	53	57	59	58	61	60	61	57	59	59	53	54	54
MAX DAY: 95% EXCEEDANCE (mgd).....	61.08	65.21	63.28	59.04	60.53	63.85	62.82	67.32	69.69	70.11	73.86	73.59	74.82	69.61	71.94	72.31	63.87	65.08	67.99
IN PLANT USE(mgd)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
TOTAL MAX DAY PRODUCTION (mgd)[95%excd]		56.49	65.51	49.32	60.12	58.02	48.82	61.09	71.29	71.71	75.46	75.19	76.42	71.21	73.54	73.91	65.47	66.68	69.59

SURROUNDING COUNTIES--INDIVIDUAL CUSTOMER WATER DEMAND	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
WOODFORD COUNTY																			
Population	18,884	19,076	19,900	19,928	19,955	20,270	20,585	20,934	21,283	21,632	21,988	22,344	22,689	23,033	23,208	23,373	23,523	23,671	23,939
No. of resid. connections	138	137	142	139	141	142	145	149	151	152	153	155	163	171	179	180	184	189	193
Persons per household	2.80	2.80	2.81	2.76	2.71	2.69	2.68	2.66	2.65	2.63	2.62	2.61	2.59	2.58	2.57	2.56	2.56	2.55	2.54
Population Served	386	384	399	384	382	383	388	397	400	400	401	404	423	442	460	461	471	481	491
Existing Customer Per capita use (GPD)	85.54	89.11	85.17	76.13	79.55	80.38	75.73	80.74	84.51	82.69	87.32	82.09	86.52	76.65	82.24	82.45	75.57	76.25	78.59
New Customer Per Capita Use (GPD)											78.59	73.88	77.87	68.98	74.01	74.20	68.02	68.62	70.73
WOODFORD CO. WATER DEMAND (in MGD).....	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.04	0.03	0.04	0.04	0.04	0.04	0.04
SCOTT COUNTY																			
Population	22,689	23,501	22,760	23,314	23,867	24,135	24,403	25,360	26,317	27,274	27,731	29,446	30,423	31,397	33,061	34,478	35,444	36,729	37,901
No. of resid. connections	1055	1149	1287	1373	1446	1507	1571	1628	1716	1799	1926	2142	2362	2560	2770	2920	3114	3307	3501
Persons per household	2.90	2.90	2.77	2.73	2.69	2.68	2.67	2.66	2.65	2.64	2.63	2.63	2.62	2.62	2.61	2.61	2.61	2.62	2.62
Population Served	3060	3332	3565	3748	3890	4039	4195	4330	4547	4749	5073	5629	6193	6697	7230	7627	8139	8652	9166
Existing Customer Per Capita Use (GPD)	85.54	89.11	85.17	76.13	79.55	80.38	75.73	80.74	84.51	82.69	87.32	82.09	86.52	76.65	82.24	82.45	75.57	76.25	78.59
New Customer Per Capita Use (GPD)											78.59	73.88	77.87	68.98	74.01	74.20	68.02	68.62	70.73
SCOTT CO. WATER DEMAND (in MGD).....	0.26	0.30	0.30	0.29	0.31	0.32	0.32	0.35	0.38	0.39	0.44	0.45	0.52	0.50	0.57	0.61	0.59	0.63	0.69
BOURBON COUNTY																			
Population	19,188	19,088	18,978	19,277	19,236	19,248	19,261	19,273	19,286	19,298	19,310	19,323	19,335	19,348	19,360	19,507	19,494	19,563	19,694
No. of resid. connections	394	391	394	407	409	419	427	433	441	477	486	506	538	575	645	663	683	704	724
Persons per household	2.70	2.70	2.73	2.68	2.63	2.62	2.60	2.59	2.57	2.56	2.55	2.53	2.52	2.50	2.49	2.49	2.49	2.49	2.49
Population Served	1064	1056	1076	1091	1076	1096	1111	1121	1135	1221	1237	1281	1355	1440	1606	1650	1700	1750	1800
Existing Customer Per capita use (GPD)	85.54	89.11	85.17	76.13	79.55	80.38	75.73	80.74	84.51	82.69	87.32	82.09	86.52	76.65	82.24	82.45	75.57	76.25	78.59
New Customer Per Capita Use (GPD)											78.59	73.88	77.87	68.98	74.01	74.20	68.02	68.62	70.73
BOURBON CO. WATER DEMAND (in MGD).....	0.09	0.09	0.09	0.08	0.09	0.09	0.08	0.09	0.10	0.10	0.11	0.10	0.12	0.11	0.13	0.13	0.12	0.13	0.14
HARRISON COUNTY																			
Population	15,722	15,907	15,887	16,195	16,248	16,422	16,595	16,769	16,942	17,116	17,289	17,463	17,636	17,810	17,983	18,044	18,100	18,268	18,330
No. of resid. connections	78	77	80	80	80	78	79	78	80	83	84	84	85	84	85	87	89	91	93
Persons per household	2.70	2.70	2.71	2.67	2.62	2.61	2.60	2.59	2.58	2.57	2.56	2.55	2.55	2.54	2.53	2.53	2.53	2.53	2.53
Population Served	211	208	217	213	210	204	205	202	206	213	215	215	216	213	215	220	225	230	235
Existing Customer Per capita use (GPD)	85.54	89.11	85.17	76.13	79.55	80.38	75.73	80.74	84.51	82.69	87.32	82.09	86.52	76.65	82.24	82.45	75.57	76.25	78.59
New Customer Per Capita Use (GPD)											78.59	73.88	77.87	68.98	74.01	74.20	68.02	68.62	70.73
HARRISON CO. WATER DEMAND (in MGD).....	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
CLARK COUNTY																			
Population					29,496	29,861	30,226	30,590	30,955	31,320	31,685	32,050	32,414	32,779	33,144	33,433	33,576	33,940	34,408
No. of residential connections										1109	1180	1205	1215	1298	1320	1306	1315	1325	1334
Persons per household										2.58	2.57	2.55	2.54	2.52	2.51	2.51	2.50	2.50	2.49
Population Served											3028	3075	3084	3276	3313	3272	3288	3305	3322
Existing Customer Per capita use (GPD)	85.54	89.11	85.17	76.13	79.55	80.38	75.73	80.74	84.51	82.69	87.32	82.09	86.52	76.65	82.24	82.45	75.57	76.25	78.59
New Customer Per Capita Use (GPD)											78.59	73.88	77.87	68.98	74.01	74.20	68.02	68.62	70.73
CLARK CO. WATER DEMAND (in MGD)													0.24	0.23	0.25	0.24	0.22	0.23	0.23
INDIVIDUAL CUSTOMER TOTAL WATER DEMAND OUTSIDE COUNTIES...	0.40	0.44	0.45	0.41	0.44	0.46	0.45	0.49	0.53	0.54	0.60	0.61	0.93	0.88	1.00	1.04	0.99	1.04	1.11

OUTSIDE COUNTIES--BULK SALES
WATER DEMAND

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
MIDWAY																			
Woodford Co.population projections	18,884	19,076	19,900	19,928	19,955	20,270	20,585	20,934	21,283	21,632	21,988	22,344	22,689	23,033	23,208	23,353	23,497	23,642	23,786
Projected bulk consumption (mgd)	0.16	0.17	0.10	0.10	0.10	0.11	0.12	0.12	0.13	0.13	0.16	0.15	0.13	0.14	0.15	0.19	0.18	0.20	0.19
MIDWAY WATER DEMAND (in MGD).....	0.16	0.17	0.10	0.10	0.10	0.11	0.12	0.12	0.13	0.13	0.16	0.15	0.13	0.14	0.15	0.19	0.18	0.20	0.19
VERSAILLES																			
Woodford Co.population projections	18,884	19,076	19,900	19,928	19,955	20,270	20,585	20,934	21,283	21,632	21,988	22,344	22,689	23,033	23,208	23,353	23,497	23,642	23,786
Versailles projected tot. avg usage													4.00	4.00	3.13				
Versailles production capacity(mgd)	2.50	2.50	2.50	2.50	2.50	2.50	2.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Projected bulk consumption (mgd) (supplemental supply)													0.00	0.00	0.13	0.15	0.14	0.09	0.07
VERSAILLES WATER DEMAND (in MGD).....	0.00	0.13	0.07	0.03	0.05	0.07	0.02	0.13	0.02	0.01	0.01	0.02	0.13	0.23	0.10	0.09	0.07	0.04	0.02
(FORMER SPEARS DISTRICT) CITY OF NICHOLASVILLE																			
Jessamine Co.population projections	28,911	29,338	30,610	30,559	30,508	31,361	32,215	33,068	33,921	34,775	35,628	36,481	37,334	38,188	39,041	39,785	40,689	41,444	42,256
Average bulk consumption (mgd)	0.12	0.15	0.15	0.11	0.11	0.12	0.14	0.13	0.11	0.10	0.14	0.15	0.17	0.20	0.26	0.22	0.19	0.07	0.06
SPEARS DISTRICT WATER DEMAND (in MGD).....	0.12	0.15	0.15	0.11	0.11	0.12	0.14	0.13	0.11	0.10	0.14	0.15	0.17	0.20	0.26	0.22	0.19	0.07	0.06
SOUTH ELKHORN DISTRICT																			
Jessamine Co.population projections	28,911	29,338	30,610	30,559	30,508	31,361	32,215	33,068	33,921	34,775	35,628	36,481	37,334	38,188	39,041	39,785	40,689	41,444	42,256
Average bulk consumption (mgd)	0.25	0.33	0.41	0.37	0.32	0.35	0.36	0.40	0.39	0.38	0.40	0.41	0.42	0.51	0.52	0.54	0.64	0.56	0.48
SOUTH ELKHORN WATER DEMAND (in MGD).....	0.25	0.33	0.41	0.37	0.32	0.35	0.36	0.40	0.39	0.38	0.40	0.41	0.42	0.51	0.52	0.54	0.64	0.56	0.48
NORTH MIDDLETOWN																			
Bourbon Co. population projections	19,188	19,088	18,978	19,277	19,236	19,248	19,261	19,273	19,286	19,298	19,310	19,323	19,335	19,348	19,360	19,432	19,504	19,577	19,649
Average bulk consumption (mgd)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.09	0.09	0.10	0.11	0.13	0.14	0.20	0.19	0.21	0.35
NORTH MIDDLETOWN WATER DEMAND (in MGD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.09	0.09	0.10	0.11	0.13	0.14	0.20	0.19	0.21	0.35
GEORGETOWN MUNICIPAL WATER																			
Scott Co. population projections	22,689	23,501	22,760	23,314	23,867	24,135	24,403	25,360	26,317	27,274	27,731	29,446	30,423	31,397	33,061	34,307	35,554	36,800	38,047
Average bulk consumption (mgd)												0.02	0.12	0.25	0.22	0.06	0.03	0.01	0.04
GEORGETOWN WATER DEMAND (in MGD)												0.02	0.12	0.25	0.22	0.06	0.03	0.01	0.04
Harrison County Water Association																			
Harrison County population projections	15,722	15,907	15,887	16,195	16,248	16,422	16,595	16,769	16,942	17,116	17,289	17,463	17,636	17,810	17,983	18,044	18,100	18,268	18,330
Average bulk consumption (mgd)																0.07	0.08	0.07	0.07
HARRISON COUNTY WATER DEMAND (MGD)																0.07	0.08	0.07	0.07
BULK SALES																			
TOTAL WATER DEMAND OUTSIDE COUNTIES...	0.53	0.77	0.73	0.61	0.58	0.64	0.63	0.78	0.75	0.71	0.80	0.85	1.08	1.46	1.39	1.38	1.37	1.17	1.22

CONSERVATION PROGRAM IMPACTS

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
RESIDENTIAL RETROFIT PROGRAM																			
SAVINGS PER HOUSEHOLD (gal/d)									22.40	22.40	22.40	22.40	22.40	22.40					
HOUSEHOLDS PARTICIPATING									300	1500	2000	2500	3000	3500	0	0	0	0	0
ANNUAL SAVINGS (MGD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.03	0.04	0.06	0.07	0.08	0.00	0.00	0.00	0.00	0.00
CUMULATIVE SAVINGS (MGD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04	0.09	0.14	0.21	0.29	0.29	0.29	0.29	0.29	0.29
RESIDENTIAL LANDSCAPE/TURF SCHEDULE																			
SAVINGS PER HOUSEHOLD										3.80	3.80	3.80	3.80	3.80	3.80				
HOUSEHOLDS PARTICIPATING										500	3000	10000	12500	12500	12500				
ANNUAL SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04	0.05	0.05	0.05	0.00	0.00	0.00	0.00
CUMULATIVE SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.05	0.10	0.15	0.19	0.19	0.19	0.19	0.19
INTERIOR HOME CONSULTATION																			
SAVINGS PER HOUSEHOLD																			
HOUSEHOLDS PARTICIPATING																			
ANNUAL SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUMULATIVE SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
COMMERCIAL/INDUSTRIAL INTERNAL AUDIT																			
SAVINGS PER COMMERCIAL UNIT																			
UNITS PARTICIPATING																			
ANNUAL SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SAVINGS PER INDUSTRIAL UNIT																			
UNITS PARTICIPATING																			
ANNUAL SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUMULATIVE SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INDUSTRIAL/UK EXTERIOR AUDIT																			
UNIVERSITY OF KENTUCKY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
SAVINGS PER INDUSTRIAL UNIT																			
UNITS PARTICIPATING																			
ANNUAL SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUMULATIVE SAVINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INCREASED LEAK DETECTION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.91	0.21	1.47	0.24	-0.14	0.05	0.91	1.48	0.64	3.23
TOTAL SAVINGS FROM CONSERVATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	1.95	0.31	1.67	0.55	0.30	0.53	1.39	1.96	1.12	3.71

					ELAST.	% OF USE								
		SFR INDOOR			0.1	85.0%								
		SFR OUTDOOR			0.5	15.0%								
		COMMERCIAL			0.1	100.0%								
		INDUSTRIAL			0	100.0%								
		APARTMENT			0.1	100.0%								
2.89%	1.56%	2.84%	4.08%	-0.41%	1.77%	3.57%	3.00%	3.00%	3.00%	4.00%	4.00%	4.00%	4.00%	
8.83%	0.00%	0.00%	58.94%	52.23%	28.23%	1.70%	2.20%	17.00%	5.00%	5.00%	15.00%	15.00%	5.00%	
13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
2.2%	0.5%	0.5%	0.5%	0.5%	1.9%	1.9%	1.9%	1.9%	1.9%	1.6%	1.1%	1.1%	1.1%	
4.2%	1.1%	1.0%	1.0%	1.0%	5.3%	5.1%	5.0%	4.9%	4.7%	4.6%	4.4%	4.7%	4.4%	
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030	
271540	274,416	277,292	280,169	283,045	285921	288547	291173	293800	296426	299052	312190	326973	341326	
99154	99959.7	100765	101570	102376	104406	105365	106324	107282	108241	109200	113998	119396	124637	
8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	
6656	6709.64	6763.7	6817.76	6871.82	7008	7072	7137	7201	7266	7330	7652	8014	8366	
157,530	158,876	160,222	161,569	162,915	166,307	167,910	169,513	171,116	172,719	174,322	182,340	191,363	200,123	
12531	13355	13785	14216	14648	15081	15456	15825	16187	16544	16894	18898	21441	24377	
15866	18036	19813	21590	23368	27193	29171	31143	33108	35067	37021	47043	58608	70305	
109892	112063													
403	407													
79.02	81.36	82.09	85.28	87.46	87.61	85.39	83.28	80.91	78.91	78.91	78.91	78.91	78.91	
78.27	81.56	82.47	77.79	80.09	83.90	85.64	83.39	79.10	78.65	78.78	77.52	77.52	78.78	
0.15	-0.04	-0.07	1.50	1.47	0.74	-0.05	-0.02	0.36	0.05	0.03	0.28	0.28	0.03	
93.92	86.13	91.50	87.16	79.35	82.79	75.61	79.64	77.14	76.05	76.05	76.05	76.05	76.05	
84.53	77.52	82.35	78.44	71.41	74.51	68.05	71.68	69.42	68.45	68.45	68.45	68.45	68.45	
15.97	14.84	15.92	15.32	14.09	15.02	13.86	14.51	14.19	14.13	14.26	14.95	15.74	16.54	
14.57	13.48	14.44	13.88	12.74	13.58	12.52	13.07	12.77	12.70	12.81	13.35	13.96	14.56	
99154	99960	100765	101570	102376	104406	105365	106324	107282	108241	109200	113998	119396	124637	
17507	18313	19118	19924	20729	22759	23718	24677	25636	26595	27554	32351	37749	42990	
	0	0	0	0										
86.40	65.60	63.60	63.77	62.73	62.68	62.11	61.91	61.23	60.64	60.40	60.22	60.16	60.14	
85.89	65.71	63.78	60.27	59.43	61.02	62.23	61.96	60.37	60.52	60.34	59.56	59.50	60.08	
0.10	-0.02	-0.04	0.70	0.66	0.33	-0.02	-0.01	0.17	0.02	0.01	0.13	0.13	0.01	
63.89	61.50	63.62	63.06	61.33	61.04	60.48	60.25	60.10	60.15	60.15	60.15	60.15	60.15	
1.43	1.40	1.39	1.36	1.33	1.32	1.26								
4.89	4.73	4.77	4.50	4.37	4.37	4.17								
0.02	0.02	0.02	0.02	0.02	0.02	0.03								
6.33	6.15	6.17	5.88	5.73	5.71	5.45	6.33	6.37	6.43	6.49	6.76	7.07	7.37	
1.41	1.36	1.48	1.44	1.35	1.44	1.34	1.44	1.42	1.43	1.45	1.60	1.78	1.98	
1.24	1.06	1.39	1.42	1.28	1.32	1.22	1.29	1.30	1.29	1.45	1.56	1.68	1.79	
8.93	9.99	9.78	9.70	9.62	8.69	9.96	8.83	9.31	9.35	9.93	10.27	10.60	11.09	
0.05	-0.02	-0.03	0.56	0.53	0.24	-0.02	-0.01	0.13	0.02	0.01	0.11	0.12	0.01	
9.98	9.75	10.27	10.15	8.93	9.94	8.82	9.45	9.37	9.31	10.38	10.72	11.11	11.58	
1.26	1.15	1.15	0.89	0.72	0.88	0.79	0.80	0.83	0.81	0.81	0.81	0.81	0.81	
0.96	0.88	0.93	0.79	0.67	0.67	0.50	0.62	0.60	0.58	0.70	0.73	0.77	0.80	

ADVANCED PLUMBING CODE EFFECTS CALCULATION

	1996	2006	
UNIT WATER SAVINGS, GDU			
TOILETS	21.12	20.20	
SHOWERHEADS	10.03	10.90	
FAUCETS		13.73	3.00
ELIGIBLE POPULATION,%			
TOILETS		0.15	0.65
SHOWERHEADS		0.25	0.9
FAUCETS		0.25	0.9
PARTICIPATION RATE			
LOW		0.75	0.75
HIGH		0.90	0.90
NUMBER OF CUSTOMERS CALC.			
WATER USE,MGD			
SINGLE FAMILY			
IN CTY		13.08993	14.5653
OUT CTY		1.405197	2.651375
MULTI		8.701211	6.334521 FROM AM`
SFR PER CAP USAGE		87.3244	93.91792 FROM AM`
MFR PER CAP USAGE		105.05	63.89
SFR POPULATION		165992	183316
MFR POPULATION		82828	99154
PEOPLE/UNIT		2.64	2.52
EQU.RESID.CUSTOMERS		94250	112091
COMM & IND SAVINGS		0.15	0.44
GOVT AND UK SAVINGS		0.08	0.15
ESTIMATED APC SAVINGS, MGD			
HIGH		1.00	3.18
LOW		0.87	2.75
AVG.		0.94	2.96

1.77	1.61	1.69	1.76	1.63	1.73	1.59	1.65	1.65	1.63	1.64	1.64	1.65	1.65
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
0.35	1.63	1.10	1.04	1.27	1.15	1.16	1.21	1.18	1.19	1.20	1.26	1.31	1.37
37.87	37.07	38.62	37.25	34.31	36.42	33.41	35.86	35.50	35.37	36.94	38.44	40.13	41.91
14.50%	18.70%	14.80%	14.80%	14.80%	10.89%	12.03%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%
6.42	8.53	6.71	6.47	5.96	4.45	4.57	5.74	5.68	5.66	5.91	6.15	6.43	6.71
44.30	45.60	45.33	43.72	40.28	40.87	37.98							
44.33	43.42	45.18	43.62	40.29	42.68	39.27	42.04	41.63	41.49	43.27	44.96	46.89	48.90
74.92	71.82	76.21	73.68	68.28	73.54	67.53	71.48	70.81	70.58	73.47	76.23	79.38	82.66
69.65	67.22	64.3	62.3	52.56	61.36	55.82							
-1.84	-4.05	-2.03	-2.15	-2.22	-0.06	-0.75	-1.78	-1.95	-2.13	-1.45	-1.49	-1.54	-1.58
	39.37	43.15	41.47	38.08	42.62	38.52	40.26	39.68	39.36	41.82	43.47	45.35	47.32
72.19	72.91	74.34	71.69	66.22	73.64	66.93	69.86	69.02	68.61	72.18	74.90	78.00	81.23
1.36	1.28	1.34	1.29	1.19	1.26	1.16	1.24	1.23	1.23	1.28	1.33	1.39	1.45
73.56	74.19	75.68	72.98	67.42	74.91	68.10	71.10	70.25	69.84	73.46	76.23	79.39	82.68
65.91					65.81					66.81	66.64		
40.15	39.30	40.94	39.48	36.37	38.61	35.42	38.01	37.63	37.49	39.16	40.74	42.54	44.42
14.50%	18.70%	14.80%	14.80%	14.80%	10.89%	12.03%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%	13.80%
6.81	9.04	7.11	6.86	6.32	4.72	4.84	6.08	6.02	6.00	6.27	6.52	6.81	7.11
46.99	46.16	47.90	46.24	42.71	45.14	41.55	44.54	44.10	43.95	45.85	47.64	49.68	51.82
79.55	76.49	80.94	78.25	72.51	77.91	71.59	75.86	75.15	74.91	77.98	80.91	84.24	87.73
69.65	67.22												
-1.84	-4.05	-2.03	-2.15	-2.22	-0.06	-0.75	-1.78	-1.95	-2.13	-1.45	-1.49	-1.54	-1.58
45.15	42.11	45.87	44.09	40.49	45.08	40.79	42.76	42.15	41.83	44.39	46.15	48.15	50.23
62	61	63	61	56	59	55	59	58	58	60	62	65	68
64	63	65	63	58	61	57	61	60	60	62	64	67	70
59	56	60	58	54	59	54	56	56	55	58	61	63	66
61	57	62	60	55	61	56	58	58	57	60	63	65	68
77.57	72.30	78.77	75.96	70.16	77.71	70.69	73.94	73.06	72.64	76.38	79.27	82.57	86.00
1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
79.17	73.90	80.37	77.56	71.76	79.31	72.29	75.54	74.66	74.24	77.98	80.87	84.17	87.60

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
23,931	24,103	24,275	24,446	24,618	24,790	24,920	25,050	25,180	25,310	25,440	25,992	26,405	26,685
196	197	198	200	201	203	204	205	206	207	208	213	216	219
2.54	2.53	2.52	2.51	2.51	2.50	2.49	2.48	2.46	2.45	2.44	2.37	2.33	2.30
497	498	500	502	504	508	507	507	507	507	508	505	504	503
93.92	86.13	91.50	87.16	79.35	82.79	75.61	79.64	77.14	76.05	76.05	76.05	76.05	76.05
84.53	77.52	82.35	78.44	71.41	74.51	68.05	71.68	69.42	68.45	68.45	68.45	68.45	68.45
0.05	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
39,293	40,884	42,475	44,067	45,658	47,249	49,022	50,794	52,567	54,339	56,112	66,411	78,759	92,613
3789	4071	4229	4388	4546	4705	4881	5058	5234	5411	5587	6613	7842	9222
2.62	2.62	2.62	2.63	2.63	2.63	2.61	2.59	2.58	2.56	2.54	2.45	2.39	2.35
9927	10674	11098	11523	11948	12374	12750	13120	13484	13841	14192	16201	18743	21671
93.92	86.13	91.50	87.16	79.35	82.79	75.61	79.64	77.14	76.05	76.05	76.05	76.05	76.05
84.53	77.52	82.35	78.44	71.41	74.51	68.05	71.68	69.42	68.45	68.45	68.45	68.45	68.45
0.88	0.87	0.96	0.95	0.89	0.96	0.90	0.98	0.97	0.98	1.01	1.15	1.32	1.52
19,721	19,758	19,795	19,832	19,869	19,906	19,976	20,047	20,117	20,188	20,258	20,586	20,854	21,039
751	781	782	784	785	787	790	792	795	798	801	814	824	832
2.49	2.48	2.48	2.48	2.48	2.48	2.47	2.46	2.45	2.44	2.43	2.39	2.36	2.35
1866	1940	1943	1946	1949	1951	1950	1949	1948	1947	1946	1945	1945	1954
93.92	86.13	91.50	87.16	79.35	82.79	75.61	79.64	77.14	76.05	76.05	76.05	76.05	76.05
84.53	77.52	82.35	78.44	71.41	74.51	68.05	71.68	69.42	68.45	68.45	68.45	68.45	68.45
0.17	0.16	0.17	0.16	0.15	0.16	0.14	0.15	0.14	0.14	0.14	0.14	0.14	0.14
18,196	18,307	18,418	18,528	18,639	18,750	18,836	18,921	19,007	19,092	19,178	19,590	19,958	20,267
95	96	97	97	98	98	99	99	100	100	101	103	105	106
2.53	2.53	2.53	2.53	2.53	2.53	2.52	2.51	2.49	2.48	2.47	2.41	2.37	2.34
240	243	244	246	247	249	249	249	249	248	248	248	248	249
93.92	86.13	91.50	87.16	79.35	82.79	75.61	79.64	77.14	76.05	76.05	76.05	76.05	76.05
84.53	77.52	82.35	78.44	71.41	74.51	68.05	71.68	69.42	68.45	68.45	68.45	68.45	68.45
0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
34,638	34,983	35,327	35,672	36,016	36,361	36,690	37,020	37,349	37,679	38,008	39,611	41,151	42,487
1359	1376	1390	1403	1417	1427	1443	1456	1469	1482	1491	1554	1615	1667
2.49	2.48	2.48	2.47	2.47	2.46	2.45	2.44	2.43	2.42	2.41	2.37	2.33	2.31
3377	3412	3439	3466	3492	3509	3536	3553	3570	3587	3594	3683	3762	3851
93.92	86.13	91.50	87.16	79.35	82.79	75.61	79.64	77.14	76.05	76.05	76.05	76.05	76.05
84.53	77.52	82.35	78.44	71.41	74.51	68.05	71.68	69.42	68.45	68.45	68.45	68.45	68.45
0.29	0.26	0.28	0.27	0.25	0.26	0.24	0.25	0.25	0.25	0.25	0.25	0.26	0.26
1.41	1.36	1.48	1.44	1.35	1.44	1.34	1.44	1.42	1.43	1.45	1.60	1.78	1.98

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
23,931	24,076	24,220	24,365	24,509	24,790	24,920	25,050	25,180	25,310	25,440	25,992	26,405	26,685
0.19	0.17	0.17	0.16	0.17	0.18	0.16	0.17	0.17	0.17	0.18	0.18	0.19	0.19
0.19	0.17	0.17	0.16	0.17	0.18	0.16	0.17	0.17	0.17	0.18	0.18	0.19	0.19
23,931	24,076	24,220	24,365	24,509	24,790	24,920	25,050	25,180	25,310	25,440	25,992	26,405	26,685
3.56					3.72					4.07	4.16	4.22	4.27
4.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
0.04	0.03	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.02	0.02
0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.02	0.02
43,175	44,263	45,351	46,439	47,527	48,615	49,732	50,850	51,967	53,085	54,202	60,051	66,227	72,347
0.09	0.06	0.09	0.17	0.09	0.10	0.08	0.09	0.09	0.09	0.11	0.12	0.13	0.14
0.09	0.06	0.09	0.17	0.09	0.10	0.08	0.09	0.09	0.09	0.11	0.12	0.13	0.14
43,175	44,263	45,351	46,439	47,527	48,615	49,732	50,850	51,967	53,085	54,202	60,051	66,227	72,347
0.64	0.57	0.78	0.77	0.69	0.73	0.71	0.73	0.74	0.74	0.82	0.90	1.00	1.09
0.64	0.57	0.78	0.77	0.69	0.73	0.71	0.73	0.74	0.74	0.82	0.90	1.00	1.09
19,721	19,793	19,865	19,938	20,010	19,906	19,976	20,047	20,117	20,188	20,258	20,586	20,854	21,039
0.21	0.20	0.24	0.22	0.21	0.22	0.17	0.20	0.20	0.19	0.22	0.22	0.23	0.23
0.21	0.20	0.24	0.22	0.21	0.22	0.17	0.20	0.20	0.19	0.22	0.22	0.23	0.23
39,293	40,539	41,786	43,032	44,279	47,249	49,022	50,794	52,567	54,339	56,112	66,411	78,759	92,613
0.02	0.00	0.02	0.00	0.03	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01
0.02	0.00	0.02	0.00	0.03	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01
18,196	18,307	18,418	18,528	18,639	18,750	18,836	18,921	19,007	19,092	19,774	19,590	20,913	20,267
0.08	0.08	0.09	0.09	0.09	0.10	0.09	0.09	0.10	0.09	0.10	0.10	0.11	0.10
0.08	0.08	0.09	0.09	0.09	0.10	0.09	0.09	0.10	0.09	0.10	0.10	0.11	0.10
1.24	1.06	1.39	1.42	1.28	1.32	1.22	1.29	1.30	1.29	1.45	1.56	1.68	1.79

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2020	2025	2030
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
		23.76	23.76	23.76	23.76								
		200	200	200	200								
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
			523	523	523	523	523	523	523				
			200	200	200	200	200	200	200				
0.00	0.00	0.00	0.10	0.10	0.00	0.10	0.10	0.10	0.10	0.00	0.00	0.00	0.00
			70824	70824	70824	70824	70824	70824	70824				
			1	1	1	1	1	1	1				
0.00	0.00	0.00	0.07	0.07	0.00	0.07	0.07	0.07	0.07	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.18	0.35	0.00	0.18	0.35	0.53	0.70	0.00	0.00	0.00	0.00
0.00					0.00					0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00					0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.36	3.57	1.54	1.49	1.37	-0.42	0.10	0.94	0.93	0.93	0.97	1.01	1.06	1.10
1.84	4.05	2.03	2.15	2.22	0.06	0.75	1.78	1.95	2.13	1.45	1.49	1.54	1.58

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

12. Refer to Direct Testimony of Linda C. Bridwell at 34, lines 4-8.

    a. Explain why usage for the months of December through April is a more reliable indicator than usage for other periods.

    b. State whether Kentucky-American analyzed usage during other periods (e.g., December through February). If yes, state the periods analyzed and provide the analyses.

Response:

    a. For a climate such as that in Kentucky American's service area, the period of December through April is felt to be representative of the time of year during which customer usage is not influenced by weather. For instance, during these months, outdoor watering by customers is virtually non-existent. Since usage during this period is virtually all indoor use by customers, this allows us to study and understand trends occurring in indoor usage.

    b. No other monthly periods (e.g., December through February) were analyzed.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

13. Provide Kentucky-American's projected maximum day demand usage for following years:

    a. 2013;

    b. 2015;

    c. 2020;

    d. 2025; and

    e. 2030.

Response:

a. 75.15 million gallons per day

b. 77.98 million gallons per day

c. 80.87 million gallons per day

d. 84.17 million gallons per day

e. 87.73 million gallons per day

The detailed information regarding the demand projections is included in response to Item 11 of this same data request.

KENTUCKY-AMERICAN WATER COMPANY
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COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

14. At page 41 of her written direct testimony, Ms. Bridwell states: "[R]ecent updates to that model show that the current increased water efficiency trends will offset increased projections in population growth that have also occurred since the [Kentucky River Station II] plant was originally designed." State whether, assuming that no transmission main between Kentucky River Station II and Kentucky-American's Northern Division is constructed, the increased water efficiency trends will stabilize Kentucky-American's maximum day demand and lower the maximum day demand that Kentucky-American previously projected for the period from 2010 through 2030. Explain.

Response:

Kentucky American Water currently has very stable maximum day demands compared to the water industry, where a 2:1 ratio compared to average day demands is not uncommon. However, the ability to reduce the peak day demands compared to average day demands, is key in helping to sustain lower overall customer costs.

In 2007, Kentucky American used demand projections demonstrating a significant water treatment and raw water deficit through the planning horizon of 2030, based on maximum day demands and drought average day demands.

Whether or not the transmission main between Kentucky River Station II and Kentucky-American's Northern Division is constructed, the increased water efficiency trends alone would lower the maximum day demand that Kentucky American previously projected if they were completely long term per customer usage reductions. There is no way for Kentucky American to accurately project in the short-term how much of the flat, average day demands are due to efficiency trends, and how much is due to economic factors. For that reason Kentucky American has used a "declining use" trend of 5-years for budgeting purposes that is updated each year.

There are two items, however, that offset what would otherwise be a lower maximum day demand than what was previously projected. First, Kentucky American has seen a slight increase in the maximum day demand to the average day demand ratio. What this means is that while the average day consumption, or base usage has been fairly flat over the last five years, the peak days that are occurring in that same time period have been higher than the average over the previous 15 years. This slight uptick actually raises the maximum day demand projection slightly.

In 2010, the United States completed its most recent census and the Kentucky State Data Center updated it long rage population projections which raised population projections

through 2030 above what was used in 2007. This further offsets the impact of the efficiency trends in the long range projections.

KENTUCKY-AMERICAN WATER COMPANY
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COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

15. Refer to Kentucky-American's Application, Exhibit 2 at 17-19. Second Revised Tariff Sheet No. 57 provides for an insufficient-funds charge of $12.00 to be applied to all Kentucky-American customers. Second Revised Tariff Sheet No. 58.1 provides for returned charge of $10.00 to be applied to all Kentucky-American customers in the Northern Division whom Tri-Village Water District previously served. Second Revised Tariff Sheet No. 58.2 provides for a returned check fee of $10.00 to be applied to all Kentucky-American customers whom Elk Lake Shores Subdivision previously served.

    a. Explain why Kentucky-American is imposing different amounts for the same customer activity.

    b. Explain why Kentucky-American has not unified non-recurring charges throughout its service area.

Response:

    a. It was not Kentucky American's intention to impose different amounts for the same customer activity. The tariff sheets with $10.00 amounts were holdover sheets that were adopted when the Elk Lake Subdivision and the Tri-Village Water District were originally acquired. Although the rates in general were consolidated into a single tariff for the entire service area for Kentucky American, these tariff sheets were inadvertently not deleted in previous cases. If amenable to the parties and the Commission, Kentucky American would like to correct the issue in this proceeding. Otherwise, Kentucky American proposes to delete the tariff sheets in a tariff filing made subsequent to this case.

    b. Please refer to the response to part a.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Paul R. Herbert

16. At pages 9 and 10 of his written direct testimony, Paul R. Herbert attributes an increase in service charges to the installation of automated meter reading devices ("AMR").

    a. Explain why the full customer cost of $14.86 per unit was not used.

    b. Describe how Mr. Herbert determined the monthly rate of $14.00 per month for the 5/8-inch meter service charge.

    c. Provide all correspondence, internal memoranda, electronic mail messages, and notes in which the monthly service charge rate is discussed.

    d. Provide by meter size the number of meters that Kentucky-American had in service as of December 31, 2012, and the number of meters on which an AMR device has been installed.

Response:

    a. The full customer cost of $14.86 per unit as demonstrated on page 41 of Exhibit No. 26 was not used in the interest of gradualism. An increase of the service charge to $14.86 would be a 67% increase in the service charge rather than the proposed $14.00 surcharge which produces a 57% increase in the service charge.

    b. Mr. Herbert determined the monthly rate of $14.00 per month for the 5/8-inch service charge in discussions with the Company.

    c. There are no correspondence, internal memoranda, electronic mail messages, or notes in which the monthly service charge rate is discussed. The discussion was held telephonically.

d. The number of meters is not available for December 31, 2012. Below are the number of meters at February 15, 2013.

Size	In Service	AMR
5/8"	117,511	101,216
3/4"	6	6
1"	4,259	4,176
1 1/2"	223	221
2"	2,308	2,303
3"	11	2
4"	85	81
6"	41	33
8"	13	13

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

17. In its issue of January 18, 2013, *Value Line Investment Survey* ("*Value Line*") initiates coverage on Connecticut Water Service, Inc. ("Connecticut Water").

    a. Explain whether Connecticut Water qualifies for inclusion in Dr. Vander Weide's water utility proxy group.

    b. Describe how the inclusion of Connecticut Water in Dr. Vander Weide's water utility proxy group would affect his cost of equity calculations.

Response:

a. As discussed in his direct testimony, Dr. Vander Weide selects all the water companies included in the Value Line Investment Survey that: (1) pay dividends; (2) did not decrease dividends during any quarter of the past two years; (3) have an analyst's long-term growth forecast; and (4) are not the subject of a merger that has not been completed. In addition, all of the companies included in his group have a Value Line Safety Rank of 2 or 3, where 3 is the average Safety Rank of the Value Line universe of companies. Connecticut Water qualifies for inclusion on the basis of each criterion, with the exception that there are no available analysts' long-term growth estimates for the company. Thus, Connecticut Water would not currently qualify for inclusion in the water proxy group. In addition, Dr. Vander Weide notes that he did consider including Connecticut Water, which was previously followed in the Plus edition of Value Line, in his proxy group at the time he prepared his direct testimony; however, there also were no long-term earnings growth forecasts for Connecticut Water at that time.

b. Because Connecticut Water cannot be included in the proxy group due to the lack of a growth forecast, there would be no change in Dr. Vander Weide's water utility proxy group cost of equity calculations.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

18. In its issue of January 18, 2013, *Value Line* ranks the water utility industry for Timeliness at four out of the 98 surveyed industries. In July 2012, it ranked the water utility industry 54th out of 98 surveyed industries in Timeliness. In October 2012, it ranked the water utility industry 28th of 98 surveyed industries. State whether the water utility industry's increase in Timeliness rankings reflects an improvement in investor sentiment towards the water utility proxy group. Explain.

Response:

Dr. Vander Weide did not study Value Line's "Timeliness Rank" in preparing his testimony because the Timeliness Rank is not a measure of risk. Further, Dr. Vander Weide's DCF model does not require a separate estimate of investor sentiment because investors' sentiments are already included in the stock prices and growth rates used in his DCF calculations. Thus, Dr. Vander Weide does not believe that changes in Value Line's Timeliness Rank are relevant to his estimates of KAWC's cost of equity.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

19. Describe how the recent economic downturn and current economic conditions affect investors' required return on equity investments.

Response:

Investors' views of the recent economic downturn and current economic conditions are reflected in the specific market data used in Dr. Vander Weide's cost of equity calculations. Dr. Vander Weide's conclusions are based on the results of his cost of equity calculations rather than on a subjective assessment of the effect of general economic conditions on investors' required returns on equity investments.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

20. Explain why Dr. Vander Weide did not consider in his Discounted Cash Flow ("DCF") calculations expected dividend growth when estimating investors' expectations for the growth rate.

Response:

Dr. Vander Weide did not consider using expected dividend growth to estimate investors' expectations for future growth in his DCF calculations because: (1) the DCF model requires the growth expectations of investors; (2) his studies indicate that analysts' growth forecasts are the best proxy for investors' growth expectations; (3) there are several sources for consensus estimates of earnings per share growth forecasts but no source of consensus estimates of dividend growth forecasts, and (4) dividends and earnings will grow at the same rate in the long run.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

21. Explain why Dr. Vander Weide used a three-month average of stock prices to calculate the dividend yield instead of the most current stock prices available at the time of the DCF analyses.

Response:

Dr. Vander Weide uses the three-month average stock price in applying the DCF method because stock prices fluctuate daily, while financial analysts' forecasts for a given company are generally changed less frequently, often on a quarterly basis. Thus, to match the stock price with an earnings forecast, it is appropriate to average stock prices over a three-month period.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

22. State whether, in Dr. Vander Weide's opinion, it is realistic to assume for purposes of DCF calculations that earnings growth will continue at the same rate on a long-term basis beyond five years.

Response:

Dr. Vander Weide does not use the earnings growth forecasts in his DCF calculations because they are necessarily "realistic." Rather, Dr. Vander Weide believes it is reasonable to use earnings growth forecasts as the growth estimate in a DCF model because, as he discusses in his direct testimony, the DCF model requires the growth estimates of investors, and there is considerable empirical evidence that investors use analysts' forecasts to estimate future earnings growth. Analysts' growth forecasts are superior to other growth estimates, such as historical or sustainable, because they incorporate all relevant information regarding current and future economic conditions. In addition, as discussed in his direct testimony, his studies indicate that analysts' growth forecasts are more highly correlated with stock prices than historical growth rates. This result is consistent with the hypothesis that investors use analysts' growth forecasts in making stock buy and sell decisions.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Gary M. VerDouw

23. Provide for each member of Dr. Vander Weide's proxy group of water companies the most current Returns on Equity ("ROE") awarded by state regulatory agency and the date of the award. If the proxy group member is a holding company, the information for the member's regulated subsidiaries should be provided.

Response:

Please see the attached.

Kentucky American Water Company
Case No. 2012-00520
Response to Kentucky PSC Staff Discovery Requests

Line Number	Company in Proxy Group of Water Companies	Most Recent Return on Equity ("ROE") Awarded by State Regulatory Agency	Date of Most Recent Return on Equity ("ROE") Awarded by State Regulatory Agency	Water Companies That Use a Forecasted Test Period	Water Companies That Have a Rate Mechanism Similar to "DSIC"	Water Companies That Have Automatic Pass Through of Power and Chemicals	Water Companies That Have a Regulator Approved Revenue Stabilization Mechanism
1.	**American States Water:**						
	Golden State Water Company (CA)	9.99%	7/12/2012	Yes	Yes	Yes (2)	Yes
2.	**American Water Works:**						
	New York American Water	9.65%	3/20/2012	Yes	Yes	Yes	Yes
	New Jersey American Water	10.15%	5/1/2012	No	Yes	No (3)	No
	Pennsylvania American Water	10.25%	10/6/2011	Yes	Yes	No	No
	Virginia American Water	9.75%	12/13/2012	No	No	No	No
	West Virginia American Water	9.75%	4/18/2011	No	No	No	No
	Maryland American Water	10.75%	9/1/2009	No	No	No	No
	Tennessee American Water	10.00%	10/15/2012	Yes	No	No	No
	Kentucky American Water	9.70%	12/14/2010	Yes	No	No	No
	Indiana American Water	9.70%	6/6/2012	No	Yes	No	No
	Michigan American Water	Not Regulated	Not Regulated	Not Regulated	Not Regulated	Not Regulated	Not Regulated
	Illinois American Water	9.34%	9/20/2012	Yes	Yes	No (3)	No
	Iowa American Water	9.40%	2/23/2013	No	No	No	No
	Missouri American Water	10.00%	3/16/2012	No	Yes	No	No
	California American Water	9.99%	7/12/2012	Yes	No	Yes	Yes
	Hawaii American Water	N/A (Sewer Only)	N/A (Sewer Only)	N/A (Sewer Only)	N/A (Sewer Only)	N/A (Sewer Only)	N/A (Sewer Only)
3.	**Aqua America:**						
	Aqua Florida *	9.26% (4)	3/5/2012	Historic - but can update	No	Yes - Pur. Power Only	No
	Aqua Illinois	9.49%	2/26/2012	Yes	Yes	No (3)	No
	Aqua Indiana (settlement)	N/A (5)	6/10/2009	No	Yes	No	No
	Aqua New Jersey	10.15%	4/11/2012	No	Yes	No (3)	No
	Aqua North Carolina	10.20%	9/13/2011	No	No	No	No
	Aqua Ohio (Settlement)	N/A (5)	6/13/2012	No	Yes	No (1)	No
	Aqua Pennsylvania (settlement)	10.2% (DSIC purposes)	6/7/2012	Yes	Yes	No	No
	Aqua Texas (6)	12.00%	7/13/2004	No	No	No	No
	Aqua Virginia (stipulated)	10.40%	10/29/2010	No	No	No	No
4.	**California Water:**						
	California Water Service Company	9.99%	7/12/2012	Yes	Yes	Yes (2)	Yes
5.	**Middlesex Water (NJ):**	10.15%	7/20/2012	No	Yes	No (1)	No
6.	**SJW Corp:**						
	San Jose Water Company	9.99%	7/12/2012	Yes	Yes	Yes (2)	Yes

Notes:
(1) Tariff contains Surcharge Rider for Pass Through recovery of Purchased Water Costs.
(2) Puchased Power and Purchased Water costs are a sub-reconciliation component of the authorized Revenue Stablization Mechanism.
(3) Tariffs contains Surcharge Riders for Pass Through recovery of Purchased Water and Purchased Sewage Treatment and Disposal Costs.
(4) ROE for most recent Aqua Florida Order includes a 50 basis point reduction by the Florida PSC due to quality of service issues.
(5) Settlement - ROE not specified in rate order.
(6) Aqua Texas currently has a case in front of the Texas Commission. Interim rates set on 2/21/2012. ROE has not yet been specified.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Gary M. VerDouw

24. Identify each member of Dr. Vander Weide's proxy group of water companies that may use a forecasted test period when applying for rate adjustment or has subsidiaries that may use a forecasted test period when applying for rate adjustment.

Response:

Please see the attachment provided in response to Item 23 of this same data request.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Gary M. VerDouw

25. Identify each member of Dr. Vander Weide's proxy group of water companies that has a rate mechanism in its rate schedule similar to Kentucky-American's proposed Distribution System Improvement Charge ("DISC") or has a subsidiary with such a rate mechanism.

Response:

Please see the attachment provided in response to Item 23 of this same data request.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Gary M. VerDouw

26. Identify each member of Dr. Vander Weide's proxy group of water companies that has a rate mechanism in its rate schedule that permits the automatic pass-through of purchased power and chemical expenses similar to that proposed by Kentucky-American or that has a subsidiary with such a rate mechanism.

Response:

Please see the attachment provided in response to Item 23 of this same data request.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Gary M. VerDouw

27. Identify each member of Dr. Vander Weide's proxy group of water companies that has a regulator-approved revenue-stabilizing mechanism in its rate schedule other than the mechanisms identified in Items 25 and 26 of this Request or a purchased water adjustment mechanism or that has a subsidiary with such a rate mechanism. For each member listed, describe the revenue-stabilizing mechanism.

Response:

Please see the attachment provided in response to Item 23 of this same data request.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

28. Describe the effect of a regulated utility's ability to use a forecasted test period on an investor's perception of that utility's risk.

Response:

Other things equal, investors would tend to perceive regulated utilities whose rates are based on forecasted test periods as being less risky. However, investors' required rate of return is based on their perception of the total risk of investing in a utility. As Dr. Vander Weide discusses in his direct testimony, his proxy groups are comparable to KAWC in terms of total risk. In addition, the use of a forecasted test period is becoming increasingly common in utility regulation because it is apparent that a utility may not be able to earn its allowed return on rate base when operating expenses and rate base are increasing and historical test periods are used to set rates.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

29. Describe the effect of a regulated utility's ability to use revenue-stabilizing mechanisms, such as a DISC or automatic pass-through mechanism, on an investor's perception of that utility's risk.

Response:

Other things equal, investors would tend to perceive regulated utilities that have revenue-stabilizing mechanisms or cost adjustment mechanisms as being less risky. However, investors' required rate of return is based on their perception of the total risk of investing in a utility. As Dr. Vander Weide discusses in his direct testimony, his proxy groups are comparable to KAWC in terms of total risk. In addition, the use of revenue-stabilizing mechanisms or cost adjustment mechanisms is becoming increasingly common in utility regulation because it is apparent that utilities may not be able to earn their allowed returns on rate base in the absence of such mechanisms.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

30. Provide the most current earned ROE for each member of the proxy group of water companies. If the proxy group member is a holding company, the information for the member's regulated subsidiaries should be provided.

Response:

Shown below is the most recent earned ROE for each member of the proxy group of water companies as reported by Value Line. Dr. Vander Weide does not have information on earned ROEs for water company subsidiaries.

Company	Return on Common Equity	Notes
Amer. States Water	10.30%	Excludes non-recurring gain of $0.20 per share
Amer. Water Works	7.20%	Excludes non-recurring gain of $0.03 per share
Aqua America	11.40%	
California Water	8.00%	Excludes non-recurring gain of $0.04 per share
Middlesex Water	7.60%	
SJW Corp.	7.90%	

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

31. For each member of the proxy group of water companies, state whether the member has operations that are not associated with regulated water service, including those related to the provision of electric or natural gas service.

Response:

The following business descriptions from Value Line indicate that the water companies' operations are associated primarily with regulated water services.

> American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Company, it supplies water to more than 250,000 customers in 75 communities in 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 customers in the city of Big Bear Lake and in areas of San Bernardino County.
>
> American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to over 15 million people in over 30 states and Canada. Its non-regulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 88.9% of 2011 revenues.
>
> Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states.
>
> California Water Service Group provides regulated and non-regulated water service to roughly 471,900 customers in 83 communities in California, Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08).
>
> Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its

Middlesex System provides water services to 60,000 retail customers, primarily in Middlesex County, New Jersey.

SJW Corporation engages in the production, purchase, storage, purification, distribution, and retail sale of water. It provides water service to approximately 226,000 connections that serve a population of approximately one million people in the San Jose area and 8,700 connections that serve approximately 36,000 residents in a service area in the region between San Antonio and Austin, Texas. The company offers non-regulated water-related services, including water system operations, cash remittances, and maintenance contract services. SJW also owns and operates commercial real estate investments.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

32. Explain why inclusion of Kentucky-American's parent corporation in Dr. Vander Weide's DCF analysis is appropriate.

Response:

It is appropriate to use Kentucky-American's parent company in Dr. Vander Weide's DCF analysis because: (1) including the parent company in the DCF analysis provides useful information regarding KAWC's cost of equity; (2) there are only six publicly-traded water companies with sufficient information to estimate KAWC's cost of equity; and (3) KAWC's parent is the largest of all the publicly-traded water companies.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

33. Provide Revised Exhibit JVW-1, Schedules 1, 2, 3 and 8, to remove the flotation cost adjustment.

Response:

Please see the Excel work papers provided in response to Item 40 of this same data request, which indicate the model results for the DCF calculations in Schedule 1 and Schedule 2 both with and without a flotation cost allowance. There is no flotation cost allowance in the S&P 500 DCF calculation in Schedule 8. With regard to Schedule 3, Dr. Vander Weide notes that recalculating the Ex Ante Risk Premium study using the data for each month beginning June 1998 through September 2012 would be very costly; and from Dr. Vander Weide's experience, he believes that the average results over this period would be approximately twenty basis points less than the results filed in his direct testimony. A summary comparison of the model results with and without flotation costs is shown in the following table:

Method	Model Result	Model Result without Flotation
DCF—Water	10.5%	10.4%
DCF—LDC	10.4%	10.2%
Ex Ante Risk Premium	11.4%	11.2%
Ex Post Risk Premium	10.8%	10.7%
Range of Results	10.4% - 11.4%	10.2% - 11.2%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

34. a. State whether the members of Dr. Vander Weide's LDC proxy group face the same business risks that water companies face.

b. State whether Dr. Vander Weide agrees that the members of the LDC proxy group have aspects of their operations that are wholly unrelated to the business activities of Kentucky-American, including unregulated natural gas marketing and electric distribution.

c. State whether Dr. Vander Weide agrees that, if a member of the LDC proxy group is involved in operations other than regulated water service, it faces business risks that Kentucky-American does not. Explain.

d. Describe the business risks that the members of Dr. Vander Weide's LDC proxy group face.

Response:

a. Dr. Vander Weide recognizes that the business risks of the natural gas utilities in the LDC group are not exactly the same as the business risks of the companies in the water utilities group. However, he also recognizes that the average business risk of the members of the LDC group is similar to the average business risk of the companies in the water company group in the sense that, as discussed in his testimony, like KAWC, the LDCs invest primarily in a capital-intensive physical network that connects the customer to the source of supply, and sell their products and services at regulated rates to customers whose demand is primarily dependent on weather and the state of the economy. To further support his conclusion that the LDCs are a conservative additional proxy for the risks of investing in the water utilities, Dr. Vander Weide notes in his direct testimony that the average Value Line Safety Rank for his proxy group of LDCs is approximately 2, on a scale where 1 is the most safe and 5 is the least safe, whereas the water companies have an average Value Line Safety Rank of approximately 3; and (2) the *Hope* and *Bluefield* standards do not require that the proxy companies be in the same business as the target company, but require that proxy companies be similar in risk to the target company.

b. Yes. However, companies do not have to have exactly the same operations to be similar in risk. Please see response to part (a) above.

c. Yes. However, companies do not have to have exactly the same operations to be similar in risk. Please see response to part (a) above.

d. The LDCs face the same types of risks as the water utilities, namely: (1) demand uncertainty; (2) operating expense uncertainty; (3) investment cost uncertainty; (4) high operating leverage; and (5) regulatory uncertainty.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

35. Explain why the different business risk that members of the LDC proxy group face does not disqualify them as proxies for Kentucky-American.

Response:

The business risks of the utilities in the LDC proxy group do not disqualify them as proxies for KAWC because: (1) the LDCs have business risks that are similar to, but not exactly equal to, the business risks of the water utilities; and (2) the fair rate of return standard only requires that the proxy companies have similar risks to the utility whose rates are being determined. For example, the CAPM assumes that all companies with the same beta have the same cost of equity, even though companies with the same beta need not be in the same industry. Please also see response to Item 34 of this same data request.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

36. Describe how investors would view the timeliness of the natural gas utility industry, which *Value Line* in its issue of December 7, 2012 ranked 27th out of 98 industries in Timeliness, as opposed to the water utility industry's rating of fourth out of 98 industries.

Response:

Dr. Vander Weide did not study the Timeliness Rank of the natural gas utility industry because the Timeliness Rank is not a measure of risk. Please also see response Item 18 of this same data request.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

37. Refer to the Direct Testimony of Dr. James H. Vander Weide at 3-4. Although Dr. Vander Weide testifies that little or no weight should be assigned to the results of the Capital Asset Pricing Model ("CAPM") when the average beta is significantly less than 1.0 and because CAPM underestimates the cost of equity for companies with small market capitalization, he includes the results of a CAPM analysis in his testimony.

    a. State whether it is possible to make adjustments to the CAPM results to compensate for the perceived problems with CAPM. If yes, describe the adjustments that could be made.

    b. Explain why a 5.11 percent long-term Treasury bond yield forecast is used for the CAPM risk-free rate, as shown on Schedules 7 and 8 of Exhibit JVW-1 as opposed to an actual Treasury yield such as the current 20- or 30-year Treasury bond yield.

Response:

    a. The CAPM could be partially adjusted to compensate for its problems by using a beta closer to 1.0. However, even with the Value Line adjustment, the CAPM fails to predict returns in the marketplace.

    b. Dr. Vander Weide believes that forecasted interest rates should be used in risk premium and CAPM methods at this time because current interest rates are being artificially depressed by the Federal Reserve's injections of massive amounts of liquidity into financial markets; and economists are projecting higher interest rates once the economy begins to improve. Dr. Vander Weide further notes that forecasted interest rates should be used because the fair rate of return standard requires that a regulated utility have an opportunity to earn its cost of equity during the period when rates are in effect, and the rates approved in this case will not come into effect until a time in 2013 and will likely continue in effect in 2014.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

38. Explain why the Risk Premium analysis does not include an approach that includes long-term Treasury bonds as a measure of the risk-free rate.

Response:

Unlike the CAPM, the risk premium analysis does not require the use of a risk-free rate of interest. Please also see Vander Weide direct testimony, Answer 78 at page 32, line 16, which states:

> "The risk premium approach can be implemented using virtually any debt instrument. However, the risk premium approach does require that the debt instrument used to estimate the risk premium be the same as the debt instrument used to calculate the interest rate component of the risk premium approach. For example, if the risk premium on equity is calculated by comparing the returns on stocks and the returns on A-rated utility bonds, then the interest rate on A-rated utility bonds must be used to estimate the interest rate component of the risk premium approach."

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

39. Refer to the Direct Testimony of Dr. James H. Vander Weide at 35.

a. State whether Footnote 1 references 4.02 percent as being the A-rated utility bond yield.

b. Explain why, if 4.02 percent is the current A-rated utility bond yield, a forecasted 6.6 percent yield to maturity was used to calculate the ex ante and ex post risk premium instead of 4.02 percent.

c. Explain why the ex ante risk premium was calculated using a time period beginning in 1998. If earlier data is available, provide the results of the ex ante risk premium calculation over a time period similar to the ex post risk premium, or for as long a period as possible.

Response:

a. Yes. The average yield on Moody's A-rated utility bonds at September 2012 was 4.02 percent.

b. Please see response to Item 37, subpart (b) of this same data request.

c. Dr. Vander Weide began calculating the ex ante risk premium using a time period beginning in 1998 because, from the standpoint of the labor intensiveness and cost of doing the study, 1998 was a reasonable beginning point in time when Dr. Vander Weide first began doing the study. Dr. Vander Weide does not have all the earlier data required for the ex ante risk premium study, which requires DCF calculations for each company with sufficient data to estimate the DCF cost of equity in every month of the study period; and obtaining data from earlier periods would be extremely time consuming and expensive to develop. Further, unlike an ex post risk premium study, which requires long periods of time because realized risk premiums are not equal to required risk premiums in any single period, the ex ante risk premium study incorporates monthly estimates of the required return and uses the relationship between the estimated required return and interest rates to forecast the future risk premium.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: James H. Vander Weide

40. Provide in Microsoft Excel format the spreadsheets that support Dr. Vander Weide's Direct Testimony as well as his responses to this Information Request, where appropriate, with the underlying data and formulas intact.

Response:

Please see the attached Excel files.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Linda C. Bridwell

41. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 11. The 10-year average ratio of actual to budgeted capital construction ("slippage factors") for 2002 through 2012 is 122.14 percent for the Recurring Capital Expenditure Projects A-S, and 82.25 percent for the Investment Projects.[1]
    a. Assuming all other factors are unchanged, recalculate Kentucky-American's forecasted revenue requirement, rate base, and cost-of-service study to take into account the use of a slippage factor of 122.14 for all monthly Recurring Capital Expenditure Projects A-S expenditures beginning December 2009 through the end of the forecasted period **and** the use of a slippage factor of 82.25 for all monthly Investment Project expenditures, except "Project 06-07 New WTP Pool 3 of Kentucky," beginning December 2009 through the end of the forecasted period.
    b. Provide all work papers, state assumptions, and show all calculations used to determine the effect of these slippage factors to each forecasted element of revenue requirement, rate base, and cost-of-service study.
    c. Provide the work papers, calculations, and assumptions requested in Item 41(b) in Microsoft Excel format.

Response:

For purposes of the response, the Company has assumed that the intention of this information request was too apply the slippage factors beginning in October 2012 (the first budget month of the base period.)

Please see the attached for the the costs of service study, as well as exhibits and support documentation. The exhibits and support may also be viewed in Excel format through the CD provided.

	Original Filing	PSC Slippage
Rate Base	$ 385,994,706	$ 386,287,082
Rate of Return	8.20%	8.18%
Return	$ 31,651,566	$ 31,598,283
Utility Operating Income	$ 24,179,914	$ 23,862,053
Deficiency Before Gross Up	$ 7,471,652	$ 7,736,231
Gross Up	1.648591	1.648591
Revenue Increase	$ 12,317,702	$ 12,753,884
AFUDC	$ 491,629	$ 443,998
Property Taxes	$ 4,455,772	$ 4,464,501
Depreciation & Cost of Removal	$ 13,121,601	$ 13,141,418
Income Tax	$ 7,639,107	$ 7,880,790

[1] Investment Project "06-07 New WTP Pool 3 of Kentucky" is not included in the slippage factor calculation.

KENTUCKY AMERICAN WATER COMPANY

Lexington, Kentucky

COST OF SERVICE ALLOCATION STUDY

AS OF JULY 31, 2014

AND

PROPOSED CUSTOMER RATES

IN RESPONSE TO PSC DATA REQUEST

SET 2, NUMBER 41

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania

KENTUCKY AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED JULY 31, 2014
PSC DATA REQUEST SET 2 NUMBER 41

Customer Classification	Cost of Service Amount (Schedule B)	Cost of Service Percent	Revenues, Present Rates Amount	Revenues, Present Rates Percent	Revenues, Proposed Rates Amount	Revenues, Proposed Rates Percent	Proposed Increase Amount	Proposed Increase Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	$ 53,410,952	56.7%	$ 44,433,532	54.4%	$ 52,710,350	56.0%	$ 8,276,818	18.6%
Commercial	23,006,296	24.4%	21,432,165 (a)	26.2%	23,427,860 (a)	24.9%	1,995,695	9.3%
Industrial	2,640,226	2.8%	2,147,438	2.6%	2,575,818	2.7%	428,380	19.9%
Public Authority	7,099,959	7.5%	6,325,482	7.7%	7,089,899	7.5%	764,417	12.1%
Sales for Resale	1,784,365	1.9%	1,829,521	2.2%	1,876,758	2.0%	47,237	2.6%
Private Fire Service	2,187,835	2.3%	2,319,440	2.8%	2,551,347	2.7%	231,907	10.0%
Public Fire Service	4,110,240	4.4%	$3,344,560	4.1%	4,003,927	4.2%	659,367	19.7%
Total Sales	94,239,873	100.0%	81,832,138	100.0%	94,235,959	100.0%	12,403,821	15.2%
Other Revenues	2,624,213		$2,278,064		2,624,213		346,149	15.2%
Total	$ 96,864,086		$ 84,110,202		$ 96,860,171		$ 12,749,969	15.2%

(a) Includes Other Water Revenue.

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
OPERATION AND MAINTENANCE EXPENSES									
SOURCE OF SUPPLY EXPENSES									
-OPERATION-									
Purchased Water	1	207,227	102,578	64,448	8,931	22,919	7,149	539	663
Purchased Power	1	26,124	12,931	8,125	1,126	2,889	901	68	84
Miscellaneous Expenses	2	4,231	2,147	1,318	170	447	136	7	8
Janitorial P	2	245	124	76	10	26	8	0	0
Trash Removal SS	2	7,729	3,921	2,407	310	816	248	12	15
Water & WW SS	1	43,838	21,700	13,634	1,889	4,849	1,512	114	140
Total Operation		289,394	143,400	90,007	12,436	31,946	9,955	740	910
-MAINTENANCE-									
Labor	2	10,558	5,356	3,288	423	1,115	339	17	20
M&S Maint	2	149,692	75,939	46,614	6,003	15,807	4,805	240	284
Total Maintenance		160,249	81,294	49,902	6,426	16,922	5,144	256	304
Total Source of Supply		449,644	224,695	139,908	18,862	48,868	15,099	997	1,215
POWER AND PUMPING EXPENSES									
Purchased Power	1	631,321	312,504	196,341	27,210	69,824	21,781	1,641	2,020
Total Operation		631,321	312,504	196,341	27,210	69,824	21,781	1,641	2,020

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
-MAINTENANCE-									
Labor	6	43,684	21,160	12,935	1,621	4,220	996	1,241	1,511
Total Maintenance		43,684	21,160	12,935	1,621	4,220	996	1,241	1,511
Total Power and Pumping		675,004	333,664	209,275	28,831	74,044	22,777	2,882	3,532
WATER TREATMENT									
-OPERATION-									
Supervision and Engineering	2	936,655	475,165	291,674	37,560	98,911	30,067	1,499	1,780
Labor Expense	2	1,694,827	859,786	527,769	67,963	178,974	54,404	2,712	3,220
Chemicals	1	1,779,872	881,037	553,540	76,712	196,854	61,406	4,628	5,696
Purchased Power	1	3,110,685	1,539,789	967,423	134,071	344,042	107,319	8,088	9,954
M&S Operation	2	32,349	16,411	10,074	1,297	3,416	1,038	52	61
Contracted Services	2	172,893	87,709	53,839	6,933	18,258	5,550	277	328
Contracted Services - Lab Testing	2	11,922	6,048	3,713	478	1,259	383	19	23
Misc Operating Expense	2	13,595	6,897	4,234	545	1,436	436	22	26
Lab Supplies	2	121,525	61,650	37,843	4,873	12,833	3,901	194	231
Waste Disposal	1	336,750	166,691	104,729	14,514	37,245	11,618	876	1,078
Overnight Shipping	2	12,271	6,225	3,821	492	1,296	394	20	23
Office Supplies and Uniforms	2	29,763	15,099	9,268	1,193	3,143	955	48	57
Electricity WT	2	2,402	1,218	748	96	254	77	4	5
Janitorial WT	2	10,037	5,092	3,125	402	1,060	322	16	19
Trash Removal WT	2	2,682	1,361	835	108	283	86	4	5
Water & WW WT	2	34	17	11	1	4	1	0	0
Telephone WT	2	10,938	5,549	3,406	439	1,155	351	18	21
Cell Phone WT	2	936	475	292	38	99	30	1	2
Total Operation		8,280,138	4,136,218	2,576,344	347,715	900,519	278,338	18,476	22,528
-MAINTENANCE-									
Supervision and Engineering	2	9,477	4,808	2,951	380	1,001	304	15	18
Labor	2	171,091	86,795	53,278	6,861	18,067	5,492	274	325
M&S Operation	2	299,388	151,880	93,229	12,005	31,615	9,610	479	569
M&S Maint WT	2	24,050	12,201	7,489	964	2,540	772	38	46
Amort Def Maint WT	2	212,599	107,852	66,203	8,525	22,450	6,824	340	404
Total Maintenance		716,606	363,534	223,151	28,736	75,674	23,003	1,147	1,362

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total Water Treatment Expenses		8,996,743	4,499,752	2,799,495	376,451	976,193	301,341	19,622	23,889
TRANSMISSION AND DISTRIBUTION EXPENSES									
-OPERATION-									
Supervision and Engineering	11	45,013	33,944	7,315	455	1,629	140	918	612
Labor Expense	11	1,128,138	850,729	183,322	11,394	40,839	3,497	23,014	15,343
Purchased Power	11	163	123	26	2	6	1	3	2
Labor - Lines	7	183,297	86,003	52,203	6,159	15,599	1,100	10,045	12,189
Labor - Meters	9	715,413	591,646	93,862	2,933	16,955	1,717	8,299	-
Labor - Services	10	414	341	47	0	6	0	19	-
M&S Operation	11	80,868	60,982	13,141	817	2,927	251	1,650	1,100
Contracted Services	11	104,733	78,979	17,019	1,058	3,791	325	2,137	1,424
Transportation	11	3,051	2,301	496	31	110	9	62	41
Office Supplies, Uniforms and Shipping	11	36,369	27,426	5,910	367	1,317	113	742	495
Misc. Operating Expense	11	24,014	18,109	3,902	243	869	74	490	327
Electricity TD	11	62,736	47,309	10,195	634	2,271	194	1,280	853
Heating Oil/Gas TD	11	23,846	17,982	3,875	241	863	74	486	324
Trash Removal TD	11	10,338	7,796	1,680	104	374	32	211	141
Cell Phone TD	11	14,270	10,761	2,319	144	517	44	291	194
Rents	11	5,808	4,380	944	59	210	18	118	79
Total Operation		2,438,470	1,838,811	396,256	24,640	88,284	7,589	49,766	33,124

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
-MAINTENANCE-									
Labor	12	71,539	37,250	12,176	1,109	3,112	215	2,926	14,751
Labor - Structures and Improvements	12	4,690	2,442	798	73	204	14	192	967
Labor - Reservoirs and Standpipes	5	2,278	961	581	67	167	47	205	249
Labor - Mains	7	225,252	105,688	64,152	7,568	19,169	1,352	12,344	14,979
Labor - Services	10	342,696	282,381	38,793	411	4,798	206	16,107	-
Labor - Meters	9	39,565	32,721	5,191	162	938	95	459	-
Labor - Hydrants	8	178,232	-	-	-	-	-	-	178,232
M&S Maint.	12	276,600	144,026	47,077	4,287	12,032	830	11,313	57,035
Misc Maint TD	12	27,600	14,371	4,698	428	1,201	83	1,129	5,691
Amort Def Maint TD	12	268,298	139,703	45,664	4,159	11,671	805	10,973	55,323
Misc Main Pvg/Bckfll	7	222,000	104,162	63,226	7,459	18,892	1,332	12,166	14,763
Total Maintenance		1,658,751	863,706	282,356	25,723	72,184	4,978	67,813	341,991
Total Transmission and Distribution		4,097,221	2,702,517	678,612	50,363	160,468	12,567	117,579	375,115
CUSTOMER ACCOUNTS									
Labor - Meter Reading	14	392,971	356,778	28,451	157	2,436	79	5,069	-
Contracted Services	13	105,528	94,933	7,566	42	654	21	2,279	32
Labor - Customer Accounts	13	159,110	143,135	11,408	64	986	32	3,437	48
Uncollectible Accounts	20	555,246	455,580	86,674	-	-	-	12,993	-
Transportation	14	18	17	1	0	0	0	0	-
Telephone CA	13	100,584	90,485	7,212	40	624	20	2,173	30
Bank Svc Charges-CA	13	191,064	171,881	13,699	76	1,185	38	4,127	57
Cust Edu-Bill Insert	13	50,000	44,980	3,585	20	310	10	1,080	15
Office Supplies	13	600	540	43	0	4	0	13	0
Collection Agencies	13	129,564	116,556	9,290	52	803	26	2,799	39
Forms CA	13	206,328	185,613	14,794	83	1,279	41	4,457	62
Postage	13	616,377	554,492	44,194	247	3,822	123	13,314	185
Cell Phone CA	13	2,678	2,409	192	1	17	1	58	1
Misc. Operatiing	13	600	540	43	0	4	0	13	0
Total Customers' Accounting and Collecting Expenses		2,510,667	2,217,938	227,153	782	12,124	391	51,811	469

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
ADMINISTRATIVE AND GENERAL EXPENSES									
-OPERATION-									
Administrative & General Salaries	15	525,313	341,611	108,162	10,821	30,311	7,302	8,563	18,544
M&S Operation	15	107,863	70,143	22,209	2,222	6,224	1,499	1,758	3,808
Support Services									
Customer Related	13	2,665,084	2,397,510	191,087	1,066	16,524	533	57,566	800
Employee Related	16	228,632	143,512	49,796	5,190	14,610	3,567	3,224	8,734
Water Quality	1	156,715	77,574	48,738	6,754	17,333	5,407	407	501
Other	15	6,273,802	4,079,854	1,291,776	129,240	361,998	87,206	102,263	221,465
Contracted Services	15	497,230	323,349	102,380	10,243	28,690	6,911	8,105	17,552
Rents	15	32,111	20,882	6,612	661	1,853	446	523	1,134
Transportation	15	477,994	310,840	98,419	9,847	27,580	6,644	7,791	16,873
Insurance - Liability, Vehicle and Other	15	531,887	345,886	109,516	10,957	30,690	7,393	8,670	18,776
Workers Compensation	16	138,239	86,773	30,109	3,138	8,833	2,157	1,949	5,281
Employee Pensions and Benefits	16	3,496,182	2,194,554	761,469	79,363	223,406	54,540	49,296	133,554
Regulatory Expenses	19	274,995	156,940	66,549	7,617	20,460	5,115	6,435	11,880
Electricity AG	15	84,549	54,982	17,409	1,742	4,878	1,175	1,378	2,985
Heating Oil/Gas AG	15	25,290	16,446	5,207	521	1,459	352	412	893
Janitorial AG	15	77,839	50,618	16,027	1,603	4,491	1,082	1,269	2,748
Add'l Security Costs	15	92,915	60,423	19,131	1,914	5,361	1,292	1,515	3,280
Water & WW AG	15	31,262	20,329	6,437	644	1,804	435	510	1,104
Telephone AG	15	44,390	28,867	9,140	914	2,561	617	724	1,567
Cell Phone AG	15	83,573	54,348	17,208	1,722	4,822	1,162	1,362	2,950
Shipping and Postage	15	23,466	15,260	4,832	483	1,354	326	382	828
Low Income Pay Program	DA	62,000	62,000	-	-	-	-	-	-
Miscellaneous General Expense	15	718,102	466,982	147,857	14,793	41,434	9,982	11,705	25,349
Injuries and Damages	16	6,000	3,766	1,307	136	383	94	85	229
Employee Related Expense	16	190,707	119,707	41,536	4,329	12,186	2,975	2,689	7,285
Software Licenses	15	188,520	122,594	38,816	3,884	10,878	2,620	3,073	6,655
Office Supplies	15	122,145	79,431	25,150	2,516	7,048	1,698	1,991	4,312
Trash Removal AG	15	3,218	2,093	663	66	186	45	52	114
Misc Maint AG	15	76,322	49,632	15,715	1,572	4,404	1,061	1,244	2,694
Total Administrative and General Expenses		17,236,344	11,756,903	3,253,252	313,961	891,761	213,634	284,941	521,892
Total Operation and Maintenance Expenses		33,965,622	21,735,469	7,307,696	789,250	2,163,457	565,808	477,831	926,111

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
503 DEPRECIATION EXPENSE									
Other P/E Intangibles	17	85,214	44,482	22,207	2,633	6,996	1,704	2,488	4,704
Land and Land Rights	2	0	-	-	-	-	-	-	-
Source of Supply Struct & Improv	2	213,624	108,372	66,523	8,566	22,559	6,857	342	406
Collecting & Impounding Reservoirs	1	13,126	6,497	4,082	566	1,452	453	34	42
Lake, River and Other Intakes	2	153,854	78,050	47,910	6,170	16,247	4,939	246	292
SOS and Pumping Equipment	2	358,263	181,747	111,563	14,366	37,833	11,500	573	681
Wells and Springs	2	0	-	-	-	-	-	-	-
Supply Mains	2	613,410	311,183	191,016	24,598	64,776	19,690	981	1,165
Pumping Structures & Improvements	6	273,718	132,589	81,048	10,155	26,441	6,241	7,774	9,471
Power Generation Equipment	6	98,900	47,907	29,284	3,669	9,554	2,255	2,809	3,422
Other Power Production Equipment	6	0	-	-	-	-	-	-	-
Electric Pumping Equipment	6	263,529	127,653	78,031	9,777	25,457	6,008	7,484	9,118
Diesel Pumping Equipment	6	15,792	7,650	4,676	586	1,526	360	449	546
Hydraulic Pumping Equipment	6	176	85	52	7	17	4	5	6
Other Pumping Equipment	6	0	-	-	-	-	-	-	-
Water Treat Structures & Improv	2	783,801	397,622	244,076	31,430	82,769	25,160	1,254	1,489
Water Treat Equipment	2	1,367,349	693,656	425,792	54,831	144,392	43,892	2,188	2,598
Water Treat Filter Media	2	123,485	62,644	38,453	4,952	13,040	3,964	198	235
T & D Structures & Improvements	7	23,939	11,232	6,818	804	2,037	144	1,312	1,592
T & D Pumping Equipment	7	5,862	2,750	1,669	197	499	35	321	390
Distrib. Reservoirs & Standpipes	5	359,616	151,686	91,810	10,537	26,432	7,480	32,401	39,270
Transmission & Distribution Mains									
Not Classified	4	473,468	222,720	134,796	15,530	38,872	-	27,793	33,758
4 inch or less	4	203,035	95,508	57,804	6,660	16,669	-	11,918	14,476
6 inch to 8 inch	4	642,500	302,232	182,920	21,074	52,749	-	37,715	45,810
10 inch to 16 inch	3	820,860	381,207	233,945	30,126	79,295	24,133	32,588	39,565
18 inch or Greater	3	1,492,692	693,206	425,417	54,782	144,194	43,885	59,260	71,948
Services	10	881,446	726,311	99,780	1,058	12,340	529	41,428	-
Meters	9	734,070	607,076	96,310	3,010	17,397	1,762	8,515	-
Meter Installations	9	526,441	435,367	69,069	2,158	12,477	1,263	6,107	-
Hydrants	8	165,898	-	-	-	-	-	-	165,898
General Structures & Improvements	15	127,958	83,211	26,346	2,636	7,383	1,779	2,086	4,517
Office Structures	15	115,464	75,086	23,774	2,379	6,662	1,605	1,882	4,076
Stores Shop and Gar. Structures	15	36,260	23,580	7,466	747	2,092	504	591	1,280
Miscellaneous Structures & Improv	15	82,636	53,738	17,015	1,702	4,768	1,149	1,347	2,917
Office Furniture and Equipment	15	25,830	16,797	5,318	532	1,490	359	421	912
Computers & Peripheral Equipment	15	18,060	11,744	3,718	372	1,042	251	294	638
Personal Comp and Periph	15	(52,517)	(34,152)	(10,813)	(1,082)	(3,030)	(730)	(856)	(1,854)
Computers and Periph Other	15	145,091	94,353	29,874	2,989	8,372	2,017	2,365	5,122
Computer Mainframe Software	15	(72,421)	(47,095)	(14,911)	(1,492)	(4,179)	(1,007)	(1,180)	(2,556)
Personal software	15	(84,352)	(54,854)	(17,368)	(1,738)	(4,867)	(1,172)	(1,375)	(2,978)

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection Private	Fire Protection Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Computer Software - Special - CIS	13	346,945	312,112	24,876	139	2,151	69	7,494	104
Computer Software - Special - Other	15	753,770	490,176	155,201	15,528	43,493	10,477	12,286	26,608
Other Software	15	166,372	108,192	34,256	3,427	9,600	2,313	2,712	5,873
Other Office Equipment	15	1,078	701	222	22	62	15	18	38
Transportation Equip-Light Trucks	15	30,775	20,013	6,337	634	1,776	428	502	1,086
Transportation Equip-Heavy Trucks	15	45,246	29,424	9,316	932	2,611	629	738	1,597
Transportation Equip-Cars	15	23,639	15,372	4,867	487	1,364	329	385	834
Transportation Equip-Other	15	32,073	20,857	6,604	661	1,851	446	523	1,132
Stores Equipment	15	957	623	197	20	55	13	16	34
Tools, Shop & Garage Equipment	15	107,364	69,819	22,106	2,212	6,195	1,492	1,750	3,790
Laboratory Equipment	2	51,215	25,981	15,948	2,054	5,408	1,644	82	97
Power Operated Equipment	15	30,854	20,065	6,353	636	1,780	429	503	1,089
Communication Equipment - Non-Telephone	15	196,701	127,915	40,501	4,052	11,350	2,734	3,206	6,944
Remote Control and Instrument	15	238,832	155,313	49,176	4,920	13,781	3,320	3,893	8,431
Communication Equipment - Telephone	15	21,038	13,681	4,332	433	1,214	292	343	743
Miscellaneous Equipment	15	78,820	51,257	16,229	1,624	4,548	1,096	1,285	2,782
Other Tangible Property	15	(20,336)	(13,224)	(4,187)	(419)	(1,173)	(283)	(331)	(718)
Total Depreciation Expense		13,141,418	7,500,114	3,207,804	362,645	981,817	242,456	327,160	519,421
AMORTIZATION EXPENSE									
AFUDC	18	153,181	79,991	39,858	4,718	12,546	3,064	4,534	8,471
Acquisition Adjustment	18	0	-	-	-	-	-	-	-
Property Losses	2	57,080	28,957	17,775	2,289	6,028	1,832	91	108
Total Amortizations		210,261	108,948	57,633	7,007	18,573	4,896	4,625	8,579
TAXES, OTHER THAN INCOME									
Federal and State Payroll Taxes	16	532,600	334,313	116,000	12,090	34,033	8,309	7,510	20,345
Property Taxes	18	4,464,501	2,331,362	1,161,663	137,507	365,643	89,290	132,149	246,887
Other Taxes and Licenses	18	2,740	1,431	713	84	224	55	81	152
Utility Reg Assessment	19	142,510	81,331	34,487	3,948	10,603	2,651	3,335	6,156
ITC	18	(84,792)	(44,278)	(22,063)	(2,612)	(6,944)	(1,696)	(2,510)	(4,689)
Total Taxes, Other Than Income		5,057,560	2,704,159	1,290,801	151,017	403,559	98,608	140,565	268,851
INCOME TAXES	18	12,890,941	6,731,649	3,354,223	397,041	1,055,768	257,819	381,572	712,869
Utility Operating Income Available for Return	18	31,598,283	16,500,624	8,221,873	973,227	2,587,899	631,966	935,309	1,747,385
Total Cost of Service		96,864,086	55,280,962	23,440,030	2,680,188	7,211,073	1,801,553	2,267,063	4,183,217

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Less: Misc. Service	19	60,000	34,242	14,520	1,662	4,464	1,116	1,404	2,592
Rent	19	91,800	52,390	22,216	2,543	6,830	1,707	2,148	3,966
Rent I/C	19	100,000	57,070	24,200	2,770	7,440	1,860	2,340	4,320
NSF Return Check Charge	13	32,142	28,915	2,305	13	199	6	694	10
Late Payment Fee	13	680,000	611,728	48,756	272	4,216	136	14,688	204
Reconnection/Activation - T&D Related	7	558,432	262,016	159,041	18,763	47,523	3,351	30,602	37,136
Application/Initiation Fee	13	657,841	591,793	47,167	263	4,079	132	14,209	197
AFUDC	18	443,998	231,856	115,528	13,675	36,363	8,880	13,142	24,553
Total Other Water Revenues		2,624,213	1,870,011	433,733	39,961	111,114	17,188	79,228	72,978
Total Cost of Service Related to Sales of Water		94,239,873	53,410,952	23,006,296	2,640,226	7,099,959	1,784,365	2,187,835	4,110,240

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification	Average Daily Consumption, Thousand Gallons	Allocation Factor
(1)	(2)	(3)
Residential	16,598	0.4950
Commercial	10,430	0.3110
Industrial	1,444	0.0431
Other Public Authority	3,708	0.1106
Sales for Resale	1,156	0.0345
Private Fire Protection	89	0.0026
Public Fire Protection	108	0.0032
Total	33,532	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as follows:

	Average Daily Consumption		Maximum Day Extra Capacity		
Customer Classification	Allocation Factor 1	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)x 0.6061	(4)	(5)=(4)x 0.3939	(6)=(3)+(5)
Residential	0.4950	0.3001	0.5259	0.2072	0.5073
Commercial	0.3110	0.1885	0.3121	0.1229	0.3114
Industrial	0.0431	0.0261	0.0356	0.0140	0.0401
Other Public Authority	0.1106	0.0670	0.0979	0.0386	0.1056
Sales for Resale	0.0345	0.0209	0.0285	0.0112	0.0321
Private Fire Protection	0.0026	0.0016			0.0016
Public Fire Protection	0.0032	0.0019			0.0019
Total	1.0000	0.6061	1.0000	0.3939	1.0000

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

		Maximum Day Extra Capacity		
Customer Classification	Average Daily Consumption, Thousand Gallons	Factor*	Rate of Flow, Thousand Gallons Per Day	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	16,598	0.90	14,938	0.5259
Commercial	10,430	0.85	8,866	0.3121
Industrial	1,444	0.70	1,011	0.0356
Other Public Authority	3,708	0.75	2,781	0.0979
Sales for Resale	1,156	0.70	809	0.0285
Total	33,336		28,405	1.0000

The weighting of the factors is based on the maximum day ratio of 1.65, based on a review of maximum day ratios experienced during the period 1990 through 2011 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.6061
Maximum Day Extra Capacity	0.65	0.3939
Total	1.65	1.0000

* Ratio of maximum day to average day minus 1.0.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		
Customer Classification	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2) X 0.5547	(4)	(5)=(4) X 0.3606	(6)	(7)=(6) X 0.0847	(8)=(3)+(5)+(7)
Residential	0.4950	0.2747	0.5259	0.1897			0.4644
Commercial	0.3110	0.1725	0.3121	0.1125			0.2850
Industrial	0.0431	0.0239	0.0356	0.0128			0.0367
Other Public Authority	0.1106	0.0613	0.0979	0.0353			0.0966
Sales for Resale	0.0345	0.0191	0.0285	0.0103			0.0294
Private Fire Protection	0.0026	0.0014			0.4519	0.0383	0.0397
Public Fire Protection	0.0032	0.0018			0.5481	0.0464	0.0482
Total	1.0000	0.5547	1.0000	0.3606	1.0000	0.0847	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.65 and the average daily system sendout for year ending 9/30/2012 of 39.283 MGD. The system demand for fire protection is 10,000 Gallons per minute for 10 hours.

	Ratio	Rate of Flow, (GPD)	Weight
Average Day	1.00	39,283,516	0.5547
Maximum Day Extra Capacity	0.65	25,534,285	0.3606
Subtotal	1.65	64,817,801	0.9153
Fire Protection		6,000,000	0.0847
Total		70,817,801	1.0000

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		
Customer Classification	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor
(1)	(2)	(3)	(4)=(3) X 0.3488	(5)	(6)=(5) X 0.5233	(7)	(8)=(7) X 0.1279	(9)=(4)+(6)+(8)
Residential	691.6	0.5128	0.1789	0.5571	0.2915			0.4704
Commercial	434.6	0.3221	0.1123	0.3295	0.1724			0.2847
Industrial	60.2	0.0446	0.0156	0.0328	0.0172			0.0328
Other Public Authority	154.5	0.1145	0.0399	0.0806	0.0422			0.0821
Sales for Resale	0.0	0.0000	0.0000	0.0000	0.0000			0.0000
Private Fire Protection	3.7	0.0027	0.0009			0.4519	0.0578	0.0587
Public Fire Protection	4.5	0.0033	0.0012			0.5481	0.0701	0.0713
Total	1,349.1	1.0000	0.3488	1.0000	0.5233	1.0000	0.1279	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average daily system sendout for the year ending 9/30/2012 of 39.283 MGD. The system demand for fire protection is 10,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	27,280	0.3488
Maximum Hour Extra Capacity	1.50	40,920	0.5233
Subtotal	2.50	68,200	0.8721
Fire Protection		10,000	0.1279
Total		78,200	1.0000

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification	Average Hourly Consumption Thousand Gallons	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	691.6	1.70	1,175.7	0.5571
Commercial	434.6	1.60	695.4	0.3295
Industrial	60.2	1.15	69.2	0.0328
Other Public Authority	154.5	1.10	170.0	0.0806
Sales for Resale	0.0	0.90	0.0	0.0000
Total	1,340.9		2,110.3	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	
(1)	(2)	(3)	(4)=(3) X 0.3210	(5)	(6)=(5) X 0.4815	(7)	(8)=(7) X 0.1975	(9)=(4)+(6)+(8)
Residential	691.6	0.4950	0.1590	0.5459	0.2628			0.4218
Commercial	434.6	0.3110	0.0998	0.3229	0.1555			0.2553
Industrial	60.2	0.0431	0.0138	0.0321	0.0155			0.0293
Other Public Authority	154.5	0.1106	0.0355	0.0789	0.0380			0.0735
Sales for Resale	48.2	0.0345	0.0111	0.0202	0.0097			0.0208
Private Fire Protection	3.7	0.0026	0.0008			0.4519	0.0893	0.0901
Public Fire Protection	4.5	0.0032	0.0010			0.5481	0.1082	0.1092
Total	1,397.3	1.0000	0.3210	1.0000	0.4815	1.0000	0.1975	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity.

Fire Protection Weight = $\frac{10{,}000 \text{ GPM X } 60 \text{ Min. X } 10 \text{ Hrs.}}{30{,}380{,}000 \text{ Gallons}}$ = 0.1975

General Service Weight = 1.0000 - 0.1975 = 0.8025

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	40.00	0.3210
Extra Capacity Maximum Hour	1.50	60.00	0.4815
Total	2.50	100.00	0.8025

Customer Classification	Average Hourly Consumption Thousand Gallons	Maximum Hour Extra Capacity Factor*	Maximum Hour Extra Capacity 1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	691.6	1.7	1,175.7	0.5459
Commercial	434.6	1.6	695.4	0.3229
Industrial	60.2	1.2	69.2	0.0321
Other Public Authority	154.5	1.1	170.0	0.0789
Sales for Resale	48.2	0.9	43.4	0.0202
Total	1,389.1		2,153.7	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH POWER AND PUMPING FACILITIES.

Factors are based on the weighting of the maximum daily consumption, Factor 2, the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 4, for each customer classification, as follows:

	Maximum Daily Consumption		Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 2	Weighted Factor	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.4259	(4)	(5)=(4)X 0.3109	(6)	(7)=(6)X 0.2632	(8)=(3)+ (5)+(7)
Residential	0.5073	0.2160	0.4644	0.1445	0.4704	0.1239	0.4844
Commercial	0.3114	0.1326	0.2850	0.0886	0.2847	0.0749	0.2961
Industrial	0.0401	0.0171	0.0367	0.0114	0.0328	0.0086	0.0371
Other Public Authority	0.1056	0.0450	0.0966	0.0300	0.0821	0.0216	0.0966
Sales for Resale	0.0321	0.0137	0.0294	0.0091	0.0000	0.0000	0.0228
Private Fire Protection	0.0016	0.0007	0.0397	0.0123	0.0587	0.0154	0.0284
Public Fire Protection	0.0019	0.0008	0.0482	0.0150	0.0713	0.0188	0.0346
Total	1.0000	0.4259	1.0000	0.3109	1.0000	0.2632	1.0000

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and maximum hour facilities, as follows:

	Horsepower of Pumps	Weight
Associated with Maximum Day	10,200	0.4259
Associated with Maximum Day and Fire	7,447	0.3109
Associated with Maximum Hour	6,305	0.2632
Total	23,952	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS.

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		
Customer Classification	Allocation Factor 3	Weighted Factor	Allocation Factor 4	Weighted Factor	Allocation Factor
(1)	(2)	(3)=(2)X 0.2056	(4)	(5)=(4)X 0.7944	(6)=(3)+(5)
Residential	0.4644	0.0955	0.4704	0.3737	0.4692
Commercial	0.2850	0.0586	0.2847	0.2262	0.2848
Industrial	0.0367	0.0075	0.0328	0.0261	0.0336
Other Public Authority	0.0966	0.0199	0.0821	0.0652	0.0851
Sales for Resale	0.0294	0.0060	0.0000	0.0000	0.0060
Private Fire Protection	0.0397	0.0082	0.0587	0.0466	0.0548
Public Fire Protection	0.0482	0.0099	0.0713	0.0566	0.0665
Total	1.0000	0.2056	1.0000	0.7944	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	2,133,290	0.2056
Distribution Mains	8,240,508	0.7944
Total	10,373,798	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

Customer Classification	Allocation Factor
(1)	(3)
Public Fire Protection	1.0000
Total	1.0000

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification	5/8" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	113,730	0.8270
Commercial	18,048	0.1312
Industrial	570	0.0041
Other Public Authority	3,260	0.0237
Sales for Resale	334	0.0024
Private Fire	1,595	0.0116
Total	137,537	1.0000

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting	Number of Meters	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
5/8	1.0	110,047	110,047	4,536	4,536	7	7	139	139	0	0	1,595	1,595	116,324	116,324
3/4	1.4	1	1	0	0	1	1	0	0	0	0	0	0	2	2
1	1.8	1,818	3,272	2,340	4,212	2	4	173	311	0	0	0	0	4,333	7,799
1-1/2	3.0	14	42	172	516	2	6	28	84	4	12	0	0	220	660
2	4.0	77	308	1,817	7,268	23	92	371	1,484	8	32	0	0	2,296	9,184
3	12.0	0	0	13	156	0	0	1	12	0	0	0	0	14	168
4	20.0	0	0	28	560	11	220	41	820	7	140	0	0	87	1,740
6	30.0	2	60	12	360	8	240	11	330	5	150	0	0	38	1,140
8	40.0	0	0	11	440	0	0	2	80	0	0	0	0	13	520
Total		111,959	113,730	8,929	18,048	54	570	766	3,260	24	334	1,595	1,595	123,327	137,537

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

Customer Classification	3/4" Dollar Equivalents	Allocation Factor
(1)	(2)	(3)
Residential	113,969	0.8240
Commercial	15,656	0.1132
Industrial	160	0.0012
Other Public Authority	1,935	0.0140
Sales for Resale	80	0.0006
Private Fire Protection	6,497	0.0470
Total	138,297	1.0000

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Dollar Equivalent	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)=(2)X(9)	(11)	(12)=(2)X(11)	(13)	(14)=(2)X(11)	(15)	(16)
3/4	1.00	75,478 *	75,478	4,536	4,536	7	7	139	139	0	0	0	0	80,160	80,160
1	2.00	19,103 *	38,206	2,340	4,680	2	4	173	346	0	0	0	0	21,618	43,236
1-1/2	2.20	14	31	172	378	2	4	28	62	4	9	0	0	220	484
2	3.20	77	246	1,817	5,814	23	74	371	1,187	8	26	64	205	2,360	7,552
4	3.50	0	0	41	144	11	39	42	147	7	25	390	1,365	491	1,720
6	4.00	2	8	12	48	8	32	11	44	5	20	862	3,448	900	3,600
8	5.10	0	0	11	56	0	0	2	10	0	0	266	1,357	279	1,423
10	8.90	0	0	0	0	0	0	0	0	0	0	8	71	8	71
12	9.50	0	0	0	0	0	0	0	0	0	0	4	38	4	38
>12	12.70	0	0	0	0	0	0	0	0	0	0	1	13	1	13
Total		94,674	113,969	8,929	15,656	53	160	766	1,935	24	80	1,595	6,497	106,041	138,297

*Adjusted to reflect that approximately 34,570 residential customers are served by 1-inch service lines each serving two residences.

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 11. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION AND ENGINEERING AND MISCELLANEOUS EXPENSES.

Factors are based on transmission and distribution operation expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Operating Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 677,990	0.7541
Commercial	146,112	0.1625
Industrial	9,092	0.0101
Other Public Authority	32,560	0.0362
Sales for Resale	2,817	0.0031
Private Fire Protection	18,363	0.0204
Public Fire Protection	12,189	0.0136
Total	899,124	1.0000

FACTOR 12. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MAINTENANCE SUPERVISION AND ENGINEERING, STRUCTURES AND IMPROVEMENTS, AND OTHER EXPENSES.

Factors are based on transmission and distribution maintenance expenses other than those being allocated, as follows:

Customer Classification	Transmission & Distribution Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$ 525,913	0.5207
Commercial	171,943	0.1702
Industrial	15,668	0.0155
Other Public Authority	43,964	0.0435
Sales for Resale	3,031	0.0030
Private Fire Protection	41,280	0.0409
Public Fire Protection	208,223	0.2062
Total	$1,010,023	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 13. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

Customer Classification	Total Customers	Allocation Factor
(1)	(2)	(3)
Residential	111,959	0.8996
Commercial	8,929	0.0717
Industrial	54	0.0004
Other Public Authority	766	0.0062
Sales for Resale	24	0.0002
Private Fire Protection	2,682	0.0216
Public Fire Protection	38	0.0003
Total	124,452	1.0000

FACTOR 14. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification	Total Metered Customers	Allocation Factor
(1)	(2)	(3)
Residential	111,959	0.9079
Commercial	8,929	0.0724
Industrial	54	0.0004
Other Public Authority	766	0.0062
Sales for Resale	24	0.0002
Private Fire Protection	1,595	0.0129
Total	123,327	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$7,108,027	0.6503
Commercial	2,250,933	0.2059
Industrial	225,350	0.0206
Other Public Authority	630,319	0.0577
Sales for Resale	152,106	0.0139
Private Fire Protection	177,813	0.0163
Public Fire Protection	385,663	0.0353
Total	$10,930,211	1.0000

FACTOR 15A. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals, waste disposal, and administrative and general expenses.

Customer Classification	Operation & Maintenance Expenses	Allocation Factor
(1)	(2)	(3)
Residential	$21,735,469	0.6399
Commercial	7,307,696	0.2151
Industrial	789,250	0.0232
Other Public Authority	2,163,457	0.0637
Sales for Resale	565,808	0.0167
Private Fire Protection	477,831	0.0141
Public Fire Protection	926,111	0.0273
Total	$33,965,622	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

Customer Classification	Direct Labor Expense	Allocation Factor
(1)	(2)	(3)
Residential	$4,318,701	0.6277
Commercial	1,498,357	0.2178
Industrial	156,181	0.0227
Other Public Authority	439,436	0.0639
Sales for Resale	107,396	0.0156
Private Fire Protection	97,353	0.0141
Public Fire Protection	262,789	0.0382
Total	$6,880,213	1.0000

FACTOR 17. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS, MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

Customer Classification	Original Cost Less Depreciation	Allocation Factor
(1)	(2)	(3)
Residential	$225,411,641	0.5220
Commercial	112,494,405	0.2606
Industrial	13,324,264	0.0309
Other Public Authority	35,444,105	0.0821
Sales for Resale	8,620,739	0.0200
Private Fire Protection	12,597,602	0.0292
Public Fire Protection	23,827,137	0.0552
Total	$431,719,894	1.0000

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 18. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

Customer Classification	Original Cost Measure of Value	Allocation Factor
(1)	(2)	(3)
Residential	$201,675,132	0.5222
Commercial	100,527,688	0.2602
Industrial	11,896,571	0.0308
Other Public Authority	31,637,299	0.0819
Sales for Resale	7,721,307	0.0200
Private Fire Protection	11,451,537	0.0296
Public Fire Protection	21,377,549	0.0553
Total	$386,287,082	1.0000

FACTOR 19. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

Customer Classification	Total Cost of Service	Allocation Factor
(1)	(2)	(3)
Residential	$55,042,692	0.5707
Commercial	23,338,993	0.2420
Industrial	2,668,623	0.0277
Other Public Authority	7,180,011	0.0744
Sales for Resale	1,793,788	0.0186
Private Fire Protection	2,257,293	0.0234
Public Fire Protection	4,165,181	0.0432
Total	$96,446,580	1.0000

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
RATE BASE									
Organization	17	37,450	19,549	9,760	1,157	3,075	749	1,094	2,067
Franchise and Consents	17	70,261	36,676	18,310	2,171	5,768	1,405	2,052	3,878
Other P/E Intangibles	17	446,813	233,237	116,440	13,807	36,683	8,936	13,047	24,664
Other P/E Treatment	2	196,580	99,725	61,215	7,883	20,759	6,310	315	374
Land and Land Rights - SS	2	1,077,363	546,546	335,491	43,202	113,770	34,583	1,724	2,047
Source of Supply Struct & Improv	2	6,072,695	3,080,678	1,891,037	243,515	641,277	194,933	9,716	11,538
Collecting &Impounding Reservoirs	1	597,698	295,861	185,884	25,761	66,105	20,621	1,554	1,913
Lake, River and Other Intakes	2	7,027,579	3,565,091	2,188,388	281,806	742,112	225,585	11,244	13,352
Supply Mains	2	24,631,166	12,495,390	7,670,145	987,710	2,601,051	790,660	39,410	46,799
Pumping Equipment - SS	2	13,560,795	6,879,391	4,222,831	543,788	1,432,020	435,302	21,697	25,766
Pumping Land & Land Rights	6	195,966	94,926	58,026	7,270	18,930	4,468	5,565	6,780
Pumping Structures & Improvements	6	7,238,577	3,506,367	2,143,343	268,551	699,247	165,040	205,576	250,455
Other Power Production Equipment	6	2,807,784	1,360,091	831,385	104,169	271,232	64,017	79,741	97,149
Electric Pumping Equipment	6	6,285,294	3,044,597	1,861,076	233,184	607,159	143,305	178,502	217,471
Diesel Pumping Equipment	6	302,306	146,437	89,513	11,216	29,203	6,893	8,585	10,460
Hydraulic Pumping Equipement	6	(1,355)	(656)	(401)	(50)	(131)	(31)	(38)	(47)
Other Pumping Equipment	6	36	18	11	1	4	1	1	1
Land and Land Rights	2	800,183	405,933	249,177	32,087	84,499	25,686	1,280	1,520
Water Treat Structures & Improv	2	22,877,294	11,605,651	7,123,990	917,380	2,415,842	734,361	36,604	43,467
Pumping Equipment - WT	2	242	123	75	10	26	8	0	0
Water Treat Equipment	2	35,332,013	17,923,930	11,002,389	1,416,814	3,731,061	1,134,158	56,531	67,131
WT Filter Media	2	110,447	56,030	34,393	4,429	11,663	3,545	177	210
Land and Land Rights - T&D	7	7,674,655	3,600,948	2,185,742	257,868	653,113	46,048	420,571	510,365
T & D Structures & Improvements	7	303,003	142,169	86,295	10,181	25,786	1,818	16,605	20,150
Pumping Equipment - T&D	7	319,907	150,100	91,109	10,749	27,224	1,919	17,531	21,274
Distrib. Reservoirs & Standpipes	5	15,266,453	6,439,390	3,897,525	447,307	1,122,084	317,542	1,375,507	1,667,097
Transmission & Distribution Mains									
Not Classified	4	3,827,982	1,800,683	1,089,826	125,558	314,277	-	224,703	272,935
4 inch or less	4	6,435,445	3,027,234	1,832,171	211,083	528,350	-	377,761	458,847
6 inch to 8 inch	4	49,878,384	23,462,792	14,200,376	1,636,011	4,095,015	-	2,927,861	3,556,329
10 inch to 16 inch	3	46,519,531	21,603,670	13,258,066	1,707,267	4,493,787	1,367,674	1,846,825	2,242,241
18 inch or Greater	3	77,403,672	35,946,265	22,060,047	2,840,715	7,477,195	2,275,668	3,072,926	3,730,857
Services	10	8,877,235	7,314,842	1,004,903	10,653	124,281	5,326	417,230	-
Meters	9	27,833,290	23,018,131	3,651,728	114,116	659,649	66,800	322,866	-
Meter Installations	9	12,605,254	10,424,545	1,653,809	51,682	298,745	30,253	146,221	-
Fire Hydrants	8	9,177,534	-	-	-	-	-	-	9,177,534
Office Structures	15	10,863,464	7,064,511	2,236,787	223,787	626,822	151,002	177,074	383,480
Office Furniture and Equipment	15	232,116	150,945	47,793	4,782	13,393	3,226	3,783	8,194
Computer Equipment and Software	15	(837,136)	(544,390)	(172,366)	(17,245)	(48,303)	(11,636)	(13,645)	(29,551)
Computer Software - Special - CIS	13	2,992,009	2,691,612	214,527	1,197	18,550	598	64,627	898
Computer Software - Special - Other	15	6,500,406	4,227,214	1,338,434	133,908	375,073	90,356	105,957	229,464
Transportation Equip	15	2,977,532	1,936,289	613,074	61,337	171,804	41,388	48,534	105,107

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account	Factor Ref.	Cost of Service	Residential	Commercial	Industrial	Public Authorities	Sales for Resale	Fire Protection	
								Private	Public
(1.0)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Stores Equipment	15	2,485	1,616	512	51	143	35	41	88
Tools, Shop & Garage Equipment	15	1,537,778	1,000,017	316,628	31,678	88,730	21,375	25,066	54,284
Laboratory Equipment	2	519,231	263,406	161,688	20,821	54,831	16,667	831	987
Power Operated Equipment	15	508,658	330,780	104,733	10,478	29,350	7,070	8,291	17,956
Communication Equipment	15	3,933,225	2,557,776	809,851	81,024	226,947	54,672	64,112	138,843
Miscellaneous Equipment	15	794,176	516,452	163,521	16,360	45,824	11,039	12,945	28,034
Other Tangible Property	15	163,763	106,495	33,719	3,374	9,449	2,276	2,669	5,781
Total Plant in Service, Net of Accumulated Depreciation, Contributions and Advances		425,977,239	222,629,080	110,972,974	13,140,602	34,963,474	8,501,653	12,341,268	23,428,188
OTHER RATE BASE ELEMENTS									
Utility Plant Acquisition Adjustments	17	-	-	-	-	-	-	-	-
CWIP - Water Treatment Plant and Supply Mains	2	309,709	157,115	96,443	12,419	32,705	9,942	496	588
CWIP - Transmission Mains	3	2,936,608	1,363,761	836,933	107,774	283,676	86,336	116,583	141,545
CWIP - Reservoirs and Standpipes	5	860,468	362,946	219,678	25,212	63,244	17,898	77,528	93,963
CWIP - Distribution Mains	4	936,142	440,361	266,520	30,705	76,857	-	54,952	66,747
CWIP - Pumping	6	263,413	127,597	77,997	9,773	25,446	6,006	7,481	9,114
CWIP - Meters and Meter Installations	9	155,916	128,942	20,456	639	3,695	374	1,809	-
CWIP - Services	10	51,750	42,642	5,858	62	725	31	2,432	-
CWIP - Hydrants	8	93,247	-	-	-	-	-	-	93,247
CWIP - Other	15	689,925	448,658	142,056	14,212	39,809	9,590	11,246	24,354
Working Capital Allowance	15A	3,964,000	2,536,564	852,656	91,965	252,507	66,199	55,892	108,217
Materials and Supplies	17	727,081	379,536	189,477	22,467	59,693	14,542	21,231	40,135
Deferred Income Taxes	17	(57,453,859)	(29,990,914)	(14,972,476)	(1,775,324)	(4,716,962)	(1,149,077)	(1,677,653)	(3,171,453)
Deferred Investment Tax Credits	17	(55,276)	(28,854)	(14,405)	(1,708)	(4,538)	(1,106)	(1,614)	(3,051)
Deferred Maintenance - Tank Painting	5	4,644,233	1,958,937	1,185,673	136,076	341,351	96,600	418,445	507,150
Deferred Debits									
Deferred Debits Source of Supply	2	1,536,404	779,418	478,436	61,610	162,244	49,319	2,458	2,919
Other Rate Base Elements	17	650,081	339,342	169,411	20,087	53,372	13,002	18,982	35,884
Total Other Rate Base Elements		(39,690,157)	(20,953,948)	(10,445,286)	(1,244,031)	(3,326,175)	(780,345)	(889,731)	(2,050,640)
Total Original Cost Measure of Value		386,287,082	201,675,132	100,527,688	11,896,571	31,637,299	7,721,307	11,451,537	21,377,549

KENTUCKY AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 20. ALLOCATION OF UNCOLLECTIBLE ACCOUNTS

Factors are based on the net charge-offs by customer classification.

Customer Classification	Net Charge-Offs	Allocation Factor
(1)	(2)	(3)
Residential	$329,290	0.8205
Commercial	62,672	0.1561
Industrial	0	0.0000
Other Public Authority	0	0.0000
Sales for Resale	0	0.0000
Private Fire	9,412	0.0234
Total	$401,374	1.0000

KENTUCKY-AMERICAN WATER COMPANY

CALCULATION OF MONTHLY SERVICE CHARGES

Cost Function	Cost of Service	Number of Units	Description	Cost Per Unit Per Month
(1)	(2)	(3)	(4)	(5)
Meters	$ 11,637,293	135,942	5/8-inch meter equivalents	$ 7.13
Services	3,328,770	131,800	3/4-inch service equivalents	2.10
Billing & Collecting	8,455,951	121,732	Number of customers	5.79
Total	$ 23,422,014			$ 15.02

Meter Size	Capacity Ratio	Present Rate	Proposed Rate
(1)			
5/8-inch	1.0	$ 8.90	$14.24
3/4-inch	1.5	13.35	$21.40
1-inch	2.5	22.25	$35.60
1-1/2-inch	5.0	44.50	$71.20
2-inch	8.0	71.20	$113.90
3-inch	15.0	133.50	$213.60
4-inch	25.0	222.50	$356.00
6-inch	50.0	445.00	$712.00
8-inch	80.0	712.00	$1,139.00

Kentucky American Water Company
Case No. 2012-00520
Jurisdictional Financial Summary for the Base and Forecast Period Detailing Derivation of the Requested Revenue Increase

Exhibit 37, Schedule A

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibits\[Revenue Requirement and Conversion Factor.xlsx]Rev Requirement - SCH A
Witness: L. Bridwell

Line #		Base Period Ended 3/31/2013	Forecast Period Ended 7/31/2014	Support Schedule Reference	Excel Reference
1					
2	**Present Rate Utility Operating Income:**				
3					
4	**Operating Revenue at Present Rates:**	$ 87,282,760	$ 84,110,202	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
5					
6	**Less: Deductions:**				
7	Operating and Maintenance	$ 33,903,162	$ 33,892,179	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
8	Depreciation	10,182,567	11,531,748	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
9	Amortization of UPAA	6,421	-	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
10	Amortization Expense	200,598	210,261	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
11	Removal Costs	1,689,625	1,609,669	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
12	State Income Taxes	1,565,573	1,160,743	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
13	Federal Income Taxes	8,680,101	6,804,839	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
14	Investment Tax Credits	(63,597)	(84,792)	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
15	General Taxes:	4,797,323	5,123,501	Exhibit 37 Schedule C-1	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
16	**Total Deductions (Sum Lines 7 - 15):**	$ 60,961,773	$ 60,248,149		
17					
18	**Present Rate Operating Income (Line 4 - Line 16):**	$ 26,320,987	$ 23,862,053		
19					
20					
21		**Base Period**	**Forecast Period**	**Support Schedule**	
22	**Revenue Requirement and Increase Comparison:**	**Ended 3/31/2013**	**Ended 7/31/2014**	**Reference**	**Excel Reference**
23					
24	Net Original Cost Rate Base	$ 373,818,772	$ 386,287,082	Exhibit 37 Schedule B-1	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-1
25	Rate of Return	7.83%	8.18%	Exhibit 37 Schedule J-1.1	Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
26					
27	**Operating Income Required (Line 24 x Line 25):**	$ 29,270,010	$ 31,598,283		
28					
29	Less: Operating Income at Present Rates (Line 18):	$ 26,320,987	$ 23,862,053		
30					
31	**Increase in Operating Income Required (Line 27 - Line 29)**	**$ 2,949,023**	**$ 7,736,231**		
32					
33	**Gross Revenue Conversion Factor**	164.8591%	164.8591%	Exhibit 37, Schedule H	Exhibits\[Revenue Requirement and Conversion Factor.xlsx]Rev Conversion Factor - SCH H
34					
35	**Requested Revenue Increase (Line 31 x Line 33)**	**$ 4,861,734**	**$ 12,753,884**		
36					
37	**Percent Increase over Operating Revenue at Present Rates (Line 35 / Line 4):**	**5.57%**	**15.16%**		
38					
39	**Revenue Requirement (Line 4 + Line 35)**	**$ 92,144,494**	**$ 96,864,086**		
40					

Workpaper #: **W/P - 3-10 , W/P - 5-2 & W/P - 6-1**

Excel Reference: **Exhibits\[Revenue Requirement and Conversion Factor.xlsx]Proposed Rate Adjstmts**

Kentucky American Water Company
Case No. 2012-00520
Adjustments to Operating Income for Proposed Rates

DATA: _BASE PERIOD X FORECAST PERIOD
VERSION: X ORIGINAL _UPDATED _REVISED

Line Number	Description	Gross Revenue Conversion Factor Percentage	Total Company
1			
2	**Requireed Revenue Increase After Revenue Conversion (Schedule A, Line 34)**		$ 12,753,884
3	**Requireed Revenue Increase Before Revenue Conversion (Schedule A, Line 30)**		7,736,231
4	**Increase Due to Revenue Conversion**		$ 5,017,653
5			
6	**Operating Income Line Item Increases due to Increase in Revenue:**		
7	Operating and Maintenance Expenses (Line 4 x Percent Identified)	1.4637%	$ 73,443
8	General Taxes (Line 4 x Percent Identified)	0.3757%	18,851
9	State Income Taxes (Line 4 x Percent Identified)	15.1405%	759,698
10	Federal Income Taxes (Line 4 x Percent Identified)	83.0201%	4,165,661
11			
12	**Total Line Item Increase Due to Increase in Revenues:**	100.0000%	$ 5,017,653
13			
14	**Operating Income Increase (Line 2 - Line 12), Ties to Line 3**		$ 7,736,231
15			
16			
17			

Line Number	Forecasted Income Statement :	At Present Rates	Adjustments Per Above	At Proposed Rates
18				
19	**Operating Revenues at Proposed Rates:**	$ 84,110,202	$ 12,753,884	$ 96,864,086
20				
21	**Less: Deductions:**			
22	Operating and Maintenance Expenses	$ 33,892,179	$ 73,443	$ 33,965,622
23	Depreciation	11,531,748	-	11,531,748
24	Amortization	-	-	-
25	General Taxes	1,160,743	18,851	1,179,594
26	State Income Taxes	6,804,839	759,698	7,564,537
27	Federal Income Taxes	5,123,501	4,165,661	9,289,161
28	**Total Deductions:**	$ 60,248,149	$ 5,017,653	$ 65,265,802
29				
30	**Pro Forma Operating Income:**	$ 23,862,053	$ 7,736,231	$ 31,598,283
31				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
RATE BASE SUMMARY
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-1
PAGE 1 OF 2
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED

Line No.	Rate Base Component	Supporting Schedule Reference	Base Period	Excel File Location
1				
2	Utility Plant In Service	B-2	$ 600,361,672	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
3				
4	Property Held for Future Use	B-2.6	0	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
5				
6	Utility Plant Acquisition Adjustments		0	
7				
8	Accumulated Depreciation	B-3	(128,086,107)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-3
9				
10				
11				
12	Net Utility Plant In Service		472,275,565	
13				
14				
15	Construction Work in Progress	B-4	14,369,987	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-4
16				
17	Working Capital Allowance	B-5/W/P - 1-13	2,700,000	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
18				
19	Other Working Capital Allowance	B-5 & W/P - 1-5	727,081	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
20				
21	Contributions in Aid of Construction	B-6	(52,526,822)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
22				
23	Customer Advances	B-6	(13,624,354)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
24				
25	Deferred Income Taxes	B-6	(55,593,955)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
26				
27	Deferred Investment Tax Credits	B-6	(61,653)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
28				
29	Deferred Maintenance	W/P-1-10	3,226,606	Exhibits\Rate Base\[2012 Rate Case Deferred Maintenance 10.xlsx]Schedule - rate base
30				
31	Deferred Debits	W/P-1-11	1,583,971	Exhibits\Rate Base\[2012 Rate Case Deferred Debits.xlsx]summary
32				
33	Other Rate Base Elements	W/P-1-12	739,176	Exhibits\Rate Base\[Other Rate Base.xls]Schedule
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Jurisdictional Rate Base		$373,815,603	

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
RATE BASE SUMMARY
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-1
PAGE 2 OF 2
Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED

Line No.	Rate Base Component	Supporting Schedule Reference	End of Period Amount	13 Month Avg Forecasted Period Amount	
1					
2	Utility Plant In Service	B-2	$640,172,607	$629,839,138	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
3					
4	Property Held for Future Use	B-2.6	0	0	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
5					
6	Utility Plant Acquisition Adjustments		0	0	
7					
8	Accumulated Depreciation	B-3	(140,081,163)	(136,633,217)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-3
9					
10					
11					
12	Net Utility Plant In Service		500,091,444	493,205,922	
13					
14					
15	Construction Work in Progress	B-4	5,406,510	6,297,179	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-4
16					
17	Working Capital Allowance	B-5/W/P - 1-13	3,964,000	3,964,000	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
18					
19	Other Working Capital Allowance	B-5 & W/P - 1-5	727,081	727,081	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
20					
21	Contributions in Aid of Construction	B-6	(53,298,208)	(53,051,691)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
22					
23	Customer Advances	B-6	(14,472,005)	(14,176,990)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
24					
25	Deferred Income Taxes	B-6	(59,865,303)	(57,453,859)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
26					
27	Deferred Investment Tax Credits	B-6	(51,450)	(55,276)	Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
28					
29	Deferred Maintenance	W/P-1-10	5,061,367	4,644,233	Exhibits\Rate Base\[2012 Rate Case Deferred Maintenance 10.xlsx]Schedule - rate base
30					
31	Deferred Debits	W/P-1-11	1,507,864	1,536,404	Exhibits\Rate Base\[2012 Rate Case Deferred Debits.xlsx]summary
32					
33	Other Rate Base Elements	W/P-1-12	562,831	650,081	Exhibits\Rate Base\[Other Rate Base.xls]Schedule
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45	Jurisdictional Rate Base		$389,634,131	$386,287,083	

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PLANT IN SERVICE BY MAJOR GROUPING
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 1 of 2
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Major Property Grouping	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	End of Period Adjusted Jurisdiction
1						
2						
3	Intangibles	$ 822,748	100%	$ 822,748	-	$ 822,748
4						
5	Source of Supply and Pumping	82,821,211		82,821,211	-	82,821,211
6						
7	Water Treatment	81,010,913		81,010,913	-	81,010,913
8						
9	Transmission and Distribution	394,076,367		394,076,367	-	394,076,367
10						
11	General	41,630,433		41,630,433	-	41,630,433
12						
13	Completed Construction not Classified	-		-	-	-
14						
15	Other	-		-	-	-
16						
17	Total	$ 600,361,672		$ 600,361,672	$ -	600,361,672

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PLANT IN SERVICE BY MAJOR GROUPING
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Major Property Grouping	Forecasted Period	Jurisdictional Percent	Jurisdictional	Adjustments	End of Period Adjusted Jurisdiction	13 Month Average
1	Intangibles	$ 926,736	100%	$ 926,736	-	$ 926,736	$ 898,213
2							
3	Source of Supply and Pumping	85,012,730		85,012,730	-	85,012,730	84,767,102
4							
5	Water Treatment	79,032,741		79,032,741	-	79,032,741	80,727,065
6							
7	Transmission and Distribution	423,706,099		423,706,099	-	423,706,099	413,334,048
8							
9	General	51,494,301		51,494,301	-	51,494,301	50,112,711
10							
11	Completed Construction not Classified	-		-	-	-	-
12							
13	Other	-		-	-	-	-
14							
15		$ 640,172,608		$ 640,172,607	-	$ 640,172,607	$ 629,839,138

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-2.1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 1 of 4
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction
1							
2							
3		Intangible Plant					
4	301.1	Organization	$ 37,450	100%	$ 37,450	-	$ 37,450
5	302.1	Franchise/Consents	70,261		70,261	-	70,261
6	339.1	Other Palant & Equip Intangible	715,036		715,036	-	715,036
7							
8		Total Intangibles	$ 822,748		$ 822,747	$ -	$ 822,747
9							
10		Source of Supply and Pumping Plant					
11	303.2	Land and Land Rights - SS	$ 1,273,329		$ 1,273,329	-	$ 1,273,329
12	304.2	Structures and Improvements SS	16,587,771		16,587,771	-	16,587,771
13	305.2	Collecting and Impounding Reservoirs	990,279		990,279	-	990,279
14	306.2	Lake, River and Other Intakes	7,313,933		7,313,933	-	7,313,933
15	307.2	Wells and Springs	-		-	-	-
16	308.2	Infiltration Galleries & Tunnels	-		-	-	-
17	309.2	Supply Mains	27,882,369		27,882,369	-	27,882,369
18	310.2	Power Generation Equip	3,385,668		3,385,668	-	3,385,668
19	311.2	Pumping Equipment SS	25,387,863		25,387,863	-	25,387,863
20	339.2	Other Plant & Equip SS	-		-	-	-
21							
22		Total Source of Supply & Pumping	$ 82,821,211		$ 82,821,212	$ -	$ 82,821,212
23							
24		Water Treatment Plant					
25	303.3	Land and Land Rights	$ 800,183		800,183	-	800,183
26	304.3	Structures and Improvements	26,096,298		26,096,298	-	26,096,298
27	311.3	Pumping Equipment WT	-		-	-	-
28	320.3	Water Treatment Equipment	54,114,432		54,114,432	-	54,114,432
29	339.3	Other Plant & Equip WT	-		-	-	-
30							
31		Total Water Treatment	$ 81,010,913		$ 81,010,913	$ -	$ 81,010,913
32							
33		Transmission and Distribution Plant					
34	303.4	Land and Land Rights TD	$ 7,473,931		$ 7,473,931	-	$ 7,473,931
35	304.4	Struct & Improve TD	915,117		915,117	-	915,117
36	311.4	Pumping Equipment TD	98,403		98,403	-	98,403
37	330.4	Dist Reservoirs & Standpipes	18,074,786		18,074,786	-	18,074,786
38	331.4	TD Mains	261,387,789		261,387,789	-	261,387,789
39	333.4	Services	48,580,100		48,580,100	-	48,580,100
40	334.4	Meters & Meter Installations	43,542,133		43,542,133	-	43,542,133
41	335.4	Hydrants	14,004,108		14,004,108	-	14,004,108
42	336.4	Backflow Prevention Devices	-		-	-	-
43	339.4	Other Plant & Equip TD	-		-	-	-
44							
45		Total Transmission and Distribution	$ 394,076,367		$ 394,076,367	$ -	$ 394,076,367

KENTUCKY AMERICAN WATER COMPANY
Case No. 2012-00520
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-2.1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 2 of 4
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction
1							
2							
3		General Plant					
4	303.5	Land & Land Rights AG	$ -	100%	$ -	$ -	$ -
5	304.5	Struct & Improve AG	13,270,989		13,270,989	-	13,270,989
6	340.5	Office Furniture and Equipment	12,806,976		12,806,976	-	12,806,976
7	341.5	Transportation Equipment	4,625,668		4,625,668	-	4,625,668
8	342.5	Stores Equipment	37,878		37,878	-	37,878
9	343.5	Tools, Shop and Garage Equipment	2,360,979		2,360,979	-	2,360,979
10	344.5	Laboratory Equipment	1,291,690		1,291,690	-	1,291,690
11	345.5	Power Operated Equipment	1,456,342		1,456,342	-	1,456,342
12	346.5	Communication Equipment	4,122,555		4,122,555	-	4,122,555
13	347.5	Miscellaneous Equipment	1,291,052		1,291,052	-	1,291,052
14	348.5	Other Tangible Property	366,304		366,304	-	366,304
15							
16		Total General	$ 41,630,433		$ 41,630,433	$ -	41,630,433
17							
18							
19							
20		Total Utility Plant in Service	$ 600,361,672		$ 600,361,672	$ -	$ 600,361,672

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-2.1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 3 of 4
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Forecasted	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction	13 Month Average
1								
2								
3		Intangible Plant						
4	301.1	Organization	$ 37,450	100%	$ 37,450	$ -	$ 37,450	$ 37,450
5	302.1	Franchise/Consents	70,261		70,261	-	70,261	70,261
6	339.1	Other Palant & Equip Intangible	819,025		819,025	-	819,025	790,501
7								
8		Total Intangibles	$ 926,736		$ 926,736	$ -	$ 926,736	$ 898,213
9								
10		Source of Supply and Pumping Plant						
11	303.2	Land and Land Rights - SS	$ 1,273,329		$ 1,273,329	$ -	$ 1,273,329	$ 1,273,329
12	304.2	Structures and Improvements - SS	16,545,394		16,545,394	-	16,545,394	16,561,285
13	305.2	Collecting and Impounding Reservoirs	984,638		984,638	-	984,638	986,753
14	306.2	Lake, River and Other Intakes	7,609,668		7,609,668	-	7,609,668	7,513,112
15	307.2	Wells and Springs	-		-	-	-	-
16	308.2	Infiltration Galleries & Tunnels	-		-	-	-	-
17	309.2	Supply Mains	27,882,185		27,882,185	-	27,882,185	27,882,254
18	310.2	Power Generation Equip	3,368,396		3,368,396	-	3,368,396	3,374,873
19	311.2	Power Equipment SS	27,349,120		27,349,120	-	27,349,120	27,175,495
20	339.2	Other Plant & Equip SS	-		-	-	-	-
21								
22		Total Source of Supply & Pumping	$ 85,012,730		$ 85,012,730	$ -	$ 85,012,730	$ 84,767,102
23								
24		Water Treatment Plant						
25	303.3	Land and Land Rights WT	$ 800,183		$ 800,183	-	$ 800,183	$ 800,183
26	304.3	Structures and Improvements WT	26,823,546		26,823,546	-	26,823,546	26,589,081
27	311.3	Pumping Equipment WT	-		-	-	-	-
28	320.3	Water Treatment Equipment	51,212,273		51,212,273	-	51,212,273	53,141,221
29	339.3	Other Plant & Equip WT	196,738		196,738	-	196,738	196,580
30								
31		Total Water Treatment	$ 79,032,741		$ 79,032,740	$ -	$ 79,032,740	$ 80,727,065
32								
33		Transmission and Distribution Plant						
34	303.4	Land and Land Rights TD	$ 7,789,866		$ 7,789,866	-	$ 7,789,866	$ 7,671,107
35	304.4	Structures and Improvements TD	895,487		895,487	-	895,487	909,077
36	311.4	Pumping Equipment TD	345,868		345,868	-	345,868	249,266
37	330.4	Dist Reservoirs & Stanpipes	20,436,828		20,436,828	-	20,436,828	19,705,534
38	331.4	TD Mains	277,995,158		277,995,158	-	277,995,158	272,421,871
39	333.4	Services	52,114,092		52,114,092	-	52,114,092	50,778,822
40	334.4	Meters & Meter Installations	49,027,504		49,027,504	-	49,027,504	46,877,405
41	335.4	Hydrants	15,101,297		15,101,297	-	15,101,297	14,720,966
42	336.4	Backflow Prevention Devices	-		-	-	-	-
43	339.4	Other Plant & Equip TD	-		-	-	-	-
44								
45		Total Transmission and Distribution	$ 423,706,099		$ 423,706,100	$ -	$ 423,706,100	$ 413,334,048

KENTUCKY AMERICAN WATER COMPANY
Case No. 2012-00520
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-2.1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 4 of 4
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Forecasted	Forecasted Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction	13 Month Average
1								
2								
3		General Plant						
4	303.5	Land & Land Rights AG	$ -	100%	$ -	-	$ -	$ -
5	304.5	Structures and Improvements AG	13,572,136		13,572,136	-	13,572,136	13,527,253
6	340.5	Office Furniture and Equipment	18,672,193		18,672,193	-	18,672,193	18,582,700
7	341.5	Transportation Equipment	5,271,600		5,271,600	-	5,271,600	4,930,084
8	342.5	Stores Equipment	37,264		37,264	-	37,264	37,494
9	343.5	Tools, Shop and Garage Equipment	3,012,731		3,012,731	-	3,012,731	2,745,202
10	344.5	Laboratory Equipment	1,249,386		1,249,386	-	1,249,386	1,265,250
11	345.5	Power Operated Equipment	1,430,911		1,430,911	-	1,430,911	1,440,950
12	346.5	Communication Equipment	6,394,117		6,394,117	-	6,394,117	5,725,207
13	347.5	Miscellaneous Equipment	1,469,310		1,469,310	-	1,469,310	1,478,949
14	348.5	Other Tangible Property	384,655		384,655	-	384,655	379,621
15								
16		Total General	$ 51,494,301		$ 51,494,303	$ -	$ 51,494,303	$ 50,112,711
17								
18								
19		Total Utility Plant in Service	$ 640,172,608		$ 640,172,609	$ -	$ 640,172,609	$ 629,839,138

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPOSED ADJUSTMENTS TO PLANT IN SERVICE
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-2.2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Acct No.	Account Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference Number	Description/Purpose of Adjustment
1							
2							
3							
4							
5							
6							
7							
8			**Not Applicable**				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPOSED ADJUSTMENTS TO PLANT IN SERVICE
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-2.2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct No.	Account Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference Number	Description/Purpose of Adjustment
1							
2							
3							
4							
5							
6			**Not Applicable**				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
APRIL 2012 TO MARCH 2013

EXHIBIT 37, SCHEDULE B-2.3
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 1 OF 4
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period Beginning Balance	Additions	Retirements	Transfers/Reclassifications Amount	Transfers/Reclassifications Explanation	Other Accts Involved	Base Period Ending Balance
1									
2									
3		Intangible Plant							
4	301.1	Organization	$ 37,450	$ -	$ -	$ -			$ 37,450
5	302.1	Franchise/Consents	70,261	-	-	-			70,261
6	339.1	Other Palant & Equip Intangible	553,011	400,277	-	(238,252)	reclassification of Business Transformation		715,036
7									
8		Total Intangibles	$ 660,723	$ 400,277	$ -	$ (238,252)			$ 822,748
9									
10		Source of Supply and Pumping Plant							
11	303.2	Land and Land Rights - SS	$ 1,273,329	$ (0)	$ -	$ -			$ 1,273,329
12	304.2	Structures and Improvements SS	16,596,113	7,549	15,891	-			16,587,771
13	305.2	Collecting and Impounding Reservoirs	995,930	-	5,651	-			990,279
14	306.2	Lake, River and Other Intakes	7,162,526	152,736	1,329	-			7,313,933
15	307.2	Wells and Springs	-	-	-	-			-
16	308.2	Infiltration Galleries & Tunnels	-	-	-	-			-
17	309.2	Supply Mains	27,879,819	2,640	90	-			27,882,369
18	310.2	Power Generation Equipment	3,400,049	37	14,418	-			3,385,668
19	311.2	Pumping Equipment SS	24,982,212	541,687	136,037	-			25,387,863
20	339.2	Other Plant & Equipment SS	-	-	-	-			-
21									
22		Total Source of Supply & Pumping	$ 82,289,979	$ 704,649	$ 173,416	$ -			$ 82,821,211
23									
24		Water Treatment Plant							
25	303.3	Land and Land Rights WT	$ 800,183	$ -	$ -	$ -			$ 800,183
26	304.3	Structures and Improvements WT	25,706,593	422,409	32,704	-			26,096,298
27	311.3	Pumping Equipment WT	-	-	-	-			-
28	320.3	Water Treatment Equipment	54,710,238	111,537	707,343	-			54,114,432
29	339.3	Other Plant & Equipment WT	-	-	-	-			-
30									
31		Total Water Treatment	$ 81,217,014	$ 533,946	$ 740,047	$ -			$ 81,010,913
32									
33		Transmission and Distribution Plant							
34	303.4	Land and Land Rights TD	$ 7,528,724	$ (54,793)	$ -	$ -			$ 7,473,931
35	304.4	Structures and Improvements TD	910,025	5,093	-	-			915,117
36	311.4	Pumping Equipment TD	129,682	(3,115)	28,164	-			98,403
37	330.4	Dist Reservoirs & Standpipes	17,281,137	821,771	28,121	-			18,074,786
38	331.4	TD Mains	253,452,749	7,995,514	60,474	-			261,387,789
39	333.4	Services	46,157,427	2,708,263	285,590	-			48,580,100
40	334.4	Meter & Meter Installations	38,434,285	5,648,290	540,442	-			43,542,133
41	335.4	Hydrants	13,231,403	781,147	8,442	-			14,004,108
42	336.4	Backflow Prevention Devices	-	-	-	-			-
43	339.4	Other Plant & Equip TD	-	-	-	-			-
44									
45		Total Transmission and Distribution	$ 377,125,431	$ 17,902,168	$ 951,233	$ -			$ 394,076,367

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
APRIL 2012 TO MARCH 2013

EXHIBIT 37, SCHEDULE B-2.3
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 2 OF 4
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period Beginning Balance	Additions	Retirements	Transfers/Reclassifications Amount	Transfers/Reclassifications Explanation	Other Accts Involved	Base Period Ending Balance
1									
2									
3		General Plant							
4	303.5	Land & Land Rights AG	$ -	$ -	$ -	$ -			$ -
5	304.5	Structures and Improvements AG	13,241,922	63,122	34,055	-			13,270,989
6	340.5	Office Furniture and Equipment	7,889,427	5,399,966	720,669	238,252	reclassification of Business Transformation		12,806,976
7	341.5	Transportation Equipment	4,627,078	565,601	567,010	-			4,625,668
8	342.5	Stores Equipment	38,109	0	230	-			37,878
9	343.5	Tools, Shop and Garage Equipment	2,100,786	264,254	4,061	-			2,360,979
10	344.5	Laboratory Equipment	1,300,394	7,160	15,864	-			1,291,690
11	345.5	Power Operated Equipment	1,495,496	(27,590)	11,563	-			1,456,342
12	346.5	Communication Equipment	3,563,297	594,222	34,964	-			4,122,555
13	347.5	Miscellaneous Equipment	1,277,811	20,209	6,967	-			1,291,052
14	348.5	Other Tangible Property	138,485	227,819	-	-			366,304
15									
16		Total General	$ 35,672,804	$ 7,114,762	$ 1,395,383	$ 238,252			$ 41,630,434
17									
18									
19		Total Utility Plant in Service	$ 576,965,950	$ 26,655,801	$ 3,260,079	$ -			$ 600,361,673

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-2.3
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 3 OF 4
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-1

Line No.	NARUC 96 Acct No.	Account Title	Beginning Balance	Additions	Retirements	Transfers/Reclassifications Amount	Transfers/Reclassifications Explanation	Other Accts Involved	Fore. Period Ending Balance	13 Month Average
1										
2										
3		Intangible Plant								
4	301.1	Organization	$ 37,450	$ -	$ -	$ -			$ 37,450	$ 37,450
5	302.1	Franchise/Consents	70,261	-	-	-			70,261	70,261
6	339.1	Other Plant & Equip Intangibles	775,400	43,625	-	-			819,025	790,501
7										
8		Total Intangibles	$ 883,112	$ 43,625	$ -	$ -			$ 926,736	$ 898,213
9										
10		Source of Supply and Pumping Plant								
11	303.2	Land and Land Rights - SS	$ 1,273,329	$ -	$ -	$ -			$ 1,273,329	$ 1,273,329
12	304.2	Structures and Improvements SS	16,577,177	-	31,783	-			16,545,394	16,561,285
13	305.2	Collecting and Impounding Reservoirs	988,869	-	4,231	-			984,638	986,753
14	306.2	Lake, River and Other Intakes	7,365,402	246,926	2,659	-			7,609,668	7,513,112
15	307.2	Wells and Springs	-	-	-	-			-	-
16	308.2	Infiltration Galleries & Tunnels	-	-	-	-			-	-
17	309.2	Supply Mains	27,882,323	-	138	-			27,882,185	27,882,254
18	310.2	Power Generation Equipment	3,381,350	-	12,954	-			3,368,396	3,374,873
19	311.2	Pumping Equipment SS	26,844,979	646,711	142,571	-			27,349,120	27,175,495
20	339.2	Other Plant & Equipment SS	-	-	-	-			-	-
21										
22		Total Source of Supply & Pumping	$ 84,313,428	$ 893,637	$ 194,335	$ -			$ 85,012,730	$ 84,767,102
23										
24		Water Treatment Plant								
25	303.3	Land and Land Rights WT	$ 800,183	$ -	$ -	$ -			$ 800,183	$ 800,183
26	304.3	Structures and Improvements WT	26,218,203	658,468	53,125	-			26,823,546	26,589,081
27	311.3	Pumping Equipment WT	-	-	-	-			-	-
28	320.3	Water Treatment Equipment	54,028,702	164,617	2,981,046	-			51,212,273	53,141,221
29	339.3	Other Plant & Equipment WT	194,682	2,056	-	-			196,738	196,580
30										
31		Total Water Treatment	$ 81,241,770	$ 825,142	$ 3,034,171	$ -			$ 79,032,741	$ 80,727,065
32										
33		Transmission and Distribution Plant								
34	303.4	Land and Land Rights TD	$ 7,473,931	$ 327,129	$ 11,194				$ 7,789,866	$ 7,671,107
35	304.4	Structures and Improvements TD	915,117	-	19,630	-			895,487	909,077
36	311.4	Pumping Equipment TD	91,277	275,968	21,378	-			345,868	249,266
37	330.4	Dist Reservoirs & Standpipes	18,104,531	2,924,300	592,002	-			20,436,828	19,705,534
38	331.4	TD Mains	264,236,087	13,859,603	100,532	-			277,995,158	272,421,871
39	333.4	Services	49,551,414	2,779,994	217,316	-			52,114,092	50,778,822
40	334.4	Meter & Meter Installations	45,992,437	3,946,964	911,897	-			49,027,504	46,877,405
41	335.4	Hydrants	14,278,724	830,981	8,409	-			15,101,297	14,720,966
42	336.4	Backflow Prevention Devices	-	-	-	-			-	-
43	339.4	Other Plant & Equip TD	-	-	-	-			-	-
44										
45		Total Transmission and Distribution	$ 400,643,516	$ 24,944,941	$ 1,882,358	$ -			$ 423,706,099	$ 413,334,048

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
FROM AUGUST 2013 TO JULY 2014

Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-1

Line No.	NARUC 96 Acct No.	Account Title	Beginning Balance	Additions	Retirements	Transfers/Reclassifications Amount	Transfers/Reclassifications Explanation	Other Accts Involved	Fore. Period Ending Balance	13 Month Average
1										
2										
3		General Plant								
4	303.5	Land & Land Rights AG	$ -	$ -	$ -	$ -			$ -	$ -
5	304.5	Structures and Improvements AG	13,358,869	352,847	139,580	-			13,572,136	13,527,253
6	340.5	Office Furniture and Equipment	18,308,056	685,274	321,138	-			18,672,193	18,582,700
7	341.5	Transportation Equipment	4,952,669	742,904	423,973	-			5,271,600	4,930,084
8	342.5	Stores Equipment	37,725	-	461	-			37,264	37,494
9	343.5	Tools, Shop and Garage Equipment	2,577,457	441,216	5,942	-			3,012,731	2,745,202
10	344.5	Laboratory Equipment	1,281,114	-	31,728	-			1,249,386	1,265,250
11	345.5	Power Operated Equipment	1,450,380	-	19,469	-			1,430,911	1,440,950
12	346.5	Communication Equipment	5,030,683	1,417,508	54,074	-			6,394,117	5,725,207
13	347.5	Miscellaneous Equipment	1,484,151	2,056	16,897	-			1,469,310	1,478,949
14	348.5	Other Tangible Property	376,956	7,698	-	-			384,655	379,621
15										
16		Total General	$ 48,858,060	$ 3,649,504	$ 1,013,263	$ -			$ 51,494,302	$ 50,112,711
17										
18										
19		Total Utility Plant in Service	$ 615,939,886	$ 30,356,848	$ 6,124,126	$ -			$ 640,172,609	$ 629,839,138

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPERTY MERGED OR ACQUIRED
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-2.4
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct No.	Description of Property	Acquisition Cost	Cost Basis	Acquisition Adjustment	Commission Approval Date	Explanation of Treatment
1							
2							
3							
4							
5							
6							
7							
8			**NOT APPLICABLE**				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPERTY MERGED OR ACQUIRED
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-2.4
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct No.	Description of Property	Acquisition Cost	Cost Basis	Acquisition Adjustment	Commission Approval Date	Explanation of Treatment
1							
2							
3							
4							
5							
6							
7							
8			**NOT APPLICABLE**				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
LEASED PROPERTY
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-2.5
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Identification or Ref No.	Description and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property	Explain Method of Capitalization
1							
2							
3							
4		**KENTUCKY-AMERICAN DOES NOT HAVE ANY CAPITAL LEASES.**					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
LEASED PROPERTY
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-2.5
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Identification or Ref No.	Description and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property	Explain Method of Capitalization
1							
2							
3							
4							
5		**KENTUCKY-AMERICAN DOES NOT HAVE ANY CAPITAL LEASES.**					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPERTY HELD FOR FUTURE USE INCLUDED IN RATE BASE
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-2.6
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	ription/Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Revenue Realized Amount	Revenue Realized Acct No.	Revenue Realized Description	Expenses Incurred Amount	Expenses Incurred Acct No.	Expenses Incurred Description
1											
2											
3	**NOT APPLICABLE IN THIS RATE CASE.**										

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPERTY HELD FOR FUTURE USE INCLUDED IN RATE BASE
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-2.6
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	ription/Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Revenue Realized Amount	Revenue Realized Acct No.	Revenue Realized Description	Expenses Incurred Amount	Expenses Incurred Acct No.	Expenses Incurred Description
1											
2											
3			**NOT APPLICABLE IN THIS RATE CASE.**								

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPERTY EXCLUDED FROM RATE BASE
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-2.7
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct. No.	Description	In-Service Date	Original Cost	Accumulated Depreciation	Net Original Cost	Period Revenue and Expenses Amount	Acct No.	Description	Reasons for Exclusion
1										
2										
3					**NONE**					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPERTY EXCLUDED FROM RATE BASE
AS OF JULY 31, 2014

EXHIBIT 37, SCHEDULE B-2.7
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct. No.	Description	In-Service Date	Original Cost	Accumulated Depreciation	Net Original Cost	Period Revenue and Expenses Amount	Acct No.	Description	Reasons for Exclusion
1										
2										
3					**NONE**					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-3
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-3
PAGE 1 of 4
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	NARUC 96 Acct No.	Account Title	Base Period Total Company	Accumulated Reserve Balances Total Company	Jurisdictional Percent	Jurisdictional Total	Adjustments	Adjusted Jurisdiction
1								
2								
3		Intangible Plant						
4	301.1	Organization	$ 37,450	-	100%	$ -	$ -	$ -
5	302.1	Franchise/Consents	70,261	-		-		0
6	339.1	Other Palant & Equip Intangible	715,036	274,637		274,637		274,637
7								
8		Total Intangibles	$ 822,748	$ 274,637		274,637	-	274,637
9								
10		Source of Supply and Pumping Plant						
11	303.2	Land and Land Rights - SS	$ 1,273,329	-		$ -	$ -	$ -
12	304.2	Structures and Improvements SS	16,587,771	2,872,406		2,872,406	-	2,872,406
13	305.2	Collecting and Impounding Reservoirs	990,279	381,837		381,837	-	381,837
14	306.2	Lake, River and Other Intakes	7,313,933	371,030		371,030	-	371,030
15	307.2	Wells and Springs	-	-		-	-	-
16	308.2	Infiltration Galleries & Tunnels	-	-		0	-	0
17	309.2	Supply Mains	27,882,369	2,740,354		2,740,354.00	-	2,740,354.00
18	310.2	Power Generation Equip	3,385,668	495,530		495,530	-	495,530
19	311.2	Pumping Equipment SS	25,387,863	6,640,922		6,640,922	-	6,640,922
20	339.2	Other Plant & Equip SS	-	-		0	-	0
21	354.2	Other Plant & Equip WT	-	(3,168)		(3,168)	-	(3,168)
22								
23		Total Source of Supply & Pumping	$ 82,821,211	$ 13,498,912		13,498,911	-	13,502,079
24								
25		Water Treatment Plant						
26	303.3	Land and Land Rights	$ 800,183	-		$ -	$ -	$ -
27	304.3	Structures and Improvements	26,096,298	3,115,074		3,115,074	-	3,115,074
28	311.3	Pumping Equipment WT	-	(242)		(242)	-	(242)
29	320.3	Water Treatment Equipment	54,114,432	17,586,854		17,586,854	-	17,586,854
30	339.3	Other Plant & Equip WT	-	-		-	-	-
31								
32		Total Water Treatment	$ 81,010,913	$ 20,701,686		20,701,686	-	20,701,686
33								
34		Transmission and Distribution Plant						
35	303.4	Land and Land Rights TD	$ 7,473,931	-		$ -	$ -	$ -
36	304.4	Struct & Improve TD	915,117	592,259		592,259	-	592,259
37	311.4	Pumping Equipment TD	98,403	(55,544)		(55,544)	-	(55,544)
38	330.4	Dist Reservoirs & Standpipes	18,074,786	4,353,846		4,353,846	-	4,353,846
39	331.4	TD Mains	261,387,789	41,386,993		41,386,993	-	41,386,993
40	333.4	Services	48,580,100	19,743,812		19,743,812	-	19,743,812
41	334.4	Meters & Meter Installations	43,542,133	5,413,567		5,413,567	-	5,413,567
42	335.4	Hydrants	14,004,108	3,639,223		3,639,223	-	3,639,223
43	336.4	Backflow Prevention Devices	-	-		0	-	0
44	339.4	Other Plant & Equip TD	-	-		0	-	0
45								
46		Total Transmission and Distribution	$ 394,076,367	$ 75,074,156		75,074,156	0	75,074,156

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-3
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DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
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WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	NARUC 96 Acct No.	Account Title	Base Period Total Company	Accumulated Reserve Balances Total Company	Jurisdictional Percent	Jurisdictional Total	Adjustments	Adjusted Jurisdiction
1								
2								
3		General Plant						
4	303.5	Land & Land Rights AG	$ -	-	100%	$ -	$ -	$ -
5	304.5	Struct & Improve AG	13,270,989	2,443,135		2,443,135	-	2,443,135
6	340.5	Office Furniture and Equipment	12,806,976	8,764,792		8,764,792	-	8,764,792
7	341.5	Transportation Equipment	4,625,668	2,149,495		2,149,495	-	2,149,495
8	342.5	Stores Equipment	37,878	34,590		34,590	-	34,590
9	343.5	Tools, Shop and Garage Equipment	2,360,979	1,127,555		1,127,555	-	1,127,555
10	344.5	Laboratory Equipment	1,291,690	732,963		732,963	-	732,963
11	345.5	Power Operated Equipment	1,456,342	919,649		919,649	-	919,649
12	346.5	Communication Equipment	4,122,555	1,494,520		1,494,520	-	1,494,520
13	347.5	Miscellaneous Equipment	1,291,052	630,715		630,715	-	630,715
14	348.5	Other Tangible Property	366,304	236,135		236,135	-	236,135
15								
16								
17		Total General	41,630,434	18,533,549		18,533,549	-	18,533,549
18								
19								
20		Total Utility Plant in Service	$600,361,673	$128,082,940		$128,082,939	-	$128,086,107

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
ACCUMULATED DEPRECIATION AND AMORTIZATION
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DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	NARUC 96 Acct No.	Account Title	Forecasted Period Total Company	Accumulated Reserve Balances: Total Company	Jurisdictional Percent	Jurisdictional Total	Adjustment	Adjusted Jurisdiction	13 Month Average
1									
2									
3		Intangible Plant							
4	301.1	Organization	$ 37,450	$ -	100%	$ -	$ -	$ -	$ -
5	302.1	Franchise/Consents	70,261	-		-	-	-	-
6	339.1	Other Palant & Equip Intangible	790,501	386,722		386,722	-	386,722	343,688
7									
8		Total Intangibles	$ 898,213	$ 386,722		$ 386,722	$ -	$ 386,722	$ 343,688
9									
10		Source of Supply and Pumping Plant							
11	303.2	Land and Land Rights - SS	$ 1,273,329	$ -		$ -	$ -	$ -	$ -
12	304.2	Structures and Improvements SS	16,561,285	3,476,345		3,476,345	-	3,476,345	3,250,013
13	305.2	Collecting and Impounding Reservoirs	986,753	393,371		393,371	-	393,371	389,055
14	306.2	Lake, River and Other Intakes	7,513,112	555,474		555,474	-	555,474	485,533
15	307.2	Wells and Springs	-	-		-	-	-	-
16	308.2	Infiltration Galleries & Tunnels	-	-		0	-	0	-
17	309.2	Supply Mains	27,882,254	3,557,528		3,557,528.00	-	3,557,528.00	3,251,088
18	310.2	Power Generation Equip	3,374,873	609,928		609,928	-	609,928	567,089
19	311.2	Pumping Equipment SS	27,175,495	7,251,918		7,251,918	-	7,251,918	7,028,418
20	339.2	Other Plant & Equip SS	-	-		0	-	0	-
21	354.2	Other Plant & Equip WT	-	(3,168)		(3,168)	-	(3,168)	(3,168)
22									
23		Total Source of Supply & Pumping	$ 84,767,102	$ 15,841,396		$ 15,841,396	$ -	$ 15,841,396	$ 14,968,029
24									
25		Water Treatment Plant							
26	303.3	Land and Land Rights	$ 800,183	$ -		$ -	$ -	$ -	$ -
27	304.3	Structures and Improvements	26,589,081	4,074,221		4,074,221	-	4,074,221	3,711,786
28	311.3	Pumping Equipment WT	-	(242)		(242)	-	(242)	(242)
29	320.3	Water Treatment Equipment	53,141,221	16,382,237		16,382,237	-	16,382,237	17,698,761
30	339.3	Other Plant & Equip WT	196,580	-		-	-	-	-
31									
32		Total Water Treatment	$ 80,727,065	$ 20,456,216		$ 20,456,216	$ -	$ 20,456,216	$ 21,410,305
33									
34		Transmission and Distribution Plant							
35	303.4	Land and Land Rights TD	$ 7,671,107	$ (11,529)		$ (11,529)	$ -	$ (11,529)	$ (3,547)
36	304.4	Struct & Improve TD	909,077	604,002		604,002	-	604,002	606,074
37	311.4	Pumping Equipment TD	249,266	(77,852)		(77,852)	-	(77,852)	(70,641)
38	330.4	Dist Reservoirs & Standpipes	19,705,534	4,203,571		4,203,571	-	4,203,571	4,439,081
39	331.4	TD Mains	272,421,871	47,134,895		47,134,895	-	47,134,895	44,938,488
40	333.4	Services	50,778,822	21,339,033		21,339,033	-	21,339,033	20,728,931
41	334.4	Meters & Meter Installations	46,877,405	5,662,314		5,662,314	-	5,662,314	5,557,532
42	335.4	Hydrants	14,720,966	3,878,999		3,878,999	-	3,878,999	3,787,105
43	336.4	Backflow Prevention Devices	-	-		0	-	0	-
44	339.4	Other Plant & Equip TD	-	-		0	-	0	-
45									
46		Total Transmission and Distribution	$ 413,334,047	$ 82,733,432		$ 82,733,432	$ (1)	$ 82,733,432	$ 79,983,022

KENTUCKY-AMERICAN WATER COMPANY
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DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
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Line No.	NARUC 96 Acct No.	Account Title	Forecasted Period Total Company	Accumulated Reserve Balances: Total Company	Jurisdictional Percent	Jurisdictional Total	Adjustment	Adjusted Jurisdiction	13 Month Average
1									
2									
3		General Plant							
4	303.5	Land & Land Rights AG	$ -	$ -	100%	$ -	$ -	$ -	$ -
5	304.5	Struct & Improve AG	13,527,253	2,757,907		2,757,907	-	2,757,907	2,663,789
6	340.5	Office Furniture and Equipment	18,582,700	10,159,653		10,159,653	-	10,159,653	9,695,305
7	341.5	Transportation Equipment	4,930,084	1,838,331		1,838,331	-	1,838,331	1,952,553
8	342.5	Stores Equipment	37,494	35,256		35,256	-	35,256	35,009
9	343.5	Tools, Shop and Garage Equipment	2,745,202	1,258,522		1,258,522	-	1,258,522	1,207,424
10	344.5	Laboratory Equipment	1,265,250	753,312		753,312	-	753,312	746,019
11	345.5	Power Operated Equipment	1,440,950	938,946		938,946	-	938,946	932,292
12	346.5	Communication Equipment	5,725,207	1,998,573		1,998,573	-	1,998,573	1,791,982
13	347.5	Miscellaneous Equipment	1,478,949	714,003		714,003	-	714,003	684,773
14	348.5	Other Tangible Property	379,621	208,894		208,894	-	208,894	219,027
15									
16			$ 50,112,710						
17		Total General		20,663,397		20,663,397	-	20,663,397	19,928,173
18									
19		Total Utility Plant in Service	$ 629,839,136	$140,081,162		$140,081,163	$ (1)	$140,081,163	$136,633,217

KENTUCKY-AMERICAN WATER COMPANY
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ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
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DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
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WORKPAPER REFERENCE NO(S).:

Line No.	Adjustment Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference	Description and Purpose of Adjustment
1						
2						
3			**NONE**			

KENTUCKY-AMERICAN WATER COMPANY
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ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
FROM AUGUST 2013 TO JULY 2014

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DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Adjustment Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference	Description and Purpose of Adjustment
1						
2						
3			**NONE**			

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-3.2
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DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
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WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Adjusted Jurisdiction Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3	339.10	Other P/E Intangibles	8,375	122,264	19.40%	1,625	0%	1.2	5-SQ
4	339.60	Other P/E Comprehensive Studies	706,661	152,373	10.72%	75,754	0%	8.3	10-SQ
5	304.10	SS Structures and Improvements	6,960,192	709,622	3.07%	213,678	-5%	33.3	35-S1.5
6	305.00	Coll and Impounding Reservoir	990,279	381,837	1.33%	13,171	0%	47.7	75-R4
7	306.00	Lake, River, and Other Intakes	7,313,933	371,030	2.05%	149,936	0%	47.6	50-S1
8	307.00	Wells and Springs	-	-		0	0%	0.0	
9	309.00	Supply Mains	27,882,369	2,740,354	2.20%	613,412	-10%	40.0	65-S2.5
10									
11	304.20	Pumping Structures and Improvements	9,627,579	2,162,784	2.85%	274,386	-20%	36.4	60-R2.5
12	310.10	Other Power Production Equipment	3,385,668	495,530	2.93%	99,200	0%	30.4	35-S2.5
13	311.20	Electric Pumping Equipment	9,887,973	5,296,154	2.25%	222,479	-20%	41.8	50-R3
14	311.30	Diesel Pumping Equipment	702,411	387,187	2.26%	15,874	-20%	31.6	50-R3
15	311.40	Hydraulic Pumping Equipment	7,728	8,936	2.28%	176	-20%	43.4	50-R3
16	311.52	Source of Supply Pumping Equipment	14,789,750	948,646	2.43%	359,391	-20%	47.6	50-R3
17	311.54	T & D Pumping Equipment	98,403	(55,544)	2.43%	2,391	-20%	46.3	50-R3
18									
19	304.30	WT Structures and Improvements	26,096,298	3,115,074	2.95%	769,841	-20%	39.2	60-R2.5
20	320.11	Water Treatment Equipment	53,605,844	17,291,618	2.59%	1,388,391	-20%	35.7	45-R2.5
21	320.10	Water Treatment Equipment-Str	-	-	1.97%	0	-20%	45.9	60-R3
22	320.20	Water Treatment - GAC	508,588	295,236	24.28%	123,485	0%	3.1	5-L2.5
23									
24	304.40	T & D Structures and Improvements	915,117	592,259	2.63%	24,068	-5%	20.5	30-S2
25	330.00	Dist Res and Standpipes	1,771,358	289,550	1.66%	29,405	0%	56.8	60-S2.5
26	330.10	Elevated Tanks & Standpipes	10,222,904	3,837,930	2.03%	207,525	-25%	45.3	60-S2.5
27	330.20	Ground Level Facilities	3,498,766	119,546	1.38%	48,283	0%	56.3	60-S2.5
28	330.40	Clearwells	2,581,757	106,820	1.68%	43,374	0%	59.2	60-S2.5
29	331.00	T & D Mains	261,387,789	41,386,993	1.66%	4,339,037	-15%	62.6	75-R3
30	333.00	Services	48,580,100	19,743,812	3.00%	1,457,403	-100%	49.6	60-R2.5
31	334.10	Meters	15,273,697	(873,487)	2.68%	409,335	-10%	38.4	40-R1
32	334.11	Meters - Bronze Case	2,273,841	370,907	2.74%	62,303	-10%	38.7	40-R1
33	334.12	Meters - Plastic Case	371,274	(219,277)	3.25%	12,066	-10%	28.4	40-R1
34	334.13	Meters - Other	6,671,634	149,111	2.90%	193,477	-10%	34.1	40-R1
35	334.20	Meter Installations	18,447,729	6,058,922	2.78%	512,847	-10%	28.5	40-R1
36	334.30	Meter Vaults	503,957	(72,608)	2.73%	13,758	-10%	39.2	40-R1
37	335.00	Hydrants	14,004,108	3,639,223	1.49%	208,661	-25%	66.9	80-R3

KENTUCKY-AMERICAN WATER COMPANY
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DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Adjusted Jurisdiction Accumulated Reserve	Cuurent Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3									
4	304.60	Office Structures and Improvements	4,001,054	262,199	2.96%	118,431	-5%	27.9	55-R2.5
5		**Office Structures and Improvements-not depreciated**	-			0			
6	304.61	Other Structures and Improvements	5,747,674	1,409,063	2.01%	115,528	-5%	44	55-R2.5
7	304.70	Stores, Shop & Garage Structures	1,788,131	388,354	2.03%	36,299	0%	44.4	50-R2.5
8	304.80	Misc Structures	1,723,559	382,478	4.98%	85,833	-10%	17.9	25-R2
9	340.10	Office Furniture	690,108	540,837	5.00%	34,505	0%	8.7	20-SQ
10		**Office Furniture-not depreciated**	103,460			0			
11	340.21	Mainframe Comp & Periph Eqpt	74,833	71,781	20.00%	14,967	0%	3.7	5-SQ
12		**Mainframe Comp & Periph Eqpt-not depreciated**	11,522			0			
13	340.22	Personal Comp & Periph Eqpt	513,816	1,125,660	20.00%	102,763	0%	1.7	5-SQ
14		**Personal Comp & Periph Eqpt-not depreciated**	414,948			0			
15	340.23	Computers & Periph Other	657,076	287,759	20.00%	131,415	0%	2.4	5-SQ
16		**Computers & Periph Other-not depreciated**	88,579			0			
17	340.30	Mainframe Software	268,937	4,738,712	20.00%	53,787	0%	1.0	5-SQ
18		**Mainframe Software-not depreciated**	3,459,484			0			
19	340.32	Personal Comp Software	3,081	333,220	20.00%	616	0%	1.4	5-SQ
20		**Personal Comp Software-not depreciated**	400			0			
21	340.33	Other Software	937,426	1,121,584	20.00%	187,485	0%	1.3	5-SQ
22		**Other Software-not depreciated**	527,874			0			
23	340.50	Other Office Equipment	66,496	68,392	6.67%	4,435	0%	4.9	15-SQ
24		**Other Office Equipment-not depreciated**	4,285			0			
25	340.51	Computer Software Special	4,984,651	476,847	20.00%	996,930			
26	341.10	Trans Equip-Light Trucks	2,050,270	1,035,726	1.53%	31,369	20%	12.6	13-S2.5
27		**Trans Equip-Light Trucks-not depreciated**	-			0			13-S2.5
28	341.20	Trans Equip-Heavy Trucks	1,785,810	702,424	2.34%	41,788	15%	10.6	14-S2
29	341.30	Trans Equip-Cars	98,716	210,268	8.50%	8,391	15%	0.0	10-S3
30		**Trans Equip-Cars-new additions**	96,396			0			10-S3
31	341.40	Other Trans Equip	594,476	201,077	5.51%	32,756	0%	12.1	16-L3
32	342.00	Stores Equipment	37,878	34,590	4.00%	1,515	0%	2.3	25-SQ
33		**Stores Equipment-not depreciated**	-			0			25-SQ
34	343.00	Tools, Shop, & Garage Equip	2,360,979	1,127,555	5.00%	118,049	0%	13.2	20-SQ
35		**Tools, Shop, & Garage Equip-not depreciated**	-			0			20-SQ
36	344.00	Laboratory Equipment	1,291,690	732,963	6.67%	86,156	0%	5.0	15-SQ
37		**Laboratory Equipment-not depreciated**	-			0			15-SQ
38	345.00	Power Operated Equipment	1,456,342	919,649	2.14%	31,166	15%	12.3	18-L4
39	346.10	Communication Equipment-nontelephone	1,850,095	1,265,396	6.67%	123,401	0%	4.0	15-SQ
40		**Communication Equipment-not depreciated**	-			0			15-SQ
41	346.19	Communication Equipment-remote control	1,988,712	153,662	6.67%	132,647	0%	12.3	15-SQ
42	346.20	Communication Equipment-telephone	283,749	75,462	6.67%	18,926	0%	12.3	15-SQ
43	347.00	Misc Equipment	1,657,356	866,850	5.00%	82,868	0%	13.1	20-SQ
44	347.00	Misc Equipment	-			0			20-SQ
45	348.00	Other Tangible Property	-	-	5.00%	0	0%	7.6	20-SQ
46									
47			590,695,948	128,085,309		14,476,758			

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
PROPOSED DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
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DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Adjusted Jurisdiction Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3	339.10	Other P/E Intangibles	8,375	123,618	19.40%	1,625	0%	1.2	5-SQ
4	339.60	Other P/E Comprehensive Studies	782,127	220,070	10.72%	83,844	0%	8.3	10-SQ
5	304.10	SS Structures and Improvements	6,958,361	885,666	3.07%	213,622	-5%	33.3	35-S1.5
6	305.00	Coll and Impounding Reservoir	986,753	389,055	1.33%	13,124	0%	47.7	75-R4
7	306.00	Lake, River, and Other Intakes	7,513,112	485,533	2.05%	154,019	0%	47.6	50-S1
8	307.00	Wells and Springs	-	-		0	0%	0.0	
9	309.00	Supply Mains	27,882,254	3,251,088	2.20%	613,410	-10%	40.0	65-S2.5
10									
11	304.20	Pumping Structures and Improvements	9,602,924	2,364,347	2.85%	273,683	-20%	36.4	60-R2.5
12	310.10	Other Power Production Equipment	3,374,873	567,089	2.93%	98,884	0%	30.4	35-S2.5
13	311.20	Electric Pumping Equipment	11,730,766	5,445,472	2.25%	263,942	-20%	41.8	50-R3
14	311.30	Diesel Pumping Equipment	698,587	396,280	2.26%	15,788	-20%	31.6	50-R3
15	311.40	Hydraulic Pumping Equipment	7,728	9,082	2.28%	176	-20%	43.4	50-R3
16	311.52	Source of Supply Pumping Equipment	14,738,415	1,177,584	2.43%	358,143	-20%	47.6	50-R3
17	311.54	T & D Pumping Equipment	249,266	(70,641)	2.43%	6,057	-20%	46.3	50-R3
18									
19	304.30	WT Structures and Improvements	26,589,081	3,711,786	2.95%	784,378	-20%	39.2	60-R2.5
20	320.11	Water Treatment Equipment	52,632,633	17,300,620	2.59%	1,363,185	-20%	39.0	45-R2.5
21	320.10	Water Treatment Equipment-Str	-	-	1.97%	0	-20%	45.9	60-R3
22	320.20	Water Treatment - GAC	508,588	398,141	24.28%	123,485	0%	3.1	5-L2.5
23									
24	304.40	T & D Structures and Improvements	909,077	606,074	2.63%	23,909	-5%	20.5	30-S2
25	330.00	Dist Res and Standpipes	1,771,358	312,225	1.66%	29,405	0%	56.8	60-S2.5
26	330.10	Elevated Tanks & Standpipes	11,719,389	3,823,325	2.03%	237,904	-25%	45.3	60-S2.5
27	330.20	Ground Level Facilities	3,633,030	160,566	1.38%	50,136	0%	56.3	60-S2.5
28	330.40	Clearwells	2,581,757	142,964	1.68%	43,374	0%	59.2	60-S2.5
29	331.00	T & D Mains	272,421,871	44,938,488	1.66%	4,522,203	-15%	62.6	75-R3
30	333.00	Services	50,778,822	20,728,931	3.00%	1,523,365	-100%	49.6	60-R2.5
31	334.10	Meters	19,012,639	(874,478)	2.68%	509,539	-10%	38.4	40-R1
32	334.11	Meters - Bronze Case	2,270,905	421,479	2.74%	62,223	-10%	38.7	40-R1
33	334.12	Meters - Plastic Case	242,892	(342,234)	3.25%	7,894	-10%	28.4	40-R1
34	334.13	Meters - Other	6,396,187	3,237	2.90%	185,489	-10%	34.1	40-R1
35	334.20	Meter Installations	18,445,435	6,435,091	2.78%	512,783	-10%	28.5	40-R1
36	334.30	Meter Vaults	509,347	(85,563)	2.73%	13,905	-10%	39.2	40-R1
37	335.00	Hydrants	14,720,966	3,787,105	1.49%	219,342	-25%	66.9	80-R3

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-3.2
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PAGE 4 OF 4
Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Adjusted Jurisdiction Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3									
4	304.60	Office Structures and Improvements	4,333,669	364,222	2.96%	128,277	-5%	27.9	55-R2.5
5		**Office Structures and Improvements-not depreciated**	-	-		0			55-R2.5
6	304.61	Other Structures and Improvements	5,744,299	1,501,208	2.01%	115,460	-5%	44.2	55-R2.5
7	304.70	Stores, Shop & Garage Structures	1,786,124	416,578	2.03%	36,258	0%	44.4	50-R2.5
8	304.80	Misc Structures	1,652,591	380,739	4.98%	82,299	-10%	17.9	25-R2
9	340.10	Office Furniture	664,431	537,144	5.00%	33,222	0%	8.7	20-SQ
10		**Office Furniture-not depreciated**	103,460			0			
11	340.21	Mainframe Comp & Periph Eqpt	70,452	82,764	20.00%	14,090	0%	3.7	5-SQ
12		**Mainframe Comp & Periph Eqpt-not depreciated**	11,522			0			
13	340.22	Personal Comp & Periph Eqpt	432,877	1,006,859	20.00%	86,575	0%	1.7	5-SQ
14		**Personal Comp & Periph Eqpt-not depreciated**	414,948			0			
15	340.23	Computers & Periph Other	647,876	399,253	20.00%	129,575	0%	2.4	5-SQ
16		**Computers & Periph Other-not depreciated**	88,579			0			
17	340.30	Mainframe Software	126,616	4,546,240	20.00%	25,323	0%	1.0	5-SQ
18		**Mainframe Software-not depreciated**	3,459,484			0			
19	340.32	Personal Comp Software	3,081	262,927	20.00%	616	0%	1.4	5-SQ
20		**Personal Comp Software-not depreciated**	400			0			
21	340.33	Other Software	937,426	1,260,228	20.00%	187,485	0%	1.3	5-SQ
22		**Other Software-not depreciated**	527,874			0			
23	340.50	Other Office Equipment	61,401	64,317	6.67%	4,095	0%	4.9	15-SQ
24		**Other Office Equipment-not depreciated**	4,285			0			
25	340.51	Computer Software Special	11,027,990	1,535,574	10.00%	1,102,799			
26	341.10	Trans Equip-Light Trucks	2,014,000	848,201	1.53%	30,814	20%	12.6	13-S2.5
27		**Trans Equip-Light Trucks-not depreciated**	-			0			13-S2.5
28	341.20	Trans Equip-Heavy Trucks	1,945,975	687,324	2.34%	45,536	15%	10.6	14-S2
29	341.30	Trans Equip-Cars	292,285	197,880	8.50%	24,844	15%	0.0	10-S3
30		**Trans Equip-Cars-new additions**	96,396			0			10-S3
31	341.40	Other Trans Equip	581,429	219,147	5.51%	32,037	0%	12.1	16-L3
32	342.00	Stores Equipment	35,226	35,009	4.00%	1,409	0%	2.3	25-SQ
33		**Stores Equipment-not depreciated**	2,268			0			25-SQ
34	343.00	Tools, Shop, & Garage Equip	2,577,416	1,207,424	5.00%	128,871	0%	13.2	20-SQ
35		**Tools, Shop, & Garage Equip-not depreciated**	167,786			0			20-SQ
36	344.00	Laboratory Equipment	1,143,963	746,019	6.67%	76,302	0%	5.0	15-SQ
37		**Laboratory Equipment-not depreciated**	121,286			0			15-SQ
38	345.00	Power Operated Equipment	1,440,950	932,292	2.14%	30,836	15%	12.3	18-L4
39	346.10	Communication Equipment-nontelephone	1,615,935	1,384,449	6.67%	107,783	0%	4.0	15-SQ
40		**Communication Equipment-not depreciated**	189,097			0			15-SQ
41	346.19	Communication Equipment-remote control	3,636,426	314,540	6.67%	242,550	0%	12.3	15-SQ
42	346.20	Communication Equipment-telephone	283,749	92,993	6.67%	18,926	0%	12.3	15-SQ
43	347.00	Misc Equipment	1,771,213	903,800	5.00%	88,561	0%	13.1	20-SQ
44	347.00	**Misc Equipment - not depreciated**	87,357			0	0%	13.1	20-SQ
45	348.00	Other Tangible Property	-	-	5.00%	0	0%	7.6	20-SQ
46									
47			619,779,657	136,639,134		15,083,379			
48									
49									
50	Note: 39128A - Computer Software Special, KAW is proposing a reduction in depreciation rate from 20% to 10%								

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
CONSTRUCTION WORK IN PROGRESS
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-4
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Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-3

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs: AFUDC Capitalized	Accumulated Costs: Indirect Costs	Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
1									
2	D12-**01-P	Projects Funded by Others	$ 346,433	-		$346,433	100%	$346,433	NA
3	R12-**A1	Mains -New	$ -	-		-		-	NA
4	R12-**B1	Mains - Replaced / Restored	$ 125,466	993		126,459		126,459	NA
5	R12-**C1	Mains - Unschedule Replacements	$ -	-		-		-	NA
6	R12-**D1	Mains - Relocation	$ -	-		-		-	NA
7	R12-**E1	Hydrants, Valves, and Manholes - New	$ -	-		-		-	NA
8	R12-**F1	Hydrants, Valves, and Manholes - Replaced	$ -	-		-		-	NA
9	R12-**G1	Services and Laterals - New	$ -	-		-		-	NA
10	R12-**H1	Services and Laterals - Replaced	$ -	-		-		-	NA
11	R12-**I1	Meters New	$ -	-		-		-	NA
12	R12-**J1	Meters - Replaced	$ -	-		-		-	NA
13	R12-**K1	ITS Equipment and Systems	$ -	-		-		-	NA
14	R12-**L1	SCADA Equipment and Systems	$ 1,091,267	37,641		1,128,908		1,128,908	NA
15	R12-**M1	Security Equipment and System	$ -	-		-		-	NA
16	R12-**N1	Offices and Operations Centers	$ -	-		-		-	NA
17	R12-**O1	Vehicles	$ -	-		-		-	NA
18	R12-**P1	Tools and Equipment	$ -	-		-		-	NA
19	R12-**Q1	Process Plant Facilities and Equipment	$ 50,355	327		50,682		50,682	NA
20	R12-**S1	Engineering Studies	$ 48,470	22,546		71,017		71,017	NA
21	T12-0102-P	Business Transformation 2010 - 2014	$ 4,934,469	456,417		5,390,885		5,390,885	49%
22	T12-0103-P	Business Transformation 2010 - 2014	$ (41,510)	-		(41,510)		(41,510)	-5%
23	I12-020001	New WTP on Pool 3 of Kentucky	$ -	-		-		-	0%
24	I12-020027	Russell Cave Rd Main Extension	$ (2,652)	2,652		-		-	0%
25	I12-020009	US 25 Relocation	$ -	-		-		-	0%
26	I12-020010	Leestown Road	$ 1,379,516	133,739		1,513,255		1,513,255	85%
27	I12-020025	Pump Efficiency Replacement	$ 1,657,763	43,971		1,701,733		1,701,733	70%
28	I12-300003	Northern Division Connection	$ 3,956,023	126,102		4,082,125		4,082,125	29%
29	IP-1202-9	Todds and Cleveland Rd Main Extension	$ -	-		-		-	0%
30	IP-1202-10	KRS Clearwell Improvements (332)	$ -	-		-		-	0%
31	IP-1202-11	I-75 Main Extension	$ -	-		-		-	0%
32	IP-1202-13	Greenwich Rd Main Extension	$ -	-		-		-	0%
33	IP-1202-16	North Upper St Main Replacement (343)	$ -	-		-		-	0%
34	IP-1202-20	KY Major Highway	$ -	-		-		-	0%
35	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	$ -	-		-		-	0%
36	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	$ -	-		-		-	0%
37	IP-1202-39	Pump Efficiency Repl	$ -	-		-		-	0%
38									
39									
40									
41									
42									
43									
44									
45			$13,545,600	$824,387		$14,369,987		$14,369,987	
46									
47									

Note: Budget Projects DV - S represent normal on-going construction expenditures and are comprised of numerous construction jobs.
The cost of these projects can range from approximately $1,000 to $95,000. The construction period may be as little as one week
or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
CONSTRUCTION WORK IN PROGRESS
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-4
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Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-3

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs AFUDC Capitalized	Accumulated Costs Indirect Costs	Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
1									
2	D12-**01-P	Projects Funded by Others	$434,405	$0		$434,405	100%	$434,405	N/A
3	R12-**A1	Mains -New	$56,587	$753		$57,340		57,340	N/A
4	R12-**B1	Mains - Replaced / Restored	$429,492	$5,822		$435,314		435,314	N/A
5	R12-**C1	Mains - Unschedule Replacements	$0	$0		$0		-	N/A
6	R12-**D1	Mains - Relocation	$106,275	$1,405		$107,680		107,680	N/A
7	R12-**E1	Hydrants, Valves, and Manholes - New	$0	$0		$0		-	N/A
8	R12-**F1	Hydrants, Valves, and Manholes - Replaced	$0	$0		$0		-	N/A
9	R12-**G1	Services and Laterals - New	$0	$0		$0		-	N/A
10	R12-**H1	Services and Laterals - Replaced	$0	$0		$0		-	N/A
11	R12-**I1	Meters New	$0	$0		$0		-	N/A
12	R12-**J1	Meters - Replaced	$0	$0		$0		-	N/A
13	R12-**K1	ITS Equipment and Systems	$0	$0		$0		-	N/A
14	R12-**L1	SCADA Equipment and Systems	$491,553	$26,331		$517,884		517,884	N/A
15	R12-**M1	Security Equipment and System	$0	$0		$0		-	N/A
16	R12-**N1	Offices and Operations Centers	$0	$0		$0		-	N/A
17	R12-**O1	Vehicles	$0	$0		$0		-	N/A
18	R12-**P1	Tools and Equipment	$0	$0		$0		-	N/A
19	R12-**Q1	Process Plant Facilities and Equipment	$280,982	$3,791		$284,773		284,773	N/A
20	R12-**S1	Engineering Studies	$22,211	$1,477		$23,688		23,688	N/A
21	T12-0102-P	Business Transformation 2010 - 2014	$167,827	$0		$167,827		167,827	100%
22	T12-0103-P	Business Transformation 2010 - 2014	($44,275)	$0		($44,275)		(44,275)	100%
23	I12-020001	New WTP on Pool 3 of Kentucky	$0	$0		$0		-	0%
24	I12-020027	Russell Cave Rd Main Extension	($2,652)	$2,652		$0		-	0%
25	I12-020009	US 25 Relocation	$0	$0		$0		-	0%
26	I12-020010	Leestown Road	$0	$0		$0		-	0%
27	I12-020025	Pump Efficiency Replacement	$0	$0		$0		-	0%
28	I12-300003	Northern Division Connection	$3,442,752	$160,026		$3,602,778		3,602,778	100%
29	IP-1202-9	Todds and Cleveland Rd Main Extension	$133,592	$2,664		$136,256		136,256	23%
30	IP-1202-10	KRS Clearwell Improvements (332)	$98,054	$1,628		$99,682		99,682	16%
31	IP-1202-11	I-75 Main Extension	$90,556	$1,561		$92,117		92,117	24%
32	IP-1202-13	Greenwich Rd Main Extension	$117,243	$1,927		$119,169		119,169	47%
33	IP-1202-16	North Upper St Main Replacement (343)	$95,540	$1,622		$97,161		97,161	32%
34	IP-1202-20	KY Major Highway	$70,732	$1,356		$72,088		72,088	30%
35	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	$34,179	$560		$34,739		34,739	42%
36	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	$17,512	$231		$17,743		17,743	100%
37	IP-1202-39	Pump Efficiency Repl	$40,334	$474		$40,809		40,809	59%
38									
39									
40									
41									
42									
43									
44									
45									
46			$6,082,899	$214,279	$0	$6,297,179		$6,297,179	
47									
48		Note: Budget Projects DV - S represent normal on-going construction expenditures and are comprised of numerous construction jobs.							
49		The cost of these projects can range from approximately $1,000 to $95,000. The construction period may be as little as one week							
50		or as long as two months.							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-4.1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-4
PAGE 1 OF 2
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-3

Line No.	Project Number		Date Construction Began	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1									
2	D12-**01-P	Projects Funded by Others	NA	NA	NA	NA	NA	346,433	NA
3	R12-**A1	Mains -New	NA	NA	NA	NA	NA	-	NA
4	R12-**B1	Mains - Replaced / Restored	NA	NA	NA	NA	NA	126,459	NA
5	R12-**C1	Mains - Unschedule Replacements	NA	NA	NA	NA	NA	-	NA
6	R12-**D1	Mains - Relocation	NA	NA	NA	NA	NA	-	NA
7	R12-**E1	Hydrants, Valves, and Manholes - New	NA	NA	NA	NA	NA	-	NA
8	R12-**F1	Hydrants, Valves, and Manholes - Replaced	NA	NA	NA	NA	NA	-	NA
9	R12-**G1	Services and Laterals - New	NA	NA	NA	NA	NA	-	NA
10	R12-**H1	Services and Laterals - Replaced	NA	NA	NA	NA	NA	-	NA
11	R12-**I1	Meters New	NA	NA	NA	NA	NA	-	NA
12	R12-**J1	Meters - Replaced	NA	NA	NA	NA	NA	-	NA
13	R12-**K1	ITS Equipment and Systems	NA	NA	NA	NA	NA	-	NA
14	R12-**L1	SCADA Equipment and Systems	NA	NA	NA	NA	NA	1,128,908	NA
15	R12-**M1	Security Equipment and System	NA	NA	NA	NA	NA	-	NA
16	R12-**N1	Offices and Operations Centers	NA	NA	NA	NA	NA	-	NA
17	R12-**O1	Vehicles	NA	NA	NA	NA	NA	-	NA
18	R12-**P1	Tools and Equipment	NA	NA	NA	NA	NA	-	NA
19	R12-**Q1	Process Plant Facilities and Equipment	NA	NA	NA	NA	NA	50,682	NA
20	R12-**S1	Engineering Studies	NA	NA	NA	NA	NA	71,017	NA
21	T12-0102-P	Business Transformation 2010 - 2014	Jan-10	May-13	97.45%	12,771,812	11,085,857	5,390,885	48.63%
22	T12-0103-P	Business Transformation 2010 - 2014	Jan-11	Aug-12	141.87%	238,147	763,739	(41,510)	-5.44%
23	I12-020001	New WTP on Pool 3 of Kentucky	Aug-06	Sep-10	161.09%	140,875,523	164,113,992	-	0.00%
24	I12-020027	Russell Cave Rd Main Extension	Nov-11	Jul-12	200.78%	749,998	486,004	-	0.00%
25	I12-020009	US 25 Relocation	Feb-10	Jul-12	126.81%	3,200,000	2,810,647	-	0.00%
26	I12-020010	Leestown Road	Oct-10	Apr-13	98.38%	1,500,000	1,773,269	1,513,255	85.34%
27	I12-020025	Pump Efficiency Replacement	Jul-12	Apr-13	94.79%	775,000	2,418,253	1,701,733	70.37%
28	I12-300003	Northern Division Connection	Jan-11	Dec-13	75.09%	7,000,000	14,104,868	4,082,125	28.94%
29	IP-1202-9	Todds and Cleveland Rd Main Extension	Jan-14	Nov-14	0.00%	2,400,000	2,400,000	-	0.00%
30	IP-1202-10	KRS Clearwell Improvements (332)	Jan-14	Jun-15	0.00%	4,308,818	3,000,000	-	0.00%
31	IP-1202-11	I-75 Main Extension	Jan-14	Nov-14	0.00%	2,000,000	2,000,000	-	0.00%
32	IP-1202-13	Greenwich Rd Main Extension	Jan-14	Oct-14	0.00%	1,300,000	1,300,000	-	0.00%
33	IP-1202-16	North Upper St Main Replacement (343)	Jan-14	Dec-14	0.00%	1,500,282	1,500,282	-	0.00%
34	IP-1202-20	KY Major Highway	Jan-14	Dec-14	0.00%	3,000,000	1,000,000	-	0.00%
35	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	Jan-14	Sep-14	0.00%	500,000	500,000	-	0.00%
36	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	Feb-14	Jul-14	0.00%	250,000	250,000	-	0.00%
37	IP-1202-39	Pump Efficiency Repl	Apr-14	Sep-14	0.00%	457,866	457,866	-	0.00%
38									
39									
40									
41									
42									
43									
44									
45						$182,827,446	$209,964,777	14,369,987	
46									
47									

Note: Investment Projects DV - S represent normal on-going construction expenditures and are comprised of numerous construction jobs.
The cost of these projects can range from approximately $1,000 to $95,000. The construction period may be as little as one week
or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-4.1
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Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-3

Line No.	Project Number		Date Construction Began	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1									
2	D12-**01-P	Projects Funded by Others	NA	NA	NA	NA	NA	$434,405	NA
3	R12-**A1	Mains -New	NA	NA	NA	NA	NA	$57,340	NA
4	R12-**B1	Mains - Replaced / Restored	NA	NA	NA	NA	NA	$435,314	NA
5	R12-**C1	Mains - Unschedule Replacements	NA	NA	NA	NA	NA	$0	NA
6	R12-**D1	Mains - Relocation	NA	NA	NA	NA	NA	$107,680	NA
7	R12-**E1	Hydrants, Valves, and Manholes - New	NA	NA	NA	NA	NA	$0	NA
8	R12-**F1	Hydrants, Valves, and Manholes - Replaced	NA	NA	NA	NA	NA	$0	NA
9	R12-**G1	Services and Laterals - New	NA	NA	NA	NA	NA	$0	NA
10	R12-**H1	Services and Laterals - Replaced	NA	NA	NA	NA	NA	$0	NA
11	R12-**I1	Meters New	NA	NA	NA	NA	NA	$0	NA
12	R12-**J1	Meters - Replaced	NA	NA	NA	NA	NA	$0	NA
13	R12-**K1	ITS Equipment and Systems	NA	NA	NA	NA	NA	$0	NA
14	R12-**L1	SCADA Equipment and Systems	NA	NA	NA	NA	NA	$517,884	NA
15	R12-**M1	Security Equipment and System	NA	NA	NA	NA	NA	$0	NA
16	R12-**N1	Offices and Operations Centers	NA	NA	NA	NA	NA	$0	NA
17	R12-**O1	Vehicles	NA	NA	NA	NA	NA	$0	NA
18	R12-**P1	Tools and Equipment	NA	NA	NA	NA	NA	$0	NA
19	R12-**Q1	Process Plant Facilities and Equipment	NA	NA	NA	NA	NA	$284,773	NA
20	R12-**S1	Engineering Studies	NA	NA	NA	NA	NA	$23,688	NA
21	T12-0102-P	Business Transformation 2010 - 2014	Jan-10	May-13	137.50%	12,771,812	11,085,857	$167,827	1.51%
22	T12-0103-P	Business Transformation 2010 - 2014	Jan-11	Aug-12	226.12%	238,147	763,739	($44,275)	-5.80%
23	I12-020001	New WTP on Pool 3 of Kentucky	Aug-06	Sep-10	193.32%	140,875,523	164,113,992	$0	0.00%
24	I12-020027	Russell Cave Rd Main Extension	Nov-11	Jul-12	390.27%	749,998	486,004	$0	0.00%
25	I12-020009	US 25 Relocation	Feb-10	Jul-12	180.33%	3,200,000	2,810,647	$0	0.00%
26	I12-020010	Leestown Road	Oct-10	Apr-13	150.92%	1,500,000	1,773,269	$0	0.00%
27	I12-020025	Pump Efficiency Replacement	Jul-12	Apr-13	263.89%	775,000	2,418,253	$0	0.00%
28	I12-300003	Northern Division Connection	Jan-11	Dec-13	119.69%	7,000,000	14,104,868	$3,602,778	25.54%
29	IP-1202-9	Todds and Cleveland Rd Main Extension	Jan-14	Nov-14	66.35%	2,400,000	2,400,000	$136,256	5.68%
30	IP-1202-10	KRS Clearwell Improvements (332)	Jan-14	Jun-15	39.81%	4,308,818	3,000,000	$99,682	3.32%
31	IP-1202-11	I-75 Main Extension	Jan-14	Nov-14	66.35%	2,000,000	2,000,000	$92,117	4.61%
32	IP-1202-13	Greenwich Rd Main Extension	Jan-14	Oct-14	73.52%	1,300,000	1,300,000	$119,169	9.17%
33	IP-1202-16	North Upper St Main Replacement (343)	Jan-14	Dec-14	60.63%	1,500,282	1,500,282	$97,161	6.48%
34	IP-1202-20	KY Major Highway	Jan-14	Dec-14	60.63%	3,000,000	1,000,000	$72,088	7.21%
35	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	Jan-14	Sep-14	82.10%	500,000	500,000	$34,739	6.95%
36	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	Feb-14	Jul-14	100.56%	250,000	250,000	$17,743	7.10%
37	IP-1202-39	Pump Efficiency Repl	Apr-14	Sep-14	68.36%	457,866	457,866	$40,809	8.91%
38									
39									
40									
41									
42									
43									
44									
45									
46						$182,827,446	$209,964,777	$6,297,179	
47									

Note: Investment Projects DV - S represent normal on-going construction expenditures and are comprised of numerous construction jobs. The cost of these projects can range from approximately $1,000 to $95,000. The construction period may be as little as one week or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
ALLOWANCE FOR WORKING CAPITAL
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-5
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 1 OF 2
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: SCH 5.1/5.2

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2						
3	Working Capital	Lead/Lag Study	B-5.2, Page 1/3	$2,700,000	100.00%	$2,700,000
4						
5						
6						
7	Materials and Supplies	24 Month Average Balance	B-5.1, Page 1/2	$727,081	100.00%	$727,081

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
ALLOWANCE FOR WORKING CAPITAL
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-5
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 2 OF 2
Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: SCH 5.1/5.2

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2						
3						
4						
5						
6	Working Capital	Lead/Lag Study	B-5.2, Page 1/3	$3,964,000	100.00%	$3,964,000
7						
8						
9						
10	Materials and Supplies	24 Month Average Balance	B-5.1, Page 2/2	$727,081	100.00%	$727,081

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
WORKING CAPITAL COMPONENTS
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-5.1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 1 OF 2
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-5

Line No.	Description	24 - Month Average For Period Total Company	Jurisdictional Percent	Jurisdictional Amount	Period Balance Total Company	Jurisdictional Percent	Jurisdictional Amount
1							
2							
3	Materials and Supplies						
4							
5							
6	Materials & Supplies	$ 727,081	100.00%	$727,081	$727,081	100.00%	$727,081
7							
8				0	0		0
9							
10		$727,081		$727,081	$727,081		$727,081
11							
12							
13	Excel File Location:	Exhibits\Rate Base\[KY M&S.xlsx]schedule					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
WORKING CAPITAL COMPONENTS
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-5.1
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 2 OF 2
Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-5

Line No.	Description	24 - Month Average For Period Total Company	Jurisdictional Percent	Jurisdictional Amount	Period Balance Total Company	Jurisdictional Percent	Jurisdictional Amount
1							
2							
3							
4							
5							
6	Materials and Supplies						
7							
8							
9	Materials and Supplies	$ 727,081	100.00%	$727,081	$727,081	100.00%	$727,081
10							
11				0	0		0
12							
13		$727,081		$727,081	$727,081		$727,081
14							
15							
16							
17							
18							
19	Excel File Location:	Exhibits\Rate Base\[KY M&S.xlsx]schedule					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
WORKING CAPITAL - LEAD/LAG STUDY
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-5.2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 1 OF 6
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description	Days	Amount	Reference
1				
2				
3	Total Operating Funds		$88,228,184	SCHEDULE B-5.2/Paage 2 of 6
4				
5	Average Daily Operating Funds		241,721	
6				
7	Composite Average Days Interval Between:			
8				
9	(A) Date Service Furnished and Date Collections Deposited	39.07		SCHEDULE B-5.2/Paage 3 of 6
10				
11	(B) Date Expenses Incurred and Date of Payment	27.90		SCHEDULE B-5.2/Paage 2 of 6
12				
13	(C) Net Interval	11.17		
14				
15	Total Working Capital		$2,700,302	
16				
17				
18	Use		$2,700,000	

KENTUCKY-AMERICAN WATER COMPANY
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EXHIBIT 37, SCHEDULE B-5.2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
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Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description	Amount	Post Payment or (Lead) Days	Dollar Days	Excel File Location
1					
2					
3	Salaries & Wages	7,150,158	12.00	$85,821,915	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
4	Fuel, Power and Electric	3,994,390	28.09	112,207,613	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
5	Chemicals	1,834,701	31.76	58,266,630	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
6	Purchased Water	335,669	48.44	16,258,184	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
7	Waste Disposal	318,460	34.18	10,885,936	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
8	Service Company Charges	8,951,414	(9.56)	(85,564,772)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
9	Contracted Services	854,325	27.56		Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
10	Group Insurance	1,275,452	(7.40)	(9,434,394)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
11	Opeb	689,064	(1.56)	(1,073,906)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
12	Other Benefits	354,192	27.56		Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
13	Pensions	1,025,878	8.48	8,695,855	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
14	Insurance Other than Group	646,312	(76.06)	(49,156,935)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
15	Rents	35,782	(28.21)	(1,009,580)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
16	Regulatory Expense	212,934	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
17	Maintenance Service & Supplies	1,207,922	32.07	38,736,259	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
18	Amortization	485,811	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
19	Uncollectibles	1,437,455	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
20	Office Supplies & Services	236,813	12.04	2,850,901	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
21	Employee Related Exp, Travel & Ent	242,207	12.04	2,915,828	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
22	Other Operating Expenses	2,614,223	27.56	72,056,880	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
23	Total O & M Expenses	33,903,162		262,456,414	
24					Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
25	Depreciation and Amortization	12,079,210	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
26	Property Taxes	4,125,012	189.73	782,658,856	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
27	Utility Tax	136,894	(178.27)	(24,403,473)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
28	Payroll Taxes	535,417	12.00	6,425,002	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
29	Income Taxes - Current - SIT	1,384,008	52.00	71,968,429	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
30	Income Taxes - Current - FIT	7,480,524	36.74	274,834,453	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
31	Deferred Income Taxes	1,381,142	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
32	Interest Expense - Long - Term Debt	12,053,984	90.01	1,085,012,854	
33	Interest Expense - Short - Term Debt	62,061	15.21	943,657	
34	Preferred Dividends	39,985	47.75	1,909,267	
35	Net Income	15,046,785	0.00	0	
36					
37	Net Operating Funds	$88,228,184		$2,461,805,459	
38					
39					
40	Average Days Interval between Date Expenses are Incurred and Date of Payment			27.90	
41					
42					
43					
44	Lead Lag Days Excel file Reference:	Exhibits\Rate Base\[2012 RC KY Lead-Lag Study (SAP Format)-Revised.xlsx]Linkout			

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
WORKING CAPITAL - LEAD/LAG STUDY
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-5.2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 3 OF 6
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.		Revenues Amount	Median Service Days	Dollar Days	Excel file Reference
1					
2					
3	Monthly - Arrears Full Bills	$81,676,125	15.29	$1,248,809,123	Exhibits\Rate Base\[2012 RC KY Lead-Lag Study (SAP Format)-Revised.xlsx]RevenueLag
4					
5	Other Revenues	2,452,254	15.29	37,494,398	Exhibits\Rate Base\[2012 RC KY Lead-Lag Study (SAP Format)-Revised.xlsx]RevenueLag
6					
7	Fire Service	3,154,381	15.86	50,028,483	Exhibits\Rate Base\[KY Fire Serv Lead-Lag 2012.xlsx]Rev Lead Lag Ex
8					
9	Total	87,282,760		$1,336,332,004	
10					
11					
12					
13					
14					
15					
16					
17					
18					
19	Average Median Service Days			15.31	
20					
21	Number of Days between the Reading Date and the				
22	Billing Date			4.73	
23					
24	Number of Days between the Billing Date and the				
25	Date the Bills are Paid			19.03	
26					
27	Total Average Days' Interval between Number of Days				
28	from Date Services are Furnished to Date Collections				
29	are Received			39.07	

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
WORKING CAPITAL - LEAD/LAG STUDY
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-5.2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 4 OF 6
Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:
AGDR2#19(4, 5, & 6)

Line No.	Description	Days	Amount	Reference
1				
2				
3	Total Operating Funds		$93,172,740	SCHEDULE B-5.2/Page 5 of 6
4				
5	Average Daily Operating Funds		255,268	
6				
7	Composite Average Days Interval Between:			
8				
9	(A) Date Service Furnished and Date Collections Deposited	38.55		SCHEDULE B-5.2/Page 6 of 6
10				
11	(B) Date Expenses Incurred and Date of Payment	23.02		SCHEDULE B-5.2/Page 5 of 6
12				
13	(C) Net Interval	15.53		
14				
15	Total Working Capital		$3,964,270	
16				
17				
18	Use		$3,964,000	

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
WORKING CAPITAL - LEAD/LAG STUDY
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-5.2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 5 OF 6
Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:
•

Line No.	DESCRIPTION	Amount	Post Payment or (Lead) Days	Dollar Days	
1	Salaries & Wages	6,880,213	12.00	82,581,817	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
2	Fuel, Power and Electric	3,768,292	28.09	105,856,221	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
4	Chemicals	1,779,872	31.76		Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
5	Purchased Water	207,227	48.44	10,037,082	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
6	Waste Disposal	336,750	34.18	11,511,159	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
7	Service Company Charges	9,324,233	(9.56)	(89,128,481)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
8	Contracted Services	858,406	27.56	23,660,590	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
9	Group Insurance	1,418,443	(7.40)	(10,492,080)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
10	Opeb	691,061	(1.56)	(1,077,018)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
11	Other Benefits	403,472	27.56	11,121,049	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
12	Pensions	983,207	8.48	8,334,156	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
13	Insurance Other than Group	670,126	(76.06)	(50,968,194)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
14	Rents	37,919	(28.21)	(1,069,864)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
15	Regulatory Expense	274,995	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
16	Maintenance Service & Supplies	1,104,638	32.07	35,424,086	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
17	Amortization	485,811	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
18	Uncollectibles	1,675,735	0.00	-	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
19	Office Supplies & Services	377,375	12.04	4,543,068	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
20	Employee Related Exp, Travel & Ent	190,707	12.04	2,295,845	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
21	Other Operating Expenses	2,423,696	27.56	66,805,309	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
22	Total O & M Expenses	33,892,179		20,996,707	
23					Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
24	Depreciation and Amortization	13,351,679	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
25	Property Taxes	4,464,501	189.73	847,071,765	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
26	Utility Tax	126,399	(178.27)	(22,532,560)	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
27	Payroll Taxes	532,600	12.00	6,391,206	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
28	Income Taxes - Current - SIT	447,207	52.00	23,254,782	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
29	Income Taxes - Current - FIT	3,439,670	36.74	126,373,465	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
30	Deferred Income Taxes	4,078,705	0.00	0	Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1
31	Interest Expense - Long - Term Debt	12,483,472	90.01	1,123,672,239	
32	Interest Expense - Short - Term Debt	65,813	15.21	1,000,719	
33	Preferred Dividends	381,150	47.75	18,199,913	
34	Net Income	19,909,364	0.00	0	
35					
36	Net Operating Funds	$93,172,740		$2,144,428,236	
37					
38					
39	Average Days Interval between Date Expenses are Incurred and Date of Payment			23.02	
40					
41					
42					
43	Lead Lag Days Excel file Reference:	Exhibits\Rate Base\[2012 RC KY Lead-Lag Study (SAP Format)-Revised.xlsx]Linkout			

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
WORKING CAPITAL - LEAD/LAG STUDY
FROM AUGUST 2013 TO JULY 2014

EXHIBIT 37, SCHEDULE B-5.2
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-5
PAGE 6 OF 6
Witness Responsible L. Bridwell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:
AGDR2#19(4, 5, & 6)

Line No.			Revenues Amount	Median Service Days	Dollar Days	Excel File **Reference**
1						
2						
3	Monthly - Arrears Full Bills		$79,512,698	15.29	$1,215,730,822	Exhibits\Rate Base\[2012 RC KY Lead-Lag Study (SAP Format)-Revised.xlsx]RevenueLag
4						
5						
6						
7	Fire Service		2,319,440	15.86	36,786,318	Exhibits\Rate Base\[KY Fire Serv Lead-Lag 2012.xlsx]Rev Lead Lag Ex
8						
9	Total		$81,832,138		$1,252,517,140	
10						
11						
12						
13						
14						
15						
16						
17						
18						
19		Average Median Service Days			15.31	
20						
21		Number of Days between the Reading Date and the				
22		Billing Date			4.73	Exhibits\Rate Base\[2012 RC KY Lead-Lag Study (SAP Format)-Revised.xlsx]RevenueLag
23						
24		Number of Days between the Billing Date and the				
25		Date the Bills are Paid			19.03	Exhibits\Rate Base\[2012 RC KY Lead-Lag Study (SAP Format)-Revised.xlsx]RevenueLag
26						
27						
28						
29						
30	Total		81,832,138		39.07	3,197,275,780
31						
32	Other Revenues		1,834,066		15.29	28,042,446	Exhibits\Rate Base\[2012 RC KY Lead-Lag Study (SAP Format)-Revised.xlsx]RevenueLag
33						
34						
35		Total Average Days' Interval between Number of Days				
36		from Date Services are Furnished to Date Collections				
37		are Received	83,666,204		38.55	3,225,318,226

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
DEFERRED CREDITS AND ACCUMULATED DEFERRED INCOME TAXES
AS OF MARCH 31, 2013

EXHIBIT 37, SCHEDULE B-6
Exhibits\Rate Base\[K_RB12 - revised.xlsx]Sch B-6
PAGE 1 OF 2
Witness Responsible L. Bridwell

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Acct No.	Description	Workpaper Reference	Excel File Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1							
2							
3	252	Customer Advances	W/P-1-6	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Exh DevAdv	$ 13,624,354	100.00%	$13,624,354
4							
5	271	Contributions in Aid of Construction	W/P-1-7	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Exh CIAC	$ 52,526,822		$52,526,822
6							
7	255	Investment Tax Credits:					
8		Pre 1971 3% Credit	W/P-1-9	Exhibits\Rate Base\[KY ITC.xlsx]summary	$61,653		$61,653
9		1971-1975 4% Credit					
10		1975-12/31/85 10% Credit					
11							
12					$61,653		$61,653
13							
14							
15	282	Deferred Taxes:					
16		Utiltiy Plant in Service	W/P-1-8	Exhibits\Taxes\[KY Deferred Taxes 2012-2014.xlsx]Schedule	$53,722,642		$53,722,642
17		Deferred Maintenance	W/P-1-8		1,255,149		1,255,149
18		Deferred Debits	W/P-1-8		616,164		616,164
19							
20							
21							
22							
23							
24					55,593,955		$55,593,955

Kentucky American Water Company
Case No. 2012-00520
Jurisdictional Operating Income Summary for the Base and Forecasted Periods

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-1
Exhibits\[Income Statement.xlsx]Inc Statment - SCH C.1

Line No.	Major Acct. Group	Description	Supporting Schedule Reference	Base Period Ended 3/31/2013	Adjustment for Forecast at Present Rates	Forecast Year Ended 7/31/2014 At Present Rates	Adjustment for Proposed Rates	Forecast Year at Proposed Rates	Forecast Adjustment Workpaper	Forecast Adjustment Workpaper Location
1		**Operating Revenues**								
2	400	Water Revenues	Exh 37 C-2	$ 84,830,506	$ (2,998,368)	**$ 81,832,138**	$ 12,407,735	**$ 94,239,873**	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit
3	400	Other Revenues	Exh 37 C-2	2,452,254	(618,188)	**1,834,066**	346,149	**2,180,215**	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit
4	420	AFUDC	Exh 37 C-3	-	443,998	**443,998**		**443,998**	W/P - 1-4	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]AFUDC Activity
5	**Total**	**Total Revenues (Sum Lines 2-3)**		$ 87,282,760	$ (3,172,558)	**$ 84,110,202**	$ 12,753,884	**$ 96,864,086**		
6										
7	**401**	**Operating Expenses**								
8		**O&M:**								
9		Purchased Water	Exh 37 C-2	$ 335,669	$ (128,442)	**$ 207,227**	$ -	**$ 207,227**	W/P - 3-2	Exhibits\Expense\[Purchased Water Expense Exhibit.xlsx]Exhibit
10		Fuel & Power	Exh 37 C-2	3,994,390	(226,098)	**3,768,292**	-	**3,768,292**	W/P - 3-3	Exhibits\Expense\[Fuel and Power Expense Exhibit.xlsx]Exhibit
11		Chemicals	Exh 37 C-2	1,834,701	(54,829)	**1,779,872**	-	**1,779,872**	W/P - 3-4	Exhibits\Expense\[Chemical Expense Exhibit.xlsx]Exhibit
12		Waste Disposal	Exh 37 C-2	318,460	18,290	**336,750**	-	**336,750**	W/P - 3-5	Exhibits\Expense\[Waste Disposal Expense Exhibit.xlsx]Exhibit
13		Salaries and Wages	Exh 37 C-2	7,150,158	(269,945)	**6,880,213**	-	**6,880,213**	W/P - 3-1	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Labor
14		Pension	Exh 37 C-2	1,025,878	(42,671)	**983,207**	-	**983,207**	W/P - 3-1c	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Pension
15		Group Insurance	Exh 37 C-2	1,964,516	144,987	**2,109,504**	-	**2,109,504**	W/P - 3-1a	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Group Ins
16		Other Benefits	Exh 37 C-2	354,192	49,280	**403,472**	-	**403,472**	W/P - 3-1b	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Other Benefits
17		Support Services	Exh 37 C-2	8,951,414	372,820	**9,324,233**	-	**9,324,233**	W/P - 3-7	Exhibits\Expense\[Support Services.xlsx]Exhibit
18		Contract Services	Exh 37 C-2	854,325	4,081	**858,406**	-	**858,406**	W/P - 3-18	Exhibits\Expense\[Contract Services.xlsx]Exhibit
19		Building Maintenance & Services	Exh 37 C-2	524,208	(45,250)	**478,958**	-	**478,958**	W/P - 3-12	Exhibits\Expense\[Building Maint & Services.xlsx]Exhibit
20		Telecommunications	Exh 37 C-2	286,997	(29,628)	**257,369**	-	**257,369**	W/P - 3-14	Exhibits\Expense\[Telecommunication Expenses.xlsx]Exhibit
21		Postage, Printing, & Stationary	Exh 37 C-2	33,775	1,983	**35,758**	-	**35,758**	W/P - 3-15	Exhibits\Expense\[Postage, shipping, printing Exhibit.xlsx]Exhibit
22		Other Supplies & Services	Exh 37 C-2	236,813	140,562	**377,375**	-	**377,375**	W/P - 3-16	Exhibits\Expense\[Office Supplies & Expenses.xlsx]Exhibit
23		Advertising & Marketing	Exh 37 C-2	29,862	(29,862)	-	-	-	W/P - 3-17	Exhibits\Expense\[Advertising & Mktg.xlsx]Exhibit
24		Employee Related Expense	Exh 37 C-2	242,207	(51,500)	**190,707**	-	**190,707**	W/P - 3-19	Exhibits\Expense\[Employee Related Expenses.xlsx]Exhibit
25		Miscellaneous Expense	Exh 37 C-2	1,299,821	(129,274)	**1,170,548**	-	**1,170,548**	W/P - 3-20	Exhibits\Expense\[Miscellaneous Expense.xlsx]Exhibit
26		Rents	Exh 37 C-2	35,782	2,137	**37,919**	-	**37,919**	W/P - 3-11	Exhibits\Expense\[Rent Expense Exhibit.xlsx]Exhibit
27		Transportation	Exh 37 C-2	439,561	41,503	**481,064**	-	**481,064**	W/P - 3-21	Exhibits\Expense\[Transportation.xlsx]Exhibit
28		Uncollectible Accounts	Exh 37 C-2	300,934	180,869	**481,803**	73,443	**555,246**	W/P - 3-10	Exhibits\Expense\[Uncollectibles Exhibit.xlsx]Exhibit
29		Other Customer Accounting	Exh 37 C-2	1,136,521	57,411	**1,193,932**	-	**1,193,932**	W/P - 3-9	Exhibits\Expense\[2012 Customer Accounting - Postage.xlsx]Exhibit - Customer Acctg
30		Regulatory Expense	Exh 37 C-2	212,934	62,061	**274,995**	-	**274,995**	W/P - 3-6	Exhibits\Expense\[Rate Case Expense Exhibit.xlsx]Exhibit
31		Insurance Other Than Group	Exh 37 C-2	646,312	23,814	**670,126**	-	**670,126**	W/P - 3-22	Exhibits\Expense\[IOTG Expense Exhibit.xlsx]Exhibit
32		Maintenance Supplies & Services	Exh 37 C-2	1,693,733	(103,284)	**1,590,449**	-	**1,590,449**	W/P - 3-13	Exhibits\Expense\[Maintenance Expense Exhibit.xlsx]Exhibit
33	**Total**	**Total O&M Expenses (Sum of Lines 9-32):**		$ 33,903,162	$ (10,983)	**$ 33,892,179**	$ 73,443	**$ 33,965,622**		
34										
35		**Other Expenses**								
36	**403**	Depreciation	Exh 37 C-2	$ 10,182,567	$ 1,349,182	**$ 11,531,748**	$ -	**$ 11,531,748**	W/P - 4-1	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Exh Depr Exp
37	**406**	Amortization of UPAA	Exh 37 C-2	6,421	(6,421)	-	-	-	W/P - 4-2	Exhibits\Expense\[Amortization 12.xlsx]Exhibit
38	**407**	Amortization Expense	Exh 37 C-2	200,598	9,663	**210,261**		**210,261**	W/P - 4-2	Exhibits\Expense\[Amortization 12.xlsx]Exhibit
39	**403**	Removal costs	Exh 37 C-2	1,689,625	(79,955)	**1,609,669**	-	**1,609,669**	W/P - 4-3	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Exh COR Exp
40		State Income Tax	Exh 37 C-2							
41	**409**	Current State Income Tax	Exh 37 C-2	1,384,008	(936,801)	**447,207**	759,698	**1,206,905**	SCHEDULE E-1.4	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.4 State Inc Tax Forecast
42	**410**	Deferred State Income Tax	Exh 37 C-2	181,565	531,971	**713,536**	-	**713,536**	SCHEDULE E-1.4	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.4 State Inc Tax Forecast
43		Federal Tax	Exh 37 C-2							
44	**409**	Current Federal Income Tax	Exh 37 C-2	7,480,524	(4,040,854)	**3,439,670**	4,165,661	**7,605,330**	SCHEDULE E-1.3	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.3 Federal Inc Tax Forecast
45	**410**	Deferred Federal Income Tax	Exh 37 C-2	1,199,577	2,165,592	**3,365,170**	-	**3,365,170**	SCHEDULE E-1.3	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.3 Federal Inc Tax Forecast
46	**412**	Investment Tax Credits	Exh 37 C-2	(63,597)	(21,195)	**(84,792)**	-	**(84,792)**	SCHEDULE E-1.3	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.3 Federal Inc Tax Forecast
47	**408**	General taxes	Exh 37 C-2	4,797,323	326,178	**5,123,501**	18,851	**5,142,352**	W/P - 5	Exhibits\Expense\[General Tax.xlsx]Exhibit - General Tax
48		**Total Other Expense (Sum of Lines 36 -41)**		$ 27,058,611	$ (702,640)	**$ 26,355,970**	$ 4,944,210	**$ 31,300,180**		
49										
50		**Total Expenses (Line 33 + Lines 42):**		$ 60,961,773	$ (713,624)	**$ 60,248,149**	$ 5,017,653	**$ 65,265,802**		
51										
52		**Utility Operating Income (Line 5 - Line 44):**		$ 26,320,987	$ (2,458,934)	**$ 23,862,053**	$ 7,736,231	**$ 31,598,283**		
53										
54										

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Descrip	96 NARUC Account	Base Period 12 Months Ended 3/31/2013	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo. Ended 7/31/2014
1								
2	**400**	**Water revenues**	40111000	Res Sales Billed	461.1	$ 45,167,276	$ (733,743)	$ 44,433,533
3			40112000	Res Sales Unbilled	461.1	470,610	$ (470,610)	(0)
4			40121000	Com Sales Billed	461.2	21,885,893	$ (498,054)	21,387,839
5			40122000	Com Sales Unbilled	461.2	177,267	$ (177,267)	0
6			40131000	Ind Sales Billed	461.3	2,193,794	$ (46,357)	2,147,437
7			40132000	Ind Sales Unbilled	461.3	22,966	$ (22,966)	0
8			40141000	Publ Fire Billed	462.1	2,525,108	$ 819,452	3,344,560
9			40145000	Priv Fire Billed	462.2	3,154,381	$ (834,941)	2,319,440
10			40151000	Publ Auth Billed	461.4	6,933,633	$ (608,150)	6,325,483
11			40152000	Publ Auth Unbilled	461.4	175,624	$ (175,624)	(0)
12			40161000	Sls/Rsle Billed	466.	1,985,725	$ (156,204)	1,829,521
13			40161050	Sls/Rsle Billed I/C	467.	19,217	$ (19,217)	-
14			40162000	SalesforRsle Unbilld	466.	17,270	$ (17,270)	0
15			40171000	Misc Sales Billed	474.	21,254	$ (21,254)	(0)
16			40189900	Other Water Revenue	474.	80,489	$ (36,163)	44,326
17					**Total**	**84,830,506**	**(2,998,368)**	**81,832,138**
18								
19	**420**	**AFUDC**			420	-	-	443,998
20					**Total**	-	-	**443,998**
21								
22	**400**	**Other revenues**	40310100	OthRev-Late Pymt Fee	470.	228,124	451,876	680,000
23			40310200	OthRev-Rent	472.	92,757	(957)	91,800
24			40310250	OthRev-Rent I/C	469.	277,643	(177,643)	100,000
25			40310300	OthRev-CFO	471.	706,072	(706,072)	0
26			40310400	OthRev-NSF Ck Chrg	471.	28,708	3,434	32,142
27			40310500	OthRev-Appl/InitFee	471.	612,461	(1,609)	610,852
28			40310600	OthRev-Usage Data	471.	1,300	(1,300)	-
29			40310700	OthRev-Reconnct Fee	471.	471,424	(212,152)	259,272
30			40319900	OthRev-Misc Svc	471.	33,265	26,735	60,000
31			40359900	OthRev WW-Misc Svc	536.	500	(500)	-
32					**Total**	**2,452,254**	**(618,188)**	**1,834,066**
33								
34	**401**	**Purchased water**	51010000	Purchased Water	610.1	335,669	(128,442)	207,227
35			51015000	Purchased Water I/C	610.1	-	-	-
36					**Total**	**335,669**	**(128,442)**	**207,227**
37								
38	**401**	**Fuel and power**	51510000	Purchased Power	615.8	850,705	(850,705)	-
39			51510011	Purchased Power SS	615.1	21,752	4,372	26,124
40			51510012	Purchased Power P	615.1	525,671	105,650	631,321
41			51510013	Purchased Power WT	615.3	2,590,120	520,565	3,110,685
42			51510014	Purchased Power TD	615.5	135	27	163
43			51520000	Fuel for Power Prod	616.1	6,007	(6,007)	-
44					**Total**	**3,994,390**	**(226,098)**	**3,768,292**
45								
46	**401**	**Chemicals**	51800000	Chemicals	618.3	1,834,701	(54,829)	1,779,872
47					**Total**	**1,834,701**	(54,829)	**1,779,872**
48								
49	**401**	**Waste Disposal**	51110000	Waste Disposal	675.3	218,460	12,547	231,007
50			51120000	Amort Waste Disposal	675.3	100,000	5,743	105,743
51					**Total**	**318,460**	**18,290**	**336,750**
52								
53	**401**	**Salaries and wages**	50100000	Labor Expense	601.8	3,603,542	(3,603,542)	-
54			50100001	Labor ExpenseAccrual	601.8	104,440	(104,440)	-
55			50101300	Labor Oper WT	601.3	637,716	1,131,392	1,769,108
56			50101305	Labor Oper WT SupEng	601.3	391,131	693,918	1,085,049
57			50101400	Labor Oper TD	601.5	481,085	853,508	1,334,593
58			50101405	Labor Oper TD SupEng	601.5	19,424	34,460	53,884
59			50101415	Labor Oper TD Lines	601.5	75,115	133,264	208,379
60			50101420	Labor Oper TD Meter	601.5	266,964	473,630	740,594
61			50101500	Labor Oper CA	601.7	14,477	25,683	40,160
62			50101510	Labor Oper CA MtrRd	601.7	157,336	279,135	436,471
63			50101520	Labor Oper CA CstSrv	601.7	52,797	93,668	146,465
64			50101600	Labor Oper AG	601.8	226,420	401,699	628,120
65			50102100	Labor Maint SS	601.2	4,275	7,585	11,860
66			50102125	Labor Mnt SS Wells	601.2	0	-	0
67			50102200	Labor Maint P	601.2	17,930	31,810	49,740
68			50102300	Labor Maint WT	601.4	64,780	114,928	179,708
69			50102305	Labor Mnt WT Sup&Eng	601.4	3,784	6,713	10,496
70			50102400	Labor Maint TD	601.6	27,279	48,397	75,676
71			50102410	Labor Mnt TD Str&Imp	601.6	1,994	3,537	5,530
72			50102415	Labor Mnt TD DistRes	601.6	983	1,744	2,726
73			50102420	Labor Mnt TD Mains	601.6	74,875	132,838	207,713
74			50102430	Labor Mnt TD Service	601.6	130,608	231,715	362,323
75			50102435	Labor Mnt TD Meter	601.6	17,057	30,261	47,318
76			50102440	Labor Mnt TD Hydrant	601.6	70,179	124,507	194,686
77			50109900	Labor Cap Credits	601.8	(211,951)	(1,037,732)	(1,249,682)
78			50110000	Labor NS OT -Natural	601.8	313,832	(313,832)	
79			50111300	LaborOper NS OT WT	601.3	95,737	119,251	214,988
80			50111305	LaborOperNS OT WT SE	601.3	14,854	18,503	33,357
81			50111400	LaborOper NS OT TD	601.5	6,516	8,116	14,633
82			50111405	LaborOperNS OT TD SE	601.5	0	-	0
83			50111415	LaborOperNS OT TD Ln	601.5	4,094	5,099	9,193
84			50111420	LaborOperNS OT TD Mt	601.5	47,229	58,829	106,057

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Descrip	96 NARUC Account	Base Period 12 Months Ended 3/31/2013	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo. Ended 7/31/2014
85			50111500	LaborOper NS OT CA	601.7	113	140	253
86			50111510	LaborOperNS OT CA MR	601.7	13,929	17,350	31,278
87			50111520	LaborOperNS OT CA CS	601.7	1,464	1,824	3,288
88			50111600	LaborOper NS OT AG	601.8	297	370	666
89			50112100	LaborMaint NS OT SS	601.2	319	398	717
90			50112200	LaborMaint NS OT P	601.2	1,048	1,305	2,352
91			50112300	LaborMaint NS OT WT	601.4	10,299	12,829	23,129
92			50112305	LaborMaintNSOT WT SE	601.4	348	434	782
93			50112400	LaborMaint NS OT TD	601.6	4,087	5,091	9,179
94			50112410	LaborMaintNSOT TD SI	601.6	35	43	78
95			50112415	LaborMaintNSOT TD DR	601.6	0	-	0
96			50112420	LaborMaintNSOT TD Mn	601.6	25,410	31,651	57,061
97			50112430	LaborMaintNSOT TD Sv	601.6	19,658	24,486	44,145
98			50112435	LaborMaintNSOT TD Mt	601.6	18	23	41
99			50112440	LaborMaintNSOT TD Hy	601.6	7,661	9,543	17,204
100			50119900	LaborNSOT CapCredits	601.8	(14,706)	(38,349)	(53,055)
101			50120000	Labor OT - Natural	601.8	23,544	(23,544)	
102			50121300	LaborOper OT WT	601.3	13,586	8,471	22,057
103			50121420	LaborOperOT TD Meter	601.5	363	226	589
104			50122420	LaborMaintOT TD Main	601.6	548	342	890
105			50122430	LaborMaintOT TD Svc	601.6	255	159	414
106			50129900	Labor OT Cap Credits	601.8	(2,558)	2,558	
107			50171000	Annual Incent Plan	601.8	200,489	(200,489)	0
108			50171600	Comp Exp-Options	601.8	29,454	(29,454)	0
109			50171800	Comp Exp-RSU's	601.8	46,973	(46,973)	0
110			50185000	Severance	601.8	53,022	(53,022)	
111					**Total:**	**7,150,158**	**(269,945)**	**6,880,213**
112								
113	**401**	**Pensions**	50610000	Pension Expense	604.8	1,231,741	(51,505)	1,180,236
114			50610100	Pension Cap Credits	604.8	-205,863	8,835	-197,029
115					**Total**	**1,025,878**	**(42,671)**	**983,207**
116								
117	**401**	**Group insurance**	50510000	PBOP Expense	604.8	828,762	783	829,545
118			50510100	PBOP Cap Credits	604.8	-139,698	1,213	-138,484
119			50550000	Group Insur Expense	604.8	1,523,155	163,959	1,687,113
120			50550100	Group Ins Cap Credts	604.8	-247,702	(20,968)	-268,670
121					**Total**	**1,964,516**	**144,987**	**2,109,504**
122								
123	**401**	**Other benefits**	50421000	401k Expense	604.8	129,811	39,280	169,091
124			50421100	401k Exp Cap Credits	604.8	-5,020	-28,436	-33,456
125			50422000	DCP Expense	604.8	164,015	43,599	207,614
126			50422100	DCP Exp Cap Credits	604.8	-6,039	-30,866	-36,905
127			50423000	ESPP Expense	604.8	11,968	-1,408	10,560
128			50426000	Retiree Medical Exp	604.8	6,926	1,573	8,498
129			50450000	Other Welfare	604.8	8,220	12,550	20,770
130			50450016	Other Welfare AG	604.8	7,433	11,348	18,780
131			50451000	Employee Awards	604.8	11,988	-4,848	7,140
132			50452000	Emp Physical Exams	604.8	4,479	1,691	6,170
133			50454000	Safety Incentive Awards	604.8	1,600	800	2,400
134			50456000	Tuition Aid	604.8	11,483	4,027	15,510
135			50457000	Training	604.8	7,329	-29	7,300
136					**Total**	**354,192**	**49,280**	**403,472**
137								
138	**401**	**Service Company Costs**	53401000	AWWSC Labor OPEX	634.8	1,750,821	2,039,872	3,790,693
139			53401100	AWWSC Pension OPEX	634.8	213,393	295,489	508,882
140			53401200	AWWSC Group Ins OPEX	634.8	289,962	417,105	707,067
141			53401300	AWWSC Other Ben OPEX	634.8	93,736	144,166	237,903
142			53401400	AWWSC Cont Svcs OPEX	634.8	545,352	522,932	1,068,284
143			53401500	AWWSC Off Suppl OPEX	634.8	235,725	146,340	382,065
144			53401700	AWWSC Rents OPEX	634.8	105,019	247,982	353,001
145			53401900	AWWSC Maint OPEX	634.8	97,877	-97,877	
146			53402100	AWWSC Oth O&M OPEX	634.8	0	662,768	662,768
147			53402200	AWWSC Dpr/Amrt OPEX	634.8	414,228	739,927	1,154,155
148			53402300	AWWSC Gen Tax OPEX	634.8	156,546	204,918	361,463
149			53402400	AWWSC Interest OPEX	634.8	30,306	47,676	77,982
150			53402500	AWWSC Oth Inc OPEX	634.8	5,014	-3,258	1,756
151			53402600	AWWSC Inc Tax OPEX	634.8	10,495	7,722	18,217
152			53409999	AWWSC Conversion	634.8	5,002,942	-5,002,942	0
153					**Total**	**8,951,414**	**372,820**	**9,324,234**
154								
155	**401**	**Contracted services**	53150000	Contr Svc-Other	636.8	145,127	-145,127	
156			53150013	Contr Svc-Other WT	636.3	136,901	35,992	172,893
157			53150014	Contr Svc-Other TD	636.5	75,706	19,904	95,610
158			53150015	Contr Svc-Other CA	636.7	55,636	14,627	70,264
159			53150016	Contr Svc-Other AG	636.8	114,987	30,231	145,217
160			53151014	Contr Svc-Temp EE TD	636.5	7,224	1,899	9,123
161			53151015	Contr Svc-Temp EE CA	636.7	27,923	7,341	35,264
162			53151016	Contr Svc-Temp EE AG	636.8	13,117	3,449	16,566
163			53152000	Contr Svc-Lab Testng	635.3	15,872	-3,950	11,922
164			53153000	Contr Svc-Accounting	632.8	0	9,000	9,000
165			53154000	Contr Svc-Audit Fees	632.8	103,357	-10,010	93,347
166			53155000	Contr Svc-Legal	633.8	158,473	40,727	199,200
167					**Total**	**854,325**	**4,081**	**858,406**
168								

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Descrip	96 NARUC Account	Base Period 12 Months Ended 3/31/2013	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo. Ended 7/31/2014
169	401	**Building maintenance and services**	52532000	Electricity	675.8	39,295	-39,295	**0**
170			52532013	Electricity WT	675.3	1,586	815	2,402
171			52532014	Electricity TD	675.5	41,439	21,297	62,736
172			52532016	Electricity AG	675.8	55,847	28,702	84,549
173			52546013	Grounds Keeping WT	675.3	16,655	-16,655	0
174			52546014	Grounds Keeping TD	675.5	1,517	-1,517	0
175			52546016	Grounds Keeping AG	675.8	1,204	-1,204	0
176			52548000	Heating Oil/Gas	675.8	23,882	-23,882	0
177			52548014	Heating Oil/Gas TD	675.5	8,190	15,655	23,846
178			52548016	Heating Oil/Gas AG	675.8	8,687	16,604	25,290
179			52550000	Janitorial	675.8	22,030	-22,030	0
180			52550012	Janitorial P	675.1	196	49	245
181			52550013	Janitorial WT	675.3	8,025	2,012	10,037
182			52550016	Janitorial AG	675.8	62,234	15,604	77,839
183			52571013	Security Svc WT	675.3	6,734	-6,734	0
184			52571016	Security Svc AG	675.8	3,808	-3,808	0
185			52571100	Add'l Security Costs	675.8	136,368	-43,453	92,915
186			52578000	Trash Removal	675.8	6,253	-6,253	0
187			52578011	Trash Removal SS	675.1	5,245	2,483	7,729
188			52578013	Trash Removal WT	675.3	1,821	862	2,682
189			52578014	Trash Removal TD	675.5	7,016	3,322	10,338
190			52578016	Trash Removal AG	675.8	2,184	1,034	3,218
191			52583000	Water & WW	675.8	18,611	-18,611	0
192			52583011	Water & WW SS	675.1	26,478	17,360	43,838
193			52583013	Water & WW WT	675.3	21	13	34
194			52583016	Water & WW AG	675.8	18,882	12,380	31,262
195					**Total**	**524,208**	**-45,250**	**478,958**
196								
197	401	**Telecommunication expenses**	52574000	Telephone	675.8	38,978	-38,978	
198			52574013	Telephone WT	675.3	10,577	361	10,938
199			52574015	Telephone CA	675.7	97,262	3,322	100,584
200			52574016	Telephone AG	675.8	42,924	1,466	44,390
201			52574100	Cell Phone	675.8	24,806	-24,806	
202			52574113	Cell Phone WT	675.3	669	268	936
203			52574114	Cell Phone TD	675.5	10,190	4,080	14,270
204			52574115	Cell Phone CA	675.7	1,912	766	2,678
205			52574116	Cell Phone AG	675.8	59,680	23,894	83,573
206					**Total**	**286,997**	**-29,628**	**257,369**
207								
208	401	**Postage, printing and stationery**	52562500	Overnight Shippng	675.8	9,336	-9,336	
209			52562513	Overnight Shippng WT	675.3	7,277	4,995	12,271
210			52562514	Overnight Shippng TD	675.5	12	9	21
211			52562516	Overnight Shippng AG	675.8	10,712	7,353	18,066
212			52566000	Postage	675.8	1,175	-1,175	
213			52566016	Postage AG	675.8	5,262	138	5,400
214					**Total**	**33,775**	**1,983**	**35,758**
215								
216	401	**Office supplies and services**	52510016	Bank Svc Charges-AG	675.8	0	0	0
217			52526000	Credit Line Fees	675.8	19,601	-19,601	0
218			52526100	Credit Line Fees I/C	675.8	38,290	59,667	97,957
219			52542016	Forms AG	675.8	1,439	587	2,026
220			52562000	Office Supplies	675.8	12,632	-12,632	
221			52562013	Off&Adm Supplies WT	675.3	7,290	4,926	12,215
222			52562014	Off&Adm Supplies TD	675.5	9,325	6,301	15,625
223			52562015	Off&Adm Supplies CA	675.7	94	506	600
224			52562016	Off&Adm Supplies AG	675.8	13,226	8,937	22,162
225			52571500	Software Licenses	675.8	103,062	85,458	188,520
226			52582000	Uniforms	675.7	10,357	-10,357	
227			52582013	Uniforms WT	675.3	9,942	7,606	17,548
228			52582014	Uniforms TD	675.5	11,741	8,982	20,722
229			52599800	PCard Undistributed	675.8	-185	185	0
230					**Total**	**236,813**	**140,562**	**377,375**
231								
232	401	**Advertising & marketing expenses**	52503000	Advertising	660.8	29,862	-29,862	**0**
233					**Total**	**29,862**	**-29,862**	**0**
234								
235	401	**Employee Related Expense**	52534000	Employee Expenses	675.8	133,836	-37,141	96,695
236			52534200	Conferences & Reg	675.8	14,515	26,907	41,422
237			52535000	Meals Deductible	675.8	83,166	-56,871	26,295
238			52535100	Meals Nondeductible	675.8	10,689	15,606	26,295
239						**242,207**	**-51,500**	**190,707**
240								
241	401	**Miscellaneous expenses**	52000000	M&S Expense (O&M)	620.5	58,595	-58,595	
242			52001300	M&S Oper WT	620.3	33,674	-1,325	32,349
243			52001400	M&S Oper TD	620.5	84,180	-3,312	80,868
244			52001600	M&S Oper AG	620.8	112,281	-4,418	107,863
245			52500000	Misc Expense (O&M)	675.8	50,610	-50,610	
246			52501100	Misc Oper SS	675.1	8,605	-4,366	4,239

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

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Exhibits\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Descrip	96 NARUC Account	Base Period 12 Months Ended 3/31/2013	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo. Ended 7/31/2014
247			52501200	Misc Oper P	675.1	-16	8	-8
248			52501300	Misc Oper WT	675.3	27,596	-14,001	13,595
249			52501400	Misc Oper TD	675.5	48,745	-24,730	24,014
250			52501600	Misc Oper AG	675.8	300,476	-152,445	148,031
251			52514500	Charitb Don-H/Ed/En	675.8	40,750	57,250	98,000
252			52514600	Charitb Don-Commnty	675.8	26,250	26,000	52,250
253			52514700	Community Partnrshps	675.8	56,050	19,050	75,100
254			52514901	Cust Edu Comm-Reg	675.8		5,000	5,000
255			52514903	Cust Edu Comm-Issues	675.8	2,203	3,797	6,000
256			52514904	Cust Edu Comm-Consrv	675.8	27,463	82,537	110,000
257			52514905	Cust Edu Comm-Printd	675.8	16,172	16,328	32,500
258			52514907	Cust Edu-Press Rls	675.8		3,000	3,000
259			52514908	Cust Edu-MediaEditor	675.8		500	500
260			52514909	Cust Edu-Video&Photo	675.8	300	12,900	13,200
261			52515000	Commun Relations-E	675.8	6,277	6,323	12,600
262			52515001	Commun Relations-S	675.8	7,738	-238	7,500
263			52522000	Community Relations	675.8	6,189	-3,689	2,500
264			52524000	Co Dues/Mmbrshp Ded	675.8	80,387	10,640	91,027
265			52527000	Directors Fees	675.8	41,486	-5,486	36,000
266			52548100	Hiring Costs	675.8	305	-305	0
267			52549000	Injuries and Damages	675.8	20,813	-14,813	6,000
268			52554500	Lab Supplies	675.3	79,133	42,392	121,525
269			52556500	Low Income Pay Prog	675.8	30,500	31,500	62,000
270			52568000	Research & Develop	675.8	20,119	-1,027	19,092
271			52579000	Trustee Fees	675.8	24,166	9,365	33,531
272			52585000	Discounts Available	675.8	-31,806	4,077	-27,729
273			52586000	PO Small Differences	675.8	83	-83	0
274			53402100	AWWSC Oth O&M OPEX	634.8	120,497	-120,497	0
275					**Total**	**1,299,821**	**-129,274**	**1,170,548**
276								
277	**401**	**Rents**	54110000	Rents-Real Prop	641.8	1,452	-1,452	
278			54110014	Rents-Real Prop TD	641.5	2,676	3,132	5,808
279			54140000	Rents-Equip	642.8	8,028	-8,028	
280			54140016	Rents-Equip AG	642.8	23,627	8,484	32,111
281					**Total**	**35,782**	**2,137**	**37,919**
282								
283	**401**	**Transportation**	55000000	Transportation (O&M)	650.8	10,409	-10,409	
284			55000014	Trans Oper TD	650.5	1,665	1,386	3,051
285			55000015	Trans Oper CA	650.7	10	8	18
286			55000016	Trans Oper AG	650.8	23,300	19,392	42,692
287			55000100	Trans Cap Credits	650.8	-95,864	10,281	-85,583
288			55010100	Trans Lease Costs	650.8	1,542	-1,542	0
289			55010200	Trans Lease Fuel	650.8	369,852	251	370,102
290			55010300	Trans Lease Maint	650.8	128,331	23,139	151,470
291			55010400	Trans Emp Reimb Co	650.8	-810	-390	-1,200
292			55010500	Trans Reimb EE Prsnl	650.8	1,126	-613	513
293					**Total**	**439,561**	**41,503**	**481,064**
294								
		Uncollectible accounts						
295	**401**	**exp**	57010015	Uncoll Accts Exp CA	670.7	271,782	163,348	435,130
296			57010016	Uncoll Accts Exp AG	670.7	29,152	17,521	46,673
297					**Total**	**300,934**	**180,869**	**481,803**
298								
		Customer accounting						
299	**401**	**other**	52501500	Misc Oper CA	675.7	900	-300	600
300			52510015	Bank Svc Charges-CA	675.7	196,926	-5,862	191,064
301			52514906	Cust Edu-Bill Insert	675.8	38,703	11,297	50,000
302			52520000	Collection Agencies	675.7	101,097	28,467	129,564
303			52542015	Forms CA	675.7	200,947	5,381	206,328
304			52562515	Overnight Shippng CA	675.7	67	-67	0
305			52566015	Postage CA	675.7	597,881	18,496	616,377
306					**Total**	**1,136,521**	**57,411**	**1,193,932**
307								
308	**401**	**Regulatory expense**	56610000	Reg Exp-Amort	666.8	198,790	67,675	266,465
309			56620000	Reg Exp-Depr Stdy	667.8	14,144	-5,614	8,530
310					**Total**	**212,934**	**62,061**	**274,995**
311								
		Insurance other than						
312	**401**	**group**	55110000	Ins Vehicle	656.8	32,432	-2,959	29,473
313			55710000	Ins General Liabilty	657.8	287,292	-40,249	247,043
314			55720000	Ins Work Comp	658.8	162,390	401	162,791
315			55720100	Ins W/C Cap Credits	658.8	-25,515	964	-24,552
316			55730000	Ins Other	659.8	189,713	65,658	255,371
317					**Total**	**646,312**	**23,814**	**670,126**
318								
		Maintenance service and						
319	**401**	**supplies**	62002100	M&S Maint SS	620.2	164,029	-14,338	149,692
320			62002300	M&S Maint WT	620.4	296,280	3,108	299,388
321			62002400	M&S Maint TD	620.6	331,540	-54,940	276,600
322			62002600	M&S Maint AG	620.8	24,535	-24,535	0
323			62502300	Misc Maint WT	675.4	10,431	13,619	24,050
324			62502400	Misc Maint TD	675.6	35,001	-7,401	27,600
325			62502430	Misc Maint TD Svc	675.6	-713	713	0
326			62502440	Misc Maint TD Hydrnt	675.6	282	-282	0

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327			62502600	Misc Maint AG	675.8	120,556	-44,234	76,322
328			62510000	Amort Def Maint	675.6	100,955	-100,955	
329			62512300	Amort Def Maint WT	675.4	170,140	42,459	212,599
330			62512400	Amort Def Maint TD	675.6	214,715	53,583	268,298
331			62520700	Misc Main Pvg/Bckfll	675.6	164,767	57,233	222,000
332			63110026	Contr Svc-Maint AG	631.8	6,500	-6,500	0
333			63150023	Contr Svc-Maint WT	636.4	918	-918	0
334			63150024	Contr Svc-Maint TD	636.6	20,082	-20,082	0
335			63150026	Contr Svc-Maint AG	636.8	33,714	186	33,900
336			88101000	CAP Move-UP	675.8	2,492,379	-2,492,379	0
337			88106000	CAP Move-CCNC	675.8	5,602,296	-5,602,296	0
338			88107000	CAP Move-CWIP	675.8	-5,782,528	5,782,528	0
339			88108020	CAP Move-UP A/D Salv	675.8	-69,749	69,749	0
340			88252170	CAP Move-ADV NT WIP	675.8	-70,076	70,076	0
341			88257000	CAP Move-COR	675.8	158,755	-158,755	0
342			88257100	CAP Move-RWIP	675.8	73,170	-73,170	0
343			88271100	CAP Move-CIAC NT	675.8	-77,917	77,917	0
344			88271170	CAP Move-CIAC NT WIP	675.8	-127,311	127,311	0
345			88271200	CAP Move-CIAC Tax	675.8	-40,875	40,875	0
346			88271270	CAP Move-CIAC Tx WIP	675.8	-868	868	0
347			88900000	CAP Move-Settlement	675.8	-2,157,275	2,157,275	0
348					**Total**	**1,693,733**	**-103,284**	**1,590,449**
349								
350	**403**	**Depreciation**	68011000	Depr -UPIS General	403.	11,300,206	1,302,089	12,602,294
351			68012000	Depr -Amort CIAC Tx	403.	-793,310	-110,747	-904,057
352			68012500	Depr-Amort CIAC Nntx	403.	-324,330	157,840	-166,489
353					**Total**	**10,182,567**	**1,349,182**	**11,531,748**
354								
355	**406 & 407**	**Amortization**	68254000	Amort-RegAsset AFUDC	407.1	136,617	16,564	153,181
356			68255000	Amort-UPAA	406.	6,421	-6,421	0
357			68257000	Amort-Prop Losses	407.2	57,081	-1	57,080
358			68258000	Amort-Reg Asset	407.4	6,900	-6,900	0
359						**207,018**	**3,243**	**210,261**
360								
361	**403**	**Removal costs**	68311000	Rem Costs-ARO/NNS	403.	2,040,541	98,656	2,139,197
362			68312000	Rmv Csts-NNS CIAC Tx	403.	-86,723	-34,998	-121,721
363			68312500	Rmv Csts-NNS CIAC NT	403.	-264,193	-143,613	-407,806
364						**1,689,625**	**-79,955**	**1,609,669**
365								
366	**409**	**Current income taxes**	69011000	FIT-Current	409.1	4,814,455	-1,374,785	3,439,670
367			69012000	FIT-Prior Year Adj	409.1	2,666,069	-2,666,069	0
368			69021000	SIT-Current	409.1	960,288	-513,080	447,207
369			69022000	SIT-Prior Year Adj	409.1	423,721	-423,721	0
370						**8,864,532**	**-4,977,655**	**3,886,877**
371								
372	**410**	**Deferred taxes**	69061000	Def FIT-Current	410.1	64,938	-64,938	0
373			69062000	Def FIT-Pr Yr Adj	410.1	-2,671,473	2,671,473	0
374			69063000	Def FIT-RegAsst/Liab	410.1	217,707	95,521	313,228
375			69065000	Def FIT-Other	410.1	3,588,405	-536,463	3,051,942
376			69071000	Def SIT-Current	410.1	11,843	-11,843	0
377			69072000	Def SIT-Pr Yr Adj	410.1	-423,716	423,716	0
378			69073000	Def SIT-RegAsst/Liab	410.1	12,653	8,410	21,063
379			69073500	Def SIT-Other	410.1	580,785	111,687	692,473
380						**1,381,142**	**2,697,563**	**4,078,705**
381								
382	**412**	**Amortization of investment tax credit**	69522000	ITC Restored-3%	412.1	-3,826	-1,275	-5,101
383			69523000	ITC Restored-4%	412.1	-3,153	-1,051	-4,203
384			69524000	ITC Restored-10%	412.1	-56,618	-18,870	-75,488
385						**-63,597**	**-21,195**	**-84,792**
386								
387	**408**	**General taxes**	68520000	Property Taxes	408.1	4,132,859	331,642	4,464,501
388			68520100	Tax Discounts	408.1	-7,847	7,847	0
389			68532000	FUTA	408.1	6,473	-1,623	4,850
390			68533000	FICA	408.1	530,793	99,030	629,823
391			68533100	FICA Cap Credits	408.1	-16,547	-100,060	-116,607
392			68535000	SUTA	408.1	14,880	2,285	17,165
393			68535100	SUTA Cap Credits	408.1	-183	-2,448	-2,631
394			68543000	Othr Taxes &Licenses	408.1	10,000	-7,260	2,740
395			68545000	Utility Reg Assessme	408.1	126,894	-3,235	123,659
396						**4,797,323**	**326,178**	**5,123,501**
397		**Operating Income**		**Operating Income = Account Groups 400+420-401-403-406-407-408-409-410-412**		**$ 26,320,987**	**$ (2,902,933)**	**$ 23,862,052**

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Descrip	96 NARUC Account	Base Period 12 Months Ended 3/31/2013	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates, 12 Mo. Ended 7/31/2014
398								
399	**Breakdown by Major Account Group**							
400	**400**	Sum Operating Revenues				$ 87,282,760	$ (3,616,556)	$ 83,666,204
401	**420**	Sum AFUDC				-	-	443,998
402	**401**	Sum Operating Expenses				33,903,162	(10,983)	33,892,180
403	**403**	Sum Depreciation Expense				11,872,191	1,269,227	13,141,418
404	**406**	Sum Amortization of UPAA				6,421	(6,421)	-
405	**407**	Sum Amortization Expense				200,598	9,663	210,261
406	**408**	Sum Taxes Other Than income				4,797,323	326,178	5,123,501
407	**409**	Sum Current Income Taxes				8,864,532	(4,977,655)	3,886,877
408	**410**	Sum Deferred Tax				1,381,142	2,697,563	4,078,705
409	**412**	Sum Investment Tax Credits				(63,597)	(21,195)	(84,792)
410				**Operating Income Summary**		**$ 26,320,987**	**$ (2,902,933)**	**$ 23,862,052**
411								

Kentucky American Water Company
Case No. 2012-00520
Summary of Jurisdictional Adjustments to Operating Income by Major Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-1
Exhibits\[Income Statement.xlsx]MSFR IS Adjust D.1

Line Number	Major NARUC Account Group	Description	Base Period 12 Months Ended 3/31/2013	Adjust for Forecast at Present Rates	Forecast Year at Present Rates 12 Mos. Ended 7/30/2014	Supporting Schedule Information
1	400 (and 420)	Operating Revenues	$ 87,282,760	$ (3,172,558)	$ 84,110,202	See D-2
2		*(Adjustment for Forecast Includes AFUDC, from Account Group 420, per Prior Orders re: inclusion of CWIP in Rate Base)*				
3						
4	401	Operating Expenses	$ 33,903,162	$ (10,983)	$ 33,892,179	See D-2
5						
6	403	Depreciation Expense	$ 11,872,191	$ 1,269,227	$ 13,141,418	See D-2
7						
8	406	Amortization of Utility Plant Acquisition Adjustments	$ 6,421	$ (6,421)	$ -	See D-2
9						
10	407	Amortization Expense	$ 200,598	$ 9,663	$ 210,261	See D-2
11						
12	408	Taxes Other Than Income	$ 4,797,323	$ 326,178	$ 5,123,501	See D-2
13						
14	409	Income Taxes (Current, Utility Operating Income)	$ 8,864,532	$ (4,977,655)	$ 3,886,877	See D-2
15						
16	410	Provision for Deferred Income Taxes	$ 1,381,142	$ 2,697,563	$ 4,078,705	See D-2
19						
20	412	Investment Tax Credits	$ (63,597)	$ (21,195)	$ (84,792)	See D-2
		Utility Operating Income	$ 26,320,987	$ (2,458,934)	$ 23,862,053	

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-2
Exhibits\[Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Group	Description	Base Period Ended 3/31/2013	Adjustment for Forecast at Present Rates	Forecast Year Ended 7/31/2014 At Present Rates	Work Paper #	Workpaper Excel Location	Description of Adjustment
1	400	**Operating Revenues**						
2		**Water Revenues**						
3		Residential Sales	$ 45,637,885	$ (1,204,353)	$ 44,433,532	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Residential Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utiility revenues recorded during the base period.
4		Commercial Sales	22,063,160	(675,321)	21,387,839	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Commercial Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utiility revenues recorded during the base period.
5		Industrial Sales	2,216,761	(69,323)	2,147,438	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Industrial Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utiility revenues recorded during the base period.
6		Public Fire	2,525,108	819,452	3,344,560	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Public Fire adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utiility revenues recorded during the base period.
7		Private Fire	3,154,381	(834,941)	2,319,440	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Private Fire adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utiility revenues recorded during the base period.
8		Public Authority Sales	7,109,256	(783,774)	6,325,482	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Public Authority Sales adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utiility revenues recorded during the base period.
9		Sale for Resale	2,022,212	(192,691)	1,829,521	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Sale for Resale adjustment is based on the change in billing determinants for billed water revenue and to eliminate the net change in unbilled accrued utiility revenues recorded during the base period. The adjustment also includes the elimination of Owenton Revenue.
10		Miscellaneous Sales	21,254	(21,254)	-	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Miscellaneous Sales adjustment is based on the change in billing determinants for billed water revenue.
11		Other Water Revenues	80,489	(36,163)	44,326	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	The Other Water Revenues adjustment is based on the change in billing determinants for billed water revenue.
12	400	**Other Revenues**						
13		OthRev-Late Pymt Fee	228,124	451,876	680,000	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Late Payment Fees for the forecast period.
14		OthRev-Rent	92,757	(957)	91,800	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Other Revenue-Revenue for the forecast period.
15		OthRev-Rent I/C	277,643	(177,643)	100,000	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Other Revenue-Rent I/C for the forecast period.
16		OthRev-CFO	706,072	(706,072)	-	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Other Revenue-CFO for the forecast period.
17		OthRev-NSF Ck Chrg	28,708	3,434	32,142	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Returned Check Charges for the forecast period.
18		OthRev-Appl/InitFee	612,461	(1,609)	610,852	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Application and Initiation Fees for the forecast period.
19		OthRev-Usage Data	1,300	(1,300)	-	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Usage Data for the forecast period.
20		OthRev-Reconnct Fee	471,424	(212,152)	259,272	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Reconnect Fees for the forecast period.
21		OthRev-Misc Svc	33,265	26,735	60,000	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Miscellaneous Service for the forecast period.
22		OthRev WW-Misc Svc	500	(500)	-	Exh 37, Schedule M-1	Exhibits\Revenue\[KY Revenue Exhibit.xlsx]Exhibit	To adjust Waster Water Miscellaneous Service for the forecast period.

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-2
Exhibits\[Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Group	Description	Base Period Ended 3/31/2013	Adjustment for Forecast at Present Rates	Forecast Year Ended 7/31/2014 At Present Rates	Work Paper #	Workpaper Excel Location	Description of Adjustment
23	**420**	**AFUDC**		443,998	443,998	W/P - 1-4	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]AFUDC Activity	Adjustment to Reflect AFUDC for the Forecast Year
24								
		Total Water , Other & AFUDC Revenues (Sum Lines 3-23)	**87,282,760**	**(3,172,558)**	**84,110,202**			
25								
26	**401**	**Operating Expense**						
27		**O&M:**						
28		Purchased Water	$ 335,669	$ (128,442)	$ 207,227	W/P - 3-2	Exhibits\Expense\[Purchased Water Expense Exhibit.xlsx]Exhibit	Our purchased water amounts are expected to decrease in 2013-2014 as a result of our Northern Pipeline Connection. We will be no longer purchase water from Georgetown Municipal as a result of this project. We also experienced higher than expected purchased water in 2012 as a result of a hot dry spring and summer.
29		Fuel & Power	3,994,390	(226,098)	3,768,292	W/P - 3-3	Exhibits\Expense\[Fuel and Power Expense Exhibit.xlsx]Exhibit	Fuel and Power adjustments are based on forecasted amounts, plus the following adjustments, The forecast for energy from KU was based on KU's current rate case increase of 10%. The amount the KU filed in their rate case is 6.5% resulting in an adjustment of 3.5%. The Owenton Plant was forecasted to shut down in August 2013. The plan has been revised so that the plant will remain open through December 2013. The result is 4 months of additional Fuel and Power expense. Northern Booster Station additional pumping process was not included in forecast for January through July 2014 (7 months).
30		Chemicals	1,834,701	(54,829)	1,779,872	W/P - 3-4	Exhibits\Expense\[Chemical Expense Exhibit.xlsx]Exhibit	Chemical adjustments are based on forecasted amounts, plus the following adjustments. The Owenton Plant was forecasted to shut down in August 2013. The plan has been revised so that the plant will remain open through December 2013. The result is 4 months of additional Fuel and Power expense.
31		Waste Disposal	318,460	18,290	336,750	W/P - 3-5	Exhibits\Expense\[Waste Disposal Expense Exhibit.xlsx]Exhibit	The Waste Disposal adjustment is based on the forecasted amount, plus the following adjustment. The Owenton Plant was forecasted to shut down in August 2013. The plan has been revised so that the plant will remain open through December 2013. The result is 4 months of additional Waste Disposa expense.
32		Salaries and Wages	7,150,158	(269,945)	6,880,213	W/P - 3-1	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Labor	Adjustment reflects savings from reduced headcount net of wage increases. Reduced headcount is due to business realignment, meter reading efficiencies, and Northern Connection project (if approved). Wage increases include negotiated wage increases for union employees under the current contract and annual merit increases for non-union employees. Expense is net of capitalization and sewer utility charges.
33		Pension	1,025,878	(42,671)	983,207	W/P - 3-1c	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Pension	Adjustment reflects current estimate for FAS 87 Pension accruals for the months August 2013 - July 2014. Expense is net of capitalization and sewer utility charges
34		Group Insurance	1,964,516	144,987	2,109,504	W/P - 3-1a	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Group Ins	Adjustment reflects costs for all group insurances net of employee contributions, at selected plan rates where available. Costs reflect flat plan costs through September 2013, then 8% increase through July 2014, with matching increase for employee contributions beginning January 2014. Expense is net of capitalization and sewer utility charges.
35		Other Benefits	354,192	49,280	403,472	W/P - 3-1b	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Other Benefits	Adjustment reflects costs forecasted through the budget process, including allowances for tuition assitance, training, drug screenings, health & safety incentives, and biological exposure vaccinations.
36		Support Services	8,951,414	372,820	9,324,233	W/P - 3-7	Exhibits\Expense\[Support Services.xlsx]Exhibit	Adjustment reflects costs for BT-related maintenance and consulting for 2013, as well as for additional depreciaiton and interest related to BT and other investments. Adjustment also reflects inflation of non-labor costs and merit &/or contract increases to labor.
37		Contract Services	854,325	4,081	858,406	W/P - 3-18	Exhibits\Expense\[Contract Services.xlsx]Exhibit	The Contract Services adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecast budget includes contracts for lab testing, accounting, audit fees, legal, and other services such as snow removal, landscaping, and janitorial services.
38		Building Maintenance & Services	524,208	(45,250)	478,958	W/P - 3-12	Exhibits\Expense\[Building Maint & Services.xlsx]Exhibit	The Building Maintenance and Services adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecasted budget is based off of 2011 actuals that show historical decrease. Groundskeeping and security costs were also reclassified in the forecasted year.

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-2
Exhibits\[Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Group	Description	Base Period Ended 3/31/2013	Adjustment for Forecast at Present Rates	Forecast Year Ended 7/31/2014 At Present Rates	Work Paper #	Workpaper Excel Location	Description of Adjustment
39		Telecommunications	286,997	(29,628)	257,369	W/P - 3-14	Exhibits\Expense\[Telecommunication Expenses.xlsx]Exhibit	The Telecommunications adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecasted budget is based off of 2011 actuals with no increase.
40		Postage, Printing, & Stationary	33,775	1,983	35,758	W/P - 3-15	Exhibits\Expense\[Postage, shipping, printing Exhibit.xlsx]Exhibit	The Postage, Printing, & Stationary adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecasted budget is based off of 2011 actuals with no increase.
41		Other Supplies & Services	236,813	140,562	377,375	W/P - 3-16	Exhibits\Expense\[Office Supplies & Expenses.xlsx]Exhibit	The Office Supplies & Services Expense adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014.
42		Advertising & Marketing	29,862	(29,862)	-	W/P - 3-17	Exhibits\Expense\[Advertising & Mktg.xlsx]Exhibit	The Advertising and Marketing adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. Adverstising and marketing expenses have been removed in the forecast year.
43		Employee Related Expense	242,207	(51,500)	190,707	W/P - 3-19	Exhibits\Expense\[Employee Related Expenses.xlsx]Exhibit	The Employee Related Expense adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014.
44		Miscellaneous Expense	1,299,821	(129,274)	1,170,548	W/P - 3-20	Exhibits\Expense\[Miscellaneous Expense.xlsx]Exhibit	The Miscellaneous Expense adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The decrease is due to shared services Other O&M Operation Expenses being reclassified.
45		Rents	35,782	2,137	37,919	W/P - 3-11	Exhibits\Expense\[Rent Expense Exhibit.xlsx]Exhibit	The Rents adjustment is based on the difference between the base period amounts from April 2012 through March 2013 and the forecasted budget amounts for August 2013 through July 2014. The forecast amount is based on contracts for equipment leases such as copiers and real estate agreements.
46		Transportation	439,561	41,503	481,064	W/P - 3-21	Exhibits\Expense\[Transportation.xlsx]Exhibit	The Transportation adjustment is based on the difference between the base period amounts from April 2012 and March 2013 and the forecasted budget amounts fro August 2013 through July 2014. The forecast uses the same fuel usage as 2012, but accoutns for increased fuel costs.
47		Uncollectible Accounts	300,934	180,869	481,803	W/P - 3-10	Exhibits\Expense\[Uncollectibles Exhibit.xlsx]Exhibit	Adjustement based on a 3 year uncollectible percent to billed revenue avg. times the forecasted test year billed revenues
48		Other Customer Accounting	1,136,521	57,411	1,193,932	W/P - 3-9	Exhibits\Expense\[2012 Customer Accounting - Postage.xlsx]Exhibit - Customer Acctg	The adjustment is based on the difference between the base period amounts from April 2012 and March 2013 and the forecasted budget amounts fro August 2013 through July 2014. The forecast shows increased expenses for collection number agencies, customer education, and postage due to a forecasted increase in number of customers.
49		Regulatory Expense	212,934	62,061	274,995	W/P - 3-6	Exhibits\Expense\[Rate Case Expense Exhibit.xlsx]Exhibit	The Regulatory Expense adjustment is based on the forecasted amount, plus the following adjustment. The 2010 Rate Case Amortization is in the forecast through 11/2013, however, the amortization schedule ends 9/30/2013 which results in an adjustment for two months of the amortization.
50		Insurance Other Than Group	646,312	23,814	670,126	W/P - 3-22	Exhibits\Expense\[IOTG Expense Exhibit.xlsx]Exhibit	The Insurance Other than Group adjustment is based on the forecasted amount.
51		Maintenance Supplies & Services	1,693,733	(103,284)	1,590,449	W/P - 3-13	Exhibits\Expense\[Maintenance Expense Exhibit.xlsx]Exhibit	The Maintenance adjustment is based on the forecasted amount.
52		**Total O & M Expense (Sum of Lines 28 through 51):**	**$ 33,903,162**	**$ (10,983)**	**$ 33,892,179**			

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-2
Exhibits\[Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Group	Description	Base Period Ended 3/31/2013	Adjustment for Forecast at Present Rates	Forecast Year Ended 7/31/2014 At Present Rates	Work Paper #	Workpaper Excel Location	Description of Adjustment
53								
54		Other Expenses						
55	403	Depreciation	$ 10,182,567	$ 1,349,182	$ 11,531,748	W/P - 4-1	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Exh Depr Exp	Adjustment to reflect forecasted life depreciation expense net of life CIAC credits. Life depreciation adjustment is based on Utility Plant in Service balances, by account, for each month of the forecasted period multiplied by the monthly authorized depreciation rates. Life CIAC credits are based on the CIAC balances, by account, for each month of the forecasted period multiplied by the monthly CIAC amortization rates. Additional adjustments for non-depreciating utility plant and regulatory depreciation credits and debits are also reflected.
56	406	Amortization of UPAA	$ 6,421	$ (6,421)	$ -	W/P - 4-2	Exhibits\Expense\[Amortization 12.xlsx]Exhibit	Adjustment to reflect forecasted amortization of Utility Plant Acquisition Adjustments. Amortization is not currently allowed in rates, so adjustment eliminates the expense.
57	407	Amortization Expense	$ 200,598	$ 9,663	$ 210,261	W/P - 4-2	Exhibits\Expense\[Amortization 12.xlsx]Exhibit	Adjustment to reflect forecasted amortization expense. Amortization of Regulatory Asset is not allowed, so this expense has been eliminated. Remaining adjustment is to true-up amortization of AFUDC costs to reflect budgeted amount.
58	403	Removal costs	$ 1,689,625	$ (79,955)	$ 1,609,669	W/P - 4-3	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Exh COR Exp	Adjustment to reflect forecasted Cost of Removal accrual expense net of cost of removal CIAC credits. Cost of removal accrual adjustment is based on Utility Plant in Service balances, by account, for each month of the forecasted period multiplied by the monthly authorized cost of removal rates. Life CIAC credits are based on the CIAC balances, by account, for each month of the forecasted period multiplied by the monthly CIAC cost of removal amortization rates. Additional adjustments for non-depreciating utility plant and regulatory depreciation credits and debits are also reflected.
59		State Income Tax						
60	409	Current State Income Tax	$ 1,384,008	$ (936,801)	$ 447,207	SCHEDULE E-1.4	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.4 State Inc Tax Forecast	Forecasted expenses were deducted from operating revenues to arrive at pre-tax income. From this number statutory add backs in the form of permanent differences, and deductions in the form of temporary differences,were made to arrive at the taxable income. These statutory adjustments are shown as reconciling items.
61	410	Deferred State Income Tax	$ 181,565	$ 531,971	$ 713,536	SCHEDULE E-1.4	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.4 State Inc Tax Forecast	Consistent with prior rate cases, the Company used SFAS 109 in recording deferred income taxes. The sum of deferred taxes also includes amortization of deferred regulatory tax assets and liabilities. Deferred income tax provision is shown in total and also recognizes the regulatory assets and liabilities that will be recovered in rates in future years, consistent with SFAS 109.
62		Federal Tax						
63	409	Current Federal Income Tax	$ 7,480,524	$ (4,040,854)	$ 3,439,670	SCHEDULE E-1.3	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.3 Federal Inc Tax Forecast	Forecasted expenses were deducted from operating revenues to arrive at pre-tax income. From this number statutory add backs in the form of permanent differences, and deductions in the form of temporary differences,were made to arrive at the taxable income. These statutory adjustments are shown as reconciling items.
64	410	Deferred Federal Income Tax	$ 1,199,577	$ 2,165,592	$ 3,365,170	SCHEDULE E-1.3	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.3 Federal Inc Tax Forecast	Consistent with prior rate cases, the Company used SFAS 109 in recording deferred income taxes. The sum of deferred taxes also includes amortization of deferred regulatory tax assets and liabilities. Deferred income tax provision is shown in total and also recognizes the regulatory assets and liabilities that will be recovered in rates in future years, consistent with SFAS 109.
65	412	Investment Tax Credits	$ (63,597)	$ (21,195)	$ (84,792)	SCHEDULE E-1.3	Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.3 Federal Inc Tax Forecast	Amortization of deferred investment tax credits (ITCs) includes amortization of the 3%, 4%, and 10% ITC amounts.
66	408	General taxes	$ 4,797,323	$ 326,178	$ 5,123,501	W/P - 5	Exhibits\Expense\[General Tax.xlsx]Exhibit - General Tax	Adjustment reflects changes to General Tax, including Property Tax, Payroll Tax, Regulatory Assessment Fees, and Other Taxes. The Property Tax adjustment is based on the most recent property tax assessment and tax rates, multiplied by the forecasted amount of property. The Payroll Tax adjustment is made according to current tax rates and employee wages for the forecast period. Regulatory Assessment Fees are based on recent rates multiplied by forecasted revenues at present rates. Other Taxes are based on current accounting.
67		**Total Other Expense (Sum of Lines 55 through 66)**	**$ 27,058,611**	**$ (702,640)**	**$ 26,355,970**			
68								
69		**Total Expenses (Line 52 + Lines 67):**	**$ 60,961,773**	**$ (713,624)**	**$ 60,248,149**			
70								
71		**Utility Operating Income (Line 24 - Line 69):**	**26,320,987**	**(2,458,934)**	**23,862,053**			
72								

Kentucky American Water Company
Case No. 2012-00520
Supporting Schedule for Jurisdictional Factors

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-3
Exhibits\[Income Statement.xlsx]D-3

Jurisdictional Factors are not applicable to Kentucky American Water Company in this proceeding.

Kentucky American Water Company
Case No. 2012-00520
Federal Income Taxes at Present Rates, for the Base Period
Base Year for the 12 Months Ended March 31, 2013

SCHEDULE E-1.1

DATA: __X___BASE PERIOD ____ FORECASTED PERIOD
TYPE OF FILING: _X__ORIGINAL___UPDATED__REVISED
WORKPAPER REFERENCE NO(S).: W/P-6-1, 6.2

Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.1 Federal Inc Tax Base
PAGE 1 of 1
Witness Responsible: Scott Rungren

Line	Category	Item	Current Rates Federal Tax Calculation Base Period	Adjustments	Adjusted Base Period
1	**Book Revenue (+)**				
2		Operating Revenue	$ 87,282,760	$ -	$ 87,282,760
3					
4	**Book Deductions (-)**				
5		O&M Expenses	(33,903,162)	0	(33,903,162)
6		Depreciation, Amortization, & Cost of Removal	(12,079,210)	0	(12,079,210)
7		Taxes Other Than Income	(4,797,323)	0	(4,797,323)
8		Current State Income Tax	(967,539)	0	(967,539)
10		Interest Expense	(11,847,606)	0	(11,847,606)
11		**Total Book Deductions (Sum Lines 5 - 10)**	**$ (63,594,840)**	**$ -**	**$ (63,594,840)**
12					
13		**Book Pre-Tax Income (Line 2 + Line 11)**	**$ 23,687,920**	**$ -**	**$ 23,687,920**
14					
15	**Reconciling Items**				
		Permanent Differences:			
16		**(Deduction) or Reversal of Deduction**			
17		Non-Deductible Meals	10,689	0	10,689
18		Non-Deductible Penalties and Mandatory Dividends	381,846	0	381,846
19		**Pre-Tax Income After Perm. Differences (Line 13 + Line 17 + Line 18)**	**$ 24,080,454**	**$ -**	**$ 24,080,454**
20					
		Temporary Differences:			
21		**(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)**			
22		Deduct Tax Depreciation (State or Federal)	(14,851,891)	0	(14,851,891)
23		Reverse Deduction of Book Depreciation	11,300,206	0	11,300,206
24		Reverse Deduction of Amortization of Property Losses	57,081	0	57,081
25		Reverse Deduction of Amortization of UPAA	0	0	0
26		Reverse Deduction of Deferred Maintenance Amortization	384,856	0	384,856
27		Deduct Actual Deferred Maintenance Expenditures	(900,000)	0	(900,000)
28		Reverse All CIAC Amortization Credits	(1,468,556)	0	(1,468,556)
29		Reflect Actual Taxable CIAC Received	292,772	0	292,772
30		Reflect Repairs Deduction	(7,550,364)	0	(7,550,364)
31		Reverse Book Cost of Removal	2,040,541	0	2,040,541
32		Reflect Actual Cost of Removal	(689,505)	0	(689,505)
33		**Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 22 - 32)**	$ (11,384,859)	$ -	$ (11,384,859)
34					
35		**Pre-Tax Income After Permanent and Temporary Differences (Line 19 + Line 33)**	**$ 12,695,595**	**$ -**	**$ 12,695,595**
36					
37	**Calculation of Current Federal Income Taxes**				
38		Tax Rate	35%	35%	35%
39		**Current Taxes (Line 35 x Line 38)**	**$ 4,443,458**	**$ -**	**$ 4,443,458**
40		Adjustment For Tax Provision	370,997		
41		**Total Current Taxes**	**$ 4,814,455**		**$ 4,814,455**
42		Less: Prior Year Adjustment	(2,666,069)	2,666,069	0
43		**Total Federal Income Taxes - Current (Line 41 - Line 42)**	**$ 7,480,524**	**$ (2,666,069)**	**$ 4,814,455**
44					
45	**Calculation of Deferred Federal Income Taxes**				
46		Federal Defered Taxes Related to UPIS, CIAC, and Repairs	3,799,325	0	3,799,325
47		Federal Defered Taxes Related to Deferred Maintenance	180,300	0	180,300
48		Federal Defered Taxes Related to Property Losses	(19,978)	0	(19,978)
49		Federal Defered Taxes Related to Cost of Removal	(472,863)	0	(472,863)
50		Federal Defered Taxes - Prior Year	(2,671,473)	2,671,473	-
51		**Items Deferred**	**$ 815,311**	**$ 2,671,473**	**$ 3,486,784**
52		Adjustment For Tax Provision	(166,559)		(166,559)
53		**Sum Items Deferred**	**$ 981,870**	**$ 2,671,473**	**$ 3,653,343**
54					
55		**Amortization of Deferred Income Tax Assets & Liabilties**			
56		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	217,707	0	217,707
57					
58		Amortization of Deferred ITC	(63,597)	0	(63,597)
59		**Sum Total Federal Deferred Taxes + Amortization of ITC**	**$ 1,135,981**	**$ 2,671,473**	**$ 3,807,454**
60					
61					
62		**Total Current + Deferred Federal Income Taxes + Amortization of ITC (Line 43 + Line 59)**	**$ 8,616,505**	**$ 5,404**	**$ 8,621,909**

Kentucky American Water Company
Case No. 2012-00520
State Income Taxes at Present Rates, for the Base Period
Base Year for the 12 Months Ended March 31, 2013

SCHEDULE E-1.2

DATA: __X__BASE PERIOD ____ FORECASTED PERIOD
TYPE OF FILING: _X__ORIGINAL___UPDATED__REVISED
WORKPAPER REFERENCE NO(S).: W/P-6-1, 6.2

Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.2 State Inc Tax Base
PAGE 1 of 1
Witness Responsible: Scott Rungren

Line	Category	Item	Current Rates State Tax Calculation Base Period	Adjustments	Adjusted Base Period
1	**Book Revenue (+)**				
2		Operating Revenue	$ 87,282,760	$ -	$ 87,282,760
3					
4	**Book Deductions (-)**				
5		O&M Expenses	(33,903,162)	0	(33,903,162)
6		Depreciation, Amortization, & Cost of Removal	(12,079,210)	0	(12,079,210)
7		Taxes Other Than Income	(4,797,323)	0	(4,797,323)
8		Current State Income Tax	0	0	0
10		Interest Expense	(11,847,606)	0	(11,847,606)
11		**Total Book Deductions (Sum Lines 5 - 10)**	**$ (62,627,301)**	**$ -**	**$ (62,627,301)**
12					
13		**Book Pre-Tax Income (Line 2 + Line 11)**	**$ 24,655,459**	**$ -**	**$ 24,655,459**
14					
15	**Reconciling Items**				
		Permanent Differences:			
16		**(Deduction) or Reversal of Deduction**			
17		Non-Deductible Meals	26,295	0	26,295
18		Non-Deductible Penalties and Mandatory Dividends	381,900	0	381,900
19		**Pre-Tax Income After Perm. Differences (Line 13 + Line 17 + Line 18)**	**$ 25,063,654**	**$ -**	**$ 25,063,654**
20					
		Temporary Differences:			
21		**(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)**			
22		Deduct Tax Depreciation (State or Federal)	(12,405,037)	0	(12,405,037)
23		Reverse Deduction of Book Depreciation	11,300,206	0	11,300,206
24		Reverse Deduction of Amortization of Property Losses	57,081	0	57,081
25		Reverse Deduction of Amortization of UPAA	0	0	0
26		Reverse Deduction of Deferred Maintenance Amortization	384,856	0	384,856
27		Deduct Actual Deferred Maintenance Expenditures	(900,000)	0	(900,000)
28		Reverse All CIAC Amortization Credits	(1,468,556)	0	(1,468,556)
29		Reflect Actual Taxable CIAC Received	292,772	0	292,772
30		Reflect Repairs Deduction	(7,550,364)	0	(7,550,364)
31		Reverse Book Cost of Removal	2,040,541	0	2,040,541
32		Reflect Actual Cost of Removal	(689,505)	0	(689,505)
33		**Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 22 - 32)**	$ (8,938,005)	$ -	$ (8,938,005)
34					
35		**Pre-Tax Income After Permanent and Temporary Differences (Line 19 + Line 33)**	**$ 16,125,649**	**$ -**	**$ 16,125,649**
36					
37	**Calculation of Current State Income Taxes**				
38		Tax Rate	6.0%	6.0%	6.0%
39		**Current Taxes (Line 35 x Line 38)**	**$ 967,539**	**$ -**	**$ 967,539**
40		Adjustment For Tax Provision	(7,251)		(7,251)
41		**Total Current Taxes**	**$ 960,288**		**$ 960,288**
42		Less: Prior Year Adjustment	(423,721)	423,721	0
43		**Total State Income Taxes (Line 41 - Line 42)**	**$ 1,384,008**	**$ (423,721)**	**$ 960,288**
44					
45	**Calculation of Deferred State Income Taxes**				
46		State Defered Taxes Related to UPIS, CIAC, and Repairs	692,377	0	692,377
47		State Defered Taxes Related to Deferred Maintenance	30,909	0	30,909
48		State Defered Taxes Related to Property Losses	(3,425)	0	(3,425)
49		State Defered Taxes Related to Cost of Removal	(81,062)	0	(81,062)
50		State Defered Taxes - Prior Year	(423,716)	423,716	-
51		**Items Deferred**	**$ 215,082**	**$ 423,716**	**$ 638,799**
52		Adjustment For Tax Provision	46,170	0	46,170
53		**Sum Items Deferred**	**$ 168,912**	**$ 423,716**	**$ 592,628**
54					
55		**Amortization of Deferred Income Tax Assets & Liabilties**			
56		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	12,653	0	12,653
57		**Sum Total Deferred Taxes**	**$ 181,565**	**$ 423,716**	**$ 605,281**
58					
59					
60		**Total Current + Deferred State Income Taxes (Line 43 + Line 57)**	**$ 1,565,573**	**$ (4)**	**$ 1,565,569**

Kentucky American Water Company
Case No. 2012-00520
Federal Income Taxes at Present Rates, for the Forecast Period
For the 12 Months Ending July 31, 2014

SCHEDULE E-1.3

DATA: _____BASE PERIOD __X__ FORECASTED PERIOD
TYPE OF FILING: _X__ORIGINAL___UPDATED__REVISED
WORKPAPER REFERENCE NO(S).: W/P-6-1, 6-3, 6-4, 6-5

Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.3 Federal Inc Tax Forecast
PAGE 1 of 1
Witness Responsible: Scott Rungren

Line	Category	Item	Current Rates Federal Tax Calculation Forecast Period	At Proposed Rates Adjustments	Forecast Period At Proposed Rates
1	**Book Revenue (+)**				
2		Operating Revenue	$ 83,666,204	$ 12,753,884	$ 96,420,088
3					
4	**Book Deductions (-)**				
5		O&M Expenses	(33,892,179)	(73,443)	(33,965,622)
6		Depreciation, Amortization, & Cost of Removal	(13,351,679)	0	(13,351,679)
7		Taxes Other Than Income	(5,123,501)	(18,851)	(5,142,352)
8		Current State Income Tax	(447,207)	(759,695)	(1,206,903)
9		Interest Expense	(12,712,372)	0	(12,712,372)
10		**Total Book Deductions (Sum Lines 5 - 9)**	**$ (65,526,939)**	**$ (851,990)**	**$ (66,378,929)**
11					
12		**Book Pre-Tax Income (Line 2 + Line 10)**	**$ 18,139,265**	**$ 11,901,894**	**$ 30,041,159**
13					
14	**Reconciling Items**				
		Permanent Differences:			
15		**(Deduction) or Reversal of Deduction**			
16		Non-Deductible Meals	26,295	0	26,295
17		Non-Deductible Penalties and Mandatory Dividends	381,900	0	381,900
18		**Pre-Tax Income After Perm. Differences (Line 12 + Line 16 + Line 17)**	**$ 18,547,461**	**$ 11,901,894**	**$ 30,449,355**
19					
		Temporary Differences:			
20		**(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)**			
21		Deduct Tax Depreciation (State or Federal)	(16,302,217)	0	(16,302,217)
22		Reverse Deduction of Book Depreciation	12,602,294	0	12,602,294
23		Reverse Deduction of Amortization of Property Losses	57,080	0	57,080
24		Reverse Deduction of Amortization of UPAA	0	0	0
25		Reverse Deduction of Deferred Maintenance Amortization	480,898	0	480,898
26		Deduct Actual Deferred Maintenance Expenditures	(400,000)	0	(400,000)
27		Reverse All CIAC Amortization Credits	(1,600,073)	0	(1,600,073)
28		Reflect Actual Taxable CIAC Received	133,658	0	133,658
29		Reflect Repairs Deduction	(5,304,134)	0	(5,304,134)
30		Reverse Book Cost of Removal	2,139,197	0	2,139,197
31		Reflect Actual Cost of Removal	(526,535)	0	(526,535)
32		**Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 21 - 31)**	$ (8,719,833)	$ -	$ (8,719,833)
33					
34		**Pre-Tax Income After Permanent and Temporary Differences (Line 18 + Line 32)**	**$ 9,827,628**	**$ 11,901,894**	**$ 21,729,522**
35					
36	**Calculation of Current Federal Income Taxes**				
37		Tax Rate	35%	35%	35%
38		**Current Taxes (Line 34 x Line 37)**	**$ 3,439,670**	**$ 4,165,663**	**$ 7,605,333**
39					
40					
41	**Calculation of Deferred Federal Income Taxes**				
42		Federal Defered Taxes Related to UPIS, CIAC, and Repairs	3,664,665	0	3,664,665
43		Federal Defered Taxes Related to Deferred Maintenance	(28,314)	0	(28,314)
44		Federal Defered Taxes Related to Property Losses	(19,978)	0	(19,978)
45		Federal Defered Taxes Related to Cost of Removal	(564,432)	0	(564,432)
46		**Sum Items Deferred**	**$ 3,051,942**	**$ -**	**$ 3,051,942**
47					
48		**Amortization of Deferred Income Tax Assets & Liabilties**			
49		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	313,228	0	313,228
50					
51		Amortization of Deferred ITC	(84,792)	0	(84,792)
52		**Sum Total Federal Deferred Taxes + Amortization of ITC**	**$ 3,280,378**	**$ -**	**$ 3,280,378**
53					
54					
55		**Total Current + Deferred Federal Income Taxes + Amortization of ITC (Line 38 + Line 52)**	**$ 6,720,047**	**$ 4,165,663**	**$ 10,885,710**

Kentucky American Water Company
Case No. 2012-00520
State Income Taxes at Present Rates, for the Forecast Period
For the 12 Months Ending July 31, 2014

SCHEDULE E-1.4

DATA: _____BASE PERIOD __X__ FORECASTED PERIOD
TYPE OF FILING: _X__ORIGINAL___UPDATED__REVISED
WORKPAPER REFERENCE NO(S).: W/P-6-1, 6-3, 6-4, 6-5

Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.4 State Inc Tax Forecast
PAGE 1 of 1
Witness Responsible: Scott Rungren

Line	Category	Item	Current Rates State Tax Calculation Forecast Period	At Proposed Rates Adjustments	Forecast Period At Proposed Rates
1	**Book Revenue (+)**				
2		Operating Revenue	$ 83,666,204	$ 12,753,884	$ 96,420,088
3					
4	**Book Deductions (-)**				
5		O&M Expenses	(33,892,179)	(73,443)	(33,965,622)
6		Depreciation, Amortization, & Cost of Removal	(13,351,679)	-	(13,351,679)
7		Taxes Other Than Income	(5,123,501)	(18,851)	(5,142,352)
8		Current State Income Tax			
9		Interest Expense	(12,712,372)	0	(12,712,372)
10		**Total Book Deductions (Sum Lines 5 - 9)**	**$ (65,079,731)**	**$ (92,295)**	**$ (65,172,026)**
11					
12		**Book Pre-Tax Income (Line 2 + Line 10)**	**$ 18,586,473**	**$ 12,661,589**	**$ 31,248,062**
13					
14	**Reconciling Items**				
		Permanent Differences:			
15		**(Deduction) or Reversal of Deduction**			
16		Non-Deductible Meals	26,295	0	26,295
17		Non-Deductible Penalties and Mandatory Dividends	381,900	0	381,900
18		**Pre-Tax Income After Perm. Differences (Line 12 + Line 16 + Line 17)**	**$ 18,994,668**	**$ 12,661,589**	**$ 31,656,257**
19					
		Temporary Differences:			
20		**(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)**			
21		Deduct Tax Depreciation (State or Federal)	(19,099,639)	0	(19,099,639)
22		Reverse Deduction of Book Depreciation	12,602,294	0	12,602,294
23		Reverse Deduction of Amortization of Property Losses	57,080	0	57,080
24		Reverse Deduction of Amortization of UPAA	0	0	0
25		Reverse Deduction of Deferred Maintenance Amortization	480,898	0	480,898
26		Deduct Actual Deferred Maintenance Expenditures	(400,000)	0	(400,000)
27		Reverse All CIAC Amortization Credits	(1,600,073)	0	(1,600,073)
28		Reflect Actual Taxable CIAC Received	109,700	0	109,700
29		Reflect Repairs Deduction	(5,304,134)	0	(5,304,134)
30		Reverse Book Cost of Removal	2,139,197	0	2,139,197
31		Reflect Actual Cost of Removal	(526,535)	0	(526,535)
32		**Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 21 - 31)**	$ (11,541,212)	$ -	$ (11,541,212)
33					
34		**Pre-Tax Income After Permanent and Temporary Differences (Line 18 + Line 32)**	**$ 7,453,456**	**$ 12,661,589**	**$ 20,115,045**
35					
36	**Calculation of Current State Income Taxes**				
37		Tax Rate	6.0%	6.0%	6.0%
38		**Current Taxes (Line 34 x Line 37)**	**$ 447,207**	**$ 759,695**	**$ 1,206,903**
39					
40					
41	**Calculation of Deferred State Income Taxes**				
42		State Defered Taxes Related to UPIS, CIAC, and Repairs	797,511	0	797,511
43		State Defered Taxes Related to Deferred Maintenance	(4,854)	0	(4,854)
44		State Defered Taxes Related to Property Losses	(3,425)	0	(3,425)
45		State Defered Taxes Related to Cost of Removal	(96,760)	0	(96,760)
46		**Sum Items Deferred**	**$ 692,473**	**$ -**	**$ 692,473**
47					
48		**Amortization of Deferred Income Tax Assets & Liabilties**			
49		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	21,063	0	21,063
50		**Sum Total Deferred Taxes**	**$ 713,536**	**$ -**	**$ 713,536**
51					
52					
53		**Total Current + Deferred State Income Taxes (Line 38 + Line 50)**	**$ 1,160,743**	**$ 759,695**	**$ 1,920,438**

Kentucky American Water Company
Case No. 2012-00520
Summary of Income Tax Adjustments

SCHEDULE E-1.5
DATA: __X__BASE PERIOD __X__ FORECASTED PERIOD — Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-1.5 Summary of Income Tax Adj
TYPE OF FILING: _X__ORIGINAL___UPDATED__REVISED — PAGE 1 of 1
WORKPAPER REFERENCE NO(S).: N/A — Witness Responsible: Scott Rungren

Line	Reference Base Period	Reference Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3			State Income Taxes			
4	Sch E-1.2	Sch E-1.4	Current	$ 960,288	$ 447,207	$ (513,080)
5	Sch E-1.2	Sch E-1.4	Deferred	$ 605,281	$ 713,536	$ 108,255
6						
7						
8			Total State Income Taxes	$ 1,565,569	$ 1,160,743	$ (404,826)
9						
10						
11						
12			Federal Income Taxes			
13	Sch E-1.1	Sch E-1.3	Current	$ 4,814,455	$ 3,439,670	$ (1,374,785)
14	Sch E-1.1	Sch E-1.3	Deferred	$ 3,653,343	$ 3,051,942	$ (601,402)
15	Sch E-1.1	Sch E-1.3	Amort. Def Reg Assets/Liab.	$ 217,707	$ 313,228	$ 95,521
16	Sch E-1.1	Sch E-1.3	Deferred - ITC	$ (63,597)	$ (84,792)	$ (21,195)
17						
18						
19			Total Federal Income Taxes	$ 8,621,909	$ 6,720,047	$ (1,901,862)
20						
21						
22			Total Income Taxes	$ 10,187,478	$ 7,880,790	$ (2,306,688)

Kentucky American Water Company
Case No. 2012-00520
Development of Jurisdictional Factors for State & Federal Income Taxes
For the 12 Months Ending July 31, 2014

SCHEDULE E-2
DATA: __X__BASE PERIOD __X__ FORECASTED PERIOD — Exhibits\Taxes\[Income Tax Expense 11272012.xlsx]E-2 Jurisdictional Income Taxes
TYPE OF FILING:_X__ORIGINAL___UPDATED__REVISED — PAGE 1 of 1
WORKPAPER REFERENCE NO(S).: N/A — Witness Responsible: Scott Rungren

Line	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
1					
2					
3					
4			**NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.**		
5					
6			**100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.**		
7					
8					
9					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
COST OF CAPITAL SUMMARY
AS OF JULY 31, 2014

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-1, 7-2, 7-3

Exhibit 37, Schedule J-1
Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
PAGE 1 of 2
Witness Responsible: Scott Rungren

Line No.	Class of Capital	Reference	Net Carrying Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost	13 Month Average Weighted Cost
1									
2	Short-Term Debt	J-2, Page 1	$ 8,119,115	2.080%	$ 12,649	$ 8,131,764	0.810%	0.020%	0.020%
3									
4	Long-Term Debt	J-3, Page 1	202,791,766	52.020%	316,341	203,108,107	6.210%	3.230%	3.190%
5									
6	Preferred Stock	J-4, Page 1	4,482,784	1.150%	6,993	4,489,777	8.520%	0.100%	0.100%
7									
8	Common Equity		174,443,134	44.750%	272,131	174,715,265	10.900%	4.880%	4.870%
9									
10	Total Capital		$ 389,836,799	100.000%	$ 608,114	$ 390,444,913		8.230%	8.180%
11									
12									
13									
14									
15									
16	(1) JDITC	$ 608,114							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
COST OF CAPITAL SUMMARY
AS OF MARCH 31, 2013

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: AS OF END OF BASE PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-1, 7-2, 7-3

Exhibit 37, Schedule J-1
Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
PAGE 2 of 2
Witness Responsible: Scott Rungren

Line No.	Class of Capital	Reference	Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost
1								
2	Short-Term Debt	J-2, Page 2	$ 14,734,711	3.973%	$ 28,245	$ 14,762,956	0.810%	0.030%
3								
4	Long-Term Debt	J-3, Page 2	193,955,717	52.294%	371,796	194,327,513	5.850%	3.060%
5								
6	Preferred Stock	J-4, Page 2	4,481,756	1.208%	8,591	4,490,347	8.520%	0.100%
7								
8	Common Equity		157,723,157	42.525%	302,342	158,025,499	10.900%	4.640%
9								
10	Total Capital		$ 370,895,341	100.000%	$ 710,974	$ 371,606,315		7.830%
11								
12								
13								
14								
15								
16	(1) JDITC:	$ 710,974						

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
COST OF CAPITAL SUMMARY
13 MONTH AVERAGE FOR FORECAST PERIOD ENDING JULY 31, 2014

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: AVERAGE FOR FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-1, 7-2, 7-3

Exhibit 37, Schedule J-1.1/J-1.2
Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
PAGE 1 of 1
Witness Responsible: Scott Rungren

Line No.	Class of Capital	13 Month Average Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Average Weighted Cost
1							
2	Short-Term Debt	$ 8,125,111	2.115%	$ 13,677	$ 8,138,788	0.810%	0.020%
3							
4	Long-Term Debt	199,750,138	51.997%	336,258	200,086,396	6.140%	3.190%
5							
6	Preferred Stock	4,482,398	1.167%	7,547	4,489,945	8.520%	0.100%
7							
8	Common Equity	171,796,415	44.721%	289,205	172,085,620	10.900%	4.870%
9							
10	Total Capital	$ 384,154,063	100.000%	$ 646,687	$ 384,800,750		8.180%
11							
12							
13							
14							
15							
16	(1) JDITC:	$ 646,687					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
EMBEDDED COST OF SHORT-TERM DEBT
AS OF JULY 31, 2014

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-4

Exhibit 37, Schedule J-2
Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
PAGE 1 of 2
Witness Responsible: Scott Rungren

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
2				
3				
4	Promissory Note	$ 8,119,115	0.810%	$ 65,765
5				
6				
7	Weighted Cost of Short-Term Debt	0.810%		
8				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
EMBEDDED COST OF SHORT-TERM DEBT
AS OF MARCH 31, 2013

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: AS OF END OF BASE PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-4

Exhibit 37, Schedule J-2
Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
PAGE 2 of 2
Witness Responsible: Scott Rungren

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
2				
3				
4	Promissory Note	$ 14,734,711	0.810%	$ 119,351
5				
6				
7	Weighted Cost of Short-Term Debt	0.810%		
8				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
EMBEDDED COST OF LONG-TERM DEBT
AS OF JULY 31, 2014

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-5

Exhibit 37, Schedule J-3
Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
PAGE 1 of 2
Witness Responsible: Scott Rungren

No.	Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Unamortized Discount or Premium	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
1														
2														
3	General Mortgage Bonds:													
4														
5	Series 6.96% GMB	12/01/93	12/01/23	7,000,000	6.960%	9.346%	N/A	654,220	7,000,000	167,010	0	30,116	0	6,969,884
6	Series 7.15% GMB	02/14/97	02/01/27	7,500,000	7.150%	7.182%	N/A	538,650	7,500,000	2,429	0	30,361	0	7,469,639
7	Series 6.99% GMB	09/01/98	06/01/28	9,000,000	6.990%	7.026%	N/A	632,340	9,000,000	3,262	0	45,122	0	8,954,878
8	Series 6.593% Note	6/12/2002	6/12/2037	47,000,000	6.593%	6.628%	N/A	3,115,160	47,000,000	16,574	0	385,338	0	46,614,662
9	Series 6.25% Note	6/23/2009	6/1/2039	45,390,000	6.250%	6.295%	N/A	2,857,301	45,390,000	20,390	0	506,356	0	44,883,644
10	Series 5.625% Note	09/10/09	09/01/39	26,000,000	5.625%	5.675%	N/A	1,475,500	26,000,000	13,008	0	326,290	0	25,673,710
11	Series 5.375% Note	06/01/10	06/01/40	26,000,000	5.375%	5.417%	N/A	1,408,420	26,000,000	10,866	0	280,693	0	25,719,307
12	Series 5.05% Note	11/01/10	11/01/40	20,000,000	5.050%	5.050%	N/A	1,010,000	20,000,000	0	0	0	0	20,000,000
13	Proposed 5.200% Note	05/15/13	05/15/43	8,000,000	5.200%	5.300%	N/A	424,000	8,000,000	8,000	0	230,333	0	7,769,667
14	Proposed 5.200% Note	05/15/13	05/15/43	3,000,000	5.200%	5.300%	N/A	159,000	3,000,000	3,000	0	86,375	0	2,913,625
15	Proposed 5.200% Note	11/15/13	11/15/43	3,000,000	5.200%	5.271%	N/A	158,130	3,000,000	2,125	0	87,875	0	2,912,125
16	Proposed 5.200% Note	05/15/14	05/15/44	3,000,000	5.200%	5.221%	N/A	156,630	3,000,000	625	0	89,375	0	2,910,625
17														
18														
19														
20														
21														
22														
23														
24														
25	Total Long-Term Debt and Annualized Cost			$ 204,890,000				$ 12,589,351	$ 204,890,000	$ 247,289	$0	$ 2,098,234	$0	$ 202,791,766
26														
27														
28	Annualized Cost Rate			6.210%										

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
EMBEDDED COST OF LONG-TERM DEBT
AS OF MARCH 31, 2013

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: AS OF END OF BASE PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-5

Exhibit 37, Schedule J-3
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Witness Responsible: Scott Rungren

Line No.	Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Unamortized Discount or Premium	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
1														
2														
3	General Mortgage Bonds:													
4														
6	Series 6.96% GMB	12/01/93	12/01/23	7,000,000	7.150%	7.196%	N/A	503,720	7,000,000	3,227	0	34,418	0	6,965,582
7	Series 7.15% GMB	02/14/97	02/01/27	7,500,000	6.990%	7.022%	N/A	526,650	7,500,000	2,429	0	33,600	0	7,466,400
8	Series 6.99% GMB	09/01/98	06/01/28	9,000,000	6.593%	6.629%	N/A	596,610	9,000,000	3,262	0	49,471	0	8,950,529
9	Series 6.593% Note	06/12/02	06/12/37	47,000,000	6.250%	6.285%	N/A	2,953,950	47,000,000	16,574	0	407,436	0	46,592,564
10	Series 6.25% Note	06/23/09	06/01/39	45,390,000	5.625%	5.670%	N/A	2,573,613	45,390,000	20,390	0	533,543	0	44,856,457
11	Series 5.625% Note	09/10/09	09/01/39	26,000,000	5.375%	5.425%	N/A	1,410,500	26,000,000	13,008	0	343,634	0	25,656,366
12	Series 5.375% Note	06/01/10	06/01/40	26,000,000	5.050%	5.092%	N/A	1,323,920	26,000,000	10,866	0	295,180	0	25,704,820
13	Series 5.05% Note	11/01/10	11/01/40	20,000,000	5.200%	5.200%	N/A	1,040,000	20,000,000	0	0	0	0	20,000,000
14	Proposed 5.100% Note	11/15/12	11/15/42	8,000,000	5.200%	5.300%	N/A	424,000	8,000,000	8,000	0	237,000	0	7,763,000
15	Proposed 5.200% Note	05/15/13	05/15/43	0	5.200%	0.000%	N/A	0	0	0	0	0	0	0
16	Proposed 5.200% Note	11/15/13	11/15/43	0	5.200%	0.000%	N/A	0	0	0	0	0	0	0
17	Proposed 5.200% Note	05/15/14	05/15/44	0	0.000%	0.000%	N/A	0	0	0	0	0	0	0
18														
19														
20														
21														
22														
23														
24														
25														
26	Total Long-Term Debt and Annualized Cost			$ 195,890,000				$ 11,352,963	$ 195,890,000	$ 77,756	$ -	$ 1,934,283	$ -	$ 193,955,717
27														
28														
29	Annualized Cost Rate			5.850%										

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
EMBEDDED COST OF PREFERRED STOCK
AS OF JULY 31, 2014

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-1, 7-2

Exhibit 37, Schedule J-4
Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
PAGE 1 of 2
Witness Responsible: Scott Rungren

Line No.	Dividend Rate, Type & Par Value	Date Issued	Amount Outstanding	Premium or Discount	Unamortized Issue Expense	Gain or Loss on Reaquired Stock	Net Proceeds	Annual Amort. of Issue Expense	Cost Rate at Issue	Cost Rate at Maturity	Annualized Dividends
1											
2											
3											
4											
5	8.47% Series, $100 Par	01/24/92	4,500,000	0	17,216	0	4,482,784	771	8.470%	8.520%	381,933
6											
7											
8											
9											
10	Total		$ 4,500,000	$ -	$ 17,216	$ -	$ 4,482,784	$ 771			$ 381,933
11											
12											
13	Annualized Cost Rate		8.520%								

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
EMBEDDED COST OF PREFERRED STOCK
AS OF MARCH 31, 2013

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: AS OF END OF BASE PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-1, 7-2

Exhibit 37, Schedule J-4
Exhibits\Capital Structure\[Capital Structure 2012.xls]Sch J
PAGE 2 of 2
Witness Responsible: Scott Rungren

Line No.	Dividend Rate, Type & Par Value	Date Issued	Amount Outstanding	Premium or Discount	Unamortized Issue Expense	Gain or Loss on Reaquired Stock	Net Proceeds	Annual Amort. of Issue Expense	Cost Rate at Issue	Cost Rate at Maturity	Annualized Dividends
1											
2											
3											
4											
5	8.47% Series, $100 Par	01/24/92	4,500,000	0	18,244	0	4,481,756	771	8.470%	8.522%	381,935
6											
7											
8											
9											
10	Total		$ 4,500,000	$ -	$ 18,244	$ -	$ 4,481,756	$ 771			$ 381,935
11											
12											
13	Annualized Cost Rate		8.520%								

KENTUCKY-AMERICAN WATER COMPANY
SHORT TERM DEBT

W/P - 7-1
Exhibits\Capital Structure\[Capital Structure 2012.xls]Cap Struct WPs_2

Line No.		Amount @ Sep-2013	Amount @ Oct-2013	Amount @ Nov-2013	Amount @ Dec-2013	Amount @ Jan-2014	Amount @ Feb-2014	Amount @ Mar-2014	Amount @ Apr-2014	Amount @ May-2014	Amount @ Jun-2014	Amount @ Jul-2014	13 Month Average
10	PROMISSORY NOTE	$ 7,961,868	$ 11,839,780	$ 3,621,987	$ 7,814,031	$ 8,419,097	$ 6,013,207	$ 7,581,318	$ 7,356,889	$ 3,705,869	$ 5,336,210	$ 8,119,115	$ 8,125,111
12		(1,933,151.68)	3,877,912.50	(8,217,792.85)	4,192,043.93	605,065	(2,405,890)	1,568,111	(224,429)	(3,651,020)	1,630,341	2,782,905	
15												Rate Base Per Filing	$ 385,994,706
16												Rate Base with Slippage	$ 386,287,083
18												Rate Base Difference	$ 292,377

Workpaper #: **W/P - 5**
Excel Reference: **Exhibits\Expense\[General Tax.xlsx]Exhibit - General Tax**

Kentucky American Water Company
Case No. 2012-00520
ProForma Adjustment of General Tax
For the 12 Months Ending July 31, 2014

Witness Responsible:
Type of Filing: __X__ Original _____ Updated _____ Revised

Line No.	Description	Base Year at 3/31/2013	Adjustments	Forecast Year at 7/31/2014	Reference
1	**Base Year for the 12 Months Ended 3/31/113**				
2	Property Tax	$ 4,132,859		$ 4,132,859	
3	Payroll Taxes	$ 535,417		$ 535,417	
4	Reg Assessment Taxes	$ 126,894		$ 126,894	
5	Tax Discounts	$ (7,847)			
6	Othr Taxes &Licenses	$ 10,000			
7	**Total Base Year**	**$ 4,797,323**		$ 4,797,323	
8					
9	**Adjustments:**				
10	Apply Known & Measurable Current Property Tax Rate to Forecasted Property Levels		$ 331,642	$ 331,642	
11	Adjust Paryoll Taxes for Merit Increases & Contract Wage Changes		(2,816)	$ (2,816)	
12	Adjust Reg Assessment Fees for Average Tax Rate x Forecasted Present Rate Revenue		(3,235)	$ (3,235)	
13	Tax Discount Adjustment		7,847	$ 7,847	
14	Other Taxes & Licenses Adjustment		(7,260)	$ (7,260)	
15	**Total Adjustments:**		**$ 326,178**	$ 326,178	
16					
17					
18	Adjusted Property Tax			$ 4,464,501	Exhibits\Expense\[General Tax.xlsx]Property Tax Wksht
19	Adjusted Payroll Tax			$ 532,600	Exhibits\Expense\[Labor and Labor Related.xlsx]Exhibit Payroll Taxes
20	Adjusted Reg Assessment Fee Tax			$ 123,659	Exhibits\Expense\[PSC Fees Exhibit.xlsx]PSC Fee
21	Adjusted Taxes & Licenses			$ 2,740	Exhibits\Expense\[General Tax.xlsx]Taxes & Licenses
22	**Forecasted Year at Present Rates**			**$ 5,123,501**	
23					

Kentucky American **W/P - 5-1**

Calculation of Forecast Year Property Tax **Exhibits\Expense\[General Tax.xlsx]Property Tax Wksht**

Line No.	Description		2012	
1	**Baseline Tax Rate:**			
2	Property Taxes for 2012 Bills	$	4,215,160	
3	UPIS, CWIP & Materials & Supplies 12/31/2011	$	591,511,776	
4	2012 Property Tax Per Dollar of Property (Line 2 / Line 3)		0.7126%	
5				
6				
7	**Forecast Year Property**		**Amount**	**Months of Forecast Year**
8	Water Utility Plant in Service, CWIP, & Materials & Supplies 12/31/2012	$	611,650,627	5
9	Water Utility Plant in Service, CWIP, & Materials & Supplies 12/31/2013	$	637,109,653	7
10	Weighted Average ((Line 8 Amount x Line 8 Months)+(Line 9 Amount x Line 9 Months))/12 Months	$	626,501,726	
11	Tax Rate (Line 4)		0.7126%	
12	**Forecast Year Property Tax (Line 10 x Line 11)**	**$**	**4,464,501**	
13				

Kentucky American Water
Case No. 2012-00520
UPIS Balances by Month, September 2012 - December 2014

Automatically calculates: Prior Month Balance + Placed in Service Activity - Removals Activity

Workpaper #: W/P - 1-1

Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal UPIS

With Slippage

						Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
		Total Water UPIS				$ 587,304,590	$ 588,859,512	$ 590,773,532	$ 594,699,433	$ 595,996,064	$ 598,895,654	$ 600,361,673	$ 604,870,517
Line #	**Utility**	**Account**	**JDE / Util Plant Account**	**SAP GL Account**	**NARUC Acct**	**UPIS Balance**							
1	Water	301000-Organization	301000	10130100	301.1	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450
2	Water	302000-Franchises	302000	10130200	302.1	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261
3	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363
4	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966
5	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183
6	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931
7	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	$ 6,953,802	$ 6,961,108	$ 6,960,925	$ 6,960,741	$ 6,960,558	$ 6,960,375	$ 6,960,192	$ 6,960,009
8	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	$ 9,642,371	$ 9,639,906	$ 9,637,440	$ 9,634,975	$ 9,632,510	$ 9,630,044	$ 9,627,579	$ 9,625,113
9	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	$ 25,719,554	$ 25,715,126	$ 25,710,699	$ 25,858,339	$ 25,983,994	$ 26,100,725	$ 26,096,298	$ 26,091,871
10	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	$ 915,117	$ 915,117	$ 915,117	$ 915,117	$ 915,117	$ 915,117	$ 915,117	$ 915,117
11	Water	304500-Struct & Imp-General	304500	10130450	304.5	$ 3,927,194	$ 3,931,911	$ 4,003,433	$ 4,001,054	$ 4,001,054	$ 4,001,054	$ 4,001,054	$ 4,001,054
12	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	$ 5,749,699	$ 5,749,362	$ 5,749,024	$ 5,748,687	$ 5,748,349	$ 5,748,012	$ 5,747,674	$ 5,747,337
13	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570
14	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	$ 1,789,335	$ 1,789,135	$ 1,788,934	$ 1,788,733	$ 1,788,532	$ 1,788,332	$ 1,788,131	$ 1,787,930
15	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	$ 1,752,103	$ 1,747,346	$ 1,742,588	$ 1,737,831	$ 1,733,074	$ 1,728,316	$ 1,723,559	$ 1,718,802
16	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	$ 992,394	$ 992,041	$ 991,689	$ 991,336	$ 990,984	$ 990,631	$ 990,279	$ 989,926
17	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	$ 7,162,528	$ 7,162,306	$ 7,163,579	$ 7,220,382	$ 7,268,941	$ 7,314,154	$ 7,313,933	$ 7,313,711
18	Water	309000-Supply Mains	309000	10130900	309.2	$ 27,882,438	$ 27,882,426	$ 27,882,415	$ 27,882,403	$ 27,882,392	$ 27,882,380	$ 27,882,369	$ 27,882,357
19	Water	310000-Power Generation Equip	310000	10131000	310.2	$ 3,392,145	$ 3,391,065	$ 3,389,986	$ 3,388,906	$ 3,387,827	$ 3,386,747	$ 3,385,668	$ 3,384,589
20	Water	311200-Pump Eqp Electric	311200	10131120	311.2	$ 9,650,869	$ 9,645,918	$ 9,655,710	$ 9,745,801	$ 9,822,151	$ 9,892,924	$ 9,887,973	$ 11,118,713
21	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	$ 704,706	$ 704,324	$ 703,941	$ 703,559	$ 703,176	$ 702,794	$ 702,411	$ 702,029
22	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728
23	Water	311500-Pump Eqp Other	311500	10131150	311.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
24	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	$ 14,815,585	$ 14,811,279	$ 14,806,973	$ 14,802,668	$ 14,798,362	$ 14,794,056	$ 14,789,750	$ 14,785,444
25	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26	Water	311540-Pumping Equipment TD	311540	10131154	311.4	$ 109,092	$ 107,311	$ 105,529	$ 103,748	$ 101,966	$ 100,185	$ 98,403	$ 96,622
27	Water	320100-WT Equip Non-Media	320100	10132010	320.3	$ 53,685,967	$ 53,655,809	$ 53,625,650	$ 53,633,509	$ 53,635,871	$ 53,636,002	$ 53,605,844	$ 53,575,685
28	Water	320200-WT Equip Filter Media	320200	10132010	320.3	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588
29	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358
30	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	$ 10,230,642	$ 10,229,353	$ 10,228,063	$ 10,226,773	$ 10,225,484	$ 10,224,194	$ 10,222,904	$ 10,221,615
31	Water	330200-Ground Level Tanks	330200	10133000	330.4	$ 2,677,265	$ 2,677,265	$ 2,880,968	$ 3,435,956	$ 3,468,477	$ 3,498,766	$ 3,498,766	$ 3,498,766
32	Water	330400-Clearwell	330400	10133000	330.4	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757
33	Water	331001-TD Mains Not Classified	331001	10133100	331.4	$ 148,900,369	$ 149,020,455	$ 149,584,064	$ 150,236,525	$ 151,030,556	$ 152,908,371	$ 153,063,025	$ 154,792,181
34	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	$ 5,575,212	$ 5,575,211	$ 5,575,210	$ 5,575,209	$ 5,575,208	$ 5,575,207	$ 5,575,206	$ 5,575,205
35	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	$ 20,849,197	$ 20,849,154	$ 20,849,111	$ 20,849,068	$ 20,849,024	$ 20,848,981	$ 20,848,938	$ 20,848,895
36	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048
37	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	$ 72,803,762	$ 72,803,731	$ 72,803,699	$ 72,803,667	$ 72,803,636	$ 72,803,604	$ 72,803,572	$ 72,803,541
38	Water	333000-Services	333000	10133300	333.4	$ 47,271,866	$ 47,491,066	$ 47,744,698	$ 47,976,320	$ 48,148,348	$ 48,373,977	$ 48,580,100	$ 48,849,882
39	Water	334100-Meters	334100	10133410	334.4	$ 11,080,862	$ 11,974,724	$ 12,684,584	$ 14,697,495	$ 14,732,115	$ 15,149,656	$ 15,273,697	$ 15,997,988
40	Water	334110-Meters Bronze Case	334110	10133410	334.4	$ 2,275,603	$ 2,275,309	$ 2,275,015	$ 2,274,722	$ 2,274,428	$ 2,274,135	$ 2,273,841	$ 2,273,548
41	Water	334120-Meters Plastic Case	334120	10133410	334.4	$ 448,304	$ 435,466	$ 422,627	$ 409,789	$ 396,951	$ 384,113	$ 371,274	$ 358,436
42	Water	334130-Meters Other	334130	10133410	334.4	$ 6,522,761	$ 6,495,217	$ 6,467,672	$ 6,440,127	$ 6,412,583	$ 6,385,038	$ 6,357,493	$ 6,329,949
43	Water	334131-Meter Reading Units	334131	10133410	334.4	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141
44	Water	334200-Meter Installations	334200	10133420	334.4	$ 18,416,593	$ 18,416,653	$ 18,450,078	$ 18,449,491	$ 18,448,904	$ 18,448,316	$ 18,447,729	$ 18,447,142
45	Water	334300-Meter Vaults	334300	10133410	334.4	$ 504,160	$ 504,126	$ 504,092	$ 504,058	$ 504,025	$ 503,991	$ 503,957	$ 503,924
46	Water	335000-Hydrants	335000	10133500	335.4	$ 13,641,556	$ 13,675,705	$ 13,733,568	$ 13,785,885	$ 13,853,253	$ 13,961,718	$ 14,004,108	$ 14,081,513
47	Water	339100-Other P/E-Intangible	339100	10133910	339.1	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375
48	Water	339600-Other P/E-CPS	339600	10133910	339.1	$ 306,385	$ 306,385	$ 306,385	$ 306,385	$ 306,385	$ 306,385	$ 706,661	$ 726,783

Kentucky American Water
Case No. 2012-00520
UPIS Balances by Month, September 2012 - December 2014

Automatically calculates: Prior Month Balance + Placed in Service Activity - Removals Activity

			Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Workpaper #:	W/P - 1-1	**Total Water UPIS**	**$ 587,304,590**	**$ 588,859,512**	**$ 590,773,532**	**$ 594,699,433**	**$ 595,996,064**	**$ 598,895,654**	**$ 600,361,673**	**$ 604,870,517**
Excel Reference:	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal UPIS									

With Slippage

Line #	Utility	Account	JDE / Util Plant Account	SAP GL Account	NARUC Acct	UPIS Balance Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
49	Water	340100-Office Furniture & Equip	340100	10134010	340.5	$ 677,909	$ 806,408	$ 803,840	$ 801,272	$ 798,704	$ 796,137	$ 793,569	$ 791,001
50	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	$ 88,984	$ 88,546	$ 88,108	$ 87,670	$ 87,232	$ 86,794	$ 86,355	$ 85,917
51	Water	340220-Comp & Periph Personal	340220	10134010	340.5	$ 977,328	$ 969,234	$ 961,140	$ 953,046	$ 944,952	$ 936,858	$ 928,764	$ 920,670
52	Water	340230-Comp & Periph Other	340230	10134010	340.5	$ 751,175	$ 750,255	$ 749,335	$ 748,415	$ 747,495	$ 746,575	$ 745,655	$ 744,735
53	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
54	Water	340300-Computer Software	340300	10134010	340.5	$ 3,805,919	$ 3,799,581	$ 3,785,349	$ 3,771,117	$ 3,756,885	$ 3,742,653	$ 3,728,421	$ 3,714,189
55	Water	340320-Comp Software Personal	340320	10134010	340.5	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481
56	Water	340325-Comp Software Customized	340325	10134010	340.5	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218
57	Water	340330-Comp Software Other	340330	10134010	340.5	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081
58	Water	340500-Other Office Equipment	340500	10134010	340.5	$ 73,838	$ 73,329	$ 72,819	$ 72,310	$ 71,800	$ 71,291	$ 70,781	$ 70,272
59	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	$ 2,119,633	$ 2,136,083	$ 2,123,113	$ 2,126,266	$ 2,100,934	$ 2,075,602	$ 2,050,270	$ 2,024,938
60	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	$ 1,737,108	$ 1,773,407	$ 1,780,080	$ 1,802,876	$ 1,797,187	$ 1,791,499	$ 1,785,810	$ 1,780,122
61	Water	341300-Trans Equip Autos	341300	10134100	341.5	$ 127,965	$ 168,057	$ 177,788	$ 204,129	$ 201,123	$ 198,118	$ 195,112	$ 192,106
62	Water	341400-Trans Equip Other	341400	10134100	341.5	$ 602,305	$ 601,000	$ 599,695	$ 598,391	$ 597,086	$ 595,781	$ 594,476	$ 593,172
63	Water	342000-Stores Equipment	342000	10134200	342.5	$ 38,109	$ 38,070	$ 38,032	$ 37,994	$ 37,955	$ 37,917	$ 37,878	$ 37,840
64	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	$ 2,145,935	$ 2,152,448	$ 2,224,255	$ 2,332,704	$ 2,332,292	$ 2,344,711	$ 2,360,979	$ 2,418,306
65	Water	344000-Laboratory Equipment	344000	10134400	344.5	$ 1,300,396	$ 1,297,752	$ 1,302,266	$ 1,299,622	$ 1,296,978	$ 1,294,334	$ 1,291,690	$ 1,289,046
66	Water	345000-Power Operated Equipment	345000	10134500	345.5	$ 1,465,286	$ 1,463,795	$ 1,462,305	$ 1,460,814	$ 1,459,324	$ 1,457,833	$ 1,456,342	$ 1,454,852
67	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	$ 1,783,664	$ 1,872,626	$ 1,868,119	$ 1,863,613	$ 1,859,107	$ 1,854,601	$ 1,850,095	$ 1,845,588
68	Water	346190-Remote Control & Instrument	346190	10134600	346.5	$ 1,528,986	$ 1,528,986	$ 1,528,986	$ 1,528,986	$ 1,528,986	$ 1,528,986	$ 1,988,712	$ 2,203,785
69	Water	346200-Comm Equip Telephone	346200	10134600	346.5	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749
70	Water	347000-Misc Equipment	347000	10134700	347.5	$ 1,283,663	$ 1,295,171	$ 1,294,347	$ 1,293,524	$ 1,292,700	$ 1,291,876	$ 1,291,052	$ 1,461,947
71	Water	348000-Other Tangible Property	348000	10134800	348.5	$ 138,485	$ 138,485	$ 138,485	$ 138,485	$ 138,485	$ 138,485	$ 366,304	$ 369,855
72	Water	354200-WW Struct & Imp Collection	354200	10135420	354.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
73	Water	340315-Comp Software Specia	340315	10134010	C3405	$ 4,601,216	$ 4,667,721	$ 4,724,754	$ 4,781,691	$ 4,855,356	$ 4,980,055	$ 4,984,651	$ 4,989,246
74	Water	339300-Other P/E-Treatment	339300	10133930	C3393								$ 170,007
					Water	**$ 587,304,590**	**$ 588,859,512**	**$ 590,773,532**	**$ 594,699,433**	**$ 595,996,064**	**$ 598,895,654**	**$ 600,361,673**	**$ 604,870,517**

Kentucky American Water
Case No. 2012-00520
UPIS Balances by Month, September 2012 - December 2014

Automatically calculates: Prior Month Balance + Placed in Service Activity - Removals Activity

Workpaper #: W/P - 1-1

Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal UPIS

With Slippage

				May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
		Total Water UPIS		$ 611,999,698	$ 614,223,578	$ 615,939,887	$ 617,448,314	$ 619,181,270	$ 620,467,395	$ 621,830,296	$ 634,218,081

Line #	Utility	Account	JDE / Util Plant Account	SAP GL Account	NARUC Acct	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
1	Water	301000-Organization	301000	10130100	301.1	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450
2	Water	302000-Franchises	302000	10130200	302.1	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261
3	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363
4	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966
5	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183
6	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,473,931	$ 7,795,892
7	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	$ 6,959,826	$ 6,959,643	$ 6,959,460	$ 6,959,276	$ 6,959,093	$ 6,958,910	$ 6,958,727	$ 6,958,544
8	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	$ 9,622,648	$ 9,620,182	$ 9,617,717	$ 9,615,252	$ 9,612,786	$ 9,610,321	$ 9,607,855	$ 9,605,390
9	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	$ 26,107,717	$ 26,196,969	$ 26,218,203	$ 26,341,670	$ 26,427,059	$ 26,483,806	$ 26,586,737	$ 26,670,053
10	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	$ 915,117	$ 915,117	$ 915,117	$ 915,117	$ 915,117	$ 915,117	$ 915,117	$ 915,117
11	Water	304500-Struct & Imp-General	304500	10130450	304.5	$ 4,026,716	$ 4,052,378	$ 4,110,117	$ 4,142,194	$ 4,206,349	$ 4,296,164	$ 4,353,903	$ 4,385,979
12	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	$ 5,746,999	$ 5,746,662	$ 5,746,324	$ 5,745,987	$ 5,745,649	$ 5,745,312	$ 5,744,974	$ 5,744,637
13	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570
14	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	$ 1,787,729	$ 1,787,529	$ 1,787,328	$ 1,787,127	$ 1,786,926	$ 1,786,726	$ 1,786,525	$ 1,786,324
15	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	$ 1,714,044	$ 1,709,287	$ 1,704,530	$ 1,699,772	$ 1,695,015	$ 1,690,257	$ 1,685,500	$ 1,680,743
16	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	$ 989,574	$ 989,221	$ 988,869	$ 988,516	$ 988,163	$ 987,811	$ 987,458	$ 987,106
17	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	$ 7,321,092	$ 7,356,000	$ 7,365,402	$ 7,413,140	$ 7,446,600	$ 7,469,318	$ 7,509,356	$ 7,542,038
18	Water	309000-Supply Mains	309000	10130900	309.2	$ 27,882,346	$ 27,882,334	$ 27,882,323	$ 27,882,311	$ 27,882,300	$ 27,882,288	$ 27,882,277	$ 27,882,266
19	Water	310000-Power Generation Equip	310000	10131000	310.2	$ 3,383,509	$ 3,382,430	$ 3,381,350	$ 3,380,271	$ 3,379,191	$ 3,378,112	$ 3,377,032	$ 3,375,953
20	Water	311200-Pump Eqp Electric	311200	10131120	311.2	$ 11,155,220	$ 11,280,787	$ 11,363,844	$ 11,453,220	$ 11,504,404	$ 11,537,687	$ 11,599,835	$ 11,863,607
21	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	$ 701,646	$ 701,264	$ 700,881	$ 700,499	$ 700,117	$ 699,734	$ 699,352	$ 698,969
22	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728
23	Water	311500-Pump Eqp Other	311500	10131150	311.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
24	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	$ 14,781,138	$ 14,776,832	$ 14,772,526	$ 14,768,221	$ 14,763,915	$ 14,759,609	$ 14,755,303	$ 14,750,997
25	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26	Water	311540-Pumping Equipment TD	311540	10131154	311.4	$ 94,840	$ 93,059	$ 91,277	$ 89,496	$ 87,714	$ 85,933	$ 84,151	$ 349,725
27	Water	320100-WT Equip Non-Media	320100	10132010	320.3	$ 53,550,595	$ 53,543,857	$ 53,520,114	$ 53,521,929	$ 53,514,225	$ 53,499,360	$ 53,496,041	$ 53,487,818
28	Water	320200-WT Equip Filter Media	320200	10132010	320.3	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588
29	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358
30	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	$ 10,220,325	$ 10,219,035	$ 10,217,746	$ 10,216,456	$ 10,215,166	$ 10,213,877	$ 10,212,587	$ 12,884,848
31	Water	330200-Ground Level Tanks	330200	10133000	330.4	$ 3,503,834	$ 3,527,254	$ 3,533,670	$ 3,565,643	$ 3,588,097	$ 3,603,391	$ 3,630,230	$ 3,652,166
32	Water	330400-Clearwell	330400	10133000	330.4	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757
33	Water	331001-TD Mains Not Classified	331001	10133100	331.4	$ 155,111,761	$ 155,455,539	$ 155,911,625	$ 156,500,501	$ 157,178,194	$ 157,897,453	$ 158,558,973	$ 167,011,525
34	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	$ 5,575,204	$ 5,575,203	$ 5,575,202	$ 5,575,201	$ 5,575,200	$ 5,575,199	$ 5,575,198	$ 5,575,197
35	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	$ 20,848,852	$ 20,848,809	$ 20,848,765	$ 20,848,722	$ 20,848,679	$ 20,848,636	$ 20,848,593	$ 20,848,550
36	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048
37	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	$ 72,803,509	$ 72,803,478	$ 72,803,446	$ 72,803,414	$ 72,803,383	$ 72,803,351	$ 72,803,319	$ 72,803,288
38	Water	333000-Services	333000	10133300	333.4	$ 49,081,438	$ 49,313,141	$ 49,551,414	$ 49,794,860	$ 50,006,530	$ 50,216,305	$ 50,384,241	$ 50,555,215
39	Water	334100-Meters	334100	10133410	334.4	$ 16,833,287	$ 17,513,838	$ 17,889,191	$ 18,049,249	$ 18,196,823	$ 18,260,799	$ 18,319,128	$ 18,356,538
40	Water	334110-Meters Bronze Case	334110	10133410	334.4	$ 2,273,254	$ 2,272,960	$ 2,272,667	$ 2,272,373	$ 2,272,080	$ 2,271,786	$ 2,271,492	$ 2,271,199
41	Water	334120-Meters Plastic Case	334120	10133410	334.4	$ 345,598	$ 332,759	$ 319,921	$ 307,083	$ 294,245	$ 281,406	$ 268,568	$ 255,730
42	Water	334130-Meters Other	334130	10133410	334.4	$ 6,302,404	$ 6,274,859	$ 6,247,315	$ 6,219,770	$ 6,192,225	$ 6,164,681	$ 6,137,136	$ 6,109,591
43	Water	334131-Meter Reading Units	334131	10133410	334.4	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141
44	Water	334200-Meter Installations	334200	10133420	334.4	$ 18,446,555	$ 18,445,967	$ 18,445,380	$ 18,444,793	$ 18,444,206	$ 18,443,618	$ 18,443,031	$ 18,442,444
45	Water	334300-Meter Vaults	334300	10133410	334.4	$ 503,890	$ 503,856	$ 503,823	$ 503,789	$ 503,755	$ 503,722	$ 503,688	$ 503,654
46	Water	335000-Hydrants	335000	10133500	335.4	$ 14,139,059	$ 14,202,385	$ 14,278,724	$ 14,362,675	$ 14,450,525	$ 14,564,609	$ 14,631,669	$ 14,694,287
47	Water	339100-Other P/E-Intangible	339100	10133910	339.1	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375
48	Water	339600-Other P/E-CPS	339600	10133910	339.1	$ 746,904	$ 767,026	$ 767,026	$ 767,026	$ 767,026	$ 767,026	$ 767,026	$ 767,026

Kentucky American Water
Case No. 2012-00520
UPIS Balances by Month, September 2012 - December 2014

Automatically calculates: Prior Month Balance + Placed in Service Activity - Removals Activity

Workpaper #: W/P - 1-1

Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal UPIS

With Slippage

				May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
		Total Water UPIS		$ 611,999,698	$ 614,223,578	$ 615,939,887	$ 617,448,314	$ 619,181,270	$ 620,467,395	$ 621,830,296	$ 634,218,081

Line #	Utility	Account	JDE / Util Plant Account	SAP GL Account	NARUC Acct	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
49	Water	340100-Office Furniture & Equip	340100	10134010	340.5	$ 788,433	$ 785,866	$ 783,298	$ 780,730	$ 778,162	$ 775,595	$ 773,027	$ 770,459
50	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	$ 85,479	$ 85,041	$ 84,603	$ 84,165	$ 83,726	$ 83,288	$ 82,850	$ 82,412
51	Water	340220-Comp & Periph Personal	340220	10134010	340.5	$ 912,576	$ 904,482	$ 896,388	$ 888,294	$ 880,200	$ 872,106	$ 864,012	$ 855,918
52	Water	340230-Comp & Periph Other	340230	10134010	340.5	$ 743,815	$ 742,895	$ 741,975	$ 741,055	$ 740,135	$ 739,215	$ 738,295	$ 737,375
53	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
54	Water	340300-Computer Software	340300	10134010	340.5	$ 3,699,957	$ 3,685,725	$ 3,671,492	$ 3,657,260	$ 3,643,028	$ 3,628,796	$ 3,614,564	$ 3,600,332
55	Water	340320-Comp Software Personal	340320	10134010	340.5	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481
56	Water	340325-Comp Software Customized	340325	10134010	340.5	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218
57	Water	340330-Comp Software Other	340330	10134010	340.5	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081
58	Water	340500-Other Office Equipment	340500	10134010	340.5	$ 69,762	$ 69,253	$ 68,743	$ 68,234	$ 67,724	$ 67,215	$ 66,705	$ 66,196
59	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	$ 2,020,777	$ 1,995,445	$ 2,103,489	$ 2,078,157	$ 2,052,825	$ 2,027,493	$ 2,065,674	$ 2,040,342
60	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	$ 1,795,604	$ 1,789,915	$ 1,917,603	$ 1,911,915	$ 1,906,226	$ 1,900,538	$ 1,958,362	$ 1,952,673
61	Water	341300-Trans Equip Autos	341300	10134100	341.5	$ 210,912	$ 207,907	$ 342,319	$ 339,313	$ 336,307	$ 333,301	$ 395,732	$ 392,727
62	Water	341400-Trans Equip Other	341400	10134100	341.5	$ 591,867	$ 590,562	$ 589,257	$ 587,953	$ 586,648	$ 585,343	$ 584,038	$ 582,733
63	Water	342000-Stores Equipment	342000	10134200	342.5	$ 37,802	$ 37,763	$ 37,725	$ 37,686	$ 37,648	$ 37,610	$ 37,571	$ 37,533
64	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	$ 2,559,034	$ 2,571,453	$ 2,577,457	$ 2,705,350	$ 2,704,938	$ 2,704,526	$ 2,704,114	$ 2,703,702
65	Water	344000-Laboratory Equipment	344000	10134400	344.5	$ 1,286,402	$ 1,283,758	$ 1,281,114	$ 1,278,470	$ 1,275,826	$ 1,273,182	$ 1,270,538	$ 1,267,894
66	Water	345000-Power Operated Equipment	345000	10134500	345.5	$ 1,453,361	$ 1,451,871	$ 1,450,380	$ 1,448,890	$ 1,447,399	$ 1,445,908	$ 1,444,418	$ 1,442,927
67	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	$ 1,841,082	$ 1,836,576	$ 1,832,070	$ 1,827,564	$ 1,823,058	$ 1,818,551	$ 1,814,045	$ 1,809,539
68	Water	346190-Remote Control & Instrument	346190	10134600	346.5	$ 2,308,851	$ 2,904,583	$ 2,914,864	$ 2,916,921	$ 3,309,794	$ 3,322,624	$ 3,328,398	$ 3,381,869
69	Water	346200-Comm Equip Telephone	346200	10134600	346.5	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749
70	Water	347000-Misc Equipment	347000	10134700	347.5	$ 1,465,236	$ 1,474,693	$ 1,484,151	$ 1,485,384	$ 1,484,560	$ 1,483,736	$ 1,482,912	$ 1,482,089
71	Water	348000-Other Tangible Property	348000	10134800	348.5	$ 373,406	$ 376,956	$ 376,956	$ 376,956	$ 376,956	$ 376,956	$ 376,956	$ 376,956
72	Water	354200-WW Struct & Imp Collection	354200	10135420	354.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
73	Water	340315-Comp Software Specia	340315	10134010	C3405	$ 10,397,343	$ 10,487,527	$ 10,592,777	$ 10,694,477	$ 10,791,365	$ 10,885,101	$ 10,939,071	$ 10,991,936
74	Water	339300-Other P/E-Treatment	339300	10133930	C3393	$ 174,119	$ 184,401	$ 194,682	$ 196,738	$ 196,738	$ 196,738	$ 196,738	$ 196,738
					Water	**$ 611,999,698**	**$ 614,223,578**	**$ 615,939,887**	**$ 617,448,314**	**$ 619,181,270**	**$ 620,467,395**	**$ 621,830,296**	**$ 634,218,081**

Kentucky American Water
Case No. 2012-00520
UPIS Balances by Month, September 2012 - December 2014

Oct-Dec 2012

Automatically calculates: Prior Month Balance + Placed in Service Activity - Removals Activity

Workpaper #: W/P - 1-1

Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal UPIS

		Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Additions
Total Water UPIS		$ 635,083,527	$ 636,399,822	$ 637,254,393	$ 635,037,906	$ 636,656,472	$ 638,218,825	$ 640,172,610	$ 7,394,843

With Slippage

Line #	Utility	Account	JDE / Util Plant Account	SAP GL Account	NARUC Acct	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012
1	Water	301000-Organization	301000	10130100	301.1	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ 37,450	$ -
2	Water	302000-Franchises	302000	10130200	302.1	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ 70,261	$ -
3	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ 1,077,363	$ -
4	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ 195,966	$ -
5	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ 800,183	$ -
6	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	$ 7,798,603	$ 7,799,906	$ 7,800,875	$ 7,789,866	$ 7,789,866	$ 7,789,866	$ 7,789,866	$ -
7	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	$ 6,958,361	$ 6,958,178	$ 6,957,994	$ 6,957,811	$ 6,957,628	$ 6,957,445	$ 6,957,262	$ 6,939
8	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	$ 9,602,924	$ 9,600,459	$ 9,597,994	$ 9,595,528	$ 9,593,063	$ 9,590,597	$ 9,588,132	$ (7,396)
9	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	$ 26,675,890	$ 26,671,462	$ 26,667,035	$ 26,662,608	$ 26,676,144	$ 26,753,835	$ 26,823,546	$ 138,786
10	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	$ 915,117	$ 915,117	$ 915,117	$ 895,487	$ 895,487	$ 895,487	$ 895,487	$ -
11	Water	304500-Struct & Imp-General	304500	10130450	304.5	$ 4,385,979	$ 4,385,979	$ 4,385,979	$ 4,385,979	$ 4,411,640	$ 4,424,471	$ 4,462,963	$ 73,860
12	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	$ 5,744,299	$ 5,743,962	$ 5,743,624	$ 5,743,287	$ 5,742,949	$ 5,742,612	$ 5,742,275	$ (1,012)
13	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ 10,570	$ -
14	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	$ 1,786,124	$ 1,785,923	$ 1,785,722	$ 1,785,521	$ 1,785,321	$ 1,785,120	$ 1,784,919	$ (602)
15	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	$ 1,675,985	$ 1,671,228	$ 1,666,471	$ 1,585,680	$ 1,580,923	$ 1,576,165	$ 1,571,408	$ (14,272)
16	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	$ 986,753	$ 986,401	$ 986,048	$ 985,696	$ 985,343	$ 984,990	$ 984,638	$ (1,058)
17	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	$ 7,545,665	$ 7,545,444	$ 7,545,222	$ 7,545,001	$ 7,551,515	$ 7,582,088	$ 7,609,668	$ 57,855
18	Water	309000-Supply Mains	309000	10130900	309.2	$ 27,882,254	$ 27,882,243	$ 27,882,231	$ 27,882,220	$ 27,882,208	$ 27,882,197	$ 27,882,185	$ (34)
19	Water	310000-Power Generation Equip	310000	10131000	310.2	$ 3,374,873	$ 3,373,794	$ 3,372,714	$ 3,371,635	$ 3,370,555	$ 3,369,476	$ 3,368,396	$ (3,238)
20	Water	311200-Pump Eqp Electric	311200	10131120	311.2	$ 11,868,686	$ 11,865,471	$ 11,861,813	$ 11,857,109	$ 11,863,385	$ 11,909,757	$ 11,951,143	$ 94,932
21	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	$ 698,587	$ 698,204	$ 697,822	$ 697,439	$ 697,057	$ 696,674	$ 696,292	$ (1,147)
22	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ 7,728	$ -
23	Water	311500-Pump Eqp Other	311500	10131150	311.2	$ -	$ -	$ -	$ (4,813)	$ (4,813)	$ (4,813)	$ (4,813)	$ -
24	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	$ 14,746,691	$ 14,742,385	$ 14,738,079	$ 14,711,688	$ 14,707,382	$ 14,703,076	$ 14,698,770	$ (12,918)
25	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26	Water	311540-Pumping Equipment TD	311540	10131154	311.4	$ 352,462	$ 352,851	$ 352,685	$ 351,212	$ 349,431	$ 347,649	$ 345,868	$ (5,344)
27	Water	320100-WT Equip Non-Media	320100	10132010	320.3	$ 53,460,226	$ 53,430,068	$ 53,399,909	$ 50,750,605	$ 50,724,938	$ 50,715,309	$ 50,703,685	$ (52,458)
28	Water	320200-WT Equip Filter Media	320200	10132010	320.3	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ 508,588	$ -
29	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ 1,771,358	$ -
30	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	$ 12,928,744	$ 12,949,158	$ 12,964,027	$ 12,389,296	$ 12,388,006	$ 12,386,716	$ 12,385,427	$ (3,869)
31	Water	330200-Ground Level Tanks	330200	10133000	330.4	$ 3,654,732	$ 3,654,732	$ 3,654,732	$ 3,654,732	$ 3,659,223	$ 3,679,752	$ 3,698,287	$ 758,691
32	Water	330400-Clearwell	330400	10133000	330.4	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ 2,581,757	$ -
33	Water	331001-TD Mains Not Classified	331001	10133100	331.4	$ 167,652,973	$ 168,066,927	$ 168,279,341	$ 168,520,672	$ 168,835,778	$ 169,186,662	$ 169,671,606	$ 1,336,156
34	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	$ 5,575,196	$ 5,575,195	$ 5,575,194	$ 5,575,193	$ 5,575,192	$ 5,575,191	$ 5,575,190	$ (3)
35	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	$ 20,848,506	$ 20,848,463	$ 20,848,420	$ 20,848,377	$ 20,848,334	$ 20,848,290	$ 20,848,247	$ (130)
36	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ 9,097,048	$ -
37	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	$ 72,803,256	$ 72,803,224	$ 72,803,193	$ 72,803,161	$ 72,803,130	$ 72,803,098	$ 72,803,066	$ (95)
38	Water	333000-Services	333000	10133300	333.4	$ 50,716,660	$ 50,895,234	$ 51,104,449	$ 51,342,437	$ 51,597,992	$ 51,845,255	$ 52,114,092	$ 704,454
39	Water	334100-Meters	334100	10133410	334.4	$ 18,383,220	$ 18,765,470	$ 18,917,962	$ 19,521,912	$ 20,316,148	$ 20,889,007	$ 21,298,866	$ 3,616,633
40	Water	334110-Meters Bronze Case	334110	10133410	334.4	$ 2,270,905	$ 2,270,612	$ 2,270,318	$ 2,270,025	$ 2,269,731	$ 2,269,437	$ 2,269,144	$ (881)
41	Water	334120-Meters Plastic Case	334120	10133410	334.4	$ 242,892	$ 230,053	$ 217,215	$ 204,377	$ 191,538	$ 178,700	$ 165,862	$ (38,515)
42	Water	334130-Meters Other	334130	10133410	334.4	$ 6,082,047	$ 6,054,502	$ 6,026,957	$ 5,999,413	$ 5,971,868	$ 5,944,323	$ 5,916,778	$ (82,634)
43	Water	334131-Meter Reading Units	334131	10133410	334.4	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ 314,141	$ -
44	Water	334200-Meter Installations	334200	10133420	334.4	$ 18,441,857	$ 18,441,269	$ 18,440,682	$ 18,440,095	$ 18,439,508	$ 18,438,920	$ 18,484,857	$ 32,898
45	Water	334300-Meter Vaults	334300	10133410	334.4	$ 503,621	$ 503,587	$ 503,553	$ 503,519	$ 503,486	$ 503,452	$ 577,856	$ (101)
46	Water	335000-Hydrants	335000	10133500	335.4	$ 14,753,831	$ 14,801,451	$ 14,852,166	$ 14,901,211	$ 14,958,121	$ 15,021,995	$ 15,101,297	$ 144,329
47	Water	339100-Other P/E-Intangible	339100	10133910	339.1	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ 8,375	$ -
48	Water	339600-Other P/E-CPS	339600	10133910	339.1	$ 767,026	$ 777,932	$ 788,838	$ 799,744	$ 810,650	$ 810,650	$ 810,650	$ -

Kentucky American Water
Case No. 2012-00520
UPIS Balances by Month, September 2012 - December 2014

Oct-Dec 2012

Automatically calculates: Prior Month Balance + Placed in Service Activity - Removals Activity

Workpaper #: W/P - 1-1

Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal UPIS

		Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Additions
	Total Water UPIS	$ 635,083,527	$ 636,399,822	$ 637,254,393	$ 635,037,906	$ 636,656,472	$ 638,218,825	$ 640,172,610	$ 7,394,843

With Slippage

Line #	Utility	Account	JDE / Util Plant Account	SAP GL Account	NARUC Acct	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012
49	Water	340100-Office Furniture & Equip	340100	10134010	340.5	$ 767,891	$ 765,324	$ 762,756	$ 760,188	$ 757,620	$ 755,053	$ 752,485	$ 123,363
50	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	$ 81,974	$ 81,536	$ 81,098	$ 80,659	$ 80,221	$ 79,783	$ 79,345	$ (1,314)
51	Water	340220-Comp & Periph Personal	340220	10134010	340.5	$ 847,824	$ 839,730	$ 831,636	$ 823,542	$ 815,449	$ 807,355	$ 799,261	$ (24,282)
52	Water	340230-Comp & Periph Other	340230	10134010	340.5	$ 736,455	$ 735,535	$ 734,615	$ 733,695	$ 732,775	$ 731,855	$ 730,935	$ (2,760)
53	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
54	Water	340300-Computer Software	340300	10134010	340.5	$ 3,586,100	$ 3,571,868	$ 3,557,636	$ 3,543,404	$ 3,529,171	$ 3,514,939	$ 3,500,707	$ (34,802)
55	Water	340320-Comp Software Personal	340320	10134010	340.5	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ 3,481	$ -
56	Water	340325-Comp Software Customized	340325	10134010	340.5	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ 700,218	$ -
57	Water	340330-Comp Software Other	340330	10134010	340.5	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ 765,081	$ -
58	Water	340500-Other Office Equipment	340500	10134010	340.5	$ 65,686	$ 65,177	$ 64,667	$ 64,158	$ 63,648	$ 63,139	$ 62,629	$ (1,529)
59	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	$ 2,015,010	$ 1,989,678	$ 1,964,346	$ 1,939,014	$ 1,932,313	$ 1,928,998	$ 2,044,664	$ 6,632
60	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	$ 1,946,985	$ 1,941,296	$ 1,935,608	$ 1,929,919	$ 1,942,861	$ 1,959,190	$ 2,094,499	$ 65,768
61	Water	341300-Trans Equip Autos	341300	10134100	341.5	$ 389,721	$ 386,715	$ 383,709	$ 380,703	$ 396,892	$ 416,571	$ 558,836	$ 76,164
62	Water	341400-Trans Equip Other	341400	10134100	341.5	$ 581,429	$ 580,124	$ 578,819	$ 577,514	$ 576,210	$ 574,905	$ 573,600	$ (3,914)
63	Water	342000-Stores Equipment	342000	10134200	342.5	$ 37,494	$ 37,456	$ 37,417	$ 37,379	$ 37,341	$ 37,302	$ 37,264	$ (115)
64	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	$ 2,703,290	$ 2,702,878	$ 2,715,297	$ 2,726,718	$ 2,822,537	$ 2,904,081	$ 3,012,731	$ 186,768
65	Water	344000-Laboratory Equipment	344000	10134400	344.5	$ 1,265,250	$ 1,262,606	$ 1,259,962	$ 1,257,318	$ 1,254,674	$ 1,252,030	$ 1,249,386	$ (775)
66	Water	345000-Power Operated Equipment	345000	10134500	345.5	$ 1,441,437	$ 1,439,946	$ 1,438,456	$ 1,435,383	$ 1,433,892	$ 1,432,402	$ 1,430,911	$ (4,472)
67	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	$ 1,805,033	$ 1,800,527	$ 1,796,020	$ 1,791,514	$ 1,787,008	$ 1,782,502	$ 1,777,996	$ 79,949
68	Water	346190-Remote Control & Instrument	346190	10134600	346.5	$ 3,414,850	$ 3,808,157	$ 3,939,438	$ 4,070,457	$ 4,201,414	$ 4,332,373	$ 4,332,373	$ -
69	Water	346200-Comm Equip Telephone	346200	10134600	346.5	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ 283,749	$ -
70	Water	347000-Misc Equipment	347000	10134700	347.5	$ 1,481,265	$ 1,480,441	$ 1,479,618	$ 1,471,781	$ 1,470,957	$ 1,470,133	$ 1,469,310	$ 9,861
71	Water	348000-Other Tangible Property	348000	10134800	348.5	$ 376,956	$ 378,881	$ 380,806	$ 382,730	$ 384,655	$ 384,655	$ 384,655	$ -
72	Water	354200-WW Struct & Imp Collection	354200	10135420	354.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
73	Water	340315-Comp Software Specia	340315	10134010	C3405	$ 11,023,876	$ 11,055,008	$ 11,278,051	$ 11,278,051	$ 11,278,051	$ 11,278,051	$ 11,278,051	$ 180,475
74	Water	339300-Other P/E-Treatment	339300	10133930	C3393	$ 196,738	$ 196,738	$ 196,738	$ 196,738	$ 196,738	$ 196,738	$ 196,738	$ -
					Water	**$ 635,083,527**	**$ 636,399,822**	**$ 637,254,393**	**$ 635,037,906**	**$ 636,656,472**	**$ 638,218,825**	**$ 640,172,610**	**$ 7,394,843**

Kentucky American Water
Case No. 2012-00520
UPIS Balances by Month, September 2012 - December 2014

Automatically calculates: Prior Month Balance + Placed in Service Activity - Removals Activity

Workpaper #: W/P - 1-1

Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal UPIS

With Slippage

						2013	2014	Base Period as of	Forecast 13-Month Avg
						Additions	Additions	31-Mar-13	Jul-13 - Jul-14
		Total Water UPIS				**$ 39,518,648**	**$ 19,480,784**	**$ 600,361,673**	**$ 629,839,138**
Line #	**Utility**	**Account**	**JDE / Util Plant Account**	**SAP GL Account**	**NARUC Acct**				
1	Water	301000-Organization	301000	10130100	301.1	$ -	$ -	$ 37,450	$ 37,450
2	Water	302000-Franchises	302000	10130200	302.1	$ -	$ -	$ 70,261	$ 70,261
3	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	$ -	$ -	$ 1,077,363	$ 1,077,363
4	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	$ -	$ -	$ 195,966	$ 195,966
5	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	$ -	$ -	$ 800,183	$ 800,183
6	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	$ 321,961	$ (6,026)	$ 7,473,931	$ 7,671,107
7	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	$ (2,198)	$ (2,198)	$ 6,960,192	$ 6,958,361
8	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	$ (29,585)	$ (29,585)	$ 9,627,579	$ 9,602,924
9	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	$ 811,714	$ 613,405	$ 26,096,298	$ 26,589,081
10	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	$ -	$ (19,630)	$ 915,117	$ 909,077
11	Water	304500-Struct & Imp-General	304500	10130450	304.5	$ 384,924	$ 297,589	$ 4,001,054	$ 4,333,669
12	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	$ (4,050)	$ (4,050)	$ 5,747,674	$ 5,744,299
13	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	$ -	$ -	$ 10,570	$ 10,570
14	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	$ (2,409)	$ (2,409)	$ 1,788,131	$ 1,786,124
15	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	$ (57,088)	$ (133,121)	$ 1,723,559	$ 1,652,591
16	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	$ (4,231)	$ (4,231)	$ 990,279	$ 986,753
17	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	$ 321,656	$ 215,015	$ 7,313,933	$ 7,513,112
18	Water	309000-Supply Mains	309000	10130900	309.2	$ (138)	$ (138)	$ 27,882,369	$ 27,882,254
19	Water	310000-Power Generation Equip	310000	10131000	310.2	$ (12,954)	$ (12,954)	$ 3,385,668	$ 3,374,873
20	Water	311200-Pump Eqp Electric	311200	10131120	311.2	$ 2,117,806	$ 761,906	$ 9,887,973	$ 11,730,766
21	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	$ (4,590)	$ (4,590)	$ 702,411	$ 698,587
22	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	$ -	$ -	$ 7,728	$ 7,728
23	Water	311500-Pump Eqp Other	311500	10131150	311.2	$ -	$ (4,813)	$ -	$ (1,481)
24	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	$ (51,670)	$ (73,756)	$ 14,789,750	$ 14,739,896
25	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	$ -	$ -	$ -	$ -
26	Water	311540-Pumping Equipment TD	311540	10131154	311.4	$ 245,977	$ (12,765)	$ 98,403	$ 249,266
27	Water	320100-WT Equip Non-Media	320100	10132010	320.3	$ (145,690)	$ (2,663,796)	$ 53,605,844	$ 52,632,633
28	Water	320200-WT Equip Filter Media	320200	10132010	320.3	$ -	$ -	$ 508,588	$ 508,588
29	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	$ -	$ -	$ 1,771,358	$ 1,771,358
30	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	$ 2,658,074	$ (505,869)	$ 10,222,904	$ 11,719,389
31	Water	330200-Ground Level Tanks	330200	10133000	330.4	$ 216,210	$ 145,116	$ 3,498,766	$ 3,633,030
32	Water	330400-Clearwell	330400	10133000	330.4	$ -	$ -	$ 2,581,757	$ 2,581,757
33	Water	331001-TD Mains Not Classified	331001	10133100	331.4	$ 16,775,000	$ 12,770,613	$ 153,063,025	$ 164,097,864
34	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	$ (12)	$ (12)	$ 5,575,206	$ 5,575,196
35	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	$ (518)	$ (518)	$ 20,848,938	$ 20,848,506
36	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	$ -	$ -	$ 9,097,048	$ 9,097,048
37	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	$ (380)	$ (380)	$ 72,803,572	$ 72,803,256
38	Water	333000-Services	333000	10133300	333.4	$ 2,578,895	$ 2,615,941	$ 48,580,100	$ 50,778,822
39	Water	334100-Meters	334100	10133410	334.4	$ 3,659,043	$ 3,292,036	$ 15,273,697	$ 19,012,639
40	Water	334110-Meters Bronze Case	334110	10133410	334.4	$ (3,523)	$ (3,523)	$ 2,273,841	$ 2,270,905
41	Water	334120-Meters Plastic Case	334120	10133410	334.4	$ (154,059)	$ (154,059)	$ 371,274	$ 242,892
42	Water	334130-Meters Other	334130	10133410	334.4	$ (330,536)	$ (330,536)	$ 6,357,493	$ 6,082,047
43	Water	334131-Meter Reading Units	334131	10133410	334.4	$ -	$ -	$ 314,141	$ 314,141
44	Water	334200-Meter Installations	334200	10133420	334.4	$ (7,047)	$ 45,413	$ 18,447,729	$ 18,445,435
45	Water	334300-Meter Vaults	334300	10133410	334.4	$ (404)	$ 83,532	$ 503,957	$ 509,347
46	Water	335000-Hydrants	335000	10133500	335.4	$ 908,402	$ 961,721	$ 14,004,108	$ 14,720,966
47	Water	339100-Other P/E-Intangible	339100	10133910	339.1	$ -	$ -	$ 8,375	$ 8,375
48	Water	339600-Other P/E-CPS	339600	10133910	339.1	$ 460,641	$ 43,625	$ 706,661	$ 782,127

Kentucky American Water
Case No. 2012-00520
UPIS Balances by Month, September 2012 - December 2014

Automatically calculates: Prior Month Balance + Placed in Service Activity - Removals Activity

Workpaper #: W/P - 1-1

Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal UPIS

With Slippage

						2013	2014	Base Period as of	Forecast 13-Month Avg
						Additions	Additions	31-Mar-13	Jul-13 - Jul-14
		Total Water UPIS				**$ 39,518,648**	**$ 19,480,784**	**$ 600,361,673**	**$ 629,839,138**

Line #	Utility	Account	JDE / Util Plant Account	SAP GL Account	NARUC Acct	2013 Additions	2014 Additions	Base Period as of 31-Mar-13	Forecast 13-Month Average
49	Water	340100-Office Furniture & Equip	340100	10134010	340.5	$ (30,813)	$ (30,813)	$ 793,569	$ 767,891
50	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	$ (5,258)	$ (5,258)	$ 86,355	$ 81,974
51	Water	340220-Comp & Periph Personal	340220	10134010	340.5	$ (97,127)	$ (97,127)	$ 928,764	$ 847,824
52	Water	340230-Comp & Periph Other	340230	10134010	340.5	$ (11,040)	$ (11,040)	$ 745,655	$ 736,455
53	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	$ -	$ -	$ -	$ -
54	Water	340300-Computer Software	340300	10134010	340.5	$ (170,785)	$ (170,785)	$ 3,728,421	$ 3,586,100
55	Water	340320-Comp Software Personal	340320	10134010	340.5	$ -	$ -	$ 3,481	$ 3,481
56	Water	340325-Comp Software Customized	340325	10134010	340.5	$ -	$ -	$ 700,218	$ 700,218
57	Water	340330-Comp Software Other	340330	10134010	340.5	$ -	$ -	$ 765,081	$ 765,081
58	Water	340500-Other Office Equipment	340500	10134010	340.5	$ (6,114)	$ (6,114)	$ 70,781	$ 65,686
59	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	$ (85,924)	$ (85,591)	$ 2,050,270	$ 2,014,000
60	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	$ 149,797	$ 150,130	$ 1,785,810	$ 1,945,975
61	Water	341300-Trans Equip Autos	341300	10134100	341.5	$ 188,597	$ 188,940	$ 195,112	$ 388,680
62	Water	341400-Trans Equip Other	341400	10134100	341.5	$ (15,657)	$ (15,657)	$ 594,476	$ 581,429
63	Water	342000-Stores Equipment	342000	10134200	342.5	$ (461)	$ (461)	$ 37,878	$ 37,494
64	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	$ 370,998	$ 394,347	$ 2,360,979	$ 2,745,202
65	Water	344000-Laboratory Equipment	344000	10134400	344.5	$ (31,728)	$ (31,728)	$ 1,291,690	$ 1,265,250
66	Water	345000-Power Operated Equipment	345000	10134500	345.5	$ (17,887)	$ (19,469)	$ 1,456,342	$ 1,440,950
67	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	$ (54,074)	$ (54,074)	$ 1,850,095	$ 1,805,033
68	Water	346190-Remote Control & Instrument	346190	10134600	346.5	$ 1,852,883	$ 1,041,757	$ 1,988,712	$ 3,636,426
69	Water	346200-Comm Equip Telephone	346200	10134600	346.5	$ -	$ -	$ 283,749	$ 283,749
70	Water	347000-Misc Equipment	347000	10134700	347.5	$ 188,565	$ 23,032	$ 1,291,052	$ 1,478,949
71	Water	348000-Other Tangible Property	348000	10134800	348.5	$ 238,472	$ 7,698	$ 366,304	$ 379,621
72	Water	354200-WW Struct & Imp Collection	354200	10135420	354.2	$ -	$ -	$ -	$ -
73	Water	340315-Comp Software Specia	340315	10134010	C3405	$ 6,210,244	$ 286,115	$ 4,984,651	$ 11,027,990
74	Water	339300-Other P/E-Treatment	339300	10133930	C3393	$ 196,738	$ 39,929	$ -	$ 196,580
					Water	**$ 39,518,648**	**$ 19,480,784**	**$ 600,361,673**	**$ 629,839,138**

Kentucky American Water
Case No. 2012-00520
CWIP Balance by Month, September 2012 - December 2014

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts
Workpaper: W/P - 1-3

Excel : Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal CWIP

With Slippage

			Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Water CWIP Balance			$ 8,919,084	$ 10,007,091	$ 10,902,152	$ 16,224,113	$ 15,751,236
AFUDC Eligible CWIP Balance			$ 7,300,192	$ 8,704,770	$ 9,941,437	$ 15,841,409	$ 15,489,283

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	IP In-Service Date Non-IP Months in Construx	Water CWIP Bal Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ 407,312	$ 608,659	$ 402,405	$ 344,434	$ 235,758
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ 46,967	$ 69,339	$ 44,712	$ 38,270	$ 26,195
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ 55,037	$ 55,037	$ -	$ -	$ -
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ 1,861	$ 1,861	$ -	$ -	$ -
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ 34,012	$ 34,012	$ -	$ -	$ -
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ 12,092	$ 89,050	$ 261,375	$ 1,020,038	$ 835,621
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 101,600	$ 420,236	$ 590,997	$ 836,932	$ 571,124
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2		$ 31,864	$ 59,100	$ 83,693	$ 57,112
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2		$ 23,898	$ 44,325	$ 62,770	$ 42,834
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 2,512	$ 26,410	$ 44,325	$ 62,770	$ 42,834
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ -	$ -	$ 109,926	$ 415,520	$ 305,594
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ -	$ -	$ 12,214	$ 46,169	$ 33,955
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ 12,901	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1		$ -	$ -	$ -	$ -
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	$ (228)	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1		$ -	$ -	$ -	$ -
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ -	$ -	$ -	$ -	$ -
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ 2,609	$ -	$ -	$ -	$ -
334200		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ 962	$ -	$ -	$ -	$ -
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ 168,382	$ -	$ -	$ -	$ -
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	$ 2,523	$ -	$ -	$ -	$ -
334200		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ (314)	$ -	$ -	$ -	$ -
334100	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ 8,111	$ -	$ -	$ -	$ -
346190	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrun	10134600	346.5	Y	6	$ 459,726	$ 509,357	$ 610,310	$ 1,195,761	$ 1,195,761
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	$ -	$ -	$ -	$ -	$ -
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	$ 68,165	$ -	$ -	$ -	$ -
304100		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	1	$ 7,489	$ -	$ -	$ -	$ -
340100		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	1	$ 131,066	$ -	$ -	$ -	$ -
340300		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1	$ 7,894	$ -	$ -	$ -	$ -
346100		Offices and Operations Centers	346100-Comm Equip Non-Telephc	10134600	346.5	N	1	$ 93,467	$ -	$ -	$ -	$ -
347000		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1	$ 12,332	$ -	$ -	$ -	$ -
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	$ (206)	$ -	$ -	$ -	$ -
341200		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	1	$ -	$ -	$ -	$ -	$ -
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	$ (162)	$ -	$ -	$ -	$ -
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	$ -	$ -	$ -	$ -	$ -
304300	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	2	$ -	$ 152,067	$ 282,149	$ 251,240	$ 121,158
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	2	$ 1,494	$ 58,519	$ 105,806	$ 94,215	$ 45,434
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	$ 14,743	$ 109,785	$ 176,343	$ 157,025	$ 75,724
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	$ -	$ 38,017	$ 70,537	$ 62,810	$ 30,290
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	2	$ 203,702	$ 241,719	$ 70,537	$ 62,810	$ 30,290
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	$ 7,157	$ 7,157	$ -	$ -	$ -
339600	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ 400,277	$ 420,398	$ 440,519	$ 460,641	$ 460,641
348000		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	6	$ 227,819	$ 231,370	$ 234,921	$ 238,472	$ 238,472

Kentucky American Water
Case No. 2012-00520
CWIP Balance by Month, September 2012 - December 2014

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts
Workpaper: W/P - 1-3

Excel : Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal CWIP

With Slippage

								Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
							Water CWIP Balance	$ 8,919,084	$ 10,007,091	$ 10,902,152	$ 16,224,113	$ 15,751,236
							AFUDC Eligible CWIP Balance	$ 7,300,192	$ 8,704,770	$ 9,941,437	$ 15,841,409	$ 15,489,283
JDE Account	**FP#**	**Project Description**	**JDE / Utility Plant Account**	**SAP GL Acct**	**NARUC Account**	**AFUDC?**	**IP In-Service Date Non-IP Months in Construx**	**Water CWIP Bal Sep-12**	**Oct-12**	**Nov-12**	**Dec-12**	**Jan-13**
340200	T12-0102-P	Business Transformation 2010 - 2014	340200-Comp & Periph Equip	10134010	340.5	Y	5/1/2013	$ 3,772,437	$ 4,241,429	$ 4,463,496	$ 4,664,831	$ 4,930,030
340300		Business Transformation 2010 - 2014	340300-Computer Software	10134010	340.5	Y	5/1/2013		$ -	$ -	$ -	$ -
340315	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	8/1/2012	$ 286,481	$ 229,847	$ 184,328	$ 138,579	$ 72,519
331001	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	9/20/2010	$ 5,484	$ -	$ -	$ -	$ -
330200	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	7/15/2012	$ 553,227	$ 533,413	$ 513,598	$ -	$ -
331001	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012		$ -	$ -	$ -	$ -
333000		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012		$ -	$ -	$ -	$ -
335000		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012		$ -	$ -	$ -	$ -
331001	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013	$ 995,789	$ 994,681	$ 1,117,692	$ 1,260,853	$ 1,295,810
333000		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013		$ (130)	$ 14,341	$ 31,184	$ 35,297
335000		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013		$ (65)	$ 7,171	$ 15,592	$ 17,648
311000	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	4/15/2013	$ 31,380	$ 61,876	$ 131,197	$ 521,915	$ 599,755
311200		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013	$ 54,201	$ 77,074	$ 129,064	$ 422,103	$ 480,483
339300		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	4/15/2013	$ 5,705	$ 13,330	$ 30,660	$ 128,339	$ 147,799
346190		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	4/15/2013	$ 1,141	$ 8,765	$ 26,096	$ 123,775	$ 143,235
347000		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013	$ 7,417	$ 15,041	$ 32,371	$ 130,051	$ 149,511
303500	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	12/28/2013	$ 161,548	$ 161,377	$ 161,205	$ 201,130	$ 203,786
331001		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013	$ 552,969	$ 545,132	$ 537,294	$ 2,360,548	$ 2,481,815
311540		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	12/28/2013	$ -	$ (286)	$ (572)	$ 65,970	$ 70,396
311200		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013	$ -	$ (229)	$ (458)	$ 52,776	$ 56,317
346190		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	12/28/2013	$ -	$ (57)	$ (114)	$ 13,194	$ 14,079
330100		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	12/28/2013	$ -	$ (2,860)	$ (5,721)	$ 659,701	$ 703,958
331001	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014		$ -	$ -	$ -	$ -
335000		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014		$ -	$ -	$ -	$ -
304300	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	6/15/2015		$ -	$ -	$ -	$ -
331001	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014		$ -	$ -	$ -	$ -
335000		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014		$ -	$ -	$ -	$ -
331001	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014		$ -	$ -	$ -	$ -
335000		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014		$ -	$ -	$ -	$ -
331001	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	12/15/2014		$ -	$ -	$ -	$ -
333000		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	12/15/2014		$ -	$ -	$ -	$ -
335000		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	12/15/2014		$ -	$ -	$ -	$ -
331001	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014		$ -	$ -	$ -	$ -
333000		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014		$ -	$ -	$ -	$ -
335000		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014		$ -	$ -	$ -	$ -
304300	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	9/15/2014		$ -	$ -	$ -	$ -
311000		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	9/15/2014		$ -	$ -	$ -	$ -
311200		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014		$ -	$ -	$ -	$ -
320100		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	9/15/2014		$ -	$ -	$ -	$ -
334100	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -
334200		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -
334300		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -
311000	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	9/25/2014		$ -	$ -	$ -	$ -
311200		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014		$ -	$ -	$ -	$ -
339300		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	9/25/2014		$ -	$ -	$ -	$ -
346190		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	9/25/2014		$ -	$ -	$ -	$ -
347000		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014		$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
CWIP Balance by Month, September 2012 - December 2014

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts

		Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
Workpaper:	W/P - 1-3	$ 14,174,601	$ 14,369,987	$ 12,526,125	$ 8,179,687	$ 8,840,281	$ 10,176,064	$ 11,425,363
Excel :	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal CWIP	AFU $ 13,911,568	$ 14,023,554	$ 12,141,200	$ 7,769,100	$ 8,378,371	$ 9,673,096	$ 10,928,812

With Slippage

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	$ 236,729	$ 311,790	$ 346,433	$ 369,528	$ 415,719	$ 452,671	$ 446,896
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	$ 26,303	$ 34,643	$ 38,493	$ 41,059	$ 46,191	$ 50,297	$ 49,655
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ 12,831	$ 44,908	$ 70,571	$ 109,064	$ 134,725
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	$ 21,949	$ 101,167	$ 193,549	$ 291,556	$ 428,154	$ 514,910	$ 542,546
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	$ 2,195	$ 10,117	$ 19,355	$ 29,156	$ 42,815	$ 51,491	$ 54,255
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	$ 1,646	$ 7,588	$ 14,516	$ 21,867	$ 32,112	$ 38,618	$ 40,691
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	$ 1,646	$ 7,588	$ 14,516	$ 21,867	$ 32,112	$ 38,618	$ 40,691
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ 5,774	$ 17,322	$ 46,192	$ 102,776	$ 160,514
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ 642	$ 1,925	$ 5,132	$ 11,420	$ 17,835
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrun	10134600	346.5	Y	$ 1,195,761	$ 1,128,908	$ 1,092,108	$ 996,929	$ 411,477	$ 443,555	$ 836,428
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304100		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340100		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340300		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346100		Offices and Operations Centers	346100-Comm Equip Non-Telephc	10134600	346.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341200		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ -	$ 20,273	$ 113,952	$ 119,341	$ 153,556	$ 217,710	$ 150,989
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	$ -	$ 7,602	$ 42,732	$ 44,753	$ 57,583	$ 81,641	$ 56,621
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ 12,670	$ 71,220	$ 74,588	$ 95,972	$ 136,069	$ 94,368
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	$ -	$ 5,068	$ 28,488	$ 29,835	$ 38,389	$ 54,428	$ 37,747
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	$ -	$ 5,068	$ 28,488	$ 29,835	$ 38,389	$ 54,428	$ 37,747
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339600	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	$ 460,641	$ 60,364	$ 40,243	$ 20,121	$ 0	$ 0	$ 10,906
348000		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	$ 238,472	$ 10,653	$ 7,102	$ 3,551	$ 0	$ 0	$ 1,925

Kentucky American Water
Case No. 2012-00520
CWIP Balance by Month, September 2012 - December 2014

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts

		Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
Workpaper:	W/P - 1-3	**$ 14,174,601**	**$ 14,369,987**	**$ 12,526,125**	**$ 8,179,687**	**$ 8,840,281**	**$ 10,176,064**	**$ 11,425,363**
Excel :	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal CWIP	**AFU $ 13,911,568**	**$ 14,023,554**	**$ 12,141,200**	**$ 7,769,100**	**$ 8,378,371**	**$ 9,673,096**	**$ 10,928,812**

With Slippage

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
340200	T12-0102-P	Business Transformation 2010 - 2014	340200-Comp & Periph Equip	10134010	340.5	Y	$ 5,222,676	$ 5,390,885	$ 5,557,921	$ 241,662	$ 241,662	$ 241,662	$ 241,662
340300		Business Transformation 2010 - 2014	340300-Computer Software	10134010	340.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340315	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	$ (44,557)	$ (41,510)	$ (44,275)	$ (44,275)	$ (44,275)	$ (44,275)	$ (44,275)
331001	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
330200	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		US 25 Relocation	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		US 25 Relocation	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	$ 1,330,766	$ 1,435,635	$ -	$ -	$ -	$ -	$ -
333000		Leestown Road	333000-Services	10133300	333.4	Y	$ 39,409	$ 51,747	$ -	$ -	$ -	$ -	$ -
335000		Leestown Road	335000-Hydrants	10133500	335.4	Y	$ 19,705	$ 25,873	$ -	$ -	$ -	$ -	$ -
311000	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	$ 665,555	$ 672,135	$ -	$ -	$ -	$ -	$ -
311200		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	$ 529,833	$ 534,768	$ -	$ -	$ -	$ -	$ -
339300		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	$ 164,249	$ 165,894	$ -	$ -	$ -	$ -	$ -
346190		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	$ 159,685	$ 161,330	$ -	$ -	$ -	$ -	$ -
347000		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	$ 165,961	$ 167,606	$ -	$ -	$ -	$ -	$ -
303500	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	$ 206,870	$ 212,063	$ 224,961	$ 238,193	$ 251,759	$ 265,145	$ 278,532
331001		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	$ 2,622,668	$ 2,859,780	$ 3,448,821	$ 4,053,074	$ 4,672,566	$ 5,283,897	$ 5,895,228
311540		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	$ 75,536	$ 84,190	$ 105,688	$ 127,741	$ 150,350	$ 172,662	$ 194,973
311200		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	$ 60,429	$ 67,352	$ 84,550	$ 102,193	$ 120,280	$ 138,129	$ 155,978
346190		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	$ 15,107	$ 16,838	$ 21,138	$ 25,548	$ 30,070	$ 34,532	$ 38,995
330100		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	$ 755,365	$ 841,902	$ 1,056,880	$ 1,277,411	$ 1,503,503	$ 1,726,616	$ 1,949,729
331001	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		KY Major Highway	333000-Services	10133300	333.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		KY Major Highway	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311000		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311200		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
320100		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334300		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311000	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311200		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339300		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
CWIP Balance by Month, September 2012 - December 2014

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts

		Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Workpaper:	W/P - 1-3	$ 12,110,592	$ 13,086,920	$ 13,513,782	$ 2,164,491	$ 1,823,197	$ 1,515,982	$ 1,776,465
Excel :	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal CWIP	AFU $ 11,655,097	$ 12,635,842	$ 12,991,888	$ 1,668,163	$ 1,506,748	$ 1,252,950	$ 1,430,032

With Slippage

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	$ 409,945	$ 405,970	$ 469,705	$ 446,695	$ 284,804	$ 236,729	$ 311,790
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	$ 45,549	$ 45,108	$ 52,189	$ 49,633	$ 31,645	$ 26,303	$ 34,643
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	$ 106,498	$ 61,562	$ 32,051	$ 25,659	$ 12,828	$ -	$ 12,831
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	$ 554,292	$ 482,439	$ 366,686	$ 260,552	$ 108,930	$ 74,272	$ 150,023
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	$ 55,429	$ 48,244	$ 36,669	$ 26,055	$ 10,893	$ 7,427	$ 15,002
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	$ 41,572	$ 36,183	$ 27,501	$ 19,541	$ 8,170	$ 5,570	$ 11,252
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	$ 41,572	$ 36,183	$ 27,501	$ 19,541	$ 8,170	$ 5,570	$ 11,252
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	$ 207,859	$ 230,955	$ 173,216	$ 84,297	$ 26,558	$ -	$ 5,774
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	$ 23,095	$ 25,662	$ 19,246	$ 9,366	$ 2,951	$ -	$ 642
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrun	10134600	346.5	Y	$ 574,512	$ 692,639	$ 817,823	$ 948,781	$ 916,703	$ 523,830	$ 392,873
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304100		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340100		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340300		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346100		Offices and Operations Centers	346100-Comm Equip Non-Telephc	10134600	346.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341200		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ 168,532	$ 195,102	$ 98,007	$ 10,264	$ -	$ -	$ 17,963
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	$ 63,200	$ 73,163	$ 36,752	$ 3,849	$ 0	$ 0	$ 6,736
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	$ 105,333	$ 121,938	$ 61,254	$ 6,415	$ (0)	$ (0)	$ 11,227
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	$ 42,133	$ 48,775	$ 24,502	$ 2,566	$ -	$ -	$ 4,491
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	$ 42,133	$ 48,775	$ 24,502	$ 2,566	$ -	$ -	$ 4,491
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339600	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	$ 21,812	$ 32,719	$ 43,625	$ 43,625	$ 43,625	$ 32,719	$ 21,812
348000		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	$ 3,849	$ 5,774	$ 7,698	$ 7,698	$ 7,698	$ 5,774	$ 3,849

Kentucky American Water
Case No. 2012-00520
CWIP Balance by Month, September 2012 - December 2014

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts

		Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Workpaper:	W/P - 1-3	$ 12,110,592	$ 13,086,920	$ 13,513,782	$ 2,164,491	$ 1,823,197	$ 1,515,982	$ 1,776,465
Excel :	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal CWIP	AFU $ 11,655,097	$ 12,635,842	$ 12,991,888	$ 1,668,163	$ 1,506,748	$ 1,252,950	$ 1,430,032

With Slippage

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
340200	T12-0102-P	Business Transformation 2010 - 2014	340200-Comp & Periph Equip	10134010	340.5	Y	$ 241,662	$ 241,662	$ 241,662	$ 241,662	$ 241,662	$ 241,662	$ 49,691
340300		Business Transformation 2010 - 2014	340300-Computer Software	10134010	340.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340315	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	$ (44,275)	$ (44,275)	$ (44,275)	$ (44,275)	$ (44,275)	$ (44,275)	$ (44,275)
331001	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
330200	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		US 25 Relocation	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		US 25 Relocation	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		Leestown Road	333000-Services	10133300	333.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		Leestown Road	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311000	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311200		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339300		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
303500	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	$ 291,919	$ 305,306	$ 315,793	$ -	$ -	$ -	$ -
331001		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	$ 6,506,558	$ 7,117,889	$ 7,596,790	$ -	$ -	$ -	$ -
311540		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	$ 217,284	$ 239,596	$ 257,074	$ -	$ -	$ -	$ -
311200		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	$ 173,827	$ 191,677	$ 205,659	$ -	$ -	$ -	$ -
346190		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	$ 43,457	$ 47,919	$ 51,415	$ -	$ -	$ -	$ -
330100		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	$ 2,172,843	$ 2,395,956	$ 2,570,738	$ -	$ -	$ -	$ -
331001	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ 44,413	$ 89,112	$ 218,615
335000		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ 1,139	$ 2,285	$ 5,606
304300	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ -	$ -	$ -	$ -	$ 10,878	$ 26,161	$ 71,882
331001	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ 23,284	$ 67,847	$ 91,568
335000		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ 597	$ 1,740	$ 2,348
331001	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ 23,284	$ 67,847	$ 112,698
335000		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ 597	$ 1,740	$ 2,890
331001	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ 20,896	$ 60,888	$ 82,177
333000		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	$ -	$ -	$ -	$ -	$ 2,388	$ 6,959	$ 9,392
335000		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ 597	$ 1,740	$ 2,348
331001	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ 20,896	$ 41,927	$ 82,055
333000		KY Major Highway	333000-Services	10133300	333.4	Y	$ -	$ -	$ -	$ -	$ 2,388	$ 4,792	$ 9,378
335000		KY Major Highway	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ 597	$ 1,198	$ 2,344
304300	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ -	$ -	$ -	$ -	$ 2,176	$ 4,366	$ 6,569
311000		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ 2,176	$ 4,366	$ 6,569
311200		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ 2,176	$ 4,366	$ 6,569
320100		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	$ -	$ -	$ -	$ -	$ 4,351	$ 8,731	$ 13,139
334100	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	$ -	$ -	$ -	$ -	$ -	$ 1,518	$ 9,888
334200		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	$ -	$ -	$ -	$ -	$ -	$ 1,084	$ 7,063
334300		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	$ -	$ -	$ -	$ -	$ -	$ 1,735	$ 11,301
311000	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311200		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339300		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
CWIP Balance by Month, September 2012 - December 2014

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts
Workpaper: W/P - 1-3

Excel : Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal CWIP

With Slippage

							Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012 Net Change	2013 Net Change	2014 Net Change
							$ 2,267,986	$ 2,761,211	$ 3,834,761	$ 5,406,510	$ 7,305,029	$ (14,059,623)	$ 1,788,483
						AFU	$ 1,883,061	$ 2,338,410	$ 3,354,530	$ 4,897,435	$ 8,541,217	$ (14,173,247)	$ 1,878,451
JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012 Net Change	2013 Net Change	2014 Net Change
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	$ 346,433	$ 380,521	$ 432,208	$ 458,168	$ (62,878)	$ 102,261	$ (80,971)
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	$ 38,493	$ 42,280	$ 48,023	$ 50,908	$ (8,696)	$ 11,362	$ (8,997)
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ (55,037)	$ -	$ -
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ (1,861)	$ -	$ -
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ (34,012)	$ -	$ -
											$ -	$ -	$ -
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	$ 25,662	$ 44,908	$ 70,571	$ 109,064	$ 1,007,946	$ (994,379)	$ (301)
											$ -	$ -	$ -
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	$ 197,201	$ 304,980	$ 448,970	$ 521,466	$ 735,333	$ (576,381)	$ (71,977)
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	$ 19,720	$ 30,498	$ 44,897	$ 52,147	$ 83,693	$ (57,638)	$ (7,198)
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	$ 14,790	$ 22,873	$ 33,673	$ 39,110	$ 62,770	$ (43,229)	$ (5,398)
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	$ 14,790	$ 22,873	$ 33,673	$ 39,110	$ 60,258	$ (43,229)	$ (5,398)
											$ -	$ -	$ -
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	$ 17,322	$ 28,870	$ 80,835	$ 140,883	$ 415,520	$ (331,224)	$ (13,389)
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	$ 1,925	$ 3,208	$ 8,982	$ 15,654	$ 46,169	$ (36,803)	$ (1,488)
											$ -	$ -	$ -
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ (12,901)	$ -	$ -
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ 228	$ -	$ -
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ (2,609)	$ -	$ -
334200		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ (962)	$ -	$ -
											$ -	$ -	$ -
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ (168,382)	$ -	$ -
											$ -	$ -	$ -
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ (2,523)	$ -	$ -
334200		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	$ -	$ -	$ -	$ -	$ 314	$ -	$ -
											$ -	$ -	$ -
334100	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	$ -	$ -	$ -	$ -	$ (8,111)	$ -	$ -
											$ -	$ -	$ -
346190	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrun	10134600	346.5	Y	$ 281,163	$ 150,205	$ 51,324	$ 102,649	$ 736,035	$ (246,980)	$ (850,186)
											$ -	$ -	$ -
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	$ -	$ -	$ -	$ -	$ (68,165)	$ -	$ -
304100		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	$ -	$ -	$ -	$ -	$ (7,489)	$ -	$ -
340100		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	$ -	$ -	$ -	$ -	$ (131,066)	$ -	$ -
340300		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	$ -	$ -	$ -	$ -	$ (7,894)	$ -	$ -
346100		Offices and Operations Centers	346100-Comm Equip Non-Telephc	10134600	346.5	N	$ -	$ -	$ -	$ -	$ (93,467)	$ -	$ -
347000		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	$ -	$ -	$ -	$ -	$ (12,332)	$ -	$ -
											$ -	$ -	$ -
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	$ -	$ -	$ -	$ -	$ 206	$ -	$ -
341200		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	$ -	$ -	$ -	$ -	$ 162	$ -	$ -
											$ -	$ -	$ -
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
304300	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ 100,081	$ 156,256	$ 174,220	$ 191,698	$ 251,240	$ (240,977)	$ 46,543
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	$ 37,530	$ 58,596	$ 65,332	$ 71,887	$ 92,721	$ (90,366)	$ 17,454
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	$ 62,550	$ 97,660	$ 108,887	$ 119,811	$ 142,282	$ (150,610)	$ 29,089
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	$ 25,020	$ 39,064	$ 43,555	$ 47,924	$ 62,810	$ (60,244)	$ 11,636
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	$ 25,020	$ 39,064	$ 43,555	$ 47,924	$ (140,892)	$ (60,244)	$ 11,636
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	$ -	$ -	$ -	$ -	$ (7,157)	$ -	$ -
											$ -	$ -	$ -
339600	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	$ 10,906	$ 0	$ 0	$ 0	$ 60,364	$ (417,016)	$ (7,908)
348000		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	$ 1,925	$ 0	$ 0	$ 0	$ 10,653	$ (230,773)	$ (1,395)
											$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
CWIP Balance by Month, September 2012 - December 2014

Automatically calculates: Prior month balance + Capital Additions - Placed in Service Amounts
Workpaper: W/P - 1-3

Excel : Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal CWIP

With Slippage

							Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012 Net Change	2013 Net Change	2014 Net Change
							$ 2,267,986	$ 2,761,211	$ 3,834,761	$ 5,406,510	$ 7,305,029	$ (14,059,623)	$ 1,788,483
						AFU	$ 1,883,061	$ 2,338,410	$ 3,354,530	$ 4,897,435	$ 8,541,217	$ (14,173,247)	$ 1,878,451
JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012 Net Change	2013 Net Change	2014 Net Change
340200	T12-0102-P	Business Transformation 2010 - 2014	340200-Comp & Periph Equip	10134010	340.5	Y	$ 49,691	$ 49,691	$ 49,691	$ 49,691	$ 892,394	$ (4,423,169)	$ (191,972)
340300		Business Transformation 2010 - 2014	340300-Computer Software	10134010	340.5	Y	$ -	$ -	$ -	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
340315	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	$ (44,275)	$ (44,275)	$ (44,275)	$ (44,275)	$ (147,903)	$ (182,854)	$ -
											$ -	$ -	$ -
331001	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ (5,484)	$ -	$ -
											$ -	$ -	$ -
330200	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	$ -	$ -	$ -	$ -	$ (553,227)	$ -	$ -
											$ -	$ -	$ -
331001	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		US 25 Relocation	333000-Services	10133300	333.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		US 25 Relocation	335000-Hydrants	10133500	335.4	N	$ -	$ -	$ -	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
331001	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ 265,064	$ (1,260,853)	$ -
333000		Leestown Road	333000-Services	10133300	333.4	Y	$ -	$ -	$ -	$ -	$ 31,184	$ (31,184)	$ -
335000		Leestown Road	335000-Hydrants	10133500	335.4	Y	$ -	$ -	$ -	$ -	$ 15,592	$ (15,592)	$ -
											$ -	$ -	$ -
311000	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ 490,535	$ (521,915)	$ -
311200		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ 367,902	$ (422,103)	$ -
339300		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	$ -	$ -	$ -	$ -	$ 122,634	$ (128,339)	$ -
346190		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	$ -	$ -	$ -	$ -	$ 122,634	$ (123,775)	$ -
347000		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	$ -	$ -	$ -	$ -	$ 122,634	$ (130,051)	$ -
											$ -	$ -	$ -
303500	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	$ -	$ -	$ -	$ -	$ 39,582	$ (201,130)	$ -
331001		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	$ -	$ -	$ -	$ -	$ 1,807,579	$ (2,360,548)	$ -
311540		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	$ -	$ -	$ -	$ -	$ 65,970	$ (65,970)	$ -
311200		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ -	$ -	$ -	$ 52,776	$ (52,776)	$ -
346190		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	$ -	$ -	$ -	$ -	$ 13,194	$ (13,194)	$ -
330100		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	$ -	$ -	$ -	$ -	$ 659,701	$ (659,701)	$ -
											$ -	$ -	$ -
331001	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	$ 264,437	$ 266,143	$ 313,709	$ 530,612	$ -	$ -	$ -
335000		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	$ 6,780	$ 6,824	$ 8,044	$ 13,605	$ -	$ -	$ -
											$ -	$ -	$ -
304300	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ 204,579	$ 221,111	$ 269,562	$ 491,691	$ -	$ -	$ 2,893,891
											$ -	$ -	$ -
331001	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	$ 115,443	$ 144,985	$ 254,049	$ 470,412	$ -	$ -	$ -
335000		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	$ 2,960	$ 3,718	$ 6,514	$ 12,062	$ -	$ -	$ -
											$ -	$ -	$ -
331001	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	$ 113,424	$ 202,263	$ 397,319	$ 593,637	$ -	$ -	$ -
335000		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	$ 2,908	$ 5,186	$ 10,188	$ 15,221	$ -	$ -	$ -
											$ -	$ -	$ -
331001	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	$ 82,706	$ 159,087	$ 275,817	$ 423,640	$ -	$ -	$ -
333000		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	$ 9,452	$ 18,181	$ 31,522	$ 48,416	$ -	$ -	$ -
335000		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	$ 2,363	$ 4,545	$ 7,880	$ 12,104	$ -	$ -	$ -
											$ -	$ -	$ -
331001	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	$ 122,442	$ 123,231	$ 165,173	$ 264,271	$ -	$ -	$ -
333000		KY Major Highway	333000-Services	10133300	333.4	Y	$ 13,993	$ 14,084	$ 18,877	$ 30,202	$ -	$ -	$ -
335000		KY Major Highway	335000-Hydrants	10133500	335.4	Y	$ 3,498	$ 3,521	$ 4,719	$ 7,551	$ -	$ -	$ -
											$ -	$ -	$ -
304300	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ 8,787	$ 8,844	$ 18,012	$ 41,569	$ -	$ -	$ 4,962
311000		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	$ 8,787	$ 8,844	$ 18,012	$ 41,569	$ -	$ -	$ 4,962
311200		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	$ 8,787	$ 8,844	$ 18,012	$ 41,569	$ -	$ -	$ 4,962
320100		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	$ 17,575	$ 17,688	$ 36,023	$ 83,137	$ -	$ -	$ 9,925
											$ -	$ -	$ -
334100	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	$ 9,954	$ 17,863	$ 41,508	$ -	$ -	$ -	$ -
334200		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	$ 7,110	$ 12,759	$ 29,649	$ -	$ -	$ -	$ -
334300		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	$ 11,376	$ 20,415	$ 47,438	$ -	$ -	$ -	$ -
											$ -	$ -	$ -
311000	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	$ 9,870	$ 26,320	$ 67,445	$ 108,570	$ -	$ -	$ -
311200		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	$ 7,403	$ 19,740	$ 50,584	$ 81,428	$ -	$ -	$ -
339300		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	$ 2,468	$ 6,580	$ 16,861	$ 27,143	$ -	$ -	$ -
346190		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	$ 2,468	$ 6,580	$ 16,861	$ 27,143	$ -	$ -	$ -
347000		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	$ 2,468	$ 6,580	$ 16,861	$ 27,143	$ -	$ -	$ -

Kentucky American Water
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With Slippage

							Base Per. as of	Forecast Per. 13-Month Avg
							31-Mar-13	Jul-13 -Jul-14
						AFU	$ 14,023,554	$ 5,862,774
JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	Base Per. as of 31-Mar-13	Forecast Per. 13-Month Avg Jul-13 -Jul-14
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	$ 311,790	$ 390,964.25
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	$ 34,643	$ 43,440.47
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	$ -	$ -
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	$ -	$ -
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	$ -	$ -
							$ -	
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	$ -	$ 57,340.22
							$ -	
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	$ 101,167	$ 348,251.38
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	$ 10,117	$ 34,825.14
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	$ 7,588	$ 26,118.85
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	$ 7,588	$ 26,118.85
							$ -	
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	$ -	$ -
							$ -	
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	$ -	$ 96,912.28
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	$ -	$ 10,768.03
							$ -	
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	$ -	$ -
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	$ -	$ -
							$ -	
335000	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	$ -	$ -
331001		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	$ -	$ -
							$ -	
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	$ -	$ -
							$ -	
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	$ -	$ -
334200		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	$ -	$ -
							$ -	
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	$ -	$ -
							$ -	
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	$ -	$ -
334200		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	$ -	$ -
							$ -	
334100	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	$ -	$ -
							$ -	
346190	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrun	10134600	346.5	Y	$ 1,128,908	$ 517,883.56
							$ -	
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	$ -	$ -
							$ -	
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	$ -	$ -
304100		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	$ -	$ -
340100		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	$ -	$ -
340300		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	$ -	$ -
346100		Offices and Operations Centers	346100-Comm Equip Non-Telephc	10134600	346.5	N	$ -	$ -
347000		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	$ -	$ -
							$ -	
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	$ -	$ -
341200		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	$ -	$ -
341300		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	$ -	$ -
							$ -	
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	$ -	$ -
							$ -	
304300	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ 20,273	$ 113,909.30
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	$ 7,602	$ 42,715.99
311000		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	$ 12,670	$ 71,193.32
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	$ 5,068	$ 28,477.33
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	$ 5,068	$ 28,477.33
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	$ -	$ -
							$ -	
339600	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	$ 60,364	$ 20,134.50
348000		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	$ 10,653	$ 3,553.15
							$ -	

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With Slippage

							Base Per. as of	Forecast Per. 13-Month Avg
							31-Mar-13	Jul-13 -Jul-14
						AFU	$ 14,023,554	$ 5,862,774
JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Acct	NARUC Account	AFUDC?	Base Per. as of 31-Mar-13	Forecast Per. 13-Month Avg Jul-13 -Jul-14
340200	T12-0102-P	Business Transformation 2010 - 2014	340200-Comp & Periph Equip	10134010	340.5	Y	$ 5,390,885	$ 167,827.21
340300		Business Transformation 2010 - 2014	340300-Computer Software	10134010	340.5	Y	$ -	$ -
							$ -	
340315	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	$ (41,510)	$ (44,275.09)
							$ -	
331001	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	$ -	$ -
							$ -	
330200	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	$ -	$ -
							$ -	
331001	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	$ -	$ -
333000		US 25 Relocation	333000-Services	10133300	333.4	N	$ -	$ -
335000		US 25 Relocation	335000-Hydrants	10133500	335.4	N	$ -	$ -
							$ -	
331001	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	$ 1,435,635	$ -
333000		Leestown Road	333000-Services	10133300	333.4	Y	$ 51,747	$ -
335000		Leestown Road	335000-Hydrants	10133500	335.4	Y	$ 25,873	$ -
							$ -	
311000	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	$ 672,135	$ -
311200		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	$ 534,768	$ -
339300		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	$ 165,894	$ -
346190		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	$ 161,330	$ -
347000		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	$ 167,606	$ -
							$ -	
303500	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	$ 212,063	$ 112,053.48
331001		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	$ 2,859,780	$ 2,492,335.48
311540		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	$ 84,190	$ 83,199.09
311200		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	$ 67,352	$ 66,559.27
346190		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	$ 16,838	$ 16,639.82
330100		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	$ 841,902	$ 831,990.94
							$ -	
331001	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ 132,849.34
335000		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ 3,406.39
							$ -	
304300	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ -	$ 99,681.81
							$ -	
331001	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ 89,814.47
335000		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ 2,302.94
							$ -	
331001	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	$ -	$ 116,190.20
335000		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	$ -	$ 2,979.24
							$ -	
331001	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	$ -	$ 85,016.30
333000		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	$ -	$ 9,716.15
335000		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	$ -	$ 2,429.04
							$ -	
331001	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	$ -	$ 63,076.57
333000		KY Major Highway	333000-Services	10133300	333.4	Y	$ -	$ 7,208.75
335000		KY Major Highway	335000-Hydrants	10133500	335.4	Y	$ -	$ 1,802.19
							$ -	
304300	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	$ -	$ 6,947.87
311000		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ 6,947.87
311200		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ 6,947.87
320100		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	$ -	$ 13,895.75
							$ -	
334100	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	$ -	$ 6,210.15
334200		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	$ -	$ 4,435.82
334300		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	$ -	$ 7,097.31
							$ -	
311000	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	$ -	$ 16,323.46
311200		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	$ -	$ 12,242.60
339300		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	$ -	$ 4,080.87
346190		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	$ -	$ 4,080.87
347000		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	$ -	$ 4,080.87

Kentucky American Water
Case No. 2012-00520
Accumulated Depreciation & COR Balances by Month, September 2012 - December 2014

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2
Exhibits\Rate Base\[Rate Base KY Capital through
Excel Ref 12_31_14.xlsx]Bal Accum Dep&COR

With Slippage

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Total Accum Life Dep & COR	$ (122,735,598)	$ (123,613,797)	$ (124,496,845)	$ (125,384,144)	$ (126,279,791)	$ (127,178,257)	$ (128,082,940)
Total Life Dep	$ (108,020,666)	$ (108,773,944)	$ (109,531,683)	$ (110,293,115)	$ (111,062,035)	$ (111,833,313)	$ (112,610,003)
Total COR	$ (14,714,933)	$ (14,839,853)	$ (14,965,162)	$ (15,091,029)	$ (15,217,756)	$ (15,344,944)	$ (15,472,937)

Monthly Salvage Credit	Monthly COR Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Accum Dep Bal Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
$ -	$ -	Water	301000-Organization	301000	10130100	301.1	0	0	0	0	0	0	0
$ -	$ -	Water	302000-Franchises	302000	10130200	302.1	0	0	0	0	0	0	0
$ -	$ -	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	0	0	0	0	0	0	0
$ -	$ -	Water	303300-Land & Land Rights-Pumpir	303300	10130330	303.2	0	0	0	0	0	0	0
$ -	$ -	Water	303400-Land & Land Rights-Treatm	303400	10130340	303.3	0	0	0	0	0	0	0
$ -	$ -	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	0	0	0	0	0	0	0
$ -	$ 16.52	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(603,991)	(621,581)	(639,190)	(656,799)	(674,407)	(692,015)	(709,622)
$ -	$ 213.33	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,041,541)	(2,061,762)	(2,081,978)	(2,102,189)	(2,122,393)	(2,142,591)	(2,162,784)
$ (0)	$ 668.68	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(2,764,389)	(2,822,521)	(2,880,641)	(2,938,751)	(2,997,224)	(3,056,005)	(3,115,074)
$ -	$ -	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(580,225)	(582,231)	(584,236)	(586,242)	(588,248)	(590,253)	(592,259)
$ (12)	$ 101.02	Water	304500-Struct & Imp-General	304500	10130450	304.5	(203,867)	(213,465)	(223,074)	(232,860)	(242,640)	(252,419)	(262,199)
$ -	$ 72.36	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	(1,353,746)	(1,362,967)	(1,372,187)	(1,381,407)	(1,390,626)	(1,399,845)	(1,409,063)
$ -	$ -	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)
$ -	$ -	Water	304700-Struct & Imp-Store,Shop,G	304700	10130450	304.5	(371,402)	(374,228)	(377,054)	(379,879)	(382,704)	(385,529)	(388,354)
$ -	$ 42.57	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(367,946)	(370,418)	(372,869)	(375,301)	(377,713)	(380,106)	(382,478)
$ -	$ 21.20	Water	305000-Collect & Impound Reservc	305000	10130500	305.2	(377,486)	(378,212)	(378,938)	(379,663)	(380,388)	(381,113)	(381,837)
$ -	$ 995.47	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(304,376)	(315,395)	(326,413)	(337,434)	(348,552)	(359,752)	(371,030)
$ -	$ 32.68	Water	309000-Supply Mains	309000	10130900	309.2	(2,433,913)	(2,484,986)	(2,536,060)	(2,587,133)	(2,638,207)	(2,689,281)	(2,740,354)
$ -	$ 17.57	Water	310000-Power Generation Equip	310000	10131000	310.2	(452,457)	(459,642)	(466,825)	(474,005)	(481,183)	(488,358)	(495,530)
$ -	$ 1,333.97	Water	311200-Pump Eqp Electric	311200	10131120	311.2	(5,224,338)	(5,236,149)	(5,247,950)	(5,259,769)	(5,271,758)	(5,283,889)	(5,296,154)
$ -	$ 27.27	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	(381,693)	(382,610)	(383,527)	(384,443)	(385,358)	(386,273)	(387,187)
$ -	$ -	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	(8,848)	(8,862)	(8,877)	(8,892)	(8,906)	(8,921)	(8,936)
$ -	$ -	Water	311500-Pump Eqp Other	311500	10131150	311.2	(8)	(8)	(8)	(8)	(8)	(8)	(8)
$ -	$ 1,849.78	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	(805,694)	(829,540)	(853,377)	(877,205)	(901,025)	(924,836)	(948,638)
$ -	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	242	242	242	242	242	242	242
$ -	$ 27.58	Water	311540-Pumping Equipment TD	311540	10131154	311.4	45,961	47,549	49,141	50,736	52,335	53,938	55,544
$ -	$ 1,185.78	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(16,784,974)	(16,869,502)	(16,953,965)	(17,038,363)	(17,122,778)	(17,207,198)	(17,291,618)
$ -	$ -	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(233,494)	(243,784)	(254,075)	(264,365)	(274,656)	(284,946)	(295,236)
$ -	$ 182.84	Water	330000-Dist Reservoirs & Standpipe	330000	10133000	330.4	(275,945)	(278,212)	(280,480)	(282,747)	(285,015)	(287,282)	(289,550)
$ -	$ 130.74	Water	330100-Elevated Tanks & Standpipe	330100	10133000	330.4	(3,742,644)	(3,758,531)	(3,774,415)	(3,790,297)	(3,806,177)	(3,822,055)	(3,837,930)
$ -	$ -	Water	330200-Ground Level Tanks	330200	10133000	330.4	(98,112)	(101,191)	(104,270)	(107,583)	(111,534)	(115,523)	(119,546)
$ -	$ -	Water	330400-Clearwell	330400	10133000	330.4	(85,133)	(88,747)	(92,362)	(95,976)	(99,591)	(103,205)	(106,820)
$ (9)	$ 2,289.84	Water	331001-TD Mains Not Classified	331001	10133100	331.4	(33,814,593)	(34,009,989)	(34,205,551)	(34,401,893)	(34,599,137)	(34,797,479)	(34,998,420)
$ (3)	$ 740.62	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(832,930)	(839,903)	(846,876)	(853,849)	(860,823)	(867,796)	(874,769)
$ (6)	$ 2,108.39	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(1,212,150)	(1,238,846)	(1,265,542)	(1,292,237)	(1,318,933)	(1,345,629)	(1,372,325)
$ -	$ 74.80	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(421,284)	(433,793)	(446,303)	(458,812)	(471,322)	(483,831)	(496,341)
$ -	$ 268.00	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(3,042,667)	(3,143,079)	(3,243,491)	(3,343,903)	(3,444,315)	(3,544,727)	(3,645,139)
$ (592)	$ 8,380.58	Water	333000-Services	333000	10133300	333.4	(19,181,683)	(19,273,965)	(19,366,795)	(19,460,259)	(19,554,302)	(19,648,775)	(19,743,812)
$ (3,037)	$ 7,739.95	Water	334100-Meters	334100	10133410	334.4	816,483	831,133	843,787	854,856	861,429	867,924	873,487
$ (234)	$ 72.04	Water	334110-Meters Bronze Case	334110	10133410	334.4	(340,529)	(345,594)	(350,658)	(355,721)	(360,784)	(365,846)	(370,907)
$ (961)	$ 1,242.67	Water	334120-Meters Plastic Case	334120	10133410	334.4	147,318	159,224	171,165	183,141	195,152	207,197	219,277
$ (730)	$ 3,550.05	Water	334130-Meters Other	334130	10133410	334.4	(194,904)	(180,303)	(165,635)	(150,901)	(136,101)	(121,233)	(106,300)
$ -	$ -	Water	334131-Meter Reading Units	334131	10133410	334.4	(38,256)	(39,015)	(39,775)	(40,534)	(41,293)	(42,052)	(42,811)
$ (262)	$ 4,788.03	Water	334200-Meter Installations	334200	10133420	334.4	(5,833,308)	(5,870,860)	(5,908,412)	(5,946,041)	(5,983,669)	(6,021,296)	(6,058,922)
$ -	$ 2,407.95	Water	334300-Meter Vaults	334300	10133410	334.4	64,839	66,133	67,428	68,723	70,018	71,313	72,608
$ -	$ 2,371.59	Water	335000-Hydrants	335000	10133500	335.4	(3,555,031)	(3,568,897)	(3,582,805)	(3,596,785)	(3,610,830)	(3,624,959)	(3,639,223)
$ -	$ -	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(121,452)	(121,587)	(121,722)	(121,858)	(121,993)	(122,129)	(122,264)
$ -	$ -	Water	339600-Other P/E-CPS	339600	10133910	339.1	(135,951)	(138,688)	(141,425)	(144,162)	(146,899)	(149,636)	(152,373)
$ -	$ -	Water	340100-Office Furniture & Equip	340100	10134010	340.5	(543,040)	(542,244)	(541,984)	(541,713)	(541,432)	(541,140)	(540,837)
$ -	$ -	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	(64,811)	(65,991)	(67,163)	(68,329)	(69,487)	(70,638)	(71,781)
$ (9)	$ (1.05)	Water	340220-Comp & Periph Personal	340220	10134010	340.5	(1,189,899)	(1,179,530)	(1,169,025)	(1,158,386)	(1,147,612)	(1,136,704)	(1,125,660)

Kentucky American Water
Case No. 2012-00520
Accumulated Depreciation & COR Balances by Month, September 2012 - December 2014

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2
Excel Ref: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal Accum Dep&COR

With Slippage

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Total Accum Life Dep & COR	$ (122,735,598)	$ (123,613,797)	$ (124,496,845)	$ (125,384,144)	$ (126,279,791)	$ (127,178,257)	$ (128,082,940)
Total Life Dep	$ (108,020,666)	$ (108,773,944)	$ (109,531,683)	$ (110,293,115)	$ (111,062,035)	$ (111,833,313)	$ (112,610,003)
Total COR	$ (14,714,933)	$ (14,839,853)	$ (14,965,162)	$ (15,091,029)	$ (15,217,756)	$ (15,344,944)	$ (15,472,937)

Monthly Salvage Credit	Monthly COR Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Accum Dep Bal Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
$ -	$ -	Water	340300-Computer Software	340300	10134010	340.5	(4,841,945)	(4,825,223)	(4,808,395)	(4,791,330)	(4,774,028)	(4,756,488)	(4,738,712)
$ -	$ -	Water	340320-Comp Software Personal	340320	10134010	340.5	(375,396)	(368,367)	(361,337)	(354,308)	(347,279)	(340,249)	(333,220)
$ -	$ -	Water	340325-Comp Software Customize	340325	10134010	340.5	(333,728)	(345,398)	(357,068)	(368,739)	(380,409)	(392,079)	(403,750)
$ -	$ -	Water	340330-Comp Software Other	340330	10134010	340.5	(704,670)	(706,864)	(709,058)	(711,252)	(713,446)	(715,640)	(717,834)
$ -	$ -	Water	340500-Other Office Equipment	340500	10134010	340.5	(70,690)	(70,314)	(69,935)	(69,554)	(69,170)	(68,782)	(68,392)
$ (3,986)	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	(1,147,630)	(1,128,987)	(1,110,365)	(1,091,726)	(1,073,092)	(1,054,425)	(1,035,726)
$ (529)	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	(712,549)	(710,777)	(709,076)	(707,388)	(705,745)	(704,090)	(702,424)
$ (338)	$ -	Water	341300-Trans Equip Autos	341300	10134100	341.5	(222,740)	(220,296)	(218,136)	(216,045)	(214,141)	(212,215)	(210,268)
$ (413)	$ -	Water	341400-Trans Equip Other	341400	10134100	341.5	(189,922)	(191,796)	(193,664)	(195,526)	(197,382)	(199,233)	(201,077)
$ -	$ -	Water	342000-Stores Equipment	342000	10134200	342.5	(34,332)	(34,375)	(34,418)	(34,461)	(34,504)	(34,547)	(34,590)
$ -	$ 29.59	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	(1,088,211)	(1,094,312)	(1,100,440)	(1,106,868)	(1,113,747)	(1,120,625)	(1,127,555)
$ -	$ 381.46	Water	344000-Laboratory Equipment	344000	10134400	344.5	(724,442)	(725,872)	(727,288)	(728,729)	(730,155)	(731,566)	(732,963)
$ (236)	$ 14.59	Water	345000-Power Operated Equipmer	345000	10134500	345.5	(911,623)	(912,967)	(914,309)	(915,648)	(916,985)	(918,318)	(919,649)
$ -	$ 88.02	Water	346100-Comm Equip Non-Telephor	346100	10134600	346.5	(1,193,177)	(1,204,843)	(1,217,004)	(1,229,139)	(1,241,250)	(1,253,336)	(1,265,396)
$ -	$ 295.28	Water	346190-Remote Control & Instrum	346190	10134600	346.5	(104,367)	(112,583)	(120,799)	(129,015)	(137,230)	(145,446)	(153,662)
$ -	$ -	Water	346200-Comm Equip Telephone	346200	10134600	346.5	(64,943)	(66,696)	(68,449)	(70,202)	(71,955)	(73,708)	(75,462)
$ -	$ 28.81	Water	347000-Misc Equipment	347000	10134700	347.5	(601,117)	(606,016)	(610,963)	(615,906)	(620,846)	(625,782)	(630,715)
$ -	$ -	Water	348000-Other Tangible Property	348000	10134800	348.5	(252,321)	(249,623)	(246,925)	(244,228)	(241,530)	(238,832)	(236,135)
$ -	$ -	Water	354200-WW Struct & Imp Collectio	354200	10135420	354.2	3,168	3,168	3,168	3,168	3,168	3,168	3,168
		Water	340315-Comp Software Specia	340315	10134010	340.5	0	(76,687)	(154,482)	(233,228)	(312,923)	(393,846)	(476,847)
		Water	339300-Other P/E-Treatment	339300	10133930	339.3	0	0	0	0	0	0	0
$ (11,358)	$ 43,878				**Total Unadjusted Balances**			**(123,613,797)**	**(124,496,845)**	**(125,384,144)**	**(126,279,791)**	**(127,178,257)**	**(128,082,940)**

Kentucky American Water
Case No. 2012-00520
Accumulated Depreciation & COR Balances by Month, September 2012 - December 2014

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2
Exhibits\Rate Base\[Rate Base KY Capital through
Excel Ref 12_31_14.xlsx]Bal Accum Dep&COR

With Slippage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
Total Accum Life Dep & COR	$ (128,995,147)	$ (129,916,113)	$ (130,931,238)	$ (131,954,037)	$ (132,893,653)	$ (133,836,554)	$ (134,784,206)
Total Life Dep	$ (113,393,910)	$ (114,185,381)	$ (115,070,511)	$ (115,962,734)	$ (116,771,526)	$ (117,583,055)	$ (118,398,840)
Total COR	$ (15,601,237)	$ (15,730,732)	$ (15,860,727)	$ (15,991,303)	$ (16,122,127)	$ (16,253,499)	$ (16,385,366)

Monthly Salvage Credit	Monthly COR Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
$ -	$ -	Water	301000-Organization	301000	10130100	301.1	0	0	0	0	0	0	0
$ -	$ -	Water	302000-Franchises	302000	10130200	302.1	0	0	0	0	0	0	0
$ -	$ -	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	0	0	0	0	0	0	0
$ -	$ -	Water	303300-Land & Land Rights-Pumpir	303300	10130330	303.2	0	0	0	0	0	0	0
$ -	$ -	Water	303400-Land & Land Rights-Treatm	303400	10130340	303.3	0	0	0	0	0	0	0
$ -	$ -	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	0	0	0	0	0	0	0
$ -	$ 16.52	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(727,229)	(744,835)	(762,441)	(780,047)	(797,652)	(815,256)	(832,860)
$ -	$ 213.33	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,182,971)	(2,203,152)	(2,223,327)	(2,243,496)	(2,263,659)	(2,283,817)	(2,303,968)
$ (0)	$ 668.68	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(3,174,131)	(3,233,178)	(3,292,264)	(3,351,569)	(3,410,926)	(3,470,587)	(3,530,458)
$ -	$ -	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(594,264)	(596,270)	(598,276)	(600,281)	(602,287)	(604,293)	(606,298)
$ (12)	$ 101.02	Water	304500-Struct & Imp-General	304500	10130450	304.5	(271,979)	(281,759)	(291,602)	(301,509)	(311,557)	(321,685)	(331,972)
$ -	$ 72.36	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	(1,418,280)	(1,427,497)	(1,436,713)	(1,445,929)	(1,455,145)	(1,464,359)	(1,473,573)
$ -	$ -	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)
$ -	$ -	Water	304700-Struct & Imp-Store,Shop,G	304700	10130450	304.5	(391,178)	(394,002)	(396,825)	(399,649)	(402,471)	(405,294)	(408,116)
$ -	$ 42.57	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(384,831)	(387,164)	(389,478)	(391,771)	(394,045)	(396,299)	(398,534)
$ -	$ 21.20	Water	305000-Collect & Impound Reservc	305000	10130500	305.2	(382,561)	(383,284)	(384,008)	(384,730)	(385,452)	(386,174)	(386,896)
$ -	$ 995.47	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(382,308)	(393,585)	(404,875)	(416,224)	(427,590)	(439,037)	(450,541)
$ -	$ 32.68	Water	309000-Supply Mains	309000	10130900	309.2	(2,791,428)	(2,842,501)	(2,893,575)	(2,944,648)	(2,995,721)	(3,046,795)	(3,097,868)
$ -	$ 17.57	Water	310000-Power Generation Equip	310000	10131000	310.2	(502,699)	(509,866)	(517,031)	(524,193)	(531,352)	(538,508)	(545,662)
$ -	$ 1,333.97	Water	311200-Pump Eqp Electric	311200	10131120	311.2	(5,308,409)	(5,322,971)	(5,337,602)	(5,352,469)	(5,367,491)	(5,382,681)	(5,397,967)
$ -	$ 27.27	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	(388,100)	(389,012)	(389,924)	(390,835)	(391,745)	(392,654)	(393,563)
$ -	$ -	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	(8,950)	(8,965)	(8,980)	(8,994)	(9,009)	(9,024)	(9,038)
$ -	$ -	Water	311500-Pump Eqp Other	311500	10131150	311.2	(8)	(8)	(8)	(8)	(8)	(8)	(8)
$ -	$ 1,849.78	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	(972,432)	(996,217)	(1,019,993)	(1,043,760)	(1,067,519)	(1,091,269)	(1,115,010)
$ -	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	242	242	242	242	242	242	242
$ -	$ 27.58	Water	311540-Pumping Equipment TD	311540	10131154	311.4	57,154	58,767	60,384	62,005	63,629	65,257	66,888
$ -	$ 1,185.78	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(17,375,973)	(17,460,263)	(17,544,499)	(17,628,720)	(17,712,890)	(17,797,065)	(17,881,222)
$ -	$ -	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(305,527)	(315,817)	(326,108)	(336,398)	(346,689)	(356,979)	(367,269)
$ -	$ 182.84	Water	330000-Dist Reservoirs & Standpipe	330000	10133000	330.4	(291,817)	(294,085)	(296,352)	(298,620)	(300,888)	(303,155)	(305,423)
$ -	$ 130.74	Water	330100-Elevated Tanks & Standpipe	330100	10133000	330.4	(3,853,804)	(3,869,675)	(3,885,544)	(3,901,410)	(3,917,275)	(3,933,138)	(3,948,998)
$ -	$ -	Water	330200-Ground Level Tanks	330200	10133000	330.4	(123,570)	(127,594)	(131,623)	(135,679)	(139,743)	(143,844)	(147,970)
$ -	$ -	Water	330400-Clearwell	330400	10133000	330.4	(110,434)	(114,048)	(117,663)	(121,277)	(124,892)	(128,506)	(132,121)
$ (9)	$ 2,289.84	Water	331001-TD Mains Not Classified	331001	10133100	331.4	(35,199,574)	(35,403,120)	(35,607,108)	(35,811,572)	(36,016,667)	(36,222,576)	(36,429,423)
$ (3)	$ 740.62	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(881,742)	(888,716)	(895,689)	(902,662)	(909,635)	(916,609)	(923,582)
$ (6)	$ 2,108.39	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(1,399,020)	(1,425,716)	(1,452,411)	(1,479,106)	(1,505,802)	(1,532,497)	(1,559,192)
$ -	$ 74.80	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(508,850)	(521,359)	(533,869)	(546,378)	(558,888)	(571,397)	(583,907)
$ -	$ 268.00	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(3,745,551)	(3,845,963)	(3,946,375)	(4,046,787)	(4,147,199)	(4,247,611)	(4,348,022)
$ (592)	$ 8,380.58	Water	333000-Services	333000	10133300	333.4	(19,839,364)	(19,935,591)	(20,032,396)	(20,129,781)	(20,227,762)	(20,326,351)	(20,425,470)
$ (3,037)	$ 7,739.95	Water	334100-Meters	334100	10133410	334.4	878,773	882,442	884,245	884,528	883,973	883,060	881,818
$ (234)	$ 72.04	Water	334110-Meters Bronze Case	334110	10133410	334.4	(375,968)	(381,028)	(386,087)	(391,146)	(396,204)	(401,261)	(406,317)
$ (961)	$ 1,242.67	Water	334120-Meters Plastic Case	334120	10133410	334.4	231,392	243,542	255,726	267,945	280,199	292,488	304,811
$ (730)	$ 3,550.05	Water	334130-Meters Other	334130	10133410	334.4	(91,299)	(76,232)	(61,099)	(45,899)	(30,632)	(15,299)	101
$ -	$ -	Water	334131-Meter Reading Units	334131	10133410	334.4	(43,570)	(44,330)	(45,089)	(45,848)	(46,607)	(47,366)	(48,125)
$ (262)	$ 4,788.03	Water	334200-Meter Installations	334200	10133420	334.4	(6,096,546)	(6,134,168)	(6,171,790)	(6,209,409)	(6,247,028)	(6,284,645)	(6,322,261)
$ -	$ 2,407.95	Water	334300-Meter Vaults	334300	10133410	334.4	73,903	75,198	76,493	77,789	79,084	80,380	81,675
$ -	$ 2,371.59	Water	335000-Hydrants	335000	10133500	335.4	(3,653,539)	(3,667,951)	(3,682,435)	(3,696,997)	(3,711,654)	(3,726,415)	(3,741,286)
$ -	$ -	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(122,399)	(122,535)	(122,670)	(122,805)	(122,941)	(123,076)	(123,212)
$ -	$ -	Water	339600-Other P/E-CPS	339600	10133910	339.1	(158,686)	(165,178)	(171,851)	(178,703)	(185,555)	(192,407)	(199,259)
$ -	$ -	Water	340100-Office Furniture & Equip	340100	10134010	340.5	(540,523)	(540,199)	(539,864)	(539,518)	(539,162)	(538,794)	(538,417)
$ -	$ -	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	(72,918)	(74,046)	(75,168)	(76,282)	(77,389)	(78,489)	(79,581)
$ (9)	$ (1.05)	Water	340220-Comp & Periph Personal	340220	10134010	340.5	(1,114,481)	(1,103,168)	(1,091,719)	(1,080,136)	(1,068,418)	(1,056,564)	(1,044,576)

Kentucky American Water
Case No. 2012-00520
Accumulated Depreciation & COR Balances by Month, September 2012 - December 2014

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2
Excel Ref: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal Accum Dep&COR

With Slippage

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
Total Accum Life Dep & COR	$ (128,995,147)	$ (129,916,113)	$ (130,931,238)	$ (131,954,037)	$ (132,893,653)	$ (133,836,554)	$ (134,784,206)
Total Life Dep	$ (113,393,910)	$ (114,185,381)	$ (115,070,511)	$ (115,962,734)	$ (116,771,526)	$ (117,583,055)	$ (118,398,840)
Total COR	$ (15,601,237)	$ (15,730,732)	$ (15,860,727)	$ (15,991,303)	$ (16,122,127)	$ (16,253,499)	$ (16,385,366)

Monthly Salvage Credit	Monthly COR Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
$ -	$ -	Water	340300-Computer Software	340300	10134010	340.5	(4,720,698)	(4,702,447)	(4,683,959)	(4,665,234)	(4,646,271)	(4,627,071)	(4,607,634)
$ -	$ -	Water	340320-Comp Software Personal	340320	10134010	340.5	(326,191)	(319,161)	(312,132)	(305,103)	(298,074)	(291,044)	(284,015)
$ -	$ -	Water	340325-Comp Software Customize	340325	10134010	340.5	(415,420)	(427,090)	(438,761)	(450,431)	(462,101)	(473,771)	(485,442)
$ -	$ -	Water	340330-Comp Software Other	340330	10134010	340.5	(720,028)	(722,223)	(724,417)	(726,611)	(728,805)	(730,999)	(733,193)
$ -	$ -	Water	340500-Other Office Equipment	340500	10134010	340.5	(68,000)	(67,604)	(67,206)	(66,804)	(66,400)	(65,993)	(65,583)
$ (3,986)	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	(1,016,995)	(998,231)	(979,462)	(960,661)	(941,997)	(923,301)	(904,573)
$ (529)	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	(700,747)	(699,059)	(697,402)	(695,733)	(694,313)	(692,882)	(691,440)
$ (338)	$ -	Water	341300-Trans Equip Autos	341300	10134100	341.5	(208,299)	(206,310)	(204,453)	(202,576)	(201,650)	(200,703)	(199,735)
$ (413)	$ -	Water	341400-Trans Equip Other	341400	10134100	341.5	(202,915)	(204,747)	(206,573)	(208,394)	(210,208)	(212,016)	(213,818)
$ -	$ -	Water	342000-Stores Equipment	342000	10134200	342.5	(34,633)	(34,675)	(34,717)	(34,760)	(34,802)	(34,844)	(34,885)
$ -	$ 29.59	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	(1,134,552)	(1,141,788)	(1,149,611)	(1,157,485)	(1,165,384)	(1,173,816)	(1,182,247)
$ -	$ 381.46	Water	344000-Laboratory Equipment	344000	10134400	344.5	(734,345)	(735,712)	(737,065)	(738,403)	(739,726)	(741,035)	(742,329)
$ (236)	$ 14.59	Water	345000-Power Operated Equipmer	345000	10134500	345.5	(920,978)	(922,303)	(923,626)	(924,947)	(926,265)	(927,580)	(928,892)
$ -	$ 88.02	Water	346100-Comm Equip Non-Telephor	346100	10134600	346.5	(1,277,432)	(1,289,442)	(1,301,428)	(1,313,388)	(1,325,323)	(1,337,234)	(1,349,119)
$ -	$ 295.28	Water	346190-Remote Control & Instrum	346190	10134600	346.5	(164,433)	(176,400)	(188,951)	(204,813)	(220,732)	(236,662)	(254,777)
$ -	$ -	Water	346200-Comm Equip Telephone	346200	10134600	346.5	(77,215)	(78,968)	(80,721)	(82,474)	(84,227)	(85,981)	(87,734)
$ -	$ 28.81	Water	347000-Misc Equipment	347000	10134700	347.5	(635,645)	(641,287)	(646,942)	(652,637)	(658,371)	(664,110)	(669,846)
$ -	$ -	Water	348000-Other Tangible Property	348000	10134800	348.5	(234,386)	(232,653)	(230,934)	(229,230)	(227,526)	(225,822)	(224,118)
$ -	$ -	Water	354200-WW Struct & Imp Collectio	354200	10135420	354.2	3,168	3,168	3,168	3,168	3,168	3,168	3,168
		Water	340315-Comp Software Specia	340315	10134010	340.5	(559,924)	(643,078)	(816,367)	(991,159)	(1,079,432)	(1,168,553)	(1,258,481)
		Water	339300-Other P/E-Treatment	339300	10133930	339.3	0	0	0	0	0	0	0
$ (11,358)	$ 43,878				**Total Unadjusted Balances**		**(128,995,147)**	**(129,916,113)**	**(130,931,238)**	**(131,954,037)**	**(132,893,653)**	**(133,836,554)**	**(134,784,206)**

Kentucky American Water
Case No. 2012-00520
Accumulated Depreciation & COR Balances by Month, September 2012 - December 2014

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2
Exhibits\Rate Base\[Rate Base KY Capital through
Excel Ref 12_31_14.xlsx]Bal Accum Dep&COR

With Slippage

	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Total Accum Life Dep & COR	$ (135,734,286)	$ (136,686,995)	$ (137,657,952)	$ (138,630,168)	$ (139,606,149)	$ (137,146,350)	$ (138,120,975)
Total Life Dep	$ (119,216,580)	$ (120,036,644)	$ (120,872,050)	$ (121,708,362)	$ (122,548,060)	$ (120,051,642)	$ (120,890,359)
Total COR	$ (16,517,707)	$ (16,650,350)	$ (16,785,903)	$ (16,921,805)	$ (17,058,089)	$ (17,094,708)	$ (17,230,616)

Monthly Salvage Credit	Monthly COR Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
$ -	$ -	Water	301000-Organization	301000	10130100	301.1	0	0	0	0	0	0	0
$ -	$ -	Water	302000-Franchises	302000	10130200	302.1	0	0	0	0	0	0	0
$ -	$ -	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	0	0	0	0	0	0	0
$ -	$ -	Water	303300-Land & Land Rights-Pumpir	303300	10130330	303.2	0	0	0	0	0	0	0
$ -	$ -	Water	303400-Land & Land Rights-Treatm	303400	10130340	303.3	0	0	0	0	0	0	0
$ -	$ -	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	0	0	0	0	0	11,529	11,529
$ -	$ 16.52	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(850,464)	(868,067)	(885,669)	(903,272)	(920,873)	(938,474)	(956,075)
$ -	$ 213.33	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,324,114)	(2,344,254)	(2,364,388)	(2,384,516)	(2,404,639)	(2,424,755)	(2,444,866)
$ (0)	$ 668.68	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(3,590,468)	(3,650,731)	(3,711,200)	(3,771,682)	(3,832,154)	(3,892,614)	(3,953,064)
$ -	$ -	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(608,304)	(610,309)	(612,315)	(614,321)	(616,326)	(598,114)	(600,076)
$ (12)	$ 101.02	Water	304500-Struct & Imp-General	304500	10130450	304.5	(342,479)	(353,130)	(363,859)	(374,588)	(385,318)	(396,047)	(406,776)
$ -	$ 72.36	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	(1,482,787)	(1,492,000)	(1,501,212)	(1,510,424)	(1,519,635)	(1,528,846)	(1,538,056)
$ -	$ -	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)
$ -	$ -	Water	304700-Struct & Imp-Store,Shop,G	304700	10130450	304.5	(410,938)	(413,759)	(416,580)	(419,401)	(422,222)	(425,042)	(427,862)
$ -	$ 42.57	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(400,748)	(402,943)	(405,118)	(407,274)	(409,410)	(333,215)	(334,996)
$ -	$ 21.20	Water	305000-Collect & Impound Reservc	305000	10130500	305.2	(387,617)	(388,338)	(389,058)	(389,778)	(390,497)	(391,216)	(391,935)
$ -	$ 995.47	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(462,084)	(473,696)	(485,363)	(497,037)	(508,710)	(520,382)	(532,055)
$ -	$ 32.68	Water	309000-Supply Mains	309000	10130900	309.2	(3,148,942)	(3,200,015)	(3,251,088)	(3,302,162)	(3,353,235)	(3,404,308)	(3,455,381)
$ -	$ 17.57	Water	310000-Power Generation Equip	310000	10131000	310.2	(552,813)	(559,962)	(567,108)	(574,251)	(581,391)	(588,529)	(595,665)
$ -	$ 1,333.97	Water	311200-Pump Eqp Electric	311200	10131120	311.2	(5,413,315)	(5,428,780)	(5,444,739)	(5,460,708)	(5,476,671)	(5,492,627)	(5,508,574)
$ -	$ 27.27	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	(394,471)	(395,379)	(396,285)	(397,191)	(398,096)	(399,001)	(399,905)
$ -	$ -	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	(9,053)	(9,068)	(9,082)	(9,097)	(9,112)	(9,127)	(9,141)
$ -	$ -	Water	311500-Pump Eqp Other	311500	10131150	311.2	(8)	(8)	(8)	(8)	(8)	4,949	4,949
$ -	$ 1,849.78	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	(1,138,743)	(1,162,467)	(1,186,182)	(1,209,888)	(1,233,586)	(1,234,528)	(1,258,163)
$ -	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	242	242	242	242	242	242	242
$ -	$ 27.58	Water	311540-Pumping Equipment TD	311540	10131154	311.4	68,523	70,162	71,263	72,358	73,453	74,548	75,646
$ -	$ 1,185.78	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(17,965,347)	(18,049,465)	(18,133,566)	(18,217,607)	(18,301,583)	(15,687,907)	(15,766,100)
$ -	$ -	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(377,560)	(387,850)	(398,141)	(408,431)	(418,722)	(429,012)	(439,302)
$ -	$ 182.84	Water	330000-Dist Reservoirs & Standpipe	330000	10133000	330.4	(307,690)	(309,958)	(312,225)	(314,493)	(316,760)	(319,028)	(321,295)
$ -	$ 130.74	Water	330100-Elevated Tanks & Standpipe	330100	10133000	330.4	(3,964,856)	(3,980,712)	(4,001,088)	(4,021,539)	(4,042,024)	(3,468,742)	(3,488,280)
$ -	$ -	Water	330200-Ground Level Tanks	330200	10133000	330.4	(152,114)	(156,288)	(160,488)	(164,691)	(168,894)	(173,097)	(177,300)
$ -	$ -	Water	330400-Clearwell	330400	10133000	330.4	(135,735)	(139,350)	(142,964)	(146,579)	(150,193)	(153,808)	(157,422)
$ (9)	$ 2,289.84	Water	331001-TD Mains Not Classified	331001	10133100	331.4	(36,637,265)	(36,846,022)	(37,066,471)	(37,287,808)	(37,509,718)	(37,731,921)	(37,954,458)
$ (3)	$ 740.62	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(930,555)	(937,528)	(944,502)	(951,475)	(958,448)	(965,421)	(972,395)
$ (6)	$ 2,108.39	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(1,585,887)	(1,612,583)	(1,639,278)	(1,665,973)	(1,692,667)	(1,719,362)	(1,746,057)
$ -	$ 74.80	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(596,416)	(608,926)	(621,435)	(633,945)	(646,454)	(658,963)	(671,473)
$ -	$ 268.00	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(4,448,434)	(4,548,846)	(4,649,257)	(4,749,669)	(4,850,080)	(4,950,492)	(5,050,903)
$ (592)	$ 8,380.58	Water	333000-Services	333000	10133300	333.4	(20,525,112)	(20,625,175)	(20,725,665)	(20,826,559)	(20,927,899)	(21,029,762)	(21,132,220)
$ (3,037)	$ 7,739.95	Water	334100-Meters	334100	10133410	334.4	880,432	878,917	877,318	875,660	873,147	870,295	866,093
$ (234)	$ 72.04	Water	334110-Meters Bronze Case	334110	10133410	334.4	(411,373)	(416,429)	(421,483)	(426,537)	(431,591)	(436,643)	(441,695)
$ (961)	$ 1,242.67	Water	334120-Meters Plastic Case	334120	10133410	334.4	317,170	329,563	341,990	354,453	366,950	379,482	392,049
$ (730)	$ 3,550.05	Water	334130-Meters Other	334130	10133410	334.4	15,567	31,100	46,700	62,366	78,098	93,898	109,763
$ -	$ -	Water	334131-Meter Reading Units	334131	10133410	334.4	(48,885)	(49,644)	(50,403)	(51,162)	(51,921)	(52,680)	(53,440)
$ (262)	$ 4,788.03	Water	334200-Meter Installations	334200	10133420	334.4	(6,359,876)	(6,397,489)	(6,435,101)	(6,472,711)	(6,510,320)	(6,547,928)	(6,585,534)
$ -	$ 2,407.95	Water	334300-Meter Vaults	334300	10133410	334.4	82,971	84,267	85,563	86,858	88,154	89,450	90,747
$ -	$ 2,371.59	Water	335000-Hydrants	335000	10133500	335.4	(3,756,298)	(3,771,393)	(3,786,566)	(3,801,813)	(3,817,119)	(3,832,489)	(3,847,919)
$ -	$ -	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(123,347)	(123,482)	(123,618)	(123,753)	(123,889)	(124,024)	(124,159)
$ -	$ -	Water	339600-Other P/E-CPS	339600	10133910	339.1	(206,111)	(212,963)	(219,815)	(226,667)	(233,617)	(240,664)	(247,808)
$ -	$ -	Water	340100-Office Furniture & Equip	340100	10134010	340.5	(538,028)	(537,629)	(537,219)	(536,798)	(536,367)	(535,925)	(535,472)
$ -	$ -	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	(80,666)	(81,744)	(82,815)	(83,878)	(84,934)	(85,982)	(87,024)
$ (9)	$ (1.05)	Water	340220-Comp & Periph Personal	340220	10134010	340.5	(1,032,453)	(1,020,196)	(1,007,803)	(995,275)	(982,613)	(969,815)	(956,883)

Kentucky American Water
Case No. 2012-00520
Accumulated Depreciation & COR Balances by Month, September 2012 - December 2014

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2
Excel Ref: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal Accum Dep&COR

With Slippage

	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Total Accum Life Dep & COR	$ (135,734,286)	$ (136,686,995)	$ (137,657,952)	$ (138,630,168)	$ (139,606,149)	$ (137,146,350)	$ (138,120,975)
Total Life Dep	$ (119,216,580)	$ (120,036,644)	$ (120,872,050)	$ (121,708,362)	$ (122,548,060)	$ (120,051,642)	$ (120,890,359)
Total COR	$ (16,517,707)	$ (16,650,350)	$ (16,785,903)	$ (16,921,805)	$ (17,058,089)	$ (17,094,708)	$ (17,230,616)

Monthly Salvage Credit	Monthly COR Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
$ -	$ -	Water	340300-Computer Software	340300	10134010	340.5	(4,587,960)	(4,568,049)	(4,547,900)	(4,527,515)	(4,506,892)	(4,486,031)	(4,464,934)
$ -	$ -	Water	340320-Comp Software Personal	340320	10134010	340.5	(276,986)	(269,956)	(262,927)	(255,898)	(248,868)	(241,839)	(234,810)
$ -	$ -	Water	340325-Comp Software Customize	340325	10134010	340.5	(497,112)	(508,782)	(520,453)	(532,123)	(543,793)	(555,464)	(567,134)
$ -	$ -	Water	340330-Comp Software Other	340330	10134010	340.5	(735,387)	(737,581)	(739,775)	(741,969)	(744,163)	(746,357)	(748,551)
$ -	$ -	Water	340500-Other Office Equipment	340500	10134010	340.5	(65,171)	(64,755)	(64,337)	(63,916)	(63,492)	(63,065)	(62,636)
$ (3,986)	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	(885,813)	(867,101)	(848,357)	(829,581)	(810,772)	(791,931)	(773,058)
$ (529)	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	(689,987)	(688,646)	(687,295)	(685,932)	(684,558)	(683,174)	(681,778)
$ (338)	$ -	Water	341300-Trans Equip Autos	341300	10134100	341.5	(198,745)	(198,198)	(197,629)	(197,039)	(196,428)	(195,796)	(195,142)
$ (413)	$ -	Water	341400-Trans Equip Other	341400	10134100	341.5	(215,615)	(217,405)	(219,189)	(220,967)	(222,740)	(224,506)	(226,266)
$ -	$ -	Water	342000-Stores Equipment	342000	10134200	342.5	(34,927)	(34,969)	(35,010)	(35,051)	(35,093)	(35,134)	(35,175)
$ -	$ 29.59	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	(1,190,676)	(1,199,103)	(1,207,528)	(1,215,952)	(1,224,373)	(1,231,820)	(1,240,341)
$ -	$ 381.46	Water	344000-Laboratory Equipment	344000	10134400	344.5	(743,608)	(744,872)	(746,122)	(747,357)	(748,578)	(749,783)	(750,974)
$ (236)	$ 14.59	Water	345000-Power Operated Equipmen	345000	10134500	345.5	(930,202)	(931,509)	(932,813)	(934,115)	(935,414)	(935,081)	(936,372)
$ -	$ 88.02	Water	346100-Comm Equip Non-Telephor	346100	10134600	346.5	(1,360,979)	(1,372,814)	(1,384,624)	(1,396,409)	(1,408,169)	(1,419,904)	(1,431,614)
$ -	$ 295.28	Water	346190-Remote Control & Instrum	346190	10134600	346.5	(272,962)	(291,180)	(309,695)	(328,393)	(349,277)	(370,891)	(393,233)
$ -	$ -	Water	346200-Comm Equip Telephone	346200	10134600	346.5	(89,487)	(91,240)	(92,993)	(94,746)	(96,500)	(98,253)	(100,006)
$ -	$ 28.81	Water	347000-Misc Equipment	347000	10134700	347.5	(675,578)	(681,307)	(687,033)	(692,755)	(698,473)	(696,966)	(702,648)
$ -	$ -	Water	348000-Other Tangible Property	348000	10134800	348.5	(222,414)	(220,710)	(219,006)	(217,302)	(215,606)	(213,918)	(212,238)
$ -	$ -	Water	354200-WW Struct & Imp Collectio	354200	10135420	354.2	3,168	3,168	3,168	3,168	3,168	3,168	3,168
		Water	340315-Comp Software Specia	340315	10134010	340.5	(1,349,190)	(1,440,349)	(1,531,949)	(1,623,814)	(1,715,939)	(1,809,923)	(1,903,907)
		Water	339300-Other P/E-Treatment	339300	10133930	339.3	0	0	0	0	0	0	0
$ (11,358)	$ 43,878				**Total Unadjusted Balances**		**(135,734,286)**	**(136,686,995)**	**(137,657,952)**	**(138,630,168)**	**(139,606,149)**	**(137,146,350)**	**(138,120,975)**

Kentucky American Water
Case No. 2012-00520
Accumulated Depreciation & COR Balances by Month, September 2012 - December 2014

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2
Excel Ref: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal Accum Dep&COR

With Slippage

	Jun-14	Jul-14	2012	Oct-Dec Additions	2013 Additions	2014	Base Per. as of 31-Mar-13	Forecast Per. 13-Month Average
Total Accum Life Dep & COR	$ (139,099,343)	$ (140,081,163)	$ (1,770,348)	$ (11,302,850)	$ (8,355,126)		$ (128,082,940)	$ (136,633,218)
Total Life Dep	$ (121,732,305)	$ (122,577,199)	$ (1,519,172)	$ (9,743,529)	$ (6,809,238)		$ (112,610,003)	$ (119,873,027)
Total COR	$ (17,367,037)	$ (17,503,964)	$ (251,176)	$ (1,559,321)	$ (1,545,889)		$ (15,472,937)	$ (16,760,190)

Monthly Salvage Credit	Monthly COR Debit	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions	Base Per. 31-Mar-13	Forecast 13 Mo Avg
$ -	$ -	Water	301000-Organization	301000	10130100	301.1	0	0	$ -	$ -	$ -	$ -	$ -
$ -	$ -	Water	302000-Franchises	302000	10130200	302.1	0	0	$ -	$ -	$ -	$ -	$ -
$ -	$ -	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	0	0	$ -	$ -	$ -	$ -	$ -
$ -	$ -	Water	303300-Land & Land Rights-Pumpir	303300	10130330	303.2	0	0	$ -	$ -	$ -	$ -	$ -
$ -	$ -	Water	303400-Land & Land Rights-Treatm	303400	10130340	303.3	0	0	$ -	$ -	$ -	$ -	$ -
$ -	$ -	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	11,529	11,529	$ -	$ -	$ 11,529	$ -	$ 3,547
$ -	$ 16.52	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	(973,675)	(991,275)	$ (35,218)	$ (228,877)	$ (211,200)	$ (709,622)	$ (885,666)
$ -	$ 213.33	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	(2,464,970)	(2,485,069)	$ (40,426)	$ (262,276)	$ (241,222)	$ (2,162,784)	$ (2,364,347)
$ (0)	$ 668.68	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	(4,013,547)	(4,074,221)	$ (116,230)	$ (770,090)	$ (730,407)	$ (3,115,074)	$ (3,711,786)
$ -	$ -	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	(602,039)	(604,002)	$ (4,011)	$ (26,073)	$ (3,505)	$ (592,259)	$ (606,074)
$ (12)	$ 101.02	Water	304500-Struct & Imp-General	304500	10130450	304.5	(417,569)	(428,393)	$ (19,395)	$ (130,056)	$ (130,948)	$ (262,199)	$ (364,222)
$ -	$ 72.36	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	(1,547,266)	(1,556,475)	$ (18,440)	$ (119,813)	$ (110,512)	$ (1,409,063)	$ (1,501,208)
$ -	$ -	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	(1,041)	(1,041)	$ -	$ -	$ -	$ (1,041)	$ (1,041)
$ -	$ -	Water	304700-Struct & Imp-Store,Shop,G	304700	10130450	304.5	(430,681)	(433,500)	$ (5,651)	$ (36,706)	$ (33,831)	$ (388,354)	$ (416,578)
$ -	$ 42.57	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	(336,757)	(338,498)	$ (4,883)	$ (30,074)	$ 56,036	$ (382,478)	$ (380,739)
$ -	$ 21.20	Water	305000-Collect & Impound Reservc	305000	10130500	305.2	(392,653)	(393,371)	$ (1,451)	$ (9,399)	$ (8,618)	$ (381,837)	$ (389,055)
$ -	$ 995.47	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	(543,738)	(555,474)	$ (22,039)	$ (147,283)	$ (141,252)	$ (371,030)	$ (485,533)
$ -	$ 32.68	Water	309000-Supply Mains	309000	10130900	309.2	(3,506,455)	(3,557,528)	$ (102,147)	$ (663,955)	$ (612,879)	$ (2,740,354)	$ (3,251,088)
$ -	$ 17.57	Water	310000-Power Generation Equip	310000	10131000	310.2	(602,798)	(609,928)	$ (14,363)	$ (93,137)	$ (85,577)	$ (495,530)	$ (567,089)
$ -	$ 1,333.97	Water	311200-Pump Eqp Electric	311200	10131120	311.2	(5,524,533)	(5,540,579)	$ (23,621)	$ (180,830)	$ (195,869)	$ (5,296,154)	$ (5,445,472)
$ -	$ 27.27	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	(400,808)	(401,710)	$ (1,833)	$ (11,852)	$ (10,832)	$ (387,187)	$ (396,280)
$ -	$ -	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	(9,156)	(9,171)	$ (29)	$ (191)	$ (176)	$ (8,936)	$ (9,082)
$ -	$ -	Water	311500-Pump Eqp Other	311500	10131150	311.2	4,949	4,949	$ -	$ -	$ 4,957	$ (8)	$ 1,517
$ -	$ 1,849.78	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	(1,281,790)	(1,305,408)	$ (47,666)	$ (309,090)	$ (260,901)	$ (948,638)	$ (1,179,101)
$ -	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	242	242	$ -	$ -	$ -	$ 242	$ 242
$ -	$ 27.58	Water	311540-Pumping Equipment TD	311540	10131154	311.4	76,747	77,852	$ 3,187	$ 21,021	$ 13,270	$ 55,544	$ 70,641
$ -	$ 1,185.78	Water	320100-WT Equip Non-Media	320100	10132010	320.3	(15,844,237)	(15,922,353)	$ (168,861)	$ (1,095,501)	$ 1,735,717	$ (17,291,618)	$ (17,300,620)
$ -	$ -	Water	320200-WT Equip Filter Media	320200	10132010	320.3	(449,593)	(459,883)	$ (20,581)	$ (133,776)	$ (123,485)	$ (295,236)	$ (398,141)
$ -	$ 182.84	Water	330000-Dist Reservoirs & Standpipe	330000	10133000	330.4	(323,563)	(325,830)	$ (4,535)	$ (29,478)	$ (27,210)	$ (289,550)	$ (312,225)
$ -	$ 130.74	Water	330100-Elevated Tanks & Standpipe	330100	10133000	330.4	(3,507,816)	(3,527,350)	$ (31,766)	$ (206,297)	$ 355,726	$ (3,837,930)	$ (3,823,325)
$ -	$ -	Water	330200-Ground Level Tanks	330200	10133000	330.4	(181,508)	(185,740)	$ (6,392)	$ (52,019)	$ (50,970)	$ (119,546)	$ (160,566)
$ -	$ -	Water	330400-Clearwell	330400	10133000	330.4	(161,036)	(164,651)	$ (7,229)	$ (46,988)	$ (43,374)	$ (106,820)	$ (142,964)
$ (9)	$ 2,289.84	Water	331001-TD Mains Not Classified	331001	10133100	331.4	(38,177,431)	(38,400,890)	$ (391,904)	$ (2,640,471)	$ (2,692,363)	$ (34,998,420)	$ (37,084,017)
$ (3)	$ 740.62	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	(979,368)	(986,341)	$ (13,947)	$ (90,652)	$ (83,679)	$ (874,769)	$ (944,502)
$ (6)	$ 2,108.39	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	(1,772,752)	(1,799,447)	$ (53,392)	$ (347,041)	$ (320,336)	$ (1,372,325)	$ (1,639,277)
$ -	$ 74.80	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	(683,982)	(696,492)	$ (25,019)	$ (162,623)	$ (150,113)	$ (496,341)	$ (621,435)
$ -	$ 268.00	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	(5,151,314)	(5,251,726)	$ (200,824)	$ (1,305,355)	$ (1,204,936)	$ (3,645,139)	$ (4,649,257)
$ (592)	$ 8,380.58	Water	333000-Services	333000	10133300	333.4	(21,235,317)	(21,339,033)	$ (186,294)	$ (1,258,380)	$ (1,240,334)	$ (19,743,812)	$ (20,728,931)
$ (3,037)	$ 7,739.95	Water	334100-Meters	334100	10133410	334.4	860,118	852,863	$ 23,722	$ 35,130	$ (69,102)	$ 873,487	$ 874,478
$ (234)	$ 72.04	Water	334110-Meters Bronze Case	334110	10133410	334.4	(446,746)	(451,797)	$ (10,127)	$ (65,771)	$ (60,611)	$ (370,907)	$ (421,479)
$ (961)	$ 1,242.67	Water	334120-Meters Plastic Case	334120	10133410	334.4	404,651	417,287	$ 23,917	$ 158,397	$ 151,428	$ 219,277	$ 342,234
$ (730)	$ 3,550.05	Water	334130-Meters Other	334130	10133410	334.4	125,696	141,695	$ 29,402	$ 196,736	$ 191,587	$ (106,300)	$ 47,166
$ -	$ -	Water	334131-Meter Reading Units	334131	10133410	334.4	(54,199)	(54,958)	$ (1,518)	$ (9,869)	$ (9,110)	$ (42,811)	$ (50,403)
$ (262)	$ 4,788.03	Water	334200-Meter Installations	334200	10133420	334.4	(6,623,139)	(6,660,743)	$ (75,181)	$ (489,077)	$ (451,845)	$ (6,058,922)	$ (6,435,091)
$ -	$ 2,407.95	Water	334300-Meter Vaults	334300	10133410	334.4	92,043	93,339	$ 2,590	$ 16,839	$ 14,622	$ 72,608	$ 85,563
$ -	$ 2,371.59	Water	335000-Hydrants	335000	10133500	335.4	(3,863,419)	(3,878,999)	$ (27,889)	$ (188,588)	$ (187,223)	$ (3,639,223)	$ (3,787,105)
$ -	$ -	Water	339100-Other P/E-Intangible	339100	10133910	339.1	(124,295)	(124,430)	$ (271)	$ (1,760)	$ (1,625)	$ (122,264)	$ (123,618)
$ -	$ -	Water	339600-Other P/E-CPS	339600	10133910	339.1	(255,050)	(262,292)	$ (5,474)	$ (71,539)	$ (85,538)	$ (152,373)	$ (220,070)
$ -	$ -	Water	340100-Office Furniture & Equip	340100	10134010	340.5	(535,009)	(534,535)	$ 531	$ 4,355	$ 5,625	$ (540,837)	$ (537,144)
$ -	$ -	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	(88,058)	(89,084)	$ (2,338)	$ (14,581)	$ (12,364)	$ (71,781)	$ (82,764)
$ (9)	$ (1.05)	Water	340220-Comp & Periph Personal	340220	10134010	340.5	(943,816)	(930,613)	$ 21,143	$ 148,830	$ 157,616	$ (1,125,660)	$ (1,006,859)

Kentucky American Water
Case No. 2012-00520
Accumulated Depreciation & COR Balances by Month, September 2012 - December 2014

Automatically calculates Accum. Depr. & COR: Prior Month Balance - Current Month Depr. & COR Expense + Retirements - Monthly Salvage Credit + Monthly Cost of Removal Debit

Workpaper #: W/P - 1-2
Excel Ref: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal Accum Dep&COR

With Slippage

							Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions	Base Per. 31-Mar-13	Forecast 13 Mo Avg
						Total Accum Life Dep & COR	$ (139,099,343)	$ (140,081,163)	$ (1,770,348)	$ (11,302,850)	$ (8,355,126)	$ (128,082,940)	$ (136,633,218)
						Total Life Dep	$ (121,732,305)	$ (122,577,199)	$ (1,519,172)	$ (9,743,529)	$ (6,809,238)	$ (112,610,003)	$ (119,873,027)
						Total COR	$ (17,367,037)	$ (17,503,964)	$ (251,176)	$ (1,559,321)	$ (1,545,889)	$ (15,472,937)	$ (16,760,190)
Monthly Salvage Credit	**Monthly COR Debit**	**Utility**	**Account**	**Util. Plant Account**	**SAP G/L Account**	**NARUC Acct**							
$ -	$ -	Water	340300-Computer Software	340300	10134010	340.5	(4,443,600)	(4,422,028)	$ 33,893	$ 240,346	$ 257,438	$ (4,738,712)	$ (4,546,240)
$ -	$ -	Water	340320-Comp Software Personal	340320	10134010	340.5	(227,780)	(220,751)	$ 14,059	$ 91,381	$ 84,352	$ (333,220)	$ (262,927)
$ -	$ -	Water	340325-Comp Software Customize	340325	10134010	340.5	(578,804)	(590,475)	$ (23,341)	$ (151,714)	$ (140,044)	$ (403,750)	$ (520,453)
$ -	$ -	Water	340330-Comp Software Other	340330	10134010	340.5	(750,745)	(752,939)	$ (4,388)	$ (28,522)	$ (26,328)	$ (717,834)	$ (739,775)
$ -	$ -	Water	340500-Other Office Equipment	340500	10134010	340.5	(62,203)	(61,768)	$ 760	$ 5,180	$ 5,206	$ (68,392)	$ (64,317)
$ (3,986)	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	(754,176)	(735,290)	$ 37,260	$ 243,264	$ 225,733	$ (1,035,726)	$ (848,201)
$ (529)	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	(680,407)	(679,068)	$ 3,389	$ 20,430	$ 14,920	$ (702,424)	$ (687,324)
$ (338)	$ -	Water	341300-Trans Equip Autos	341300	10134100	341.5	(194,603)	(194,203)	$ 4,251	$ 19,938	$ 631	$ (210,268)	$ (197,880)
$ (413)	$ -	Water	341400-Trans Equip Other	341400	10134100	341.5	(228,021)	(229,769)	$ (3,730)	$ (23,741)	$ (21,016)	$ (201,077)	$ (219,147)
$ -	$ -	Water	342000-Stores Equipment	342000	10134200	342.5	(35,215)	(35,256)	$ (86)	$ (550)	$ (489)	$ (34,590)	$ (35,009)
$ -	$ 29.59	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	(1,249,261)	(1,258,522)	$ (12,556)	$ (98,662)	$ (109,089)	$ (1,127,555)	$ (1,207,424)
$ -	$ 381.46	Water	344000-Laboratory Equipment	344000	10134400	344.5	(752,151)	(753,312)	$ (2,857)	$ (17,585)	$ (14,028)	$ (732,963)	$ (746,019)
$ (236)	$ 14.59	Water	345000-Power Operated Equipmer	345000	10134500	345.5	(937,661)	(938,946)	$ (2,681)	$ (17,200)	$ (13,826)	$ (919,649)	$ (932,292)
$ -	$ 88.02	Water	346100-Comm Equip Non-Telephor	346100	10134600	346.5	(1,443,299)	(1,454,959)	$ (24,296)	$ (155,810)	$ (140,068)	$ (1,265,396)	$ (1,384,449)
$ -	$ 295.28	Water	346190-Remote Control & Instrum	346190	10134600	346.5	(416,303)	(440,102)	$ (16,432)	$ (170,381)	$ (268,781)	$ (153,662)	$ (314,540)
$ -	$ -	Water	346200-Comm Equip Telephone	346200	10134600	346.5	(101,759)	(103,512)	$ (3,506)	$ (22,791)	$ (21,038)	$ (75,462)	$ (92,993)
$ -	$ 28.81	Water	347000-Misc Equipment	347000	10134700	347.5	(708,328)	(714,003)	$ (9,890)	$ (70,344)	$ (61,514)	$ (630,715)	$ (684,773)
$ -	$ -	Water	348000-Other Tangible Property	348000	10134800	348.5	(210,566)	(208,894)	$ 5,395	$ 26,216	$ 20,176	$ (236,135)	$ (219,027)
$ -	$ -	Water	354200-WW Struct & Imp Collectio	354200	10135420	354.2	3,168	3,168	$ -	$ -	$ -	$ 3,168	$ 3,168
		Water	340315-Comp Software Specia	340315	10134010	340.5	(1,997,891)	(2,091,874)	$ (156,541)	$ (1,285,867)	$ (1,121,444)	$ (476,847)	$ (1,535,574)
		Water	339300-Other P/E-Treatment	339300	10133930	339.3	0	0	$ -	$ -	$ -	$ -	$ -
$ (11,358)	$ 43,878				**Total Unadjusted Balances**		**(139,099,343)**	**(140,081,163)**	**$ (1,770,348)**	**$ (12,190,150)**	**$ (8,355,126)**	**$ (128,082,940)**	**$ (136,633,218)**

Kentucky American Water
Case No. 2012-00520
CIAC Balances by Month, September 2012 - December 2014
Calculated: Prior Month Balance + CIAC
Additions or CIAC Amortizations

			Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Workpaper	W/P - 1-7	**Water CIAC Balance**	$ (50,576,863)	$ (50,646,645)	$ (50,716,091)	$ (50,785,201)	$ (50,799,010)	$ (52,516,431)	$ (52,526,822)	$ (52,591,933)	$ (52,650,601)
	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal										
Excel Ref:	CIAC										

With Slippage

Monthly Life Rate	Monthly COR Rate	Utility	SAP GL Account	Account Description	JDE / Util Acct	NARUC 96 Acct	Balance Forward Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
-0.1200%	-0.0183%	Water	27111000	CIAC-NT Mains	271110	271.1	$ (17,981,825)	$ (18,011,139)	$ (18,040,452)	$ (18,069,766)	$ (18,090,835)	$ (18,367,482)	$ (18,388,551)	$ (18,417,865)	$ (18,446,262)
-0.1200%	-0.0183%	Water	27112000	CIAC-NT Ext Dep	271120	271.1	$ (12,775,611)	$ (12,819,386)	$ (12,863,161)	$ (12,906,936)	$ (12,938,399)	$ (13,351,525)	$ (13,382,989)	$ (13,426,764)	$ (13,469,171)
-0.1250%	-0.1250%	Water	27113000	CIAC-NT Svcs	271130	271.1	$ (19,400,522)	$ (19,471,070)	$ (19,541,618)	$ (19,612,166)	$ (19,662,872)	$ (20,328,670)	$ (20,379,376)	$ (20,449,924)	$ (20,518,268)
-0.2208%	-0.0142%	Water	27114000	CIAC-NT Meters	271140	271.1	$ (1,023,118)	$ (1,032,303)	$ (1,041,488)	$ (1,050,673)	$ (1,057,275)	$ (1,143,957)	$ (1,150,559)	$ (1,159,744)	$ (1,168,642)
-0.0992%	-0.0250%	Water	27115000	CIAC-NT Hydrants	271150	271.1	$ (1,780,603)	$ (1,785,879)	$ (1,791,155)	$ (1,796,432)	$ (1,800,224)	$ (1,850,021)	$ (1,853,813)	$ (1,859,090)	$ (1,864,201)
-0.1567%	-0.0317%	Water	27116000	CIAC-NT Other	271160	271.1	$ (3,532,160)	$ (3,532,551)	$ (3,532,942)	$ (3,533,333)	$ (3,533,613)	$ (3,537,302)	$ (3,537,583)	$ (3,537,974)	$ (3,538,352)
0.0000%	0.0000%	Water	27117000	CIAC-NT WIP	271170	271.1	$ (849,641)	$ (874,460)	$ (899,279)	$ (924,098)	$ (941,936)	$ (1,176,164)	$ (1,194,003)	$ (1,218,822)	$ (1,242,865)
0.0000%	0.0000%	Water	27118000	CIAC-NT NUP Property	271180	271.1	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)
-0.1200%	-0.0183%	Water	27121000	CIAC-Tax Mains	271210	271.1	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)
-0.1200%	-0.0183%	Water	27122000	CIAC-Tax Ext Dep	271220	271.1	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)
-0.1250%	-0.1250%	Water	27123000	CIAC-Tax Svcs	271230	271.1	$ (7,222,565)	$ (7,234,681)	$ (7,246,798)	$ (7,258,914)	$ (7,267,622)	$ (7,381,970)	$ (7,390,679)	$ (7,402,795)	$ (7,414,532)
-0.2208%	-0.0142%	Water	27124000	CIAC-Tax Meters	271240	271.1	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)
-0.0992%	-0.0250%	Water	27125000	CIAC-Tax Hydrants	271250	271.1	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)
-0.1567%	-0.0317%	Water	27126000	CIAC-Tax Other	271260	271.1	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)
0.0000%	0.0000%	Water	27127000	CIAC-Tax WIP	271270	271.1	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)
		Water	27206000	AccAmort CIAC-Other	272060	272.2	$ 16,160,425	$ 16,262,741	$ 16,365,364	$ 16,468,294	$ 16,571,529	$ 16,674,985	$ 16,781,332	$ 16,887,899	$ 16,994,773
		Water	27210000	AccAmort CIAC-Tax	272100	272.2	$ 1,526,393	$ 1,549,718	$ 1,573,073	$ 1,596,458	$ 1,619,874	$ 1,643,312	$ 1,667,035	$ 1,690,780	$ 1,714,555
					Net CIAC Balances		$ (50,826,588)	$ (50,896,370)	$ (50,965,816)	$ (51,034,925)	$ (51,048,735)	$ (52,766,156)	$ (52,776,546)	$ (52,841,658)	$ (52,900,326)
					Less Non Utiltiy Property CIAC		$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)
		Sewer	27111000	CIAC-NT Mains	271110	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27112000	CIAC-NT Ext Dep	271120	271.1	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)
		Sewer	27113000	CIAC-NT Svcs	271130	271.1	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)
		Sewer	27114000	CIAC-NT Meters	271140	271.1	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)
		Sewer	27115000	CIAC-NT Hydrants	271150	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27116000	CIAC-NT Other	271160	271.1	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)
		Sewer	27117000	CIAC-NT WIP	271170	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27118000	CIAC-NT NUP Property	271180	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27121000	CIAC-Tax Mains	271210	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27122000	CIAC-Tax Ext Dep	271220	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27123000	CIAC-Tax Svcs	271230	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27124000	CIAC-Tax Meters	271240	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27125000	CIAC-Tax Hydrants	271250	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27126000	CIAC-Tax Other	271260	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27127000	CIAC-Tax WIP	271270	271.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27206000	AccAmort CIAC-Other	272060	272.2	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628
		Sewer	27210000	AccAmort CIAC-Tax	272100	272.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
						Net CIAC:	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)

Kentucky American Water
Case No. 2012-00520
CIAC Balances by Month, September 2012 - December 2014
Calculated: Prior Month Balance + CIAC
Additions or CIAC Amortizations

		Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Workpaper W/P - 1-7	**Wate**	$ (52,721,157)	$ (52,742,510)	$ (52,794,135)	$ (52,845,444)	$ (52,896,438)	$ (53,081,470)	$ (53,082,745)	$ (53,089,895)	$ (53,090,697)	$ (53,097,374)

Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal
Excel Ref: CIAC
With Slippage

Monthly Life Rate	Monthly COR Rate	Utility	SAP GL Account	Account Description	JDE / Util Acct	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
-0.1200%	-0.0183%	Water	27111000	CIAC-NT Mains	271110	$ (18,476,492)	$ (18,499,393)	$ (18,526,875)	$ (18,554,356)	$ (18,581,838)	$ (18,629,472)	$ (18,649,626)	$ (18,670,695)	$ (18,690,848)	$ (18,711,917)
-0.1200%	-0.0183%	Water	27112000	CIAC-NT Ext Dep	271120	$ (13,514,314)	$ (13,548,513)	$ (13,589,552)	$ (13,630,591)	$ (13,671,630)	$ (13,742,764)	$ (13,772,860)	$ (13,804,323)	$ (13,834,418)	$ (13,865,881)
-0.1250%	-0.1250%	Water	27113000	CIAC-NT Svcs	271130	$ (20,591,020)	$ (20,646,136)	$ (20,712,275)	$ (20,778,414)	$ (20,844,552)	$ (20,959,193)	$ (21,007,695)	$ (21,058,401)	$ (21,106,903)	$ (21,157,609)
-0.2208%	-0.0142%	Water	27114000	CIAC-NT Meters	271140	$ (1,178,114)	$ (1,185,290)	$ (1,193,900)	$ (1,202,511)	$ (1,211,122)	$ (1,226,048)	$ (1,232,362)	$ (1,238,964)	$ (1,245,279)	$ (1,251,880)
-0.0992%	-0.0250%	Water	27115000	CIAC-NT Hydrants	271150	$ (1,869,643)	$ (1,873,765)	$ (1,878,712)	$ (1,883,658)	$ (1,888,605)	$ (1,897,179)	$ (1,900,807)	$ (1,904,599)	$ (1,908,227)	$ (1,912,019)
-0.1567%	-0.0317%	Water	27116000	CIAC-NT Other	271160	$ (3,538,756)	$ (3,539,061)	$ (3,539,427)	$ (3,539,794)	$ (3,540,160)	$ (3,540,795)	$ (3,541,064)	$ (3,541,345)	$ (3,541,614)	$ (3,541,895)
0.0000%	0.0000%	Water	27117000	CIAC-NT WIP	271170	$ (1,268,459)	$ (1,287,849)	$ (1,311,117)	$ (1,334,384)	$ (1,357,652)	$ (1,397,983)	$ (1,415,046)	$ (1,432,884)	$ (1,449,947)	$ (1,467,786)
0.0000%	0.0000%	Water	27118000	CIAC-NT NUP Property	271180	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)
-0.1200%	-0.0183%	Water	27121000	CIAC-Tax Mains	271210	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)
-0.1200%	-0.0183%	Water	27122000	CIAC-Tax Ext Dep	271220	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)
-0.1250%	-0.1250%	Water	27123000	CIAC-Tax Svcs	271230	$ (7,427,027)	$ (7,436,493)	$ (7,447,852)	$ (7,459,211)	$ (7,470,570)	$ (7,490,259)	$ (7,498,589)	$ (7,507,298)	$ (7,515,628)	$ (7,524,336)
-0.2208%	-0.0142%	Water	27124000	CIAC-Tax Meters	271240	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)
-0.0992%	-0.0250%	Water	27125000	CIAC-Tax Hydrants	271250	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)
-0.1567%	-0.0317%	Water	27126000	CIAC-Tax Other	271260	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)
0.0000%	0.0000%	Water	27127000	CIAC-Tax WIP	271270	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)	$ (868)
		Water	27206000	AccAmort CIAC-Other	272060	$ 17,101,943	$ 17,209,429	$ 17,317,155	$ 17,425,167	$ 17,533,467	$ 17,642,054	$ 17,751,139	$ 17,860,435	$ 17,969,951	$ 18,079,677
		Water	27210000	AccAmort CIAC-Tax	272100	$ 1,738,360	$ 1,762,196	$ 1,786,056	$ 1,809,944	$ 1,833,860	$ 1,857,805	$ 1,881,799	$ 1,905,814	$ 1,929,851	$ 1,953,909
					Net	$ (52,970,882)	$ (52,992,235)	$ (53,043,860)	$ (53,095,169)	$ (53,146,163)	$ (53,331,195)	$ (53,332,470)	$ (53,339,620)	$ (53,340,422)	$ (53,347,099)
					Less Non Utiltiy	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)
		Sewer	27111000	CIAC-NT Mains	271110	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27112000	CIAC-NT Ext Dep	271120	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)
		Sewer	27113000	CIAC-NT Svcs	271130	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)
		Sewer	27114000	CIAC-NT Meters	271140	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)	$ (884)
		Sewer	27115000	CIAC-NT Hydrants	271150	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27116000	CIAC-NT Other	271160	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)
		Sewer	27117000	CIAC-NT WIP	271170	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27118000	CIAC-NT NUP Property	271180	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27121000	CIAC-Tax Mains	271210	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27122000	CIAC-Tax Ext Dep	271220	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27123000	CIAC-Tax Svcs	271230	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27124000	CIAC-Tax Meters	271240	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27125000	CIAC-Tax Hydrants	271250	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27126000	CIAC-Tax Other	271260	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27127000	CIAC-Tax WIP	271270	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Sewer	27206000	AccAmort CIAC-Other	272060	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628	$ 582,628
		Sewer	27210000	AccAmort CIAC-Tax	272100	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
						$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)

Kentucky American Water
Case No. 2012-00520
CIAC Balances by Month, September 2012 - December 2014
Calculated: Prior Month Balance + CIAC
Additions or CIAC Amortizations
Workpaper W/P - 1-7
Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal
Excel Ref: CIAC
With Slippage

		Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions	Base Period as of 31-Mar-13	Forecast Period 13-Month Average July 2013 - July 2014
	Wate	$ (53,158,772)	$ (53,213,727)	$ (53,280,569)	$ (53,298,208)	(208,338)	(2,297,544)	(316,196)	**$ (52,526,822)**	**$ (53,051,691)**

Monthly Life Rate	Monthly COR Rate	Utility	SAP GL Account	Account Description	JDE / Util Acct	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions	Base Period as of 31-Mar-13	Forecast Period 13-Month Average
-0.1200%	-0.0183%	Water	27111000	CIAC-NT Mains	271110	$ (18,741,231)	$ (18,769,628)	$ (18,799,858)	$ (18,822,759)	(87,941)	(579,860)	(290,133)	$ (18,388,551)	$ (18,665,269)
-0.1200%	-0.0183%	Water	27112000	CIAC-NT Ext Dep	271120	$ (13,909,656)	$ (13,952,063)	$ (13,997,206)	$ (14,031,406)	(131,325)	(865,924)	(433,266)	$ (13,382,989)	$ (13,796,220)
-0.1250%	-0.1250%	Water	27113000	CIAC-NT Svcs	271130	$ (21,228,157)	$ (21,296,501)	$ (21,369,254)	$ (21,424,369)	(211,644)	(1,395,529)	(698,255)	$ (20,379,376)	$ (21,045,343)
-0.2208%	-0.0142%	Water	27114000	CIAC-NT Meters	271140	$ (1,261,065)	$ (1,269,963)	$ (1,279,435)	$ (1,286,611)	(27,555)	(181,689)	(90,908)	$ (1,150,559)	$ (1,237,264)
-0.0992%	-0.0250%	Water	27115000	CIAC-NT Hydrants	271150	$ (1,917,296)	$ (1,922,407)	$ (1,927,848)	$ (1,931,971)	(15,829)	(104,375)	(52,224)	$ (1,853,813)	$ (1,903,622)
-0.1567%	-0.0317%	Water	27116000	CIAC-NT Other	271160	$ (3,542,285)	$ (3,542,664)	$ (3,543,067)	$ (3,543,372)	(1,173)	(7,731)	(3,868)	$ (3,537,583)	$ (3,541,273)
0.0000%	0.0000%	Water	27117000	CIAC-NT WIP	271170	$ (1,492,605)	$ (1,516,648)	$ (1,542,242)	$ (1,561,632)	(74,457)	(490,948)	(245,646)	$ (1,194,003)	$ (1,428,290)
0.0000%	0.0000%	Water	27118000	CIAC-NT NUP Property	271180	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	0	0	0	$ (249,725)	$ (249,725)
-0.1200%	-0.0183%	Water	27121000	CIAC-Tax Mains	271210	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	$ (1,998,493)	0	0	0	$ (1,998,493)	$ (1,998,493)
-0.1200%	-0.0183%	Water	27122000	CIAC-Tax Ext Dep	271220	$ (766,586)	$ (766,586)	$ (766,586)	$ (766,586)	0	0	0	$ (766,586)	$ (766,586)
-0.1250%	-0.1250%	Water	27123000	CIAC-Tax Svcs	271230	$ (7,536,453)	$ (7,548,190)	$ (7,560,685)	$ (7,570,151)	(36,349)	(239,675)	(119,922)	$ (7,390,679)	$ (7,505,055)
-0.2208%	-0.0142%	Water	27124000	CIAC-Tax Meters	271240	$ (3,299)	$ (3,299)	$ (3,299)	$ (3,299)	0	0	0	$ (3,299)	$ (3,299)
-0.0992%	-0.0250%	Water	27125000	CIAC-Tax Hydrants	271250	$ (487,487)	$ (487,487)	$ (487,487)	$ (487,487)	0	0	0	$ (487,487)	$ (487,487)
-0.1567%	-0.0317%	Water	27126000	CIAC-Tax Other	271260	$ (440,903)	$ (440,903)	$ (440,903)	$ (440,903)	0	0	0	$ (440,903)	$ (440,903)
0.0000%	0.0000%	Water	27127000	CIAC-Tax WIP	271270	$ (868)	$ (868)	$ (868)	$ (868)	0	0	0	$ (868)	$ (868)
		Water	27206000	AccAmort CIAC-Other	272060	$ 18,189,624	$ 18,299,876	$ 18,410,426	$ 18,521,292	307,869	1,282,846	1,328,201	$ 16,781,332	$ 17,862,284
		Water	27210000	AccAmort CIAC-Tax	272100	$ 1,977,988	$ 2,002,097	$ 2,026,236	$ 2,050,406	70,065	285,341	289,826	$ 1,667,035	$ 1,905,997
					Net	$ (53,408,497)	$ (53,463,451)	$ (53,530,294)	$ (53,547,933)	(208,337.82)	(2,297,544.11)	(316,196.37)	$ (52,776,546)	$ (53,301,416)
					Less Non Utiltiy	$ (249,725)	$ (249,725)	$ (249,725)	$ (249,725)	$ -	$ -	$ -	$ (249,725)	$ (249,725)
		Sewer	27111000	CIAC-NT Mains	271110	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27112000	CIAC-NT Ext Dep	271120	$ (80,703)	$ (80,703)	$ (80,703)	$ (80,703)	0	0	0	$ (80,703)	$ (80,703)
		Sewer	27113000	CIAC-NT Svcs	271130	$ (14,190)	$ (14,190)	$ (14,190)	$ (14,190)	0	0	0	$ (14,190)	$ (14,190)
		Sewer	27114000	CIAC-NT Meters	271140	$ (884)	$ (884)	$ (884)	$ (884)	0	0	0	$ (884)	$ (884)
		Sewer	27115000	CIAC-NT Hydrants	271150	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27116000	CIAC-NT Other	271160	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	$ (1,193,557)	0	0	0	$ (1,193,557)	$ (1,193,557)
		Sewer	27117000	CIAC-NT WIP	271170	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27118000	CIAC-NT NUP Property	271180	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27121000	CIAC-Tax Mains	271210	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27122000	CIAC-Tax Ext Dep	271220	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27123000	CIAC-Tax Svcs	271230	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27124000	CIAC-Tax Meters	271240	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27125000	CIAC-Tax Hydrants	271250	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27126000	CIAC-Tax Other	271260	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27127000	CIAC-Tax WIP	271270	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
		Sewer	27206000	AccAmort CIAC-Other	272060	$ 582,628	$ 582,628	$ 582,628	$ 582,628	0	0	0	$ 582,628	$ 582,628
		Sewer	27210000	AccAmort CIAC-Tax	272100	$ -	$ -	$ -	$ -	0	0	0	$ -	$ -
						$ (706,706)	$ (706,706)	$ (706,706)	$ (706,706)	$ -	$ -	$ -	$ (706,706)	$ (706,706)

Kentucky American Water
Case No. 2012-00520
Capital In-Servicing Activity by Month, September 2012 - December 2014
Per In-Service Date or Assumed Months in Construction
Workpaper #: W/P - 1-1 and W/P - 1-3
Excel : Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv PlacedInServc
Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Water CWIP Bal Fwd Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
		Total Placed in Service:							**$ 1,787,014**	**$ 2,146,113**	**$ 4,157,993**	**$ 1,528,723**	**$ 3,131,682**	**$ 1,698,111**
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ 407,312		$ 407,312	$ 201,347	$ 201,058	$ 143,376	$ 92,382
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ 46,967		$ 46,967	$ 22,372	$ 22,340	$ 15,931	$ 10,265
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ 55,037		$ 55,037	$ -	$ -	$ -	$ -
4		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ 1,861		$ 1,861	$ -	$ -	$ -	$ -
5		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ 34,012		$ 34,012	$ -	$ -	$ -	$ -
6														
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ 12,092		$ 12,092	$ 76,958	$ 184,417	$ 835,621	$ -
8														
9	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 101,600		$ 101,600	$ 318,637	$ 272,360	$ 564,572	$ 6,552
10		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2			$ -	$ 31,864	$ 27,236	$ 56,457	$ 655
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2			$ -	$ 23,898	$ 20,427	$ 42,343	$ 491
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 2,512		$ 2,512	$ 23,898	$ 20,427	$ 42,343	$ 491
13														
14	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ -	$ 30,854	$ 24,951	$ 39,421	$ 25,847	$ 25,662	$ 42,466
15														
16	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ -		$ -	$ -	$ 109,926	$ 305,594	$ -
17		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ -		$ -	$ -	$ 12,214	$ 33,955	$ -
18														
19	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ 12,901	$ 29,200	$ 10,503	$ 8,230	$ -	$ 3,850	$ 7,698
20		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1		$ 10,866	$ 7,002	$ 5,487	$ -	$ 2,566	$ 5,132
21														
22	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	$ (228)	$ (2,821)	$ (4,132)	$ (4,196)	$ 13,088	$ 13,088	$ 24,636
23		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1		$ (1,728)	$ (2,755)	$ (2,797)	$ 8,725	$ 8,725	$ 16,424
24														
25	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ -	$ 126,881	$ 129,261	$ 104,146	$ 84,683	$ 89,816	$ 114,195
26														
27	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ 2,609	$ 101,958	$ 84,729	$ 111,009	$ 78,218	$ 97,465	$ 109,382
28		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ 962	$ 962	$ -	$ -	$ -	$ -	$ -
29														
30	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ 168,382	$ 295,879	$ 114,665	$ 136,285	$ 29,640	$ 31,435	$ 38,621
31														
32	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	$ 2,523	$ 602,190	$ 562,901	$ 1,749,014	$ 19,247	$ 378,457	$ 100,080
33		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ (314)	$ (314)	$ -	$ -	$ -	$ -	$ -
34														
35	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ 8,111	$ 30,487	$ 65,125	$ 138,409	$ -	$ -	$ 19,542
36														
37	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrum	10134600	346.5	Y	6	$ 459,726						$ 459,726
38														
39	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	$ -	$ 4,277	$ 17,108	$ 4,277	$ -	$ -	$ -
40														
41	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	$ 68,165	$ 440	$ 54,414	$ (6,656)	$ -	$ -	$ -
42		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	1	$ 7,489	$ 7,489	$ -	$ -	$ -	$ -	$ -
43		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	1	$ 131,066	$ 131,066	$ -	$ -	$ -	$ -	$ -
44		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1	$ 7,894	$ 7,894	$ -	$ -	$ -	$ -	$ -
45		Offices and Operations Centers	346100-Comm Equip Non-Telepho	10134600	346.5	N	1	$ 93,467	$ 93,467	$ -	$ -	$ -	$ -	$ -
46		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1	$ 12,332	$ 12,332	$ -	$ -	$ -	$ -	$ -
47														
48	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	$ (206)	$ 41,782	$ 12,362	$ 28,484	$ -	$ -	$ -
49		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	1	$ -	$ 41,988	$ 12,362	$ 28,484	$ -	$ -	$ -
50		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	$ (162)	$ 43,098	$ 12,736	$ 29,347	$ -	$ -	$ -
51														
52	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	$ -	$ 6,924	$ 72,219	$ 108,861	$ -	$ 12,831	$ 16,681
53														
54	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	2	$ -		$ -	$ 152,067	$ 130,082	$ 121,158	$ -
55		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	2	$ 1,494		$ 1,494	$ 57,025	$ 48,781	$ 45,434	$ -
56		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	$ 14,743		$ 14,743	$ 95,042	$ 81,301	$ 75,724	$ -
57		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	$ -		$ -	$ 38,017	$ 32,520	$ 30,290	$ -
58		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	2	$ 203,702		$ 203,702	$ 38,017	$ 32,520	$ 30,290	$ -
59		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	$ 7,157		$ 7,157	$ -	$ -	$ -	$ -
60														
61	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ 400,277						$ 400,277
62		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	6	$ 227,819						$ 227,819
63														
64	T12-0102-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013	$ 3,772,437						
65		Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013							

Kentucky American Water
Case No. 2012-00520
Capital In-Servicing Activity by Month, September 2012 - December 2014
Per In-Service Date or Assumed Months in Construction
Workpaper #: W/P - 1-1 and W/P - 1-3
Excel : Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv PlacedInServc

Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Water CWIP Bal Fwd Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
		Total Placed in Service:							**$ 1,787,014**	**$ 2,146,113**	**$ 4,157,993**	**$ 1,528,723**	**$ 3,131,682**	**$ 1,698,111**
66														
67	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013	$ 286,481	$ 66,505	$ 57,033	$ 56,937	$ 73,664	$ 124,699	$ 4,596
68														
69	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	9/20/2010	$ 5,484	$ 20,627					
70														
71	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	7/15/2012	$ 553,227			$ 516,972			
72														
73	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012		$ 67,770	$ 21,710	$ 21,710			
74		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012		$ 8,471	$ 2,714	$ 2,714			
75		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012		$ 8,471	$ 2,714	$ 2,714			
76														
77	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013	$ 995,789						
78		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013							
79		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013							
80														
81	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	4/15/2013	$ 31,380						
82		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013	$ 54,201						
83		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	4/15/2013	$ 5,705						
84		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	4/15/2013	$ 1,141						
85		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013	$ 7,417						
86														
87	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	12/28/2013	$ 161,548						
88		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013	$ 552,969						
89		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	12/28/2013	$ -						
90		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013	$ -						
91		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	12/28/2013	$ -						
92		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	12/28/2013	$ -						
93														
94	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014							
95		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014							
96														
97	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	6/15/2015							
98														
99	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014							
100		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014							
101														
102	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014							
103		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014							
104														
105	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	12/15/2014							
106		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	12/15/2014							
107		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	12/15/2014							
108														
109	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014							
110		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014							
111		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014							
112														
113	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	9/15/2014							
114		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	9/15/2014							
115		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014							
116		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	9/15/2014							
117														
118	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014							
119		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014							
120		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014							
121														
122	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	9/25/2014							
123		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014							
124		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	9/25/2014							
125		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	9/25/2014							
126		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014							

Kentucky American Water
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Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
		Total Placed in Service:						$ 4,740,936	$ 7,361,274	$ 2,455,972	$ 1,948,401	$ 1,740,519	$ 1,965,048	$ 1,518,217
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ 144,347	$ 167,443	$ 178,990	$ 190,538	$ 225,181	$ 227,490	$ 219,407
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ 16,039	$ 18,605	$ 19,888	$ 21,171	$ 25,020	$ 25,277	$ 24,379
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6														
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ -	$ -	$ 12,831	$ 32,078	$ 38,494	$ 70,570	$ 64,155
8														
9	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 15,397	$ 85,770	$ 107,779	$ 183,777	$ 244,378	$ 270,532	$ 272,014
10		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	$ 1,540	$ 8,577	$ 10,778	$ 18,378	$ 24,438	$ 27,053	$ 27,201
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	$ 1,155	$ 6,433	$ 8,083	$ 13,783	$ 18,328	$ 20,290	$ 20,401
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 1,155	$ 6,433	$ 8,083	$ 13,783	$ 18,328	$ 20,290	$ 20,401
13														
14	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ 17,963	$ 25,662	$ 23,095	$ 19,247	$ 29,511	$ 25,662	$ 39,776
15														
16	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ -	$ -	$ 5,774	$ 11,548	$ 34,644	$ 68,132	$ 92,382
17		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ -	$ -	$ 642	$ 1,283	$ 3,849	$ 7,570	$ 10,265
18														
19	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ 16,552	$ 19,247	$ 15,397	$ 19,247	$ 20,517	$ 15,397	$ 8,930
20		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	$ 11,035	$ 12,831	$ 10,265	$ 12,831	$ 13,678	$ 10,265	$ 5,954
21														
22	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	$ 12,318	$ 12,318	$ 20,017	$ 21,556	$ 16,937	$ 20,017	$ 50,811
23		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1	$ 8,212	$ 8,212	$ 13,345	$ 14,371	$ 11,292	$ 13,345	$ 33,874
24														
25	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ 116,429	$ 124,122	$ 126,688	$ 116,939	$ 123,750	$ 115,477	$ 96,232
26														
27	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ 105,839	$ 113,677	$ 112,346	$ 121,066	$ 113,368	$ 87,249	$ 104,452
28		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29														
30	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ 59,408	$ 73,136	$ 79,551	$ 73,136	$ 57,097	$ 44,908	$ 50,040
31														
32	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	$ 561,348	$ 704,067	$ 627,610	$ 270,501	$ 119,327	$ 26,945	$ 28,229
33		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34														
35	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ 137,074	$ 86,357	$ -	$ 52,626	$ -	$ 90,125	$ -
36														
37	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrum	10134600	346.5	Y	6	$ 49,630	$ 100,953	$ 585,451	$ -	$ -	$ 392,873	$ 12,831
38														
39	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	$ -	$ -	$ 25,662	$ 32,078	$ 32,078	$ 64,154	$ 64,154
40														
41	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	$ -	$ 25,662	$ -	$ 25,662	$ -	$ -	$ 25,662
42		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
44		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45		Offices and Operations Centers	346100-Comm Equip Non-Telepho	10134600	346.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
46		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
47														
48	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	$ -	$ 21,171	$ -	$ 133,376	$ -	$ -	$ -
49		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	1	$ -	$ 21,171	$ -	$ 133,376	$ -	$ -	$ -
50		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	$ -	$ 21,812	$ -	$ 137,418	$ -	$ -	$ -
51														
52	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	$ 57,739	$ 141,140	$ 12,831	$ 6,416	$ 128,306	$ -	$ -
53														
54	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	2	$ -	$ 20,273	$ 93,679	$ 25,662	$ 127,894	$ 89,816	$ 61,174
55		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	2	$ -	$ 7,602	$ 35,130	$ 9,623	$ 47,960	$ 33,681	$ 22,940
56		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	$ -	$ 12,670	$ 58,549	$ 16,039	$ 79,934	$ 56,135	$ 38,233
57		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	$ -	$ 5,068	$ 23,420	$ 6,415	$ 31,974	$ 22,454	$ 15,293
58		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	2	$ -	$ 5,068	$ 23,420	$ 6,415	$ 31,974	$ 22,454	$ 15,293
59		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60														
61	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ 20,121	$ 20,121	$ 20,121	$ -	$ -	$ -	$ -
62		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	6	$ 3,551	$ 3,551	$ 3,551	$ -	$ -	$ -	$ -
63														
64	T12-0102-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013		$ 5,406,266	$ 88,354	$ 103,420	$ 99,870	$ 95,058	$ 91,906
65		Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013							

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Excel : Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv PlacedInServc

Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
		Total Placed in Service:						$ 4,740,936	$ 7,361,274	$ 2,455,972	$ 1,948,401	$ 1,740,519	$ 1,965,048	$ 1,518,217
66														
67	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013	$ 4,596	$ 1,830	$ 1,830	$ 1,830	$ 1,830	$ 1,830	$ 1,830
68														
69	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	9/20/2010							
70														
71	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	7/15/2012							
72														
73	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012							
74		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012							
75		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012							
76														
77	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013	$ 1,540,503	$ 27,965					
78		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013	$ 64,084	$ 3,290					
79		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013	$ 32,042	$ 1,645					
80														
81	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	4/15/2013	$ 688,585	$ 16,450	$ 41,125	$ 41,125	$ 8,225		
82		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013	$ 547,105	$ 12,338	$ 30,844	$ 30,844	$ 6,169		
83		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	4/15/2013	$ 170,007	$ 4,113	$ 10,281	$ 10,281	$ 2,056		
84		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	4/15/2013	$ 165,442	$ 4,113	$ 10,281	$ 10,281	$ 2,056		
85		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013	$ 171,718	$ 4,113	$ 10,281	$ 10,281	$ 2,056		
86														
87	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	12/28/2013							
88		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013							
89		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	12/28/2013							
90		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013							
91		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	12/28/2013							
92		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	12/28/2013							
93														
94	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014							
95		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014							
96														
97	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	6/15/2015							
98														
99	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014							
100		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014							
101														
102	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014							
103		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014							
104														
105	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	12/15/2014							
106		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	12/15/2014							
107		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	12/15/2014							
108														
109	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014							
110		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014							
111		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014							
112														
113	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	9/15/2014							
114		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	9/15/2014							
115		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014							
116		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	9/15/2014							
117														
118	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014							
119		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014							
120		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014							
121														
122	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	9/25/2014							
123		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014							
124		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	9/25/2014							
125		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	9/25/2014							
126		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014							

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Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
		Total Placed in Service:						$ 1,594,993	$ 12,619,877	$ 1,097,538	$ 1,548,387	$ 1,086,663	$ 1,354,626	$ 1,850,658
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ 190,538	$ 215,432	$ 254,273	$ 192,422	$ 92,382	$ 144,347	$ 167,443
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ 21,171	$ 23,937	$ 28,253	$ 21,380	$ 10,265	$ 16,039	$ 18,605
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6														
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ 42,342	$ 19,220	$ 12,831	$ 12,828	$ -	$ -	$ 12,831
8														
9	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 282,278	$ 200,161	$ 166,525	$ 94,026	$ 14,904	$ 59,368	$ 90,655
10		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	$ 28,228	$ 20,016	$ 16,653	$ 9,403	$ 1,490	$ 5,937	$ 9,066
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	$ 21,171	$ 15,012	$ 12,489	$ 7,052	$ 1,118	$ 4,453	$ 6,799
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 21,171	$ 15,012	$ 12,489	$ 7,052	$ 1,118	$ 4,453	$ 6,799
13														
14	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ 30,794	$ 24,375	$ 25,847	$ 25,662	$ 42,466	$ 17,963	$ 25,662
15														
16	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ 115,477	$ 115,477	$ 57,739	$ 26,558	$ -	$ -	$ 5,774
17		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ 12,831	$ 12,831	$ 6,415	$ 2,951	$ -	$ -	$ 642
18														
19	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ 4,889	$ 3,847	$ -	$ 3,850	$ 15,397	$ 16,937	$ 19,247
20		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	$ 3,259	$ 2,565	$ -	$ 2,566	$ 10,265	$ 11,291	$ 12,831
21														
22	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	$ 7,699	$ 7,692	$ 13,088	$ 13,088	$ 24,636	$ 12,318	$ 12,318
23		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1	$ 5,133	$ 5,128	$ 8,725	$ 8,725	$ 16,424	$ 8,212	$ 8,212
24														
25	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ 80,832	$ 64,153	$ 84,683	$ 89,816	$ 110,345	$ 134,551	$ 141,151
26														
27	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ 76,985	$ 104,915	$ 78,218	$ 97,465	$ 115,489	$ 115,610	$ 123,448
28		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29														
30	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ 47,473	$ 31,433	$ 29,640	$ 31,435	$ 38,621	$ 59,408	$ 73,136
31														
32	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	$ 24,379	$ 25,658	$ 19,247	$ 378,457	$ 100,080	$ 561,348	$ 709,158
33		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34														
35	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ -	$ -	$ -	$ -	$ 47,367	$ 13,435	$ 39,836
36														
37	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrum	10134600	346.5	Y	6	$ 5,774	$ -	$ 32,078	$ 392,873	$ 130,957	$ 130,957	$ 130,957
38														
39	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	$ 32,078	$ 6,414	$ -	$ -	$ -	$ -	$ -
40														
41	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	$ 25,662	$ 25,662	$ -	$ -	$ -	$ -	$ 25,662
42		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
44		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45		Offices and Operations Centers	346100-Comm Equip Non-Telepho	10134600	346.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
46		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
47														
48	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	$ 63,512	$ -	$ -	$ -	$ -	$ -	$ 18,630
49		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	1	$ 63,512	$ -	$ -	$ -	$ -	$ -	$ 18,630
50		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	$ 65,437	$ -	$ -	$ -	$ -	$ -	$ 19,195
51														
52	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	$ -	$ -	$ -	$ -	$ 12,831	$ 12,831	$ 96,232
53														
54	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	2	$ 107,359	$ 87,743	$ 10,264	$ -	$ -	$ -	$ 17,963
55		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	2	$ 40,259	$ 32,904	$ 3,849	$ -	$ -	$ -	$ 6,736
56		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	$ 67,099	$ 54,839	$ 6,415	$ -	$ -	$ -	$ 11,227
57		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	$ 26,840	$ 21,936	$ 2,566	$ -	$ -	$ -	$ 4,491
58		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	2	$ 26,840	$ 21,936	$ 2,566	$ -	$ -	$ -	$ 4,491
59		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60														
61	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ -	$ -	$ -	$ 10,906	$ 10,906	$ 10,906	$ 10,906
62		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	6	$ -	$ -	$ -	$ 1,925	$ 1,925	$ 1,925	$ 1,925
63														
64	T12-0102-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013	$ 53,971	$ 52,864	$ 31,941	$ 31,132	$ 223,042		
65		Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013							

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Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
		Total Placed in Service:						$ 1,594,993	$ 12,619,877	$ 1,097,538	$ 1,548,387	$ 1,086,663	$ 1,354,626	$ 1,850,658
66														
67	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013							
68														
69	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	9/20/2010							
70														
71	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	7/15/2012							
72														
73	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012							
74		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012							
75		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012							
76														
77	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013							
78		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013							
79		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013							
80														
81	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	4/15/2013							
82		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013							
83		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	4/15/2013							
84		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	4/15/2013							
85		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013							
86														
87	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	12/28/2013		$ 321,961	$ 2,711	$ 1,302	$ 970	$ 185	
88		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013		$ 7,878,496	$ 123,810	$ 59,468	$ 44,276	$ 8,451	
89		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	12/28/2013		$ 267,355	$ 4,519	$ 2,170	$ 1,616	$ 308	
90		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013		$ 213,884	$ 3,615	$ 1,736	$ 1,293	$ 247	
91		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	12/28/2013		$ 53,471	$ 904	$ 434	$ 323	$ 62	
92		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	12/28/2013		$ 2,673,550	$ 45,186	$ 21,704	$ 16,159	$ 3,084	
93														
94	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014							
95		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014							
96														
97	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	6/15/2015							
98														
99	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014							
100		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014							
101														
102	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014							
103		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014							
104														
105	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	12/15/2014							
106		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	12/15/2014							
107		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	12/15/2014							
108														
109	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014							
110		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014							
111		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014							
112														
113	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	9/15/2014							
114		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	9/15/2014							
115		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014							
116		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	9/15/2014							
117														
118	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014							
119		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014							
120		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014							
121														
122	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	9/25/2014							
123		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014							
124		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	9/25/2014							
125		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	9/25/2014							
126		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014							

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Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Jun-14	Jul-14	Oct-Dec 12 In-Serviced	2013 In-Serviced	2014 In-Serviced
		Total Placed in Service:						**$ 1,794,445**	**$ 2,185,877**	$ 8,091,120	$ 42,303,753	$ 25,604,910
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ 178,990	$ 201,531	$ 608,659	$ 2,196,181	$ 2,216,872
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ 19,888	$ 22,392	$ 69,339	$ 244,020	$ 246,319
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ -	$ -	$ 55,037	$ -	$ -
4		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ -	$ -	$ 1,861	$ -	$ -
5		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ -	$ -	$ 34,012	$ -	$ -
6										$ -	$ -	$ -
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ 12,831	$ 32,078	$ 89,050	$ 1,299,728	$ 305,492
8										$ -	$ -	$ -
9	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 106,546	$ 198,434	$ 420,236	$ 2,505,570	$ 1,821,782
10		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	$ 10,655	$ 19,843	$ 31,864	$ 250,557	$ 182,178
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	$ 7,991	$ 14,883	$ 23,898	$ 187,918	$ 136,634
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 7,991	$ 14,883	$ 26,410	$ 187,918	$ 136,634
13										$ -	$ -	$ -
14	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ 25,662	$ 16,681	$ 95,226	$ 330,060	$ 302,848
15										$ -	$ -	$ -
16	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ 11,548	$ 17,322	$ -	$ 858,955	$ 508,777
17		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ 1,283	$ 1,925	$ -	$ 95,439	$ 56,531
18										$ -	$ -	$ -
19	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ 15,397	$ 19,247	$ 47,933	$ 135,570	$ 137,227
20		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	$ 10,265	$ 12,831	$ 23,355	$ 90,380	$ 91,485
21										$ -	$ -	$ -
22	R12-**F1	Hydrants, Valves, and Manholes - Replaced	335000-Hydrants	10133500	335.4	N	1	$ 20,017	$ 21,556	$ (11,149)	$ 220,176	$ 201,478
23		Hydrants, Valves, and Manholes - Replaced	331001-T&D Mains	10133100	331.4	N	1	$ 13,345	$ 14,371	$ (7,280)	$ 146,784	$ 134,319
24										$ -	$ -	$ -
25	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ 136,265	$ 142,372	$ 360,288	$ 1,253,317	$ 1,237,232
26										$ -	$ -	$ -
27	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ 118,453	$ 124,731	$ 297,696	$ 1,224,963	$ 1,180,784
28		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ 962	$ -	$ -
29										$ -	$ -	$ -
30	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ 79,551	$ 73,136	$ 546,829	$ 615,878	$ 574,015
31										$ -	$ -	$ -
32	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	$ 509,787	$ 291,402	$ 2,914,106	$ 2,885,849	$ 2,786,315
33		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ (314)	$ -	$ -
34										$ -	$ -	$ -
35	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ 10,224	$ -	$ 234,022	$ 385,724	$ 137,956
36										$ -	$ -	$ -
37	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instrum	10134600	346.5	Y	6	$ 130,959	$ -	$ -	$ 1,607,239	$ 1,000,106
38										$ -	$ -	$ -
39	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	$ 12,831	$ 12,831	$ 25,662	$ 256,616	$ 162,226
40										$ -	$ -	$ -
41	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	$ -	$ 25,662	$ 48,198	$ 128,308	$ 135,363
42		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	1	$ -	$ -	$ 7,489	$ -	$ -
43		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	1	$ -	$ -	$ 131,066	$ -	$ -
44		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1	$ -	$ -	$ 7,894	$ -	$ -
45		Offices and Operations Centers	346100-Comm Equip Non-Telepho	10134600	346.5	N	1	$ -	$ -	$ 93,467	$ -	$ -
46		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1	$ -	$ -	$ 12,332	$ -	$ -
47										$ -	$ -	$ -
48	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	$ 22,018	$ 140,998	$ 82,628	$ 218,060	$ 218,392
49		Vehicles	341200-Trans Equip Hvy Duty Trks	10134100	341.5	N	1	$ 22,018	$ 140,998	$ 82,834	$ 218,060	$ 218,392
50		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	$ 22,685	$ 145,271	$ 85,182	$ 224,668	$ 225,010
51										$ -	$ -	$ -
52	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	$ 81,956	$ 109,061	$ 188,005	$ 375,943	$ 400,289
53										$ -	$ -	$ -
54	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	2	$ 82,117	$ 74,139	$ 152,067	$ 864,839	$ 580,463
55		Process Plant Facilities and Equipment	306000-Lake, River & Other Intake	10130600	306.2	Y	2	$ 30,794	$ 27,802	$ 58,519	$ 324,315	$ 217,674
56		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	$ 51,323	$ 46,337	$ 109,785	$ 540,524	$ 362,790
57		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	$ 20,529	$ 18,535	$ 38,017	$ 216,210	$ 145,116
58		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	2	$ 20,529	$ 18,535	$ 241,719	$ 216,210	$ 145,116
59		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	$ -	$ -	$ 7,157	$ -	$ -
60										$ -	$ -	$ -
61	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ -	$ -	$ -	$ 460,641	$ 43,625
62		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	6	$ -	$ -	$ -	$ 238,472	$ 7,698
63										$ -	$ -	$ -
64	T12-0102-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013			$ -	$ 5,991,709	$ 286,115
65		Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013			$ -	$ -	$ -

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Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	In-Service Date or # Months Construction	Jun-14	Jul-14	Oct-Dec 12 In-Serviced	2013 In-Serviced	2014 In-Serviced
		Total Placed in Service:						**$ 1,794,445**	**$ 2,185,877**	$ 8,091,120	$ 42,303,753	$ 25,604,910
66										$ -	$ -	$ -
67	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013			$ 180,475	$ 218,535	$ -
68										$ -	$ -	$ -
69	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	9/20/2010			$ 20,627	$ -	$ -
70										$ -	$ -	$ -
71	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	N	7/15/2012			$ 516,972	$ -	$ -
72										$ -	$ -	$ -
73	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012			$ 111,189	$ -	$ -
74		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012			$ 13,899	$ -	$ -
75		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012			$ 13,899	$ -	$ -
76										$ -	$ -	$ -
77	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013			$ -	$ 1,568,468	$ -
78		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013			$ -	$ 67,374	$ -
79		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013			$ -	$ 33,687	$ -
80										$ -	$ -	$ -
81	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	4/15/2013			$ -	$ 795,510	$ -
82		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013			$ -	$ 627,299	$ -
83		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	4/15/2013			$ -	$ 196,738	$ -
84		Pump Efficiency Replacement	346190-Remote Control & Instrum	10134600	346.5	Y	4/15/2013			$ -	$ 192,174	$ -
85		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013			$ -	$ 198,450	$ -
86										$ -	$ -	$ -
87	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	12/28/2013			$ -	$ 321,961	$ 5,168
88		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013			$ -	$ 7,878,496	$ 236,005
89		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	12/28/2013			$ -	$ 267,355	$ 8,613
90		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013			$ -	$ 213,884	$ 6,891
91		Northern Division Connection	346190-Remote Control & Instrum	10134600	346.5	Y	12/28/2013			$ -	$ 53,471	$ 1,723
92		Northern Division Connection	330100-Elevated Tanks & Standpip	10133000	330.4	Y	12/28/2013			$ -	$ 2,673,550	$ 86,133
93										$ -	$ -	$ -
94	IP-1202-9	Todds and Cleveland Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014			$ -	$ -	$ 2,225,491
95		Todds and Cleveland Rd Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014			$ -	$ -	$ 57,064
96										$ -	$ -	$ -
97	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	6/15/2015			$ -	$ -	$ -
98										$ -	$ -	$ -
99	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014			$ -	$ -	$ 1,848,483
100		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014			$ -	$ -	$ 47,397
101										$ -	$ -	$ -
102	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014			$ -	$ -	$ 1,139,390
103		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014			$ -	$ -	$ 29,215
104										$ -	$ -	$ -
105	IP-1202-16	North Upper St Main Replacement (343)	331001-T&D Mains	10133100	331.4	Y	12/15/2014			$ -	$ -	$ 1,221,323
106		North Upper St Main Replacement (343)	333000-Services	10133300	333.4	Y	12/15/2014			$ -	$ -	$ 139,580
107		North Upper St Main Replacement (343)	335000-Hydrants	10133500	335.4	Y	12/15/2014			$ -	$ -	$ 34,895
108										$ -	$ -	$ -
109	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014			$ -	$ -	$ 817,969
110		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014			$ -	$ -	$ 93,482
111		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014			$ -	$ -	$ 23,371
112										$ -	$ -	$ -
113	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	9/15/2014			$ -	$ -	$ 86,067
114		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	9/15/2014			$ -	$ -	$ 86,067
115		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014			$ -	$ -	$ 86,067
116		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	9/15/2014			$ -	$ -	$ 172,134
117										$ -	$ -	$ -
118	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014		$ 65,133	$ -	$ -	$ 73,444
119		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014		$ 46,524	$ -	$ -	$ 52,460
120		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014		$ 74,438	$ -	$ -	$ 83,936
121										$ -	$ -	$ -
122	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	9/25/2014			$ -	$ -	$ 159,716
123		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014			$ -	$ -	$ 119,787
124		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	9/25/2014			$ -	$ -	$ 39,929
125		Pump Efficiency Repl	346190-Remote Control & Instrum	10134600	346.5	Y	9/25/2014			$ -	$ -	$ 39,929
126		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014			$ -	$ -	$ 39,929

Kentucky American Water
Case No. 2012-00520
Capital Addition Activity by Month, September 2012 - December 2014
Workpaper #: **W/P - 1-3**
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CapAddtn

Slippage for RP's 1.2214
Slippage for IP's 0.8225

										Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
								Total Capital Additions		$ 2,875,020	$ 3,041,173	$ 9,479,955	$ 1,055,845	$ 1,555,047	$ 1,893,498	$ 2,897,073
Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	IP In-Service Date Non-IP Months in Construx	Water CWIP Bal Fwd Sep-12		Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ 407,312	$	201,347	$ 201,058	$ 143,376	$ 92,382	$ 144,347	$ 167,443	$ 178,990
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ 46,967	$	22,372	$ 22,340	$ 15,931	$ 10,265	$ 16,039	$ 18,605	$ 19,888
3		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ 55,037	$	-	$ -	$ -	$ -	$ -	$ -	$ -
4		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ 1,861	$	-	$ -	$ -	$ -	$ -	$ -	$ -
5		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ 34,012	$	-	$ -	$ -	$ -	$ -	$ -	$ -
6																
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ 12,092	$	76,958	$ 184,417	$ 835,621	$ -	$ -	$ -	$ 12,831
8									$	-	$ -	$ -	$ -	$ -	$ -	$ -
9	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 101,600	$	318,637	$ 272,360	$ 564,572	$ 6,552	$ 15,397	$ 85,770	$ 107,779
10		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2		$	31,864	$ 27,236	$ 56,457	$ 655	$ 1,540	$ 8,577	$ 10,778
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2		$	23,898	$ 20,427	$ 42,343	$ 491	$ 1,155	$ 6,433	$ 8,083
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 2,512	$	23,898	$ 20,427	$ 42,343	$ 491	$ 1,155	$ 6,433	$ 8,083
13									$	-	$ -	$ -	$ -	$ -	$ -	$ -
14	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ -	$	30,854	$ 24,951	$ 39,421	$ 25,847	$ 25,662	$ 42,466	$ 17,963
15									$	-	$ -	$ -	$ -	$ -	$ -	$ -
16	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ -	$	-	$ 109,926	$ 305,594	$ -	$ -	$ -	$ 5,774
17		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ -	$	-	$ 12,214	$ 33,955	$ -	$ -	$ -	$ 642
18									$	-	$ -	$ -	$ -	$ -	$ -	$ -
19	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ 12,901	$	16,299	$ 10,503	$ 8,230	$ -	$ 3,850	$ 7,698	$ 16,552
20		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1		$	10,866	$ 7,002	$ 5,487	$ -	$ 2,566	$ 5,132	$ 11,035
21									$	-	$ -	$ -	$ -	$ -	$ -	$ -
22	R12-**F1	Hydrants, Valves, and Manholes - Repla	335000-Hydrants	10133500	335.4	N	1	$ (228)	$	(2,593)	$ (4,132)	$ (4,196)	$ 13,088	$ 13,088	$ 24,636	$ 12,318
23		Hydrants, Valves, and Manholes - Repla	331001-T&D Mains	10133100	331.4	N	1		$	(1,728)	$ (2,755)	$ (2,797)	$ 8,725	$ 8,725	$ 16,424	$ 8,212
24									$	-	$ -	$ -	$ -	$ -	$ -	$ -
25	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ -	$	126,881	$ 129,261	$ 104,146	$ 84,683	$ 89,816	$ 114,195	$ 116,429
26									$	-	$ -	$ -	$ -	$ -	$ -	$ -
27	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ 2,609	$	99,349	$ 84,729	$ 111,009	$ 78,218	$ 97,465	$ 109,382	$ 105,839
28		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ 962	$	-	$ -	$ -	$ -	$ -	$ -	$ -
29									$	-	$ -	$ -	$ -	$ -	$ -	$ -
30	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ 168,382	$	127,497	$ 114,665	$ 136,285	$ 29,640	$ 31,435	$ 38,621	$ 59,408
31									$	-	$ -	$ -	$ -	$ -	$ -	$ -
32	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	$ 2,523	$	599,667	$ 562,901	$ 1,749,014	$ 19,247	$ 378,457	$ 100,080	$ 561,348
33		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ (314)	$	-	$ -	$ -	$ -	$ -	$ -	$ -
34									$	-	$ -	$ -	$ -	$ -	$ -	$ -
35	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ 8,111	$	22,376	$ 65,125	$ 138,409	$ -	$ -	$ 19,542	$ 137,074
36									$	-	$ -	$ -	$ -	$ -	$ -	$ -
37	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instru	10134600	346.5	Y	6	$ 459,726	$	49,630	$ 100,953	$ 585,451	$ -	$ -	$ 392,873	$ 12,831
38									$	-	$ -	$ -	$ -	$ -	$ -	$ -
39	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	N	1	$ -	$	4,277	$ 17,108	$ 4,277	$ -	$ -	$ -	$ -
40									$	-	$ -	$ -	$ -	$ -	$ -	$ -
41	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	N	1	$ 68,165	$	(67,726)	$ 54,414	$ (6,656)	$ -	$ -	$ -	$ -
42		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	N	1	$ 7,489	$	-	$ -	$ -	$ -	$ -	$ -	$ -
43		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	N	1	$ 131,066	$	-	$ -	$ -	$ -	$ -	$ -	$ -
44		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1	$ 7,894	$	-	$ -	$ -	$ -	$ -	$ -	$ -
45		Offices and Operations Centers	346100-Comm Equip Non-Teleph	10134600	346.5	N	1	$ 93,467	$	-	$ -	$ -	$ -	$ -	$ -	$ -
46		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1	$ 12,332	$	-	$ -	$ -	$ -	$ -	$ -	$ -
47									$	-	$ -	$ -	$ -	$ -	$ -	$ -
48	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	N	1	$ (206)	$	41,988	$ 12,362	$ 28,484	$ -	$ -	$ -	$ -
49		Vehicles	341200-Trans Equip Hvy Duty Trk	10134100	341.5	N	1	$ -	$	41,988	$ 12,362	$ 28,484	$ -	$ -	$ -	$ -
50		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	N	1	$ (162)	$	43,260	$ 12,736	$ 29,347	$ -	$ -	$ -	$ -
51									$	-	$ -	$ -	$ -	$ -	$ -	$ -
52	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	N	1	$ -	$	6,924	$ 72,219	$ 108,861	$ -	$ 12,831	$ 16,681	$ 57,739
53									$	-	$ -	$ -	$ -	$ -	$ -	$ -
54	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	Y	2	$ -	$	152,067	$ 130,082	$ 121,158	$ -	$ -	$ 20,273	$ 93,679
55		Process Plant Facilities and Equipment	306000-Lake, River & Other Intak	10130600	306.2	Y	2	$ 1,494	$	57,025	$ 48,781	$ 45,434	$ -	$ -	$ 7,602	$ 35,130
56		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	Y	2	$ 14,743	$	95,042	$ 81,301	$ 75,724	$ -	$ -	$ 12,670	$ 58,549
57		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	Y	2	$ -	$	38,017	$ 32,520	$ 30,290	$ -	$ -	$ 5,068	$ 23,420
58		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	2	$ 203,702	$	38,017	$ 32,520	$ 30,290	$ -	$ -	$ 5,068	$ 23,420
59		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	Y	2	$ 7,157	$	-	$ -	$ -	$ -	$ -	$ -	$ -
60									$	-	$ -	$ -	$ -	$ -	$ -	$ -
61	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ 400,277	$	20,121	$ 20,121	$ 20,121	$ -	$ -	$ -	$ -
62		Engineering Studies	348000-Other Tangible Property	10134800	348.5	Y	6	$ 227,819	$	3,551	$ 3,551	$ 3,551	$ -	$ -	$ -	$ -
63									$	-	$ -	$ -	$ -	$ -	$ -	$ -
64	T12-0102-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013	$ 3,772,437	$	468,992	$ 222,068	$ 201,335	$ 265,199	$ 292,646	$ 168,209	$ 167,036
65		Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	5/1/2013		$	-	$ -	$ -	$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
Capital Addition Activity by Month, September 2012 - December 2014
Workpaper #: **W/P - 1-3**
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CapAddtn

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Total Capital Additions	$ 2,875,020	$ 3,041,173	$ 9,479,955	$ 1,055,845	$ 1,555,047	$ 1,893,498	$ 2,897,073

Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC Y/N	IP In-Service Date Non-IP Months in Construx	Water CWIP Bal Fwd Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
66									$ -	$ -	$ -	$ -	$ -	$ -	$ -
67	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	Y	8/1/2012	$ 286,481	$ 9,870	$ 11,515	$ 11,187	$ 7,605	$ 7,624	$ 7,643	$ 1,830
68									$ -	$ -	$ -	$ -	$ -	$ -	$ -
69	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	1	$ 5,484	$ 15,142	$ -	$ -	$ -	$ -	$ -	$ -
70															
71	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	Y	7/15/2012	$ 553,227	$ (19,815)	$ (19,815)	$ 3,373	$ -	$ -	$ -	$ -
72									$ -	$ -	$ -	$ -	$ -	$ -	$ -
73	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012		$ 67,770	$ 21,710	$ 21,710	$ -	$ -	$ -	$ -
74		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012		$ 8,471	$ 2,714	$ 2,714	$ -	$ -	$ -	$ -
75		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012		$ 8,471	$ 2,714	$ 2,714	$ -	$ -	$ -	$ -
76									$ -	$ -	$ -	$ -	$ -	$ -	$ -
77	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013	$ 995,789	$ (1,108)	$ 123,011	$ 143,162	$ 34,956	$ 34,956	$ 104,869	$ 104,869
78		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013		$ (130)	$ 14,472	$ 16,843	$ 4,113	$ 4,113	$ 12,338	$ 12,338
79		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013		$ (65)	$ 7,236	$ 8,421	$ 2,056	$ 2,056	$ 6,169	$ 6,169
80									$ -	$ -	$ -	$ -	$ -	$ -	$ -
81	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	Y	4/15/2013	$ 31,380	$ 30,497	$ 69,321	$ 390,718	$ 77,840	$ 65,800	$ 6,580	$ 16,450
82		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013	$ 54,201	$ 22,872	$ 51,991	$ 293,038	$ 58,380	$ 49,350	$ 4,935	$ 12,338
83		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	Y	4/15/2013	$ 5,705	$ 7,624	$ 17,330	$ 97,679	$ 19,460	$ 16,450	$ 1,645	$ 4,113
84		Pump Efficiency Replacement	346190-Remote Control & Instru	10134600	346.5	Y	4/15/2013	$ 1,141	$ 7,624	$ 17,330	$ 97,679	$ 19,460	$ 16,450	$ 1,645	$ 4,113
85		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013	$ 7,417	$ 7,624	$ 17,330	$ 97,679	$ 19,460	$ 16,450	$ 1,645	$ 4,113
86									$ -	$ -	$ -	$ -	$ -	$ -	$ -
87	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	Y	12/28/2013	$ 161,548	$ (172)	$ (172)	$ 39,925	$ 2,655	$ 3,084	$ 5,192	$ 12,899
88		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013	$ 552,969	$ (7,837)	$ (7,837)	$ 1,823,254	$ 121,267	$ 140,853	$ 237,112	$ 589,040
89		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	Y	12/28/2013	$ -	$ (286)	$ (286)	$ 66,542	$ 4,426	$ 5,141	$ 8,654	$ 21,498
90		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013	$ -	$ (229)	$ (229)	$ 53,234	$ 3,541	$ 4,113	$ 6,923	$ 17,198
91		Northern Division Connection	346190-Remote Control & Instru	10134600	346.5	Y	12/28/2013	$ -	$ (57)	$ (57)	$ 13,308	$ 885	$ 1,028	$ 1,731	$ 4,300
92		Northern Division Connection	330100-Elevated Tanks & Standp	10133000	330.4	Y	12/28/2013	$ -	$ (2,860)	$ (2,860)	$ 665,421	$ 44,258	$ 51,406	$ 86,537	$ 214,978
93									$ -	$ -	$ -	$ -	$ -	$ -	$ -
94	IP-1202-9	Todds and Cleveland Rd Main Extensior	331001-T&D Mains	10133100	331.4	Y	11/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
95		Todds and Cleveland Rd Main Extensior	335000-Hydrants	10133500	335.4	Y	11/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
96									$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	Y	6/15/2015		$ -	$ -	$ -	$ -	$ -	$ -	$ -
98									$ -	$ -	$ -	$ -	$ -	$ -	$ -
99	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
100		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
101									$ -	$ -	$ -	$ -	$ -	$ -	$ -
102	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
103		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
104									$ -	$ -	$ -	$ -	$ -	$ -	$ -
105	IP-1202-16	North Upper St Main Replacement (34	331001-T&D Mains	10133100	331.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
106		North Upper St Main Replacement (34	333000-Services	10133300	333.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
107		North Upper St Main Replacement (34	335000-Hydrants	10133500	335.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
108									$ -	$ -	$ -	$ -	$ -	$ -	$ -
109	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
110		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
111		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
112									$ -	$ -	$ -	$ -	$ -	$ -	$ -
113	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	Y	9/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
114		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	Y	9/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
115		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
116		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	Y	9/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
117									$ -	$ -	$ -	$ -	$ -	$ -	$ -
118	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
119		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
120		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
121									$ -	$ -	$ -	$ -	$ -	$ -	$ -
122	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
123		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
124		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
125		Pump Efficiency Repl	346190-Remote Control & Instru	10134600	346.5	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
126		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -
127															

Kentucky American Water
Case No. 2012-00520
Capital Addition Activity by Month, September 2012 - December 2014
Workpaper #: **W/P - 1-3**
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CapAddtn

Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
						$ 3,014,836	$ 3,116,567	$ 3,284,184	$ 2,989,818	$ 2,650,277	$ 2,494,546	$ 2,021,855	$ 1,270,586	$ 756,244	$ 1,241,172	$ 1,347,147
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	$ 190,538	$ 225,181	$ 227,490	$ 219,407	$ 190,538	$ 215,432	$ 254,273	$ 192,422	$ 92,382	$ 144,347	$ 167,443
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	$ 21,171	$ 25,020	$ 25,277	$ 24,379	$ 21,171	$ 23,937	$ 28,253	$ 21,380	$ 10,265	$ 16,039	$ 18,605
3		Projects Funded by Others	333000-Services	10133300	333.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4		Projects Funded by Others	334100-Meters	10133410	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5		Projects Funded by Others	334200-Meter Installations	10133420	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6																
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	$ 32,078	$ 38,494	$ 70,570	$ 64,155	$ 42,342	$ 19,220	$ 12,831	$ 12,828	$ -	$ -	$ 12,831
8						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	$ 183,777	$ 244,378	$ 270,532	$ 272,014	$ 282,278	$ 200,161	$ 166,525	$ 94,026	$ 14,904	$ 59,368	$ 90,655
10		Mains - Replaced / Restored	333000-Services	10133300	333.4	$ 18,378	$ 24,438	$ 27,053	$ 27,201	$ 28,228	$ 20,016	$ 16,653	$ 9,403	$ 1,490	$ 5,937	$ 9,066
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	$ 13,783	$ 18,328	$ 20,290	$ 20,401	$ 21,171	$ 15,012	$ 12,489	$ 7,052	$ 1,118	$ 4,453	$ 6,799
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	$ 13,783	$ 18,328	$ 20,290	$ 20,401	$ 21,171	$ 15,012	$ 12,489	$ 7,052	$ 1,118	$ 4,453	$ 6,799
13						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	$ 25,662	$ 23,095	$ 19,247	$ 29,511	$ 25,662	$ 39,776	$ 30,794	$ 24,375	$ 25,847	$ 25,662	$ 42,466
15						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	$ 11,548	$ 34,644	$ 68,132	$ 92,382	$ 115,477	$ 115,477	$ 57,739	$ 26,558	$ -	$ -	$ 5,774
17		Mains - Relocated	335000-Hydrants	10133500	335.4	$ 1,283	$ 3,849	$ 7,570	$ 10,265	$ 12,831	$ 12,831	$ 6,415	$ 2,951	$ -	$ -	$ 642
18						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
19	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	$ 19,247	$ 15,397	$ 19,247	$ 20,517	$ 15,397	$ 8,930	$ 4,889	$ 3,847	$ -	$ 3,850	$ 15,397
20		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	$ 12,831	$ 10,265	$ 12,831	$ 13,678	$ 10,265	$ 5,954	$ 3,259	$ 2,565	$ -	$ 2,566	$ 10,265
21						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	R12-**F1	Hydrants, Valves, and Manholes - Repla	335000-Hydrants	10133500	335.4	$ 12,318	$ 20,017	$ 21,556	$ 16,937	$ 20,017	$ 50,811	$ 7,699	$ 7,692	$ 13,088	$ 13,088	$ 24,636
23		Hydrants, Valves, and Manholes - Repla	331001-T&D Mains	10133100	331.4	$ 8,212	$ 13,345	$ 14,371	$ 11,292	$ 13,345	$ 33,874	$ 5,133	$ 5,128	$ 8,725	$ 8,725	$ 16,424
24						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	$ 124,122	$ 126,688	$ 116,939	$ 123,750	$ 115,477	$ 96,232	$ 80,832	$ 64,153	$ 84,683	$ 89,816	$ 110,345
26						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
27	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	$ 113,677	$ 112,346	$ 121,066	$ 113,368	$ 87,249	$ 104,452	$ 76,985	$ 104,915	$ 78,218	$ 97,465	$ 115,489
28		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30	R12-**I1	Meters - New	334100-Meters	10133410	334.4	$ 73,136	$ 79,551	$ 73,136	$ 57,097	$ 44,908	$ 50,040	$ 47,473	$ 31,433	$ 29,640	$ 31,435	$ 38,621
31						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
32	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	$ 704,067	$ 627,610	$ 270,501	$ 119,327	$ 26,945	$ 28,229	$ 24,379	$ 25,658	$ 19,247	$ 378,457	$ 100,080
33		Meters - Replaced	334200-Meter Installations	10133420	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	$ 86,357	$ -	$ 52,626	$ -	$ 90,125	$ -	$ -	$ -	$ -	$ -	$ 47,367
36						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
37	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instru	10134600	346.5	$ 5,774	$ -	$ 32,078	$ 392,873	$ 130,957	$ 130,957	$ 130,957	$ 130,959	$ -	$ -	$ -
38						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	$ -	$ 25,662	$ 32,078	$ 32,078	$ 64,154	$ 64,154	$ 32,078	$ 6,414	$ -	$ -	$ -
40						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	$ 25,662	$ -	$ 25,662	$ -	$ -	$ 25,662	$ 25,662	$ 25,662	$ -	$ -	$ -
42		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
44		Offices and Operations Centers	340300-Computer Software	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45		Offices and Operations Centers	346100-Comm Equip Non-Teleph	10134600	346.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
46		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
47						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
48	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	$ 21,171	$ -	$ 133,376	$ -	$ -	$ -	$ 63,512	$ -	$ -	$ -	$ -
49		Vehicles	341200-Trans Equip Hvy Duty Trk	10134100	341.5	$ 21,171	$ -	$ 133,376	$ -	$ -	$ -	$ 63,512	$ -	$ -	$ -	$ -
50		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	$ 21,812	$ -	$ 137,418	$ -	$ -	$ -	$ 65,437	$ -	$ -	$ -	$ -
51						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
52	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	$ 141,140	$ 12,831	$ 6,416	$ 128,306	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,831
53						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
54	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	$ 25,662	$ 127,894	$ 89,816	$ 61,174	$ 107,359	$ 87,743	$ 10,264	$ -	$ -	$ -	$ 17,963
55		Process Plant Facilities and Equipment	306000-Lake, River & Other Intak	10130600	306.2	$ 9,623	$ 47,960	$ 33,681	$ 22,940	$ 40,259	$ 32,904	$ 3,849	$ -	$ -	$ -	$ 6,736
56		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	$ 16,039	$ 79,934	$ 56,135	$ 38,233	$ 67,099	$ 54,839	$ 6,415	$ -	$ -	$ -	$ 11,227
57		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	$ 6,415	$ 31,974	$ 22,454	$ 15,293	$ 26,840	$ 21,936	$ 2,566	$ -	$ -	$ -	$ 4,491
58		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	$ 6,415	$ 31,974	$ 22,454	$ 15,293	$ 26,840	$ 21,936	$ 2,566	$ -	$ -	$ -	$ 4,491
59		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
61	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	$ -	$ -	$ -	$ 10,906	$ 10,906	$ 10,906	$ 10,906	$ -	$ -	$ -	$ -
62		Engineering Studies	348000-Other Tangible Property	10134800	348.5	$ -	$ -	$ -	$ 1,925	$ 1,925	$ 1,925	$ 1,925	$ -	$ -	$ -	$ -
63						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
64	T12-0102-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	$ 90,007	$ 88,354	$ 103,420	$ 99,870	$ 95,058	$ 91,906	$ 53,971	$ 52,864	$ 31,941	$ 31,132	$ 31,071
65		Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
Capital Addition Activity by Month, September 2012 - December 2014
Workpaper #: **W/P - 1-3**
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CapAddtn

Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
						$ 3,014,836	$ 3,116,567	$ 3,284,184	$ 2,989,818	$ 2,650,277	$ 2,494,546	$ 2,021,855	$ 1,270,586	$ 756,244	$ 1,241,172	$ 1,347,147
66						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
67	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	$ 1,830	$ 1,830	$ 1,830	$ 1,830	$ 1,830	$ 1,830	$ -	$ -	$ -	$ -	$ -
68						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
69	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
70																
71	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
72						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
73	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
74		US 25 Relocation	333000-Services	10133300	333.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
75		US 25 Relocation	335000-Hydrants	10133500	335.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
76						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
77	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	$ 27,965	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
78		Leestown Road	333000-Services	10133300	333.4	$ 3,290	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
79		Leestown Road	335000-Hydrants	10133500	335.4	$ 1,645	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
80						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
81	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	$ 16,450	$ 41,125	$ 41,125	$ 8,225	$ -	$ -	$ -	$ -	$ -	$ -	$ -
82		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	$ 12,338	$ 30,844	$ 30,844	$ 6,169	$ -	$ -	$ -	$ -	$ -	$ -	$ -
83		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	$ 4,113	$ 10,281	$ 10,281	$ 2,056	$ -	$ -	$ -	$ -	$ -	$ -	$ -
84		Pump Efficiency Replacement	346190-Remote Control & Instru	10134600	346.5	$ 4,113	$ 10,281	$ 10,281	$ 2,056	$ -	$ -	$ -	$ -	$ -	$ -	$ -
85		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	$ 4,113	$ 10,281	$ 10,281	$ 2,056	$ -	$ -	$ -	$ -	$ -	$ -	$ -
86						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
87	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	$ 13,232	$ 13,566	$ 13,387	$ 13,387	$ 13,387	$ 13,387	$ 10,487	$ 6,169	$ 2,711	$ 1,302	$ 970
88		Northern Division Connection	331001-T&D Mains	10133100	331.4	$ 604,254	$ 619,492	$ 611,331	$ 611,331	$ 611,331	$ 611,331	$ 478,901	$ 281,706	$ 123,810	$ 59,468	$ 44,276
89		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	$ 22,053	$ 22,609	$ 22,311	$ 22,311	$ 22,311	$ 22,311	$ 17,478	$ 10,281	$ 4,519	$ 2,170	$ 1,616
90		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	$ 17,642	$ 18,087	$ 17,849	$ 17,849	$ 17,849	$ 17,849	$ 13,983	$ 8,225	$ 3,615	$ 1,736	$ 1,293
91		Northern Division Connection	346190-Remote Control & Instru	10134600	346.5	$ 4,411	$ 4,522	$ 4,462	$ 4,462	$ 4,462	$ 4,462	$ 3,496	$ 2,056	$ 904	$ 434	$ 323
92		Northern Division Connection	330100-Elevated Tanks & Standp	10133000	330.4	$ 220,531	$ 226,092	$ 223,113	$ 223,113	$ 223,113	$ 223,113	$ 174,781	$ 102,813	$ 45,186	$ 21,704	$ 16,159
93						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
94	IP-1202-9	Todds and Cleveland Rd Main Extensior	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,413	$ 44,699	$ 129,502
95		Todds and Cleveland Rd Main Extensior	335000-Hydrants	10133500	335.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,139	$ 1,146	$ 3,321
96						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,878	$ 15,283	$ 45,720
98						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
99	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,284	$ 44,563	$ 23,721
100		I-75 Main Extension	335000-Hydrants	10133500	335.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 597	$ 1,143	$ 608
101						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
102	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,284	$ 44,563	$ 44,851
103		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 597	$ 1,143	$ 1,150
104						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
105	IP-1202-16	North Upper St Main Replacement (34	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,896	$ 39,992	$ 21,288
106		North Upper St Main Replacement (34	333000-Services	10133300	333.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,388	$ 4,571	$ 2,433
107		North Upper St Main Replacement (34	335000-Hydrants	10133500	335.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 597	$ 1,143	$ 608
108						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
109	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,896	$ 21,031	$ 40,128
110		KY Major Highway	333000-Services	10133300	333.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,388	$ 2,404	$ 4,586
111		KY Major Highway	335000-Hydrants	10133500	335.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 597	$ 601	$ 1,147
112						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
113	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,176	$ 2,190	$ 2,204
114		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,176	$ 2,190	$ 2,204
115		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,176	$ 2,190	$ 2,204
116		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,351	$ 4,380	$ 4,408
117						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
118	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,518	$ 8,370
119		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,084	$ 5,979
120		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,735	$ 9,566
121						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
122	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
123		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
124		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
125		Pump Efficiency Repl	346190-Remote Control & Instru	10134600	346.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
126		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
127																

Kentucky American Water
Case No. 2012-00520
Capital Addition Activity by Month, September 2012 - December 2014
Workpaper #: **W/P - 1-3**
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CapAddtn

Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	Apr-14	May-14	Jun-14	Jul-14	Sep-Dec 2012	2013 Additions	2014 Additions
						$ 1,846,146	$ 2,343,883	$ 2,867,996	$ 3,757,626	$ 15,396,149	$ 28,244,131	$ 27,393,393
1	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	$ 178,990	$ 201,531	$ 230,678	$ 227,491	$ 545,781	$ 2,298,443	$ 2,135,901
2		Projects Funded by Others	335000-Hydrants	10133500	335.4	$ 19,888	$ 22,392	$ 25,631	$ 25,277	$ 60,642	$ 255,383	$ 237,322
3		Projects Funded by Others	333000-Services	10133300	333.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4		Projects Funded by Others	334100-Meters	10133410	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5		Projects Funded by Others	334200-Meter Installations	10133420	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6						$ -	$ -	$ -	$ -	$ -		
7	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	$ 12,831	$ 32,078	$ 38,494	$ 70,570	$ 1,096,996	$ 305,349	$ 305,191
8						$ -	$ -	$ -	$ -	$ -		
9	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	$ 106,546	$ 198,434	$ 250,536	$ 270,930	$ 1,155,569	$ 1,929,189	$ 1,749,805
10		Mains - Replaced / Restored	333000-Services	10133300	333.4	$ 10,655	$ 19,843	$ 25,054	$ 27,093	$ 115,557	$ 192,919	$ 174,980
11		Mains - Replaced / Restored	334100-Meters	10133410	334.4	$ 7,991	$ 14,883	$ 18,790	$ 20,320	$ 86,668	$ 144,689	$ 131,235
12		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	$ 7,991	$ 14,883	$ 18,790	$ 20,320	$ 86,668	$ 144,689	$ 131,235
13						$ -	$ -	$ -	$ -	$ -		
14	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	$ 17,963	$ 25,662	$ 25,662	$ 16,681	$ 95,226	$ 330,060	$ 302,848
15						$ -	$ -	$ -	$ -	$ -		
16	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	$ 11,548	$ 17,322	$ 63,513	$ 77,370	$ 415,520	$ 527,732	$ 495,388
17		Mains - Relocated	335000-Hydrants	10133500	335.4	$ 1,283	$ 1,925	$ 7,057	$ 8,597	$ 46,169	$ 58,637	$ 55,043
18						$ -	$ -	$ -	$ -	$ -		
19	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	$ 16,937	$ 19,247	$ 15,397	$ 19,247	$ 35,032	$ 135,570	$ 137,227
20		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	$ 11,291	$ 12,831	$ 10,265	$ 12,831	$ 23,355	$ 90,380	$ 91,485
21						$ -	$ -	$ -	$ -	$ -		
22	R12-**F1	Hydrants, Valves, and Manholes - Repla	335000-Hydrants	10133500	335.4	$ 12,318	$ 12,318	$ 20,017	$ 21,556	$ (10,920)	$ 220,176	$ 201,478
23		Hydrants, Valves, and Manholes - Repla	331001-T&D Mains	10133100	331.4	$ 8,212	$ 8,212	$ 13,345	$ 14,371	$ (7,280)	$ 146,784	$ 134,319
24						$ -	$ -	$ -	$ -	$ -		
25	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	$ 134,551	$ 141,151	$ 136,265	$ 142,372	$ 360,288	$ 1,253,317	$ 1,237,232
26						$ -	$ -	$ -	$ -	$ -		
27	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	$ 115,610	$ 123,448	$ 118,453	$ 124,731	$ 295,087	$ 1,224,963	$ 1,180,784
28		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29						$ -	$ -	$ -	$ -	$ -		
30	R12-**I1	Meters - New	334100-Meters	10133410	334.4	$ 59,408	$ 73,136	$ 79,551	$ 73,136	$ 378,446	$ 615,878	$ 574,015
31						$ -	$ -	$ -	$ -	$ -		
32	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	$ 561,348	$ 709,158	$ 509,787	$ 291,402	$ 2,911,583	$ 2,885,849	$ 2,786,315
33		Meters - Replaced	334200-Meter Installations	10133420	334.4	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34						$ -	$ -	$ -	$ -	$ -		
35	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	$ 13,435	$ 39,836	$ 10,224	$ -	$ 225,911	$ 385,724	$ 137,956
36						$ -	$ -	$ -	$ -	$ -		
37	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & Instru	10134600	346.5	$ 19,247	$ -	$ 32,078	$ 51,324	$ 736,035	$ 1,360,259	$ 149,920
38						$ -	$ -	$ -	$ -	$ -		
39	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-General	10130450	304.5	$ -	$ -	$ 12,831	$ 12,831	$ 25,662	$ 256,616	$ 162,226
40						$ -	$ -	$ -	$ -	$ -		
41	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-General	10130450	304.5	$ -	$ 25,662	$ -	$ 25,662	$ (19,967)	$ 128,308	$ 135,363
42		Offices and Operations Centers	304100-Struct & Imp-Supply	10130410	304.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43		Offices and Operations Centers	340100-Office Furniture & Equip	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -
44		Offices and Operations Centers	340300-Computer Software	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45		Offices and Operations Centers	346100-Comm Equip Non-Teleph	10134600	346.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -
46		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -
47						$ -	$ -	$ -	$ -	$ -		
48	R12-**O1	Vehicles	341100-Trans Equip Lt Duty Trks	10134100	341.5	$ -	$ 18,630	$ 22,018	$ 140,998	$ 82,834	$ 218,060	$ 218,392
49		Vehicles	341200-Trans Equip Hvy Duty Trk	10134100	341.5	$ -	$ 18,630	$ 22,018	$ 140,998	$ 82,834	$ 218,060	$ 218,392
50		Vehicles	341300-Trans Equip Auto Car	10134100	341.5	$ -	$ 19,195	$ 22,685	$ 145,271	$ 85,344	$ 224,668	$ 225,010
51						$ -	$ -	$ -	$ -	$ -		
52	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage Equip	10134300	343.5	$ 12,831	$ 96,232	$ 81,956	$ 109,061	$ 188,005	$ 375,943	$ 400,289
53						$ -	$ -	$ -	$ -	$ -		
54	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treatment	10130430	304.3	$ 82,117	$ 74,139	$ 100,081	$ 91,617	$ 403,308	$ 623,862	$ 627,006
55		Process Plant Facilities and Equipment	306000-Lake, River & Other Intak	10130600	306.2	$ 30,794	$ 27,802	$ 37,530	$ 34,356	$ 151,240	$ 233,948	$ 235,127
56		Process Plant Facilities and Equipment	311000-Pumping Equipment	10131120	311.2	$ 51,323	$ 46,337	$ 62,550	$ 57,261	$ 252,067	$ 389,914	$ 391,879
57		Process Plant Facilities and Equipment	320100-Wt Equip Non-Media	10132010	320.3	$ 20,529	$ 18,535	$ 25,020	$ 22,904	$ 100,827	$ 155,966	$ 156,752
58		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	$ 20,529	$ 18,535	$ 25,020	$ 22,904	$ 100,827	$ 155,966	$ 156,752
59		Process Plant Facilities and Equipment	344000-Laboratory Equipment	10134400	344.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60						$ -	$ -	$ -	$ -	$ -		
61	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	$ -	$ -	$ -	$ -	$ 60,364	$ 43,625	$ 35,717
62		Engineering Studies	348000-Other Tangible Property	10134800	348.5	$ -	$ -	$ -	$ -	$ 10,653	$ 7,698	$ 6,303
63						$ -	$ -	$ -	$ -	$ -		
64	T12-0102-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	$ -	$ -	$ -	$ -	$ 892,394	$ 1,568,540	$ 94,143
65		Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
Capital Addition Activity by Month, September 2012 - December 2014
Workpaper #: **W/P - 1-3**
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CapAddtn

Slippage for RP's 1.2214
Slippage for IP's 0.8225

Line #	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	Apr-14	May-14	Jun-14	Jul-14	Sep-Dec 2012	2013 Additions	2014 Additions
						$ 1,846,146	$ 2,343,883	$ 2,867,996	$ 3,757,626	$ 15,396,149	$ 28,244,131	$ 27,393,393
66						$ -	$ -	$ -	$ -	$ -		
67	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Specia	10134010	340.5	$ -	$ -	$ -	$ -	$ 32,572	$ 35,682	$ -
68						$ -	$ -	$ -	$ -	$ -		
69	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ 15,142	$ -	$ -
70										$ -		
71	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tanks	10133000	330.4	$ -	$ -	$ -	$ -	$ (36,256)	$ -	$ -
72						$ -	$ -	$ -	$ -	$ -		
73	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ 111,189	$ -	$ -
74		US 25 Relocation	333000-Services	10133300	333.4	$ -	$ -	$ -	$ -	$ 13,899	$ -	$ -
75		US 25 Relocation	335000-Hydrants	10133500	335.4	$ -	$ -	$ -	$ -	$ 13,899	$ -	$ -
76						$ -	$ -	$ -	$ -	$ -		
77	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	$ -	$ -	$ -	$ -	$ 265,064	$ 307,615	$ -
78		Leestown Road	333000-Services	10133300	333.4	$ -	$ -	$ -	$ -	$ 31,184	$ 36,190	$ -
79		Leestown Road	335000-Hydrants	10133500	335.4	$ -	$ -	$ -	$ -	$ 15,592	$ 18,095	$ -
80						$ -	$ -	$ -	$ -	$ -		
81	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipment	10131120	311.2	$ -	$ -	$ -	$ -	$ 490,535	$ 273,595	$ -
82		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	$ -	$ -	$ -	$ -	$ 367,902	$ 205,196	$ -
83		Pump Efficiency Replacement	339300-Other P/E-Treatment	10133930	339.3	$ -	$ -	$ -	$ -	$ 122,634	$ 68,399	$ -
84		Pump Efficiency Replacement	346190-Remote Control & Instru	10134600	346.5	$ -	$ -	$ -	$ -	$ 122,634	$ 68,399	$ -
85		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	$ -	$ -	$ -	$ -	$ 122,634	$ 68,399	$ -
86						$ -	$ -	$ -	$ -	$ -		
87	I12-300003	Northern Division Connection	303500-Land & Land Rights-T&D	10130350	303.4	$ 185	$ -	$ -	$ -	$ 39,582	$ 120,831	$ 5,168
88		Northern Division Connection	331001-T&D Mains	10133100	331.4	$ 8,451	$ -	$ -	$ -	$ 1,807,579	$ 5,517,948	$ 236,005
89		Northern Division Connection	311540-Pumping Equipment Td	10131154	311.4	$ 308	$ -	$ -	$ -	$ 65,970	$ 201,385	$ 8,613
90		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	$ 247	$ -	$ -	$ -	$ 52,776	$ 161,108	$ 6,891
91		Northern Division Connection	346190-Remote Control & Instru	10134600	346.5	$ 62	$ -	$ -	$ -	$ 13,194	$ 40,277	$ 1,723
92		Northern Division Connection	330100-Elevated Tanks & Standp	10133000	330.4	$ 3,084	$ -	$ -	$ -	$ 659,701	$ 2,013,850	$ 86,133
93						$ -	$ -	$ -	$ -	$ -		
94	IP-1202-9	Todds and Cleveland Rd Main Extensior	331001-T&D Mains	10133100	331.4	$ 45,823	$ 1,706	$ 47,566	$ 216,903	$ -	$ -	$ 2,225,491
95		Todds and Cleveland Rd Main Extensior	335000-Hydrants	10133500	335.4	$ 1,175	$ 44	$ 1,220	$ 5,562	$ -	$ -	$ 57,064
96						$ -	$ -	$ -	$ -	$ -		
97	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treatment	10130430	304.3	$ 132,697	$ 16,532	$ 48,451	$ 222,128	$ -	$ -	$ 2,893,891
98						$ -	$ -	$ -	$ -	$ -		
99	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	$ 23,874	$ 29,542	$ 109,064	$ 216,363	$ -	$ -	$ 1,848,483
100		I-75 Main Extension	335000-Hydrants	10133500	335.4	$ 612	$ 757	$ 2,797	$ 5,548	$ -	$ -	$ 47,397
101						$ -	$ -	$ -	$ -	$ -		
102	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	$ 727	$ 88,839	$ 195,056	$ 196,318	$ -	$ -	$ 1,139,390
103		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	$ 19	$ 2,278	$ 5,001	$ 5,034	$ -	$ -	$ 29,215
104						$ -	$ -	$ -	$ -	$ -		
105	IP-1202-16	North Upper St Main Replacement (34	331001-T&D Mains	10133100	331.4	$ 530	$ 76,380	$ 116,730	$ 147,822	$ -	$ -	$ 1,221,323
106		North Upper St Main Replacement (34	333000-Services	10133300	333.4	$ 61	$ 8,729	$ 13,341	$ 16,894	$ -	$ -	$ 139,580
107		North Upper St Main Replacement (34	335000-Hydrants	10133500	335.4	$ 15	$ 2,182	$ 3,335	$ 4,223	$ -	$ -	$ 34,895
108						$ -	$ -	$ -	$ -	$ -		
109	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	$ 40,387	$ 789	$ 41,942	$ 99,097	$ -	$ -	$ 817,969
110		KY Major Highway	333000-Services	10133300	333.4	$ 4,616	$ 90	$ 4,793	$ 11,325	$ -	$ -	$ 93,482
111		KY Major Highway	335000-Hydrants	10133500	335.4	$ 1,154	$ 23	$ 1,198	$ 2,831	$ -	$ -	$ 23,371
112						$ -	$ -	$ -	$ -	$ -		
113	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treatment	10130430	304.3	$ 2,218	$ 57	$ 9,167	$ 23,557	$ -	$ -	$ 91,029
114		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipment	10131120	311.2	$ 2,218	$ 57	$ 9,167	$ 23,557	$ -	$ -	$ 91,029
115		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	$ 2,218	$ 57	$ 9,167	$ 23,557	$ -	$ -	$ 91,029
116		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Media	10132010	320.3	$ 4,436	$ 114	$ 18,335	$ 47,114	$ -	$ -	$ 182,059
117						$ -	$ -	$ -	$ -	$ -		
118	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	$ 66	$ 7,909	$ 23,645	$ 23,625	$ -	$ -	$ 73,444
119		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	$ 47	$ 5,649	$ 16,889	$ 16,875	$ -	$ -	$ 52,460
120		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	$ 75	$ 9,039	$ 27,023	$ 27,000	$ -	$ -	$ 83,936
121						$ -	$ -	$ -	$ -	$ -		
122	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipment	10131120	311.2	$ 9,870	$ 16,450	$ 41,125	$ 41,125	$ -	$ -	$ 159,716
123		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	$ 7,403	$ 12,338	$ 30,844	$ 30,844	$ -	$ -	$ 119,787
124		Pump Efficiency Repl	339300-Other P/E-Treatment	10133930	339.3	$ 2,468	$ 4,113	$ 10,281	$ 10,281	$ -	$ -	$ 39,929
125		Pump Efficiency Repl	346190-Remote Control & Instru	10134600	346.5	$ 2,468	$ 4,113	$ 10,281	$ 10,281	$ -	$ -	$ 39,929
126		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	$ 2,468	$ 4,113	$ 10,281	$ 10,281	$ -	$ -	$ 39,929
127												

Kentucky American Water
Case No. 2012-00520
Developer Advances by Month, September 2012 - December 2014

Calculated:
Prior Month Balance + Each Month's Net Activity
Workpaper # W/P - 1-6

Excel Ref: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal and Actv DevAdv

Slippage for RP's 1.2214

Grand Total Customer Advances:

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
	(13,188,685)	**(13,353,574)**	**(13,373,967)**	**(13,343,432)**	**(13,447,251)**	**(13,581,605)**	**(13,624,354)**	**(13,652,446)**	**(13,689,088)**

Line #	Utility	SAP GL Account	Account Description	JDE / Util Account	NARUC 96 Acct		Balance Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
1	Water	25212000	Adv Constr-NT ExtDep	252120	252.2	Balance	(13,188,685)	(13,353,574)	(13,373,967)	(13,343,432)	(13,447,251)	(13,581,605)	(13,624,354)	(13,652,446)	(13,689,088)
2															
3						Advances		(225,959)	(244,280)	(213,745)	(103,819)	(134,354)	(134,354)	(156,339)	(177,103)
4						Refunds		61,070	223,887	244,280	0	0	91,605	128,247	140,461
5						Net Activity (Line 3 + Line 4)		(164,889)	(20,393)	30,535	(103,819)	(134,354)	(42,749)	(28,092)	(36,642)

Kentucky American Water
Case No. 2012-00520
Developer Advances by Month, September 2012 - December 2014

Calculated:
Prior Month Balance + Each Month's Net Activity
Workpaper # W/P - 1-6

Excel Ref: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal and Actv DevAdv

Slippage for RP's 1.2214

							Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
						Grand Total Customer Advances:	**(13,762,372)**	**(13,829,549)**	**(13,878,405)**	**(13,945,582)**	**(14,006,652)**	**(14,079,936)**	**(14,142,227)**	**(14,246,046)**	**(14,282,688)**
Line #	**Utility**	**SAP GL Account**	**Account Description**	**JDE / Util Account**	**NARUC 96 Acct**		**Jun-13**	**Jul-13**	**Aug-13**	**Sep-13**	**Oct-13**	**Nov-13**	**Dec-13**	**Jan-14**	**Feb-14**
1	Water	25212000	Adv Constr-NT ExtDep	252120	252.2	Balance	(13,762,372)	(13,829,549)	(13,878,405)	(13,945,582)	(14,006,652)	(14,079,936)	(14,142,227)	(14,246,046)	(14,282,688)
2															
3						Advances	(183,210)	(177,103)	(183,210)	(170,996)	(152,675)	(177,103)	(153,896)	(103,819)	(79,391)
4						Refunds	109,926	109,926	134,354	103,819	91,605	103,819	91,605	0	42,749
5						Net Activity (Line 3 + Line 4)	(73,284)	(67,177)	(48,856)	(67,177)	(61,070)	(73,284)	(62,291)	(103,819)	(36,642)

Kentucky American Water
Case No. 2012-00520
Developer Advances by Month, September 2012 - December 2014

Base Period

Calculated:
Prior Month Balance + Each Month's Net Activity

		Mar-14	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions	as of 31-Mar-13
Workpaper #	W/P - 1-6									
Excel Ref:	Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal and Actv DevAdv	**Grand Total Customer Advances:**	**(14,301,009)**	**(14,337,651)**	**(14,374,293)**	**(14,404,828)**	**(14,472,005)**	(154,747)	(798,796)	(545,778)	**(13,624,354)**
	Slippage for RP's	**1.2214**									

Line #	Utility	SAP GL Account	Account Description	JDE / Util Account	NARUC 96 Acct		Mar-14	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions
1	Water	25212000	Adv Constr-NT ExtDep	252120	252.2	Balance	(14,301,009)	(14,337,651)	(14,374,293)	(14,404,828)	(14,472,005)	(154,747)	(798,796)	(545,778)
2														
3						Advances	(109,926)	(164,889)	(177,103)	(152,675)	(189,317)	(683,984)	(1,904,163)	(1,663,120)
4						Refunds	91,605	128,247	140,461	122,140	122,140	529,237	1,105,367	1,117,342
5						Net Activity (Line 3 + Line 4)	(18,321)	(36,642)	(36,642)	(30,535)	(67,177)	(154,747)	(798,796)	(545,778)

Kentucky American Water
Case No. 2012-00520
Developer Advances by Month, September 2012 - December 2014 **Forecast Period**

Calculated:
Prior Month Balance + Each Month's Net Activity **13-Month Avg**
Workpaper # W/P - 1-6 **Jul-13 - Jul-14**

Excel Ref: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Bal and Actv DevAdv **Grand Total Customer Advances:** **(14,176,990)**
Slippage for RP's **1.2214**

Line #	Utility	SAP GL Account	Account Description	JDE / Util Account	NARUC 96 Acct	
1	Water	25212000	Adv Constr-NT ExtDep	252120	252.2	Balance
2						
3						Advances
4						Refunds
5						Net Activity (Line 3 + Line 4)

Kentucky American Water
Case No. 2012-00520
CIAC Activity by Month, September 2012 - December 2014
Calculation: Account Activity Per SCEP for CIAC Additions, Amortization Activity Per Amortization Rates & Prior Month CIAC Balances
Workpaper # W/P - 1-7 & W/P - 4-1 & W/P - 4-3

Excel Referenc Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CIAC
Slippage for RP's **1.2214**

	Balance Forward Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Non-Tax CIAC Depr. Credit		70,718	70,920	71,122	71,325
Tax CIAC Depr. Credit		13,528	13,543	13,558	13,573
Non-Tax CIAC COR Credit		31,598	31,702	31,807	31,911
Tax CIAC COR Credit		9,797	9,812	9,827	9,843

Monthly Life Rate	Monthly COR Rate	Utility	SAP GL Account	Account Description	Plant Account	NARUC 96 Account	Bal Fwd Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
-0.1200%	-0.0183%	Water	27111000	CIAC-NT Mains	271110	271.1	$ (17,981,825)	(29,314)	(29,314)	(29,314)	(21,069)
-0.1200%	-0.0183%	Water	27112000	CIAC-NT Ext Dep	271120	271.1	$ (12,775,611)	(43,775)	(43,775)	(43,775)	(31,463)
-0.1250%	-0.1250%	Water	27113000	CIAC-NT Svcs	271130	271.1	$ (19,400,522)	(70,548)	(70,548)	(70,548)	(50,706)
-0.2208%	-0.0142%	Water	27114000	CIAC-NT Meters	271140	271.1	$ (1,023,118)	(9,185)	(9,185)	(9,185)	(6,602)
-0.0992%	-0.0250%	Water	27115000	CIAC-NT Hydrants	271150	271.1	$ (1,780,603)	(5,276)	(5,276)	(5,276)	(3,792)
-0.1567%	-0.0317%	Water	27116000	CIAC-NT Other	271160	271.1	$ (3,532,160)	(391)	(391)	(391)	(281)
0.0000%	0.0000%	Water	27117000	CIAC-NT WIP	271170	271.1	$ (849,641)	(24,819)	(24,819)	(24,819)	(17,839)
0.0000%	0.0000%	Water	27118000	CIAC-NT NUP Property	271180	271.1	$ (249,725)	0	0	0	0
-0.1200%	-0.0183%	Water	27121000	CIAC-Tax Mains	271210	271.1	$ (1,998,493)	0	0	0	0
-0.1200%	-0.0183%	Water	27122000	CIAC-Tax Ext Dep	271220	271.1	$ (766,586)	0	0	0	0
-0.1250%	-0.1250%	Water	27123000	CIAC-Tax Svcs	271230	271.1	$ (7,222,565)	(12,116)	(12,116)	(12,116)	(8,709)
-0.2208%	-0.0142%	Water	27124000	CIAC-Tax Meters	271240	271.1	$ (3,299)	0	0	0	0
-0.0992%	-0.0250%	Water	27125000	CIAC-Tax Hydrants	271250	271.1	$ (487,487)	0	0	0	0
-0.1567%	-0.0317%	Water	27126000	CIAC-Tax Other	271260	271.1	$ (440,903)	0	0	0	0
0.0000%	0.0000%	Water	27127000	CIAC-Tax WIP	271270	271.1	$ (868)	0	0	0	0
		Water	27206000	AccAmort CIAC-Other	272060	272.2	$ 16,160,425	102,317	102,623	102,929	103,236
		Water	27210000	AccAmort CIAC-Tax	272100	272.2	$ 1,526,393	23,325	23,355	23,385	23,416
						Net Activity		(69,783)	(69,446)	(69,109)	(13,810)

Sewer	27111000	CIAC-NT Mains	271110	271.1	$	-
Sewer	27112000	CIAC-NT Ext Dep	271120	271.1	$	(80,703)
Sewer	27113000	CIAC-NT Svcs	271130	271.1	$	(14,190)
Sewer	27114000	CIAC-NT Meters	271140	271.1	$	(884)
Sewer	27115000	CIAC-NT Hydrants	271150	271.1	$	-
Sewer	27116000	CIAC-NT Other	271160	271.1	$	(1,193,557)
Sewer	27117000	CIAC-NT WIP	271170	271.1	$	-
Sewer	27118000	CIAC-NT NUP Property	271180	271.1	$	-
Sewer	27121000	CIAC-Tax Mains	271210	271.1	$	-
Sewer	27122000	CIAC-Tax Ext Dep	271220	271.1	$	-
Sewer	27123000	CIAC-Tax Svcs	271230	271.1	$	-
Sewer	27124000	CIAC-Tax Meters	271240	271.1	$	-
Sewer	27125000	CIAC-Tax Hydrants	271250	271.1	$	-
Sewer	27126000	CIAC-Tax Other	271260	271.1	$	-
Sewer	27127000	CIAC-Tax WIP	271270	271.1	$	-
Sewer	27206000	AccAmort CIAC-Other	272060	272.2	$	582,628
Sewer	27210000	AccAmort CIAC-Tax	272100	272.2	$	-
				Net CIAC:	$	(706,706)

Kentucky American Water
Case No. 2012-00520
CIAC Activity by Month, September 2012 - December 2014
Calculation: Account Activity Per SCEP for CIAC Additions, Amortization Activity Per Amortization Rates & Prior Month CIAC Balances
Workpaper # W/P - 1-7 & W/P - 4-1 & W/P - 4-3

Excel Referenc Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CIAC
Slippage for RP's **1.2214**

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13
Non-Tax CIAC Depr. Credit	71,470	73,376	73,521	73,723	73,919	74,128
Tax CIAC Depr. Credit	13,584	13,727	13,738	13,753	13,768	13,783
Non-Tax CIAC COR Credit	31,986	32,971	33,046	33,150	33,251	33,359
Tax CIAC COR Credit	9,853	9,996	10,007	10,022	10,037	10,053

Monthly Life Rate	Monthly COR Rate	Utility	SAP GL Account	Account Description	Plant Account	NARUC 96 Account	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13
-0.1200%	-0.0183%	Water	27111000	CIAC-NT Mains	271110	271.1	(276,647)	(21,069)	(29,314)	(28,398)	(30,230)	(22,901)
-0.1200%	-0.0183%	Water	27112000	CIAC-NT Ext Dep	271120	271.1	(413,126)	(31,463)	(43,775)	(42,407)	(45,143)	(34,199)
-0.1250%	-0.1250%	Water	27113000	CIAC-NT Svcs	271130	271.1	(665,797)	(50,706)	(70,548)	(68,343)	(72,753)	(55,116)
-0.2208%	-0.0142%	Water	27114000	CIAC-NT Meters	271140	271.1	(86,683)	(6,602)	(9,185)	(8,898)	(9,472)	(7,176)
-0.0992%	-0.0250%	Water	27115000	CIAC-NT Hydrants	271150	271.1	(49,796)	(3,792)	(5,276)	(5,112)	(5,441)	(4,122)
-0.1567%	-0.0317%	Water	27116000	CIAC-NT Other	271160	271.1	(3,689)	(281)	(391)	(379)	(403)	(305)
0.0000%	0.0000%	Water	27117000	CIAC-NT WIP	271170	271.1	(234,228)	(17,839)	(24,819)	(24,043)	(25,594)	(19,390)
0.0000%	0.0000%	Water	27118000	CIAC-NT NUP Property	271180	271.1	0	0	0	0	0	0
-0.1200%	-0.0183%	Water	27121000	CIAC-Tax Mains	271210	271.1	0	0	0	0	0	0
-0.1200%	-0.0183%	Water	27122000	CIAC-Tax Ext Dep	271220	271.1	0	0	0	0	0	0
-0.1250%	-0.1250%	Water	27123000	CIAC-Tax Svcs	271230	271.1	(114,347)	(8,709)	(12,116)	(11,738)	(12,495)	(9,466)
-0.2208%	-0.0142%	Water	27124000	CIAC-Tax Meters	271240	271.1	0	0	0	0	0	0
-0.0992%	-0.0250%	Water	27125000	CIAC-Tax Hydrants	271250	271.1	0	0	0	0	0	0
-0.1567%	-0.0317%	Water	27126000	CIAC-Tax Other	271260	271.1	0	0	0	0	0	0
0.0000%	0.0000%	Water	27127000	CIAC-Tax WIP	271270	271.1	0	0	0	0	0	0
		Water	27206000	AccAmort CIAC-Other	272060	272.2	103,456	106,347	106,567	106,873	107,170	107,486
		Water	27210000	AccAmort CIAC-Tax	272100	272.2	23,437	23,723	23,745	23,775	23,805	23,836
						Net Activity	(1,717,421)	(10,391)	(65,112)	(58,668)	(70,556)	(21,353)

Sewer	27111000	CIAC-NT Mains	271110	271.1
Sewer	27112000	CIAC-NT Ext Dep	271120	271.1
Sewer	27113000	CIAC-NT Svcs	271130	271.1
Sewer	27114000	CIAC-NT Meters	271140	271.1
Sewer	27115000	CIAC-NT Hydrants	271150	271.1
Sewer	27116000	CIAC-NT Other	271160	271.1
Sewer	27117000	CIAC-NT WIP	271170	271.1
Sewer	27118000	CIAC-NT NUP Property	271180	271.1
Sewer	27121000	CIAC-Tax Mains	271210	271.1
Sewer	27122000	CIAC-Tax Ext Dep	271220	271.1
Sewer	27123000	CIAC-Tax Svcs	271230	271.1
Sewer	27124000	CIAC-Tax Meters	271240	271.1
Sewer	27125000	CIAC-Tax Hydrants	271250	271.1
Sewer	27126000	CIAC-Tax Other	271260	271.1
Sewer	27127000	CIAC-Tax WIP	271270	271.1
Sewer	27206000	AccAmort CIAC-Other	272060	272.2
Sewer	27210000	AccAmort CIAC-Tax	272100	272.2
				Net CIAC:

Kentucky American Water
Case No. 2012-00520
CIAC Activity by Month, September 2012 - December 2014
Calculation: Account Activity Per SCEP for CIAC Additions, Amortization Activity Per Amortization Rates & Prior Month CIAC Balances
Workpaper # W/P - 1-7 & W/P - 4-1 & W/P - 4-3

Excel Referenc Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CIAC
Slippage for RP's **1.2214**

	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Non-Tax CIAC Depr. Credit	74,285	74,475	74,664	74,854	75,182	75,321
Tax CIAC Depr. Credit	13,795	13,809	13,824	13,838	13,862	13,873
Non-Tax CIAC COR Credit	33,440	33,538	33,636	33,734	33,903	33,975
Tax CIAC COR Credit	10,065	10,079	10,093	10,107	10,132	10,142

Monthly Life Rate	Monthly COR Rate	Utility	SAP GL Account	Account Description	Plant Account	NARUC 96 Account	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
-0.1200%	-0.0183%	Water	27111000	CIAC-NT Mains	271110	271.1	(27,482)	(27,482)	(27,482)	(47,635)	(20,153)	(21,069)
-0.1200%	-0.0183%	Water	27112000	CIAC-NT Ext Dep	271120	271.1	(41,039)	(41,039)	(41,039)	(71,134)	(30,095)	(31,463)
-0.1250%	-0.1250%	Water	27113000	CIAC-NT Svcs	271130	271.1	(66,139)	(66,139)	(66,139)	(114,641)	(48,502)	(50,706)
-0.2208%	-0.0142%	Water	27114000	CIAC-NT Meters	271140	271.1	(8,611)	(8,611)	(8,611)	(14,926)	(6,315)	(6,602)
-0.0992%	-0.0250%	Water	27115000	CIAC-NT Hydrants	271150	271.1	(4,947)	(4,947)	(4,947)	(8,574)	(3,628)	(3,792)
-0.1567%	-0.0317%	Water	27116000	CIAC-NT Other	271160	271.1	(366)	(366)	(366)	(635)	(269)	(281)
0.0000%	0.0000%	Water	27117000	CIAC-NT WIP	271170	271.1	(23,268)	(23,268)	(23,268)	(40,331)	(17,063)	(17,839)
0.0000%	0.0000%	Water	27118000	CIAC-NT NUP Property	271180	271.1	0	0	0	0	0	0
-0.1200%	-0.0183%	Water	27121000	CIAC-Tax Mains	271210	271.1	0	0	0	0	0	0
-0.1200%	-0.0183%	Water	27122000	CIAC-Tax Ext Dep	271220	271.1	0	0	0	0	0	0
-0.1250%	-0.1250%	Water	27123000	CIAC-Tax Svcs	271230	271.1	(11,359)	(11,359)	(11,359)	(19,689)	(8,330)	(8,709)
-0.2208%	-0.0142%	Water	27124000	CIAC-Tax Meters	271240	271.1	0	0	0	0	0	0
-0.0992%	-0.0250%	Water	27125000	CIAC-Tax Hydrants	271250	271.1	0	0	0	0	0	0
-0.1567%	-0.0317%	Water	27126000	CIAC-Tax Other	271260	271.1	0	0	0	0	0	0
0.0000%	0.0000%	Water	27127000	CIAC-Tax WIP	271270	271.1	0	0	0	0	0	0
		Water	27206000	AccAmort CIAC-Other	272060	272.2	107,726	108,013	108,300	108,587	109,085	109,296
		Water	27210000	AccAmort CIAC-Tax	272100	272.2	23,860	23,888	23,916	23,945	23,994	24,015
						Net Activity	(51,625)	(51,309)	(50,994)	(185,032)	(1,275)	(7,151)
		Sewer	27111000	CIAC-NT Mains	271110	271.1						
		Sewer	27112000	CIAC-NT Ext Dep	271120	271.1						
		Sewer	27113000	CIAC-NT Svcs	271130	271.1						
		Sewer	27114000	CIAC-NT Meters	271140	271.1						
		Sewer	27115000	CIAC-NT Hydrants	271150	271.1						
		Sewer	27116000	CIAC-NT Other	271160	271.1						
		Sewer	27117000	CIAC-NT WIP	271170	271.1						
		Sewer	27118000	CIAC-NT NUP Property	271180	271.1						
		Sewer	27121000	CIAC-Tax Mains	271210	271.1						
		Sewer	27122000	CIAC-Tax Ext Dep	271220	271.1						
		Sewer	27123000	CIAC-Tax Svcs	271230	271.1						
		Sewer	27124000	CIAC-Tax Meters	271240	271.1						
		Sewer	27125000	CIAC-Tax Hydrants	271250	271.1						
		Sewer	27126000	CIAC-Tax Other	271260	271.1						
		Sewer	27127000	CIAC-Tax WIP	271270	271.1						
		Sewer	27206000	AccAmort CIAC-Other	272060	272.2						
		Sewer	27210000	AccAmort CIAC-Tax	272100	272.2						
						Net CIAC:						

Kentucky American Water
Case No. 2012-00520
CIAC Activity by Month, September 2012 - December 2014
Calculation: Account Activity Per SCEP for CIAC Additions, Amortization Activity Per Amortization Rates & Prior Month CIAC Balances
Workpaper # W/P - 1-7 & W/P - 4-1 & W/P - 4-3

Excel Referenc Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CIAC
Slippage for RP's **1.2214**

	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	
Non-Tax CIAC Depr. Credit	75,466	75,605	75,750	75,952	76,148	76,356	#
Tax CIAC Depr. Credit	13,884	13,894	13,905	13,920	13,935	13,950	#
Non-Tax CIAC COR Credit	34,050	34,122	34,197	34,301	34,402	34,510	#
Tax CIAC COR Credit	10,153	10,163	10,174	10,189	10,204	10,220	#

Monthly Life Rate	Monthly COR Rate		Utility	SAP GL Account	Account Description	Plant Account	NARUC 96 Account	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	
-0.1200%		-0.0183%	Water	27111000	CIAC-NT Mains	271110	271.1	(20,153)	(21,069)	(29,314)	(28,398)	(30,230)	(22,901)	
-0.1200%		-0.0183%	Water	27112000	CIAC-NT Ext Dep	271120	271.1	(30,095)	(31,463)	(43,775)	(42,407)	(45,143)	(34,199)	
-0.1250%		-0.1250%	Water	27113000	CIAC-NT Svcs	271130	271.1	(48,502)	(50,706)	(70,548)	(68,343)	(72,753)	(55,116)	
-0.2208%		-0.0142%	Water	27114000	CIAC-NT Meters	271140	271.1	(6,315)	(6,602)	(9,185)	(8,898)	(9,472)	(7,176)	
-0.0992%		-0.0250%	Water	27115000	CIAC-NT Hydrants	271150	271.1	(3,628)	(3,792)	(5,276)	(5,112)	(5,441)	(4,122)	
-0.1567%		-0.0317%	Water	27116000	CIAC-NT Other	271160	271.1	(269)	(281)	(391)	(379)	(403)	(305)	
0.0000%		0.0000%	Water	27117000	CIAC-NT WIP	271170	271.1	(17,063)	(17,839)	(24,819)	(24,043)	(25,594)	(19,390)	
0.0000%		0.0000%	Water	27118000	CIAC-NT NUP Property	271180	271.1	0	0	0	0	0	0	
-0.1200%		-0.0183%	Water	27121000	CIAC-Tax Mains	271210	271.1	0	0	0	0	0	0	
-0.1200%		-0.0183%	Water	27122000	CIAC-Tax Ext Dep	271220	271.1	0	0	0	0	0	0	
-0.1250%		-0.1250%	Water	27123000	CIAC-Tax Svcs	271230	271.1	(8,330)	(8,709)	(12,116)	(11,738)	(12,495)	(9,466)	
-0.2208%		-0.0142%	Water	27124000	CIAC-Tax Meters	271240	271.1	0	0	0	0	0	0	
-0.0992%		-0.0250%	Water	27125000	CIAC-Tax Hydrants	271250	271.1	0	0	0	0	0	0	
-0.1567%		-0.0317%	Water	27126000	CIAC-Tax Other	271260	271.1	0	0	0	0	0	0	
0.0000%		0.0000%	Water	27127000	CIAC-Tax WIP	271270	271.1	0	0	0	0	0	0	
			Water	27206000	AccAmort CIAC-Other	272060	272.2	109,516	109,726	109,947	110,253	110,550	110,866	
			Water	27210000	AccAmort CIAC-Tax	272100	272.2	24,037	24,058	24,079	24,110	24,139	24,170	
							Net Activity	(802)	(6,677)	(61,398)	(54,955)	(66,842)	(17,639)	#
														#
			Sewer	27111000	CIAC-NT Mains	271110	271.1							
			Sewer	27112000	CIAC-NT Ext Dep	271120	271.1							
			Sewer	27113000	CIAC-NT Svcs	271130	271.1							
			Sewer	27114000	CIAC-NT Meters	271140	271.1							
			Sewer	27115000	CIAC-NT Hydrants	271150	271.1							
			Sewer	27116000	CIAC-NT Other	271160	271.1							
			Sewer	27117000	CIAC-NT WIP	271170	271.1							
			Sewer	27118000	CIAC-NT NUP Property	271180	271.1							
			Sewer	27121000	CIAC-Tax Mains	271210	271.1							
			Sewer	27122000	CIAC-Tax Ext Dep	271220	271.1							
			Sewer	27123000	CIAC-Tax Svcs	271230	271.1							
			Sewer	27124000	CIAC-Tax Meters	271240	271.1							
			Sewer	27125000	CIAC-Tax Hydrants	271250	271.1							
			Sewer	27126000	CIAC-Tax Other	271260	271.1							
			Sewer	27127000	CIAC-Tax WIP	271270	271.1							
			Sewer	27206000	AccAmort CIAC-Other	272060	272.2							
			Sewer	27210000	AccAmort CIAC-Tax	272100	272.2							
							Net CIAC:							

Kentucky American Water
Case No. 2012-00520
CIAC Activity by Month, September 2012 - December 2014
Calculation: Account Activity Per SCEP for CIAC Additions, Amortization Activity Per Amortization Rates & Prior Month CIAC Balances
Workpaper # W/P - 1-7 & W/P - 4-1 & W/P - 4-3

Excel Referenc Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv CIAC
Slippage for RP's **1.2214**

		Oct-Dec 2012	2013 Additions	2014 Additions			Forecast Period Additions July 2013 - July 2014
Non-Tax CIAC Depr. Credit		212,761	884,922	914,831	#	#	904,057
Tax CIAC Depr. Credit		40,629	165,055	167,297	#	#	166,489
Non-Tax CIAC COR Credit		95,107	397,924	413,370	#	#	407,806
Tax CIAC COR Credit		29,437	120,287	122,529	#	#	121,721

Monthly Life Rate	Monthly COR Rate	Utility	SAP GL Account	Account Description	Plant Account	NARUC 96 Account	Oct-Dec 2012	2013 Additions	2014 Additions			Forecast Period Add's July 2013 - July 2014
-0.1200%	-0.0183%	Water	27111000	CIAC-NT Mains	271110	271.1	(87,941)	(579,860)	(290,133)			(323,366)
-0.1200%	-0.0183%	Water	27112000	CIAC-NT Ext Dep	271120	271.1	(131,325)	(865,924)	(433,266)			(482,893)
-0.1250%	-0.1250%	Water	27113000	CIAC-NT Svcs	271130	271.1	(211,644)	(1,395,529)	(698,255)			(778,233)
-0.2208%	-0.0142%	Water	27114000	CIAC-NT Meters	271140	271.1	(27,555)	(181,689)	(90,908)			(101,321)
-0.0992%	-0.0250%	Water	27115000	CIAC-NT Hydrants	271150	271.1	(15,829)	(104,375)	(52,224)			(58,206)
-0.1567%	-0.0317%	Water	27116000	CIAC-NT Other	271160	271.1	(1,173)	(7,731)	(3,868)			(4,312)
0.0000%	0.0000%	Water	27117000	CIAC-NT WIP	271170	271.1	(74,457)	(490,948)	(245,646)			(273,783)
0.0000%	0.0000%	Water	27118000	CIAC-NT NUP Property	271180	271.1	0	0	0			0
-0.1200%	-0.0183%	Water	27121000	CIAC-Tax Mains	271210	271.1	0	0	0			0
-0.1200%	-0.0183%	Water	27122000	CIAC-Tax Ext Dep	271220	271.1	0	0	0			0
-0.1250%	-0.1250%	Water	27123000	CIAC-Tax Svcs	271230	271.1	(36,349)	(239,675)	(119,922)			(133,658)
-0.2208%	-0.0142%	Water	27124000	CIAC-Tax Meters	271240	271.1	0	0	0			0
-0.0992%	-0.0250%	Water	27125000	CIAC-Tax Hydrants	271250	271.1	0	0	0			0
-0.1567%	-0.0317%	Water	27126000	CIAC-Tax Other	271260	271.1	0	0	0			0
0.0000%	0.0000%	Water	27127000	CIAC-Tax WIP	271270	271.1	0	0	0			0
		Water	27206000	AccAmort CIAC-Other	272060	272.2	307,869	1,282,846	1,328,201			1,311,863
		Water	27210000	AccAmort CIAC-Tax	272100	272.2	70,065	285,341	289,826			288,210
						Net Activity	(208,338)	(2,297,544)	(316,196)	#	#	
										#	#	
		Sewer	27111000	CIAC-NT Mains	271110	271.1						
		Sewer	27112000	CIAC-NT Ext Dep	271120	271.1						
		Sewer	27113000	CIAC-NT Svcs	271130	271.1						
		Sewer	27114000	CIAC-NT Meters	271140	271.1						
		Sewer	27115000	CIAC-NT Hydrants	271150	271.1						
		Sewer	27116000	CIAC-NT Other	271160	271.1						
		Sewer	27117000	CIAC-NT WIP	271170	271.1						
		Sewer	27118000	CIAC-NT NUP Property	271180	271.1						
		Sewer	27121000	CIAC-Tax Mains	271210	271.1						
		Sewer	27122000	CIAC-Tax Ext Dep	271220	271.1						
		Sewer	27123000	CIAC-Tax Svcs	271230	271.1						
		Sewer	27124000	CIAC-Tax Meters	271240	271.1						
		Sewer	27125000	CIAC-Tax Hydrants	271250	271.1						
		Sewer	27126000	CIAC-Tax Other	271260	271.1						
		Sewer	27127000	CIAC-Tax WIP	271270	271.1						
		Sewer	27206000	AccAmort CIAC-Other	272060	272.2						
		Sewer	27210000	AccAmort CIAC-Tax	272100	272.2						
						Net CIAC:						

Kentucky American Water
Case No. 2012-00520
AFUDC Activity by Month, September 2012 - December 2014

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12)

Workpaper: W/P - 1-4
Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]AFUDC

Excel: Activity

With Slippage

		Bal Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
AFUDC Rate (Approved Case No.2010-00036 til Jul. 2013 & Proposed Aug. 2013 on):			7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%
AFUDC Begin Balance & Activity:		$ 442,219	$ 58,104	$ 66,246	$ 101,283	$ 99,438	$ 90,017	$ 90,720	$ 78,596	$ 50,396	$ 52,767
Additional Equity Gross Up:			$ 20,782	$ 23,695	$ 36,227	$ 35,567	$ 32,197	$ 32,448	$ 28,112	$ 18,026	$ 18,874

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Til In-Svc In-Service Date	AFUDC Bal Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ 226	$ 574	$ 1,686	$ 6,579	$ 5,390	$ -	$ -	$ 83	$ 290	$ 455
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 155	$ 2,711	$ 3,812	$ 5,398	$ 3,684	$ 142	$ 653	$ 1,248	$ 1,881	$ 2,762
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2		$ 206	$ 381	$ 540	$ 368	$ 14	$ 65	$ 125	$ 188	$ 276
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2		$ 154	$ 286	$ 405	$ 276	$ 11	$ 49	$ 94	$ 141	$ 207
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 134	$ 170	$ 286	$ 405	$ 276	$ 11	$ 49	$ 94	$ 141	$ 207
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ -	$ -	$ 709	$ 2,680	$ 1,971	$ -	$ -	$ 37	$ 112	$ 298
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ -	$ -	$ 79	$ 298	$ 219	$ -	$ -	$ 4	$ 12	$ 33
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ 42	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000	R12-**F1	Hydrants, Valves, and Manholes - Repla	335000-Hydrants	10133500	335.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - Repla	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ 37	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ 4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & I	10134600	346.5	Y	6	$ 2,744	$ 3,285	$ 3,937	$ 7,713	$ 7,713	$ 7,713	$ 7,281	$ 7,044	$ 6,430	$ 2,654
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-Gene	10130450	304.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-Gene	10130450	304.5	N	1	$ 778	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304100		Offices and Operations Centers	304100-Struct & Imp-Suppl	10130410	304.2	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340100		Offices and Operations Centers	340100-Office Furniture & I	10134010	340.5	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340300		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346100		Offices and Operations Centers	346100-Comm Equip Non-T	10134600	346.5	N	1	$ 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty	10134100	341.5	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341200		Vehicles	341200-Trans Equip Hvy Du	10134100	341.5	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341300		Vehicles	341300-Trans Equip Auto C	10134100	341.5	N	1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage	10134300	343.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treat	10130430	304.3	Y	2		$ 981	$ 1,820	$ 1,621	$ 781	$ -	$ 131	$ 735	$ 770	$ 990
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other	10130600	306.2	Y	2	$ 12	$ 377	$ 682	$ 608	$ 293	$ -	$ 49	$ 276	$ 289	$ 371
311000		Process Plant Facilities and Equipment	311000-Pumping Equipmer	10131120	311.2	Y	2		$ 708	$ 1,137	$ 1,013	$ 488	$ -	$ 82	$ 459	$ 481	$ 619
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Med	10132010	320.3	Y	2		$ 245	$ 455	$ 405	$ 195	$ -	$ 33	$ 184	$ 192	$ 248
330200		Process Plant Facilities and Equipment	330200-Ground Level Tanks	10133000	330.4	Y	2	$ 273	$ 1,559	$ 455	$ 405	$ 195	$ -	$ 33	$ 184	$ 192	$ 248
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipm	10134400	344.5	Y	2		$ 46	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339600	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ 18,071	$ 2,712	$ 2,841	$ 2,971	$ 2,971	$ 2,971	$ 389	$ 260	$ 130	$ 0
348000		Engineering Studies	348000-Other Tangible Pro	10134800	348.5	Y	6	$ 9,745	$ 1,492	$ 1,515	$ 1,538	$ 1,538	$ 1,538	$ 69	$ 46	$ 23	$ 0
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340200	T12-0102-P	Business Transformation 2010 - 2014	340200-Comp & Periph Equ	10134010	340.5	Y	5/1/2013	$ 269,926	$ 27,357	$ 28,790	$ 30,088	$ 31,799	$ 33,686	$ 34,771	$ 35,849	$ 1,559	
340300		Business Transformation 2010 - 2014	340300-Computer Software	10134010	340.5	Y	5/1/2013		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
AFUDC Activity by Month, September 2012 - December 2014

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12)

Workpaper: W/P - 1-4
Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]AFUDC

Excel: Activity

With Slippage

	Bal Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
AFUDC Rate (Approved Case No.2010-00036 til Jul. 2013 & Proposed Aug. 2013 on):		7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%	7.74%
AFUDC Begin Balance & Activity:	$ 442,219	$ 58,104	$ 66,246	$ 101,283	$ 99,438	$ 90,017	$ 90,720	$ 78,596	$ 50,396	$ 52,767
Additional Equity Gross Up:		$ 20,782	$ 23,695	$ 36,227	$ 35,567	$ 32,197	$ 32,448	$ 28,112	$ 18,026	$ 18,874

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Til In-Svc In-Service Date	AFUDC Bal Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
340315	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Spe	10134010	340.5	N	8/1/2012	$ 11,097	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	9/20/2010		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
330200	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tank:	10133000	330.4	Y	7/15/2012	$ 22,202	$ 3,441	$ 3,313	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013	$ 84,118	$ 6,416	$ 7,209	$ 8,133	$ 8,358	$ 8,583	$ 9,260	$ -	$ -	$ -
333000		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013		$ (1)	$ 93	$ 201	$ 228	$ 254	$ 334	$ -	$ -	$ -
335000		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013		$ (0)	$ 46	$ 101	$ 114	$ 127	$ 167	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311000	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipmer	10131120	311.2	Y	4/15/2013		$ 399	$ 846	$ 3,366	$ 3,868	$ 4,293	$ 4,335	$ -	$ -	$ -
311200		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013		$ 497	$ 832	$ 2,723	$ 3,099	$ 3,417	$ 3,449	$ -	$ -	$ -
339300		Pump Efficiency Replacement	339300-Other P/E-Treatme	10133930	339.3	Y	4/15/2013		$ 86	$ 198	$ 828	$ 953	$ 1,059	$ 1,070	$ -	$ -	$ -
346190		Pump Efficiency Replacement	346190-Remote Control & I	10134600	346.5	Y	4/15/2013	$ 372	$ 57	$ 168	$ 798	$ 924	$ 1,030	$ 1,041	$ -	$ -	$ -
347000		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013		$ 97	$ 209	$ 839	$ 964	$ 1,070	$ 1,081	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
303500	I12-300003	Northern Division Connection	303500-Land & Land Rights	10130350	303.4	Y	12/28/2013		$ 1,041	$ 1,040	$ 1,297	$ 1,314	$ 1,334	$ 1,368	$ 1,451	$ 1,536	$ 1,624
331001		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013	$ 22,280	$ 3,516	$ 3,466	$ 15,226	$ 16,008	$ 16,916	$ 18,446	$ 22,245	$ 26,142	$ 30,138
311540		Northern Division Connection	311540-Pumping Equipmer	10131154	311.4	Y	12/28/2013		$ (2)	$ (4)	$ 426	$ 454	$ 487	$ 543	$ 682	$ 824	$ 970
311200		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013		$ (1)	$ (3)	$ 340	$ 363	$ 390	$ 434	$ 545	$ 659	$ 776
346190		Northern Division Connection	346190-Remote Control & I	10134600	346.5	Y	12/28/2013		$ (0)	$ (1)	$ 85	$ 91	$ 97	$ 109	$ 136	$ 165	$ 194
330100		Northern Division Connection	330100-Elevated Tanks & S	10133000	330.4	Y	12/28/2013		$ (18)	$ (37)	$ 4,255	$ 4,541	$ 4,872	$ 5,430	$ 6,817	$ 8,239	$ 9,698
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-9	Todds and Cleveland Rd Main Extensior	331001-T&D Mains	10133100	331.4	Y	11/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		Todds and Cleveland Rd Main Extensior	335000-Hydrants	10133500	335.4	Y	11/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treati	10130430	304.3	Y	6/15/2015		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-16	North Upper St Main Replacement (34:	331001-T&D Mains	10133100	331.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		North Upper St Main Replacement (34:	333000-Services	10133300	333.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		North Upper St Main Replacement (34:	335000-Hydrants	10133500	335.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treati	10130430	304.3	Y	9/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311000		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipmer	10131120	311.2	Y	9/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311200		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
320100		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Med	10132010	320.3	Y	9/15/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334300		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
									$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311000	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipmer	10131120	311.2	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311200		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339300		Pump Efficiency Repl	339300-Other P/E-Treatme	10133930	339.3	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190		Pump Efficiency Repl	346190-Remote Control & I	10134600	346.5	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
AFUDC Activity by Month, September 2012 - December 2014

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12)

Workpaper: W/P - 1-4
Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]AFUDC

Excel: Activity

With Slippage

		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
AFUDC Rate (Approved Case No.2010-00036 til Jul. 2013 & Proposed Aug. 2013 on):		7.74%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%
AFUDC Begin Balance & Activity:		$ 61,118	$ 73,153	$ 78,103	$ 84,789	$ 87,216	$ 10,026	$ 8,925	$ 7,195	$ 9,711	$ 12,799	$ 15,903
Additional Equity Gross Up:		$ 21,861	$ 28,298	$ 30,213	$ 32,799	$ 33,738	$ 3,878	$ 3,453	$ 2,783	$ 3,757	$ 4,951	$ 6,152

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Til In-Svc In-Service Date	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ 703	$ 918	$ 726	$ 420	$ 218	$ 175	$ 87	$ -	$ 87	$ 175	$ 306
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 3,321	$ 3,698	$ 3,778	$ 3,289	$ 2,500	$ 1,776	$ 743	$ 506	$ 1,023	$ 1,344	$ 2,079
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	$ 332	$ 370	$ 378	$ 329	$ 250	$ 178	$ 74	$ 51	$ 102	$ 134	$ 208
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	$ 249	$ 277	$ 283	$ 247	$ 187	$ 133	$ 56	$ 38	$ 77	$ 101	$ 156
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 249	$ 277	$ 283	$ 247	$ 187	$ 133	$ 56	$ 38	$ 77	$ 101	$ 156
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ 663	$ 1,094	$ 1,417	$ 1,574	$ 1,181	$ 575	$ 181	$ -	$ 39	$ 118	$ 197
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ 74	$ 122	$ 157	$ 175	$ 131	$ 64	$ 20	$ -	$ 4	$ 13	$ 22
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000	R12-**F1	Hydrants, Valves, and Manholes - Repla	335000-Hydrants	10133500	335.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001		Hydrants, Valves, and Manholes - Repla	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334200		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & I	10134600	346.5	Y	6	$ 2,861	$ 5,702	$ 3,916	$ 4,721	$ 5,575	$ 6,468	$ 6,249	$ 3,571	$ 2,678	$ 1,917	$ 1,024
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-Gene	10130450	304.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-Gene	10130450	304.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304100		Offices and Operations Centers	304100-Struct & Imp-Suppl	10130410	304.2	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340100		Offices and Operations Centers	340100-Office Furniture & I	10134010	340.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340300		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346100		Offices and Operations Centers	346100-Comm Equip Non-T	10134600	346.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty	10134100	341.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341200		Vehicles	341200-Trans Equip Hvy Du	10134100	341.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
341300		Vehicles	341300-Trans Equip Auto C	10134100	341.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage	10134300	343.5	N	1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treat	10130430	304.3	Y	2	$ 1,404	$ 1,029	$ 1,149	$ 1,330	$ 668	$ 70	$ -	$ -	$ 122	$ 682	$ 1,065
306000		Process Plant Facilities and Equipment	306000-Lake, River & Othe	10130600	306.2	Y	2	$ 527	$ 386	$ 431	$ 499	$ 251	$ 26	$ 0	$ 0	$ 46	$ 256	$ 399
311000		Process Plant Facilities and Equipment	311000-Pumping Equipmer	10131120	311.2	Y	2	$ 878	$ 643	$ 718	$ 831	$ 418	$ 44	$ (0)	$ (0)	$ 77	$ 426	$ 666
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Med	10132010	320.3	Y	2	$ 351	$ 257	$ 287	$ 332	$ 167	$ 17	$ -	$ -	$ 31	$ 171	$ 266
330200		Process Plant Facilities and Equipment	330200-Ground Level Tank	10133000	330.4	Y	2	$ 351	$ 257	$ 287	$ 332	$ 167	$ 17	$ -	$ -	$ 31	$ 171	$ 266
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipm	10134400	344.5	Y	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339600	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ 0	$ 74	$ 149	$ 223	$ 297	$ 297	$ 297	$ 223	$ 149	$ 74	$ 0
348000		Engineering Studies	348000-Other Tangible Pro	10134800	348.5	Y	6	$ 0	$ 13	$ 26	$ 39	$ 52	$ 52	$ 52	$ 39	$ 26	$ 13	$ 0
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
340200	T12-0102-P	Business Transformation 2010 - 2014	340200-Comp & Periph Equ	10134010	340.5	Y	5/1/2013											
340300		Business Transformation 2010 - 2014	340300-Computer Software	10134010	340.5	Y	5/1/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Kentucky American Water
Case No. 2012-00520
AFUDC Activity by Month, September 2012 - December 2014

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12)

Workpaper: W/P - 1-4
Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]AFUDC

Excel: Activity

With Slippage

		Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
AFUDC Rate (Approved Case No.2010-00036 til Jul. 2013 & Proposed Aug. 2013 on):		7.74%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%	8.18%
AFUDC Begin Balance & Activity:		$ 61,118	$ 73,153	$ 78,103	$ 84,789	$ 87,216	$ 10,026	$ 8,925	$ 7,195	$ 9,711	$ 12,799	$ 15,903
Additional Equity Gross Up:		$ 21,861	$ 28,298	$ 30,213	$ 32,799	$ 33,738	$ 3,878	$ 3,453	$ 2,783	$ 3,757	$ 4,951	$ 6,152

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Til In-Svc In-Service Date	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
340315	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Spe	10134010	340.5	N	8/1/2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	9/20/2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
330200	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tank:	10133000	330.4	Y	7/15/2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
333000		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
335000		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311000	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipmer	10131120	311.2	Y	4/15/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311200		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
339300		Pump Efficiency Replacement	339300-Other P/E-Treatme	10133930	339.3	Y	4/15/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
346190		Pump Efficiency Replacement	346190-Remote Control & I	10134600	346.5	Y	4/15/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
347000		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
303500	I12-300003	Northern Division Connection	303500-Land & Land Rights	10130350	303.4	Y	12/28/2013	$ 1,710	$ 1,899	$ 1,990	$ 2,081	$ 2,153	$ -	$ -	$ -	$ -	$ -	$ -
331001		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013	$ 34,081	$ 40,186	$ 44,353	$ 48,520	$ 51,785	$ -	$ -	$ -	$ -	$ -	$ -
311540		Northern Division Connection	311540-Pumping Equipmer	10131154	311.4	Y	12/28/2013	$ 1,114	$ 1,329	$ 1,481	$ 1,633	$ 1,752	$ -	$ -	$ -	$ -	$ -	$ -
311200		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013	$ 891	$ 1,063	$ 1,185	$ 1,307	$ 1,402	$ -	$ -	$ -	$ -	$ -	$ -
346190		Northern Division Connection	346190-Remote Control & I	10134600	346.5	Y	12/28/2013	$ 223	$ 266	$ 296	$ 327	$ 350	$ -	$ -	$ -	$ -	$ -	$ -
330100		Northern Division Connection	330100-Elevated Tanks & S	10133000	330.4	Y	12/28/2013	$ 11,137	$ 13,291	$ 14,812	$ 16,332	$ 17,524	$ -	$ -	$ -	$ -	$ -	$ -
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-9	Todds and Cleveland Rd Main Extensior	331001-T&D Mains	10133100	331.4	Y	11/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 303	$ 607	$ 1,490	$ 1,803	$ 1,814
335000		Todds and Cleveland Rd Main Extensior	335000-Hydrants	10133500	335.4	Y	11/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 8	$ 16	$ 38	$ 46	$ 47
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treati	10130430	304.3	Y	6/15/2015	$ -	$ -	$ -	$ -	$ -	$ -	$ 74	$ 178	$ 490	$ 1,395	$ 1,507
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 159	$ 462	$ 624	$ 787	$ 988
335000		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ 12	$ 16	$ 20	$ 25
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 159	$ 462	$ 768	$ 773	$ 1,379
335000		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ 12	$ 20	$ 20	$ 35
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-16	North Upper St Main Replacement (34:	331001-T&D Mains	10133100	331.4	Y	12/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 142	$ 415	$ 560	$ 564	$ 1,084
333000		North Upper St Main Replacement (34:	333000-Services	10133300	333.4	Y	12/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 16	$ 47	$ 64	$ 64	$ 124
335000		North Upper St Main Replacement (34:	335000-Hydrants	10133500	335.4	Y	12/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ 12	$ 16	$ 16	$ 31
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
331001	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 142	$ 286	$ 559	$ 835	$ 840
333000		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 16	$ 33	$ 64	$ 95	$ 96
335000		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 4	$ 8	$ 16	$ 24	$ 24
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
304300	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treati	10130430	304.3	Y	9/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 15	$ 30	$ 45	$ 60	$ 60
311000		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipmer	10131120	311.2	Y	9/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 15	$ 30	$ 45	$ 60	$ 60
311200		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 15	$ 30	$ 45	$ 60	$ 60
320100		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Med	10132010	320.3	Y	9/15/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ 30	$ 60	$ 90	$ 120	$ 121
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
334100	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10	$ 67	$ 68	$ 122
334200		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7	$ 48	$ 48	$ 87
334300		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12	$ 77	$ 78	$ 139
								$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
311000	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipmer	10131120	311.2	Y	9/25/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 67	$ 179
311200		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50	$ 135
339300		Pump Efficiency Repl	339300-Other P/E-Treatme	10133930	339.3	Y	9/25/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 17	$ 45
346190		Pump Efficiency Repl	346190-Remote Control & I	10134600	346.5	Y	9/25/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 17	$ 45
347000		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 17	$ 45

Kentucky American Water
Case No. 2012-00520
AFUDC Activity by Month, September 2012 - December 2014

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12)

Workpaper: W/P - 1-4
Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]AFUDC

Excel: Activity

With Slippage

AFUDC Rate (Approved Case No.2010-00036 til Jul. 2013 & Proposed Aug. 2013 on): 8.18% 8.18%

	Jun-14	Jul-14	Oct-Dec -12 Activity	2013 Activity	2014 Activity	Base Per. as of 31-Mar-13	Forecast Aug-13-July 14
AFUDC Begin Balance & Activity:	$ 22,830	$ 33,347	$ 225,633	$ 856,339	$ 330,078		**$ 443,998**
Additional Equity Gross Up:	$ 8,831	$ 12,900					

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Til In-Svc In-Service Date	Jun-14	Jul-14	Oct-Dec -12 Activity	2013 Activity	2014 Activity	Base Per. as of 31-Mar-13	Forecast Aug-13-Jul 14
331001	D12-**01-P	Projects Funded by Others	331001-T&D Mains	10133100	331.4	N	2	$ -	$ -	$ -	$ -	$ -		$ -
335000		Projects Funded by Others	335000-Hydrants	10133500	335.4	N	2	$ -	$ -	$ -	$ -	$ -		$ -
333000		Projects Funded by Others	333000-Services	10133300	333.4	N	2	$ -	$ -	$ -	$ -	$ -		$ -
334100		Projects Funded by Others	334100-Meters	10133410	334.4	N	2	$ -	$ -	$ -	$ -	$ -		$ -
334200		Projects Funded by Others	334200-Meter Installations	10133420	334.4	N	2	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
331001	R12-**A1	Mains - New	331001-T&D Mains	10133100	331.4	Y	2	$ 481	$ 743	$ 8,839	$ 9,378	$ 4,183		$ 4,338
								$ -	$ -	$ -	$ -	$ -		$ -
331001	R12-**B1	Mains - Replaced / Restored	331001-T&D Mains	10133100	331.4	Y	2	$ 3,060	$ 3,555	$ 11,921	$ 28,731	$ 24,064		$ 27,351
333000		Mains - Replaced / Restored	333000-Services	10133300	333.4	Y	2	$ 306	$ 355	$ 1,127	$ 2,873	$ 2,406		$ 2,735
334100		Mains - Replaced / Restored	334100-Meters	10133410	334.4	Y	2	$ 230	$ 267	$ 845	$ 2,155	$ 1,805		$ 2,051
335000		Mains - Replaced / Restored	335000-Hydrants	10133500	335.4	Y	2	$ 230	$ 267	$ 861	$ 2,155	$ 1,805		$ 2,051
								$ -	$ -	$ -	$ -	$ -		$ -
331001	R12-**C1	Mains - Unscheduled	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
331001	R12-**D1	Mains - Relocated	331001-T&D Mains	10133100	331.4	Y	2	$ 551	$ 960	$ 3,389	$ 8,922	$ 6,774		$ 7,887
335000		Mains - Relocated	335000-Hydrants	10133500	335.4	Y	2	$ 61	$ 107	$ 377	$ 991	$ 753		$ 876
								$ -	$ -	$ -	$ -	$ -		$ -
335000	R12-**E1	Hydrants, Valves, and Manholes - New	335000-Hydrants	10133500	335.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
331001		Hydrants, Valves, and Manholes - New	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
335000	R12-**F1	Hydrants, Valves, and Manholes - Repla	335000-Hydrants	10133500	335.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
331001		Hydrants, Valves, and Manholes - Repla	331001-T&D Mains	10133100	331.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
333000	R12-**G1	Services and Laterals - New	333000-Services	10133300	333.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
333000	R12-**H1	Services and Laterals - Replaced	333000-Services	10133300	333.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
334200		Services and Laterals - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
334100	R12-**I1	Meters - New	334100-Meters	10133410	334.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
334100	R12-**J1	Meters - Replaced	334100-Meters	10133410	334.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
334200		Meters - Replaced	334200-Meter Installations	10133420	334.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
334100	R12-**K1	ITS Equipment and Systems	334100-Meters	10133410	334.4	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
346190	R12-**L1	SCADA Equipment and Systems	346190-Remote Control & I	10134600	346.5	Y	6	$ 350	$ 700	$ 14,935	$ 68,078	$ 20,377		$ 42,870
								$ -	$ -	$ -	$ -	$ -		$ -
304500	R12-**M1	Security Equipment and Systems	304500-Struct & Imp-Gene	10130450	304.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
304500	R12-**N1	Offices and Operations Centers	304500-Struct & Imp-Gene	10130450	304.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
304100		Offices and Operations Centers	304100-Struct & Imp-Suppl	10130410	304.2	N	1	$ -	$ -	$ -	$ -	$ -		$ -
340100		Offices and Operations Centers	340100-Office Furniture & I	10134010	340.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
340300		Offices and Operations Centers	340300-Computer Software	10134010	340.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
346100		Offices and Operations Centers	346100-Comm Equip Non-T	10134600	346.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
347000		Offices and Operations Centers	347000-Misc Equipment	10134700	347.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
341100	R12-**O1	Vehicles	341100-Trans Equip Lt Duty	10134100	341.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
341200		Vehicles	341200-Trans Equip Hvy Du	10134100	341.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
341300		Vehicles	341300-Trans Equip Auto C	10134100	341.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
343000	R12-**P1	Tools and Equipment	343000-Tools,Shop,Garage	10134300	343.5	N	1	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
304300	R12-**Q1	Process Plant Facilities and Equipment	304300-Struct & Imp-Treat	10130430	304.3	Y	2	$ 1,188	$ 1,307	$ 4,421	$ 9,058	$ 8,491		$ 8,610
306000		Process Plant Facilities and Equipment	306000-Lake, River & Other	10130600	306.2	Y	2	$ 445	$ 490	$ 1,668	$ 3,397	$ 3,184		$ 3,229
311000		Process Plant Facilities and Equipment	311000-Pumping Equipmer	10131120	311.2	Y	2	$ 742	$ 817	$ 2,858	$ 5,661	$ 5,307		$ 5,381
320100		Process Plant Facilities and Equipment	320100-Wt Equip Non-Med	10132010	320.3	Y	2	$ 297	$ 327	$ 1,105	$ 2,264	$ 2,123		$ 2,153
330200		Process Plant Facilities and Equipment	330200-Ground Level Tank	10133000	330.4	Y	2	$ 297	$ 327	$ 2,419	$ 2,264	$ 2,123		$ 2,153
344000		Process Plant Facilities and Equipment	344000-Laboratory Equipm	10134400	344.5	Y	2	$ -	$ -	$ 46	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
339600	R12-**S1	Engineering Studies	339600-Other P/E-Cps	10133910	339.1	Y	6	$ 0	$ 0	$ 8,524	$ 7,762	$ 1,596		$ 1,784
348000		Engineering Studies	348000-Other Tangible Pro	10134800	348.5	Y	6	$ 0	$ 0	$ 4,546	$ 3,397	$ 282		$ 315
								$ -	$ -	$ -	$ -	$ -		$ -
340200	T12-0102-P	Business Transformation 2010 - 2014	340200-Comp & Periph Equ	10134010	340.5	Y	5/1/2013			$ 86,235	$ 137,663	$ -		$ -
340300		Business Transformation 2010 - 2014	340300-Computer Software	10134010	340.5	Y	5/1/2013	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -

Kentucky American Water
Case No. 2012-00520
AFUDC Activity by Month, September 2012 - December 2014

Automatically calculates: For Projects Deemed AFUDC Eligible, Prior Month CWIP Balance x Annual AFUDC Rate / 12)

Workpaper: W/P - 1-4
Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]AFUDC

Excel: Activity

With Slippage

AFUDC Rate (Approved Case No.2010-00036 til Jul. 2013 & Proposed Aug. 2013 on): 8.18% 8.18%

	Jun-14	Jul-14	Oct-Dec -12 Activity	2013 Activity	2014 Activity	Base Per. as of 31-Mar-13	Forecast Aug-13-July 14
AFUDC Begin Balance & Activity:	$ 22,830	$ 33,347	$ 225,633	$ 856,339	$ 330,078		**$ 443,998**
Additional Equity Gross Up:	$ 8,831	$ 12,900					

JDE Account	FP#	Project Description	JDE / Utility Plant Account	SAP GL Account	NARUC Account	AFUDC?	Mos Til In-Svc In-Service Date	Jun-14	Jul-14	Oct-Dec -12 Activity	2013 Activity	2014 Activity	Base Per. as of 31-Mar-13	Forecast Aug-13-Jul 14
340315	T12-0103-P	Business Transformation 2010 - 2014	340315-Comp Software Spe	10134010	340.5	N	8/1/2012	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
331001	I12-020001	New WTP On Pool 3 of Kentucky	331001-T&D Mains	10133100	331.4	N	9/20/2010	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
330200	I12-020027	Russell Cave Rd Main Extension	330200-Ground Level Tank:	10133000	330.4	Y	7/15/2012	$ -	$ -	$ 6,753	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
331001	I12-020009	US 25 Relocation	331001-T&D Mains	10133100	331.4	N	7/30/2012	$ -	$ -	$ -	$ -	$ -		$ -
333000		US 25 Relocation	333000-Services	10133300	333.4	N	7/30/2012	$ -	$ -	$ -	$ -	$ -		$ -
335000		US 25 Relocation	335000-Hydrants	10133500	335.4	N	7/30/2012	$ -	$ -	$ -	$ -	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
331001	I12-020010	Leestown Road	331001-T&D Mains	10133100	331.4	Y	4/15/2013	$ -	$ -	$ 21,757	$ 26,201	$ -		$ -
333000		Leestown Road	333000-Services	10133300	333.4	Y	4/15/2013	$ -	$ -	$ 293	$ 816	$ -		$ -
335000		Leestown Road	335000-Hydrants	10133500	335.4	Y	4/15/2013	$ -	$ -	$ 146	$ 408	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
311000	I12-020025	Pump Efficiency Replacement	311000-Pumping Equipmer	10131120	311.2	Y	4/15/2013	$ -	$ -	$ 4,612	$ 12,497	$ -		$ -
311200		Pump Efficiency Replacement	311200-Pump Eqp Electric	10131120	311.2	Y	4/15/2013	$ -	$ -	$ 4,052	$ 9,966	$ -		$ -
339300		Pump Efficiency Replacement	339300-Other P/E-Treatme	10133930	339.3	Y	4/15/2013	$ -	$ -	$ 1,112	$ 3,083	$ -		$ -
346190		Pump Efficiency Replacement	346190-Remote Control & I	10134600	346.5	Y	4/15/2013	$ -	$ -	$ 1,023	$ 2,994	$ -		$ -
347000		Pump Efficiency Replacement	347000-Misc Equipment	10134700	347.5	Y	4/15/2013	$ -	$ -	$ 1,145	$ 3,116	$ -		$ -
								$ -	$ -	$ -	$ -	$ -		$ -
303500	I12-300003	Northern Division Connection	303500-Land & Land Rights	10130350	303.4	Y	12/28/2013	$ -	$ -	$ 3,378	$ 18,460	$ -		$ 8,122
331001		Northern Division Connection	331001-T&D Mains	10133100	331.4	Y	12/28/2013	$ -	$ -	$ 22,207	$ 348,820	$ -		$ 184,844
311540		Northern Division Connection	311540-Pumping Equipmer	10131154	311.4	Y	12/28/2013	$ -	$ -	$ 420	$ 11,269	$ -		$ 6,196
311200		Northern Division Connection	311200-Pump Eqp Electric	10131120	311.2	Y	12/28/2013	$ -	$ -	$ 336	$ 9,015	$ -		$ 4,957
346190		Northern Division Connection	346190-Remote Control & I	10134600	346.5	Y	12/28/2013	$ -	$ -	$ 84	$ 2,254	$ -		$ 1,239
330100		Northern Division Connection	330100-Elevated Tanks & S	10133000	330.4	Y	12/28/2013	$ -	$ -	$ 4,200	$ 112,692	$ -		$ 61,958
								$ -	$ -	$ -	$ -	$ -		$ -
331001	IP-1202-9	Todds and Cleveland Rd Main Extensior	331001-T&D Mains	10133100	331.4	Y	11/15/2014	$ 2,138	$ 3,617	$ -	$ -	$ 37,776		$ 11,773
335000		Todds and Cleveland Rd Main Extensior	335000-Hydrants	10133500	335.4	Y	11/15/2014	$ 55	$ 93	$ -	$ -	$ 969		$ 302
								$ -	$ -	$ -	$ -	$ -		$ -
304300	IP-1202-10	KRS Clearwell Improvements (332)	304300-Struct & Imp-Treati	10130430	304.3	Y	6/15/2015	$ 1,838	$ 3,352	$ -	$ -	$ 73,403		$ 8,833
								$ -	$ -	$ -	$ -	$ -		$ -
331001	IP-1202-11	I-75 Main Extension	331001-T&D Mains	10133100	331.4	Y	11/15/2014	$ 1,732	$ 3,207	$ -	$ -	$ 30,564		$ 7,959
335000		I-75 Main Extension	335000-Hydrants	10133500	335.4	Y	11/15/2014	$ 44	$ 82	$ -	$ -	$ 784		$ 204
								$ -	$ -	$ -	$ -	$ -		$ -
331001	IP-1202-13	Greenwich Rd Main Extension	331001-T&D Mains	10133100	331.4	Y	10/15/2014	$ 2,708	$ 4,047	$ -	$ -	$ 22,788		$ 10,296
335000		Greenwich Rd Main Extension	335000-Hydrants	10133500	335.4	Y	10/15/2014	$ 69	$ 104	$ -	$ -	$ 584		$ 264
								$ -	$ -	$ -	$ -	$ -		$ -
331001	IP-1202-16	North Upper St Main Replacement (34:	331001-T&D Mains	10133100	331.4	Y	12/15/2014	$ 1,880	$ 2,888	$ -	$ -	$ 32,448		$ 7,534
333000		North Upper St Main Replacement (34:	333000-Services	10133300	333.4	Y	12/15/2014	$ 215	$ 330	$ -	$ -	$ 3,708		$ 861
335000		North Upper St Main Replacement (34:	335000-Hydrants	10133500	335.4	Y	12/15/2014	$ 54	$ 83	$ -	$ -	$ 927		$ 215
								$ -	$ -	$ -	$ -	$ -		$ -
331001	IP-1202-20	KY Major Highway	331001-T&D Mains	10133100	331.4	Y	12/15/2014	$ 1,126	$ 1,801	$ -	$ -	$ 23,944		$ 5,590
333000		KY Major Highway	333000-Services	10133300	333.4	Y	12/15/2014	$ 129	$ 206	$ -	$ -	$ 2,736		$ 639
335000		KY Major Highway	335000-Hydrants	10133500	335.4	Y	12/15/2014	$ 32	$ 51	$ -	$ -	$ 684		$ 160
								$ -	$ -	$ -	$ -	$ -		$ -
304300	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	304300-Struct & Imp-Treati	10130430	304.3	Y	9/15/2014	$ 123	$ 283	$ -	$ -	$ 1,188		$ 616
311000		RRS Carbon and Pre-Chlorine Feed	311000-Pumping Equipmer	10131120	311.2	Y	9/15/2014	$ 123	$ 283	$ -	$ -	$ 1,188		$ 616
311200		RRS Carbon and Pre-Chlorine Feed	311200-Pump Eqp Electric	10131120	311.2	Y	9/15/2014	$ 123	$ 283	$ -	$ -	$ 1,188		$ 616
320100		RRS Carbon and Pre-Chlorine Feed	320100-Wt Equip Non-Med	10132010	320.3	Y	9/15/2014	$ 246	$ 567	$ -	$ -	$ 2,377		$ 1,231
								$ -	$ -	$ -	$ -	$ -		$ -
334100	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	334100-Meters	10133410	334.4	Y	7/30/2014	$ 283	$ -	$ -	$ -	$ 550		$ 550
334200		KRS Hydrotreater Valve & Flow Meter	334200-Meter Installations	10133420	334.4	Y	7/30/2014	$ 202	$ -	$ -	$ -	$ 393		$ 393
334300		KRS Hydrotreater Valve & Flow Meter	334300-Meter Vaults	10133410	334.4	Y	7/30/2014	$ 323	$ -	$ -	$ -	$ 629		$ 629
								$ -	$ -	$ -	$ -	$ -		$ -
311000	IP-1202-39	Pump Efficiency Repl	311000-Pumping Equipmer	10131120	311.2	Y	9/25/2014	$ 460	$ 740	$ -	$ -	$ 2,391		$ 1,447
311200		Pump Efficiency Repl	311200-Pump Eqp Electric	10131120	311.2	Y	9/25/2014	$ 345	$ 555	$ -	$ -	$ 1,793		$ 1,085
339300		Pump Efficiency Repl	339300-Other P/E-Treatme	10133930	339.3	Y	9/25/2014	$ 115	$ 185	$ -	$ -	$ 598		$ 362
346190		Pump Efficiency Repl	346190-Remote Control & I	10134600	346.5	Y	9/25/2014	$ 115	$ 185	$ -	$ -	$ 598		$ 362
347000		Pump Efficiency Repl	347000-Misc Equipment	10134700	347.5	Y	9/25/2014	$ 115	$ 185	$ -	$ -	$ 598		$ 362

Kentucky American Water
Case No. 2012-00520
Depreciation Expense Activity (Net of CIAC Amortization) by Month, September 2012 - December 2014
Automatically calculates: (Prior Month UPIS Balance-UPIS Not Depreciating) X (Annual Depreciation Rate/12) - Monthly Depreciation Adjustment
Workpaper # W/P - 4-1
Excel Referen Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv Depr Exp
With Slippage

	Oct-12	Nov-12	Dec-12	Jan-13
Water Depreciation Expense (Line 78)	$ 974,012	$ 978,473	$ 982,166	$ 989,653
Less Water CIAC Depreciation Credit	$ 84,246	$ 84,463	$ 84,681	$ 84,898
Net Depreciation Expense	$ 889,766	$ 894,010	$ 897,486	$ 904,756

Line	Proposed Deprec. Rate	Annual Deprec. Rate	UPIS Not Deprec.	Monthly Deprec. Adjust	Utility	Account	Utility Plant Account	SAP G/L Account	NARUC Acct	UPIS Bal Sep-12 less UPIS Not Depreciating	Oct-12	Nov-12	Dec-12	Jan-13
1		0.00%		$ -	Water	301000-Organization	301000	10130100	301.1	$ 37,450	0.00	0.00	0.00	0.00
2		0.00%		$ -	Water	302000-Franchises	302000	10130200	302.1	$ 70,261	0.00	0.00	0.00	0.00
3		0.00%		$ -	Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	$ 1,077,363	0.00	0.00	0.00	0.00
4		0.00%		$ -	Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	$ 195,966	0.00	0.00	0.00	0.00
5		0.00%		$ -	Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	$ 800,183	0.00	0.00	0.00	0.00
6		0.00%		$ -	Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	$ 7,473,931	0.00	0.00	0.00	0.00
7		2.92%	$ -	$ -	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	$ 6,953,802	16,920.92	16,938.70	16,938.25	16,937.80
8		2.37%	$ -	$ -	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	$ 9,642,371	19,043.68	19,038.81	19,033.94	19,029.08
9		2.46%	$ -	$ -	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	$ 25,719,554	52,725.08	52,716.01	52,706.93	53,009.60
10		2.50%	$ -	$ -	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	$ 915,117	1,906.49	1,906.49	1,906.49	1,906.49
11		2.82%	$ -	$ -	Water	304500-Struct & Imp-General	304500	10130450	304.5	$ 3,927,194	9,228.91	9,239.99	9,408.07	9,402.48
12		1.91%	$ -	$ -	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	$ 5,749,699	9,151.60	9,151.07	9,150.53	9,149.99
13		0.00%	$ -	$ -	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	$ 10,570	0.00	0.00	0.00	0.00
14		2.03%	$ -	$ -	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	$ 1,789,335	3,026.96	3,026.62	3,026.28	3,025.94
15		4.53%	$ -	$ -	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	$ 1,752,103	6,614.19	6,596.23	6,578.27	6,560.31
16		1.33%	$ -	$ -	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	$ 992,394	1,099.90	1,099.51	1,099.12	1,098.73
17		2.05%	$ -	$ -	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	$ 7,162,528	12,235.99	12,235.61	12,237.78	12,334.82
18		2.00%	$ -	$ -	Water	309000-Supply Mains	309000	10130900	309.2	$ 27,882,438	46,470.73	46,470.71	46,470.69	46,470.67
19		2.93%	$ -	$ -	Water	310000-Power Generation Equip	310000	10131000	310.2	$ 3,392,145	8,282.49	8,279.85	8,277.22	8,274.58
20		1.87%	$ -	$ -	Water	311200-Pump Eqp Electric	311200	10131120	311.2	$ 9,650,869	15,039.27	15,031.56	15,046.82	15,187.21
21		1.88%	$ -	$ -	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	$ 704,706	1,104.04	1,103.44	1,102.84	1,102.24
22		1.90%	$ -	$ -	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	$ 7,728	12.24	12.24	12.24	12.24
23		0.00%	$ -	$ -	Water	311500-Pump Eqp Other	311500	10131150	311.2	$ -	0.00	0.00	0.00	0.00
24		2.02%	$ -	$ -	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	$ 14,815,585	24,939.57	24,932.32	24,925.07	24,917.82
25		2.02%	$ -	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	$ -	0.00	0.00	0.00	0.00
26		2.02%	$ -	$ -	Water	311540-Pumping Equipment TD	311540	10131154	311.4	$ 109,092	183.64	180.64	177.64	174.64
27		2.16%	$ -	$ -	Water	320100-WT Equip Non-Media	320100	10132010	320.3	$ 53,685,967	96,634.74	96,580.46	96,526.17	96,540.32
28		24.28%	$ -	$ -	Water	320200-WT Equip Filter Media	320200	10132010	320.3	$ 508,588	10,290.43	10,290.43	10,290.43	10,290.43
29		1.66%	$ -	$ -	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	$ 1,771,358	2,450.38	2,450.38	2,450.38	2,450.38
30		1.62%	$ -	$ -	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	$ 10,230,642	13,811.37	13,809.63	13,807.89	13,806.14
31		1.38%	$ -	$ -	Water	330200-Ground Level Tanks	330200	10133000	330.4	$ 2,677,265	3,078.86	3,078.86	3,313.11	3,951.35
32		1.68%	$ -	$ -	Water	330400-Clearwell	330400	10133000	330.4	$ 2,581,757	3,614.46	3,614.46	3,614.46	3,614.46
33		1.44%	$ -	$ -	Water	331001-TD Mains Not Classified	331001	10133100	331.4	$ 148,900,369	178,680.44	178,824.55	179,500.88	180,283.83
34		1.44%	$ -	$ -	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	$ 5,575,212	6,690.25	6,690.25	6,690.25	6,690.25
35		1.44%	$ -	$ -	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	$ 20,849,197	25,019.04	25,018.98	25,018.93	25,018.88
36		1.44%	$ -	$ -	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	$ 9,097,048	10,916.46	10,916.46	10,916.46	10,916.46
37		1.44%	$ -	$ -	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	$ 72,803,762	87,364.51	87,364.48	87,364.44	87,364.40
38		1.50%	$ -	$ -	Water	333000-Services	333000	10133300	333.4	$ 47,271,866	59,089.83	59,363.83	59,680.87	59,970.40
39		2.44%	$ -	$ -	Water	334100-Meters	334100	10133410	334.4	$ 11,080,862	22,531.09	24,348.61	25,791.99	29,884.91
40		2.49%	$ -	$ -	Water	334110-Meters Bronze Case	334110	10133410	334.4	$ 2,275,603	4,721.88	4,721.27	4,720.66	4,720.05
41		2.95%	$ -	$ -	Water	334120-Meters Plastic Case	334120	10133410	334.4	$ 448,304	1,102.08	1,070.52	1,038.96	1,007.40
42		2.64%	$ -	$ -	Water	334130-Meters Other	334130	10133410	334.4	$ 6,522,761	14,350.07	14,289.48	14,228.88	14,168.28
43		2.64%	$ -	$ -	Water	334131-Meter Reading Units	334131	10133410	334.4	$ 314,141	691.11	691.11	691.11	691.11
44		2.53%	$ -	$ -	Water	334200-Meter Installations	334200	10133420	334.4	$ 18,416,593	38,828.32	38,828.44	38,898.91	38,897.68
45		2.48%	$ -	$ -	Water	334300-Meter Vaults	334300	10133410	334.4	$ 504,160	1,041.93	1,041.86	1,041.79	1,041.72
46		1.19%	$ -	$ -	Water	335000-Hydrants	335000	10133500	335.4	$ 13,641,556	13,527.88	13,561.74	13,619.12	13,671.00
47		19.40%	$ -	$ -	Water	339100-Other P/E-Intangible	339100	10133910	339.1	$ 8,375	135.39	135.39	135.39	135.39
48		10.72%	$ -	$ -	Water	339600-Other P/E-CPS	339600	10133910	339.1	$ 306,385	2,737.04	2,737.04	2,737.04	2,737.04
49		5.00%	$ 103,460	$ 621.33	Water	340100-Office Furniture & Equip	340100	10134010	340.5	$ 574,449	1,772.21	2,307.62	2,296.92	2,286.22
50		20.00%	$ 11,522	$ (327.13)	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	$ 77,462	1,618.16	1,610.86	1,603.56	1,596.26

Kentucky American Water
Case No. 2012-00520
Depreciation Expense Activity (Net of CIAC Amortization) by Month, September 2012 - December 2014
Automatically calculates: (Prior Month UPIS Balance-UPIS Not Depreciating) X (Annual Depreciation Rate/12) - Monthly Depreciation Adjustment
Workpaper # W/P - 4-1
Excel Referen Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv Depr Exp
With Slippage

	Oct-12	Nov-12	Dec-12	Jan-13
Water Depreciation Expense (Line 78)	$ 974,012	$ 978,473	$ 982,166	$ 989,653
Less Water CIAC Depreciation Credit	$ 84,246	$ 84,463	$ 84,681	$ 84,898
Net Depreciation Expense	$ 889,766	$ 894,010	$ 897,486	$ 904,756

Line	Proposed Deprec. Rate	Annual Deprec. Rate	UPIS Not Deprec.	Monthly Deprec. Adjust	Utility	Account	Utility Plant Account	SAP G/L Account	NARUC Acct	UPIS Bal Sep-12 less UPIS Not Depreciating	Oct-12	Nov-12	Dec-12	Jan-13
51		20.00%	$ 414,948	$ 11,658.50	Water	340220-Comp & Periph Personal	340220	10134010	340.5	$ 562,380	(2,285.50)	(2,420.40)	(2,555.30)	(2,690.20)
52		20.00%	$ 88,579	$ (1,285.29)	Water	340230-Comp & Periph Other	340230	10134010	340.5	$ 662,596	12,328.56	12,313.23	12,297.89	12,282.56
53		0.00%	$ -	$ -	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	$ -	0.00	0.00	0.00	0.00
54		20.00%	$ 3,459,484	$ 8,263.93	Water	340300-Computer Software	340300	10134010	340.5	$ 346,435	(2,490.01)	(2,595.64)	(2,832.84)	(3,070.04)
55		20.00%	$ 400	$ 7,080.67	Water	340320-Comp Software Personal	340320	10134010	340.5	$ 3,081	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)
56		20.00%	$ -	$ -	Water	340325-Comp Software Customized	340325	10134010	340.5	$ 700,218	11,670.30	11,670.30	11,670.30	11,670.30
57		20.00%	$ 527,874	$ 1,759.42	Water	340330-Comp Software Other	340330	10134010	340.5	$ 237,207	2,194.04	2,194.04	2,194.04	2,194.04
58		6.67%	$ 4,285	$ 252.90	Water	340500-Other Office Equipment	340500	10134010	340.5	$ 69,553	133.70	130.87	128.04	125.20
59		1.91%	$ -	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	$ 2,119,633	3,373.75	3,399.93	3,379.29	3,384.31
60		2.75%	$ -	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	$ 1,737,108	3,980.87	4,064.06	4,079.35	4,131.59
61		10.00%	$ 96,396	$ -	Water	341300-Trans Equip Autos	341300	10134100	341.5	$ 31,569	263.08	597.18	678.27	897.78
62		5.51%	$ -	$ -	Water	341400-Trans Equip Other	341400	10134100	341.5	$ 602,305	2,765.58	2,759.59	2,753.60	2,747.61
63		4.00%	$ 2,268	$ 37.70	Water	342000-Stores Equipment	342000	10134200	342.5	$ 35,841	81.77	81.64	81.51	81.39
64		5.00%	$ 167,786	$ 1,699.33	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	$ 1,978,150	6,542.96	6,570.09	6,869.29	7,321.16
65		6.67%	$ 121,286	$ 2,098.00	Water	344000-Laboratory Equipment	344000	10134400	344.5	$ 1,179,110	4,455.89	4,441.19	4,466.28	4,451.58
66		2.52%	$ -	$ -	Water	345000-Power Operated Equipment	345000	10134500	345.5	$ 1,465,286	3,077.10	3,073.97	3,070.84	3,067.71
67		6.67%	$ 189,097	$ (7,397.33)	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	$ 1,594,567	16,260.46	16,754.94	16,729.89	16,704.85
68		6.67%	$ -	$ (12.57)	Water	346190-Remote Control & Instrument	346190	10134600	346.5	$ 1,528,986	8,511.18	8,511.18	8,511.18	8,511.18
69		6.67%	$ -	$ (176.00)	Water	346200-Comm Equip Telephone	346200	10134600	346.5	$ 283,749	1,753.17	1,753.17	1,753.17	1,753.17
70		5.00%	$ 87,357	$ (766.67)	Water	347000-Misc Equipment	347000	10134700	347.5	$ 1,196,305	5,751.28	5,799.23	5,795.79	5,792.36
71		5.00%	$ -	$ 3,274.67	Water	348000-Other Tangible Property	348000	10134800	348.5	$ 138,485	(2,697.65)	(2,697.65)	(2,697.65)	(2,697.65)
72		5.00%	$ -	$ -	Water	354200-WW Struct & Imp Collection	354200	10135420	354.2	$ -	0.00	0.00	0.00	0.00
73	10.00%	20.00%	$ -	$ -	Water	340315-Comp Software Specia	340315	10134010	C3405	$ 4,601,216	76,686.93	77,795.35	78,745.90	79,694.86
74		0.00%	$ -	$ -	Water	339300-Other P/E-Treatment	339300	10133930	C3393	$ -	0.00	0.00	0.00	0.00
75						**Water Life Rate Depreciation Expense**					$ 974,012	$ 978,473	$ 982,166	$ 989,653

Kentucky American Water
Case No. 2012-00520
Depreciation Expense Activity (Net of CIAC Amortization) by Month, September 2012 - December 2014
Automatically calculates: (Prior Month UPIS Balance-UPIS Not Depreciating) X (Annual Depreciation Rate/12)
- Monthly Depreciation Adjustment
Workpaper # W/P - 4-1
Excel Referen Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv Depr Exp
With Slippage

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
	$ 992,013	$ 997,424	$ 1,004,641	$ 1,012,205	$ 1,105,864	$ 1,112,957	$ 1,029,526	$ 1,032,263
	$ 85,054	$ 87,103	$ 87,259	$ 87,477	$ 87,687	$ 87,911	$ 88,081	$ 88,284
	$ 906,959	$ 910,320	$ 917,382	$ 924,729	$ 1,018,177	$ 1,025,046	$ 941,446	$ 943,979

Line	Proposed Deprec. Rate	Annual Deprec. Rate	UPIS Not Deprec.	Monthly Deprec. Adjust	Utility	Account	Utility Plant Account	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
1		0.00%		$ -	Water	301000-Organization	301000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2		0.00%		$ -	Water	302000-Franchises	302000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3		0.00%		$ -	Water	303200-Land & Land Rights-Supply	303200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4		0.00%		$ -	Water	303300-Land & Land Rights-Pumping	303300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5		0.00%		$ -	Water	303400-Land & Land Rights-Treatment	303400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6		0.00%		$ -	Water	303500-Land & Land Rights-T&D	303500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7		2.92%	$ -	$ -	Water	304100-Struct & Imp-Supply	304100	16,937.36	16,936.91	16,936.47	16,936.02	16,935.58	16,935.13	16,934.68	16,934.24
8		2.37%	$ -	$ -	Water	304200-Struct & Imp-Pumping	304200	19,024.21	19,019.34	19,014.47	19,009.60	19,004.73	18,999.86	18,994.99	18,990.12
9		2.46%	$ -	$ -	Water	304300-Struct & Imp-Treatment	304300	53,267.19	53,506.49	53,497.41	53,488.34	53,520.82	53,703.79	53,747.32	54,000.42
10		2.50%	$ -	$ -	Water	304400-Struct & Imp-T&D	304400	1,906.49	1,906.49	1,906.49	1,906.49	1,906.49	1,906.49	1,906.49	1,906.49
11		2.82%	$ -	$ -	Water	304500-Struct & Imp-General	304500	9,402.48	9,402.48	9,402.48	9,402.48	9,462.78	9,523.09	9,658.77	9,734.16
12		1.91%	$ -	$ -	Water	304600-Struct & Imp-Offices	304600	9,149.46	9,148.92	9,148.38	9,147.84	9,147.31	9,146.77	9,146.23	9,145.70
13		0.00%	$ -	$ -	Water	304610-Struct & Imp-HVAC	304610	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14		2.03%	$ -	$ -	Water	304700-Struct & Imp-Store,Shop,Gar	304700	3,025.60	3,025.26	3,024.92	3,024.58	3,024.24	3,023.90	3,023.56	3,023.22
15		4.53%	$ -	$ -	Water	304800-Struct & Imp-Misc	304800	6,542.35	6,524.39	6,506.43	6,488.48	6,470.52	6,452.56	6,434.60	6,416.64
16		1.33%	$ -	$ -	Water	305000-Collect & Impound Reservoirs	305000	1,098.34	1,097.95	1,097.56	1,097.17	1,096.78	1,096.39	1,096.00	1,095.61
17		2.05%	$ -	$ -	Water	306000-Lake, River & Other Intakes	306000	12,417.78	12,495.01	12,494.64	12,494.26	12,506.87	12,566.50	12,582.56	12,664.11
18		2.00%	$ -	$ -	Water	309000-Supply Mains	309000	46,470.65	46,470.63	46,470.61	46,470.60	46,470.58	46,470.56	46,470.54	46,470.52
19		2.93%	$ -	$ -	Water	310000-Power Generation Equip	310000	8,271.94	8,269.31	8,266.67	8,264.04	8,261.40	8,258.77	8,256.13	8,253.49
20		1.87%	$ -	$ -	Water	311200-Pump Eqp Electric	311200	15,306.19	15,416.47	15,408.76	17,326.66	17,383.55	17,579.23	17,708.66	17,847.93
21		1.88%	$ -	$ -	Water	311300-Pump Eqp Diesel	311300	1,101.64	1,101.04	1,100.44	1,099.85	1,099.25	1,098.65	1,098.05	1,097.45
22		1.90%	$ -	$ -	Water	311400-Pump Eqp Hydraulic	311400	12.24	12.24	12.24	12.24	12.24	12.24	12.24	12.24
23		0.00%	$ -	$ -	Water	311500-Pump Eqp Other	311500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24		2.02%	$ -	$ -	Water	311520-Pump Eqp-SOS & Pumping	311520	24,910.58	24,903.33	24,896.08	24,888.83	24,881.58	24,874.33	24,867.09	24,859.84
25		2.02%	$ -	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26		2.02%	$ -	$ -	Water	311540-Pumping Equipment TD	311540	171.64	168.64	165.65	162.65	159.65	156.65	153.65	150.65
27		2.16%	$ -	$ -	Water	320100-WT Equip Non-Media	320100	96,544.57	96,544.80	96,490.52	96,436.23	96,391.07	96,378.94	96,336.20	96,339.47
28		24.28%	$ -	$ -	Water	320200-WT Equip Filter Media	320200	10,290.43	10,290.43	10,290.43	10,290.43	10,290.43	10,290.43	10,290.43	10,290.43
29		1.66%	$ -	$ -	Water	330000-Dist Reservoirs & Standpipes	330000	2,450.38	2,450.38	2,450.38	2,450.38	2,450.38	2,450.38	2,450.38	2,450.38
30		1.62%	$ -	$ -	Water	330100-Elevated Tanks & Standpipes	330100	13,804.40	13,802.66	13,800.92	13,799.18	13,797.44	13,795.70	13,793.96	13,792.22
31		1.38%	$ -	$ -	Water	330200-Ground Level Tanks	330200	3,988.75	4,023.58	4,023.58	4,023.58	4,029.41	4,056.34	4,063.72	4,100.49
32		1.68%	$ -	$ -	Water	330400-Clearwell	330400	3,614.46	3,614.46	3,614.46	3,614.46	3,614.46	3,614.46	3,614.46	3,614.46
33		1.44%	$ -	$ -	Water	331001-TD Mains Not Classified	331001	181,236.67	183,490.05	183,675.63	185,750.62	186,134.11	186,546.65	187,093.95	187,800.60
34		1.44%	$ -	$ -	Water	331100-TD Mains 4in & Less	331100	6,690.25	6,690.25	6,690.25	6,690.25	6,690.25	6,690.24	6,690.24	6,690.24
35		1.44%	$ -	$ -	Water	331200-TD Mains 6in to 8in	331200	25,018.83	25,018.78	25,018.73	25,018.67	25,018.62	25,018.57	25,018.52	25,018.47
36		1.44%	$ -	$ -	Water	331300-TD Mains 10in to 16in	331300	10,916.46	10,916.46	10,916.46	10,916.46	10,916.46	10,916.46	10,916.46	10,916.46
37		1.44%	$ -	$ -	Water	331400-TD Mains 18in & Grtr	331400	87,364.36	87,364.32	87,364.29	87,364.25	87,364.21	87,364.17	87,364.14	87,364.10
38		1.50%	$ -	$ -	Water	333000-Services	333000	60,185.44	60,467.47	60,725.12	61,062.35	61,351.80	61,641.43	61,939.27	62,243.58
39		2.44%	$ -	$ -	Water	334100-Meters	334100	29,955.30	30,804.30	31,056.52	32,529.24	34,227.68	35,611.47	36,374.69	36,700.14
40		2.49%	$ -	$ -	Water	334110-Meters Bronze Case	334110	4,719.44	4,718.83	4,718.22	4,717.61	4,717.00	4,716.39	4,715.78	4,715.17
41		2.95%	$ -	$ -	Water	334120-Meters Plastic Case	334120	975.84	944.28	912.72	881.16	849.59	818.03	786.47	754.91
42		2.64%	$ -	$ -	Water	334130-Meters Other	334130	14,107.68	14,047.08	13,986.49	13,925.89	13,865.29	13,804.69	13,744.09	13,683.49
43		2.64%	$ -	$ -	Water	334131-Meter Reading Units	334131	691.11	691.11	691.11	691.11	691.11	691.11	691.11	691.11
44		2.53%	$ -	$ -	Water	334200-Meter Installations	334200	38,896.44	38,895.20	38,893.96	38,892.72	38,891.49	38,890.25	38,889.01	38,887.77
45		2.48%	$ -	$ -	Water	334300-Meter Vaults	334300	1,041.65	1,041.58	1,041.51	1,041.44	1,041.37	1,041.30	1,041.23	1,041.16
46		1.19%	$ -	$ -	Water	335000-Hydrants	335000	13,737.81	13,845.37	13,887.41	13,964.17	14,021.23	14,084.03	14,159.73	14,242.99
47		19.40%	$ -	$ -	Water	339100-Other P/E-Intangible	339100	135.39	135.39	135.39	135.39	135.39	135.39	135.39	135.39
48		10.72%	$ -	$ -	Water	339600-Other P/E-CPS	339600	2,737.04	2,737.04	6,312.84	6,492.59	6,672.34	6,852.10	6,852.10	6,852.10
49		5.00%	$ 103,460	$ 621.33	Water	340100-Office Furniture & Equip	340100	2,275.52	2,264.82	2,254.12	2,243.42	2,232.72	2,222.03	2,211.33	2,200.63
50		20.00%	$ 11,522	$ (327.13)	Water	340210-Comp & Periph Mainframe	340210	1,588.95	1,581.65	1,574.35	1,567.05	1,559.74	1,552.44	1,545.14	1,537.84

Kentucky American Water
Case No. 2012-00520
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Workpaper # W/P - 4-1
Excel Referen Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv Depr Exp
With Slippage

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
	$ 992,013	$ 997,424	$ 1,004,641	$ 1,012,205	$ 1,105,864	$ 1,112,957	$ 1,029,526	$ 1,032,263
	$ 85,054	$ 87,103	$ 87,259	$ 87,477	$ 87,687	$ 87,911	$ 88,081	$ 88,284
	$ 906,959	$ 910,320	$ 917,382	$ 924,729	$ 1,018,177	$ 1,025,046	$ 941,446	$ 943,979

Line	Proposed Deprec. Rate	Annual Deprec. Rate	UPIS Not Deprec.	Monthly Deprec. Adjust	Utility	Account	Utility Plant Account	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
51		20.00%	$ 414,948	$ 11,658.50	Water	340220-Comp & Periph Personal	340220	(2,825.10)	(2,960.00)	(3,094.90)	(3,229.80)	(3,364.70)	(3,499.60)	(3,634.50)	(3,769.40)
52		20.00%	$ 88,579	$ (1,285.29)	Water	340230-Comp & Periph Other	340230	12,267.23	12,251.89	12,236.56	12,221.23	12,205.89	12,190.56	12,175.23	12,159.89
53		0.00%	$ -	$ -	Water	340240-Comp & Periph Capital Lease	340240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
54		20.00%	$ 3,459,484	$ 8,263.93	Water	340300-Computer Software	340300	(3,307.24)	(3,544.44)	(3,781.65)	(4,018.85)	(4,256.05)	(4,493.25)	(4,730.45)	(4,967.65)
55		20.00%	$ 400	$ 7,080.67	Water	340320-Comp Software Personal	340320	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)
56		20.00%	$ -	$ -	Water	340325-Comp Software Customized	340325	11,670.30	11,670.30	11,670.30	11,670.30	11,670.30	11,670.30	11,670.30	11,670.30
57		20.00%	$ 527,874	$ 1,759.42	Water	340330-Comp Software Other	340330	2,194.04	2,194.04	2,194.04	2,194.04	2,194.04	2,194.04	2,194.04	2,194.04
58		6.67%	$ 4,285	$ 252.90	Water	340500-Other Office Equipment	340500	122.37	119.54	116.71	113.88	111.04	108.21	105.38	102.55
59		1.91%	$ -	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	3,343.99	3,303.67	3,263.35	3,223.03	3,216.40	3,176.08	3,348.05	3,307.73
60		2.75%	$ -	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	4,118.55	4,105.52	4,092.48	4,079.45	4,114.93	4,101.89	4,394.51	4,381.47
61		10.00%	$ 96,396	$ -	Water	341300-Trans Equip Autos	341300	872.73	847.68	822.63	797.58	954.31	929.26	2,049.36	2,024.31
62		5.51%	$ -	$ -	Water	341400-Trans Equip Other	341400	2,741.62	2,735.63	2,729.64	2,723.65	2,717.66	2,711.66	2,705.67	2,699.68
63		4.00%	$ 2,268	$ 37.70	Water	342000-Stores Equipment	342000	81.26	81.13	81.00	80.87	80.75	80.62	80.49	80.36
64		5.00%	$ 167,786	$ 1,699.33	Water	343000-Tools,Shop,Garage Equip	343000	7,319.44	7,371.19	7,438.98	7,677.84	8,264.21	8,315.95	8,340.97	8,873.86
65		6.67%	$ 121,286	$ 2,098.00	Water	344000-Laboratory Equipment	344000	4,436.88	4,422.19	4,407.49	4,392.79	4,378.10	4,363.40	4,348.71	4,334.01
66		2.52%	$ -	$ -	Water	345000-Power Operated Equipment	345000	3,064.58	3,061.45	3,058.32	3,055.19	3,052.06	3,048.93	3,045.80	3,042.67
67		6.67%	$ 189,097	$ (7,397.33)	Water	346100-Comm Equip Non-Telephone	346100	16,679.80	16,654.75	16,629.71	16,604.66	16,579.61	16,554.57	16,529.52	16,504.47
68		6.67%	$ -	$ (12.57)	Water	346190-Remote Control & Instrument	346190	8,511.18	8,511.18	11,066.49	12,261.94	12,845.93	16,157.21	16,214.36	16,225.79
69		6.67%	$ -	$ (176.00)	Water	346200-Comm Equip Telephone	346200	1,753.17	1,753.17	1,753.17	1,753.17	1,753.17	1,753.17	1,753.17	1,753.17
70		5.00%	$ 87,357	$ (766.67)	Water	347000-Misc Equipment	347000	5,788.93	5,785.50	5,782.07	6,494.13	6,507.83	6,547.24	6,586.64	6,591.78
71		5.00%	$ -	$ 3,274.67	Water	348000-Other Tangible Property	348000	(2,697.65)	(2,697.65)	(1,748.40)	(1,733.61)	(1,718.81)	(1,704.02)	(1,704.02)	(1,704.02)
72		5.00%	$ -	$ -	Water	354200-WW Struct & Imp Collection	354200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
73	10.00%	20.00%	$ -	$ -	Water	340315-Comp Software Specia	340315	80,922.60	83,000.92	83,077.51	83,154.10	173,289.05	174,792.11	88,273.14	89,120.64
74		0.00%	$ -	$ -	Water	339300-Other P/E-Treatment	339300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75							**Water**	**$ 992,013**	**$ 997,424**	**$ 1,004,641**	**$ 1,012,205**	**$ 1,105,864**	**$ 1,112,957**	**$ 1,029,526**	**$ 1,032,263**

Kentucky American Water
Case No. 2012-00520
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Excel Referen Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv Depr Exp
With Slippage

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
	$ 1,036,519	$ 1,038,474	$ 1,040,799	$ 1,056,139	$ 1,057,047	$ 1,060,432	$ 1,063,336	$ 1,059,451
	$ 88,488	$ 88,691	$ 89,044	$ 89,193	$ 89,350	$ 89,499	$ 89,655	$ 89,872
	$ 948,031	$ 949,783	$ 951,754	$ 966,946	$ 967,697	$ 970,933	$ 973,681	$ 969,579

Line	Proposed Deprec. Rate	Annual Deprec. Rate	UPIS Not Deprec.	Monthly Deprec. Adjust	Utility	Account	Utility Plant Account	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
1		0.00%		$ -	Water	301000-Organization	301000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2		0.00%		$ -	Water	302000-Franchises	302000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3		0.00%		$ -	Water	303200-Land & Land Rights-Supply	303200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4		0.00%		$ -	Water	303300-Land & Land Rights-Pumping	303300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5		0.00%		$ -	Water	303400-Land & Land Rights-Treatment	303400	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6		0.00%		$ -	Water	303500-Land & Land Rights-T&D	303500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7		2.92%	$ -	$ -	Water	304100-Struct & Imp-Supply	304100	16,933.79	16,933.35	16,932.90	16,932.46	16,932.01	16,931.57	16,931.12	16,930.67
8		2.37%	$ -	$ -	Water	304200-Struct & Imp-Pumping	304200	18,985.25	18,980.38	18,975.51	18,970.65	18,965.78	18,960.91	18,956.04	18,951.17
9		2.46%	$ -	$ -	Water	304300-Struct & Imp-Treatment	304300	54,175.47	54,291.80	54,502.81	54,673.61	54,685.57	54,676.50	54,667.42	54,658.35
10		2.50%	$ -	$ -	Water	304400-Struct & Imp-T&D	304400	1,906.49	1,906.49	1,906.49	1,906.49	1,906.49	1,906.49	1,906.49	1,865.60
11		2.82%	$ -	$ -	Water	304500-Struct & Imp-General	304500	9,884.92	10,095.99	10,231.67	10,307.05	10,307.05	10,307.05	10,307.05	10,307.05
12		1.91%	$ -	$ -	Water	304600-Struct & Imp-Offices	304600	9,145.16	9,144.62	9,144.08	9,143.55	9,143.01	9,142.47	9,141.94	9,141.40
13		0.00%	$ -	$ -	Water	304610-Struct & Imp-HVAC	304610	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14		2.03%	$ -	$ -	Water	304700-Struct & Imp-Store,Shop,Gar	304700	3,022.88	3,022.54	3,022.20	3,021.87	3,021.53	3,021.19	3,020.85	3,020.51
15		4.53%	$ -	$ -	Water	304800-Struct & Imp-Misc	304800	6,398.68	6,380.72	6,362.76	6,344.80	6,326.85	6,308.89	6,290.93	5,985.94
16		1.33%	$ -	$ -	Water	305000-Collect & Impound Reservoirs	305000	1,095.21	1,094.82	1,094.43	1,094.04	1,093.65	1,093.26	1,092.87	1,092.48
17		2.05%	$ -	$ -	Water	306000-Lake, River & Other Intakes	306000	12,721.27	12,760.09	12,828.48	12,884.32	12,890.51	12,890.13	12,889.75	12,889.38
18		2.00%	$ -	$ -	Water	309000-Supply Mains	309000	46,470.50	46,470.48	46,470.46	46,470.44	46,470.42	46,470.40	46,470.39	46,470.37
19		2.93%	$ -	$ -	Water	310000-Power Generation Equip	310000	8,250.86	8,248.22	8,245.59	8,242.95	8,240.32	8,237.68	8,235.04	8,232.41
20		1.87%	$ -	$ -	Water	311200-Pump Eqp Electric	311200	17,927.70	17,979.56	18,076.41	18,487.45	18,495.37	18,490.36	18,484.66	18,477.33
21		1.88%	$ -	$ -	Water	311300-Pump Eqp Diesel	311300	1,096.85	1,096.25	1,095.65	1,095.05	1,094.45	1,093.85	1,093.25	1,092.65
22		1.90%	$ -	$ -	Water	311400-Pump Eqp Hydraulic	311400	12.24	12.24	12.24	12.24	12.24	12.24	12.24	12.24
23		0.00%	$ -	$ -	Water	311500-Pump Eqp Other	311500	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24		2.02%	$ -	$ -	Water	311520-Pump Eqp-SOS & Pumping	311520	24,852.59	24,845.34	24,838.09	24,830.85	24,823.60	24,816.35	24,809.10	24,764.67
25		2.02%	$ -	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26		2.02%	$ -	$ -	Water	311540-Pumping Equipment TD	311540	147.65	144.65	141.65	588.70	593.31	593.97	593.69	591.21
27		2.16%	$ -	$ -	Water	320100-WT Equip Non-Media	320100	96,325.60	96,298.85	96,292.87	96,278.07	96,228.41	96,174.12	96,119.84	91,351.09
28		24.28%	$ -	$ -	Water	320200-WT Equip Filter Media	320200	10,290.43	10,290.43	10,290.43	10,290.43	10,290.43	10,290.43	10,290.43	10,290.43
29		1.66%	$ -	$ -	Water	330000-Dist Reservoirs & Standpipes	330000	2,450.38	2,450.38	2,450.38	2,450.38	2,450.38	2,450.38	2,450.38	2,450.38
30		1.62%	$ -	$ -	Water	330100-Elevated Tanks & Standpipes	330100	13,790.47	13,788.73	13,786.99	17,394.54	17,453.80	17,481.36	17,501.44	16,725.55
31		1.38%	$ -	$ -	Water	330200-Ground Level Tanks	330200	4,126.31	4,143.90	4,174.76	4,199.99	4,202.94	4,202.94	4,202.94	4,202.94
32		1.68%	$ -	$ -	Water	330400-Clearwell	330400	3,614.46	3,614.46	3,614.46	3,614.46	3,614.46	3,614.46	3,614.46	3,614.46
33		1.44%	$ -	$ -	Water	331001-TD Mains Not Classified	331001	188,613.83	189,476.94	190,270.77	200,413.83	201,183.57	201,680.31	201,935.21	202,224.81
34		1.44%	$ -	$ -	Water	331100-TD Mains 4in & Less	331100	6,690.24	6,690.24	6,690.24	6,690.24	6,690.24	6,690.23	6,690.23	6,690.23
35		1.44%	$ -	$ -	Water	331200-TD Mains 6in to 8in	331200	25,018.41	25,018.36	25,018.31	25,018.26	25,018.21	25,018.16	25,018.10	25,018.05
36		1.44%	$ -	$ -	Water	331300-TD Mains 10in to 16in	331300	10,916.46	10,916.46	10,916.46	10,916.46	10,916.46	10,916.46	10,916.46	10,916.46
37		1.44%	$ -	$ -	Water	331400-TD Mains 18in & Grtr	331400	87,364.06	87,364.02	87,363.98	87,363.95	87,363.91	87,363.87	87,363.83	87,363.79
38		1.50%	$ -	$ -	Water	333000-Services	333000	62,508.16	62,770.38	62,980.30	63,194.02	63,395.82	63,619.04	63,880.56	64,178.05
39		2.44%	$ -	$ -	Water	334100-Meters	334100	37,000.21	37,130.29	37,248.89	37,324.96	37,379.21	38,156.46	38,466.52	39,694.55
40		2.49%	$ -	$ -	Water	334110-Meters Bronze Case	334110	4,714.57	4,713.96	4,713.35	4,712.74	4,712.13	4,711.52	4,710.91	4,710.30
41		2.95%	$ -	$ -	Water	334120-Meters Plastic Case	334120	723.35	691.79	660.23	628.67	597.11	565.55	533.99	502.43
42		2.64%	$ -	$ -	Water	334130-Meters Other	334130	13,622.90	13,562.30	13,501.70	13,441.10	13,380.50	13,319.90	13,259.31	13,198.71
43		2.64%	$ -	$ -	Water	334131-Meter Reading Units	334131	691.11	691.11	691.11	691.11	691.11	691.11	691.11	691.11
44		2.53%	$ -	$ -	Water	334200-Meter Installations	334200	38,886.53	38,885.30	38,884.06	38,882.82	38,881.58	38,880.34	38,879.10	38,877.87
45		2.48%	$ -	$ -	Water	334300-Meter Vaults	334300	1,041.09	1,041.02	1,040.95	1,040.89	1,040.82	1,040.75	1,040.68	1,040.61
46		1.19%	$ -	$ -	Water	335000-Hydrants	335000	14,330.10	14,443.24	14,509.74	14,571.83	14,630.88	14,678.11	14,728.40	14,777.03
47		19.40%	$ -	$ -	Water	339100-Other P/E-Intangible	339100	135.39	135.39	135.39	135.39	135.39	135.39	135.39	135.39
48		10.72%	$ -	$ -	Water	339600-Other P/E-CPS	339600	6,852.10	6,852.10	6,852.10	6,852.10	6,852.10	6,949.52	7,046.95	7,144.38
49		5.00%	$ 103,460	$ 621.33	Water	340100-Office Furniture & Equip	340100	2,189.93	2,179.23	2,168.53	2,157.83	2,147.13	2,136.43	2,125.73	2,115.04
50		20.00%	$ 11,522	$ (327.13)	Water	340210-Comp & Periph Mainframe	340210	1,530.53	1,523.23	1,515.93	1,508.63	1,501.32	1,494.02	1,486.72	1,479.42

Kentucky American Water
Case No. 2012-00520
Depreciation Expense Activity (Net of CIAC Amortization) by Month, September 2012 - December 2014
Automatically calculates: (Prior Month UPIS Balance-UPIS Not Depreciating) X (Annual Depreciation Rate/12) - Monthly Depreciation Adjustment
Workpaper # W/P - 4-1
Excel Referen Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv Depr Exp
With Slippage

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
	$ 1,036,519	$ 1,038,474	$ 1,040,799	$ 1,056,139	$ 1,057,047	$ 1,060,432	$ 1,063,336	$ 1,059,451
	$ 88,488	$ 88,691	$ 89,044	$ 89,193	$ 89,350	$ 89,499	$ 89,655	$ 89,872
	$ 948,031	$ 949,783	$ 951,754	$ 966,946	$ 967,697	$ 970,933	$ 973,681	$ 969,579

Line	Proposed Deprec. Rate	Annual Deprec. Rate	UPIS Not Deprec.	Monthly Deprec. Adjust	Utility	Account	Utility Plant Account	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
51		20.00%	$ 414,948	$ 11,658.50	Water	340220-Comp & Periph Personal	340220	(3,904.29)	(4,039.19)	(4,174.09)	(4,308.99)	(4,443.89)	(4,578.79)	(4,713.69)	(4,848.59)
52		20.00%	$ 88,579	$ (1,285.29)	Water	340230-Comp & Periph Other	340230	12,144.56	12,129.23	12,113.89	12,098.56	12,083.23	12,067.89	12,052.56	12,037.23
53		0.00%	$ -	$ -	Water	340240-Comp & Periph Capital Lease	340240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
54		20.00%	$ 3,459,484	$ 8,263.93	Water	340300-Computer Software	340300	(5,204.86)	(5,442.06)	(5,679.26)	(5,916.46)	(6,153.66)	(6,390.86)	(6,628.07)	(6,865.27)
55		20.00%	$ 400	$ 7,080.67	Water	340320-Comp Software Personal	340320	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)	(7,029.32)
56		20.00%	$ -	$ -	Water	340325-Comp Software Customized	340325	11,670.30	11,670.30	11,670.30	11,670.30	11,670.30	11,670.30	11,670.30	11,670.30
57		20.00%	$ 527,874	$ 1,759.42	Water	340330-Comp Software Other	340330	2,194.04	2,194.04	2,194.04	2,194.04	2,194.04	2,194.04	2,194.04	2,194.04
58		6.67%	$ 4,285	$ 252.90	Water	340500-Other Office Equipment	340500	99.72	96.88	94.05	91.22	88.39	85.56	82.72	79.89
59		1.91%	$ -	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	3,267.41	3,227.09	3,287.86	3,247.54	3,207.22	3,166.90	3,126.58	3,086.26
60		2.75%	$ -	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	4,368.44	4,355.40	4,487.91	4,474.88	4,461.84	4,448.80	4,435.77	4,422.73
61		10.00%	$ 96,396	$ -	Water	341300-Trans Equip Autos	341300	1,999.26	1,974.21	2,494.47	2,469.42	2,444.37	2,419.33	2,394.28	2,369.23
62		5.51%	$ -	$ -	Water	341400-Trans Equip Other	341400	2,693.69	2,687.70	2,681.71	2,675.72	2,669.73	2,663.74	2,657.74	2,651.75
63		4.00%	$ 2,268	$ 37.70	Water	342000-Stores Equipment	342000	80.23	80.11	79.98	79.85	79.72	79.59	79.47	79.34
64		5.00%	$ 167,786	$ 1,699.33	Water	343000-Tools,Shop,Garage Equip	343000	8,872.14	8,870.42	8,868.71	8,866.99	8,865.27	8,863.55	8,915.30	8,962.89
65		6.67%	$ 121,286	$ 2,098.00	Water	344000-Laboratory Equipment	344000	4,319.31	4,304.62	4,289.92	4,275.23	4,260.53	4,245.83	4,231.14	4,216.44
66		2.52%	$ -	$ -	Water	345000-Power Operated Equipment	345000	3,039.54	3,036.41	3,033.28	3,030.15	3,027.02	3,023.89	3,020.76	3,014.30
67		6.67%	$ 189,097	$ (7,397.33)	Water	346100-Comm Equip Non-Telephone	346100	16,479.42	16,454.38	16,429.33	16,404.28	16,379.24	16,354.19	16,329.14	16,304.10
68		6.67%	$ -	$ (12.57)	Water	346190-Remote Control & Instrument	346190	18,409.51	18,480.82	18,512.92	18,810.13	18,993.45	21,179.58	21,909.28	22,637.53
69		6.67%	$ -	$ (176.00)	Water	346200-Comm Equip Telephone	346200	1,753.17	1,753.17	1,753.17	1,753.17	1,753.17	1,753.17	1,753.17	1,753.17
70		5.00%	$ 87,357	$ (766.67)	Water	347000-Misc Equipment	347000	6,588.35	6,584.92	6,581.48	6,578.05	6,574.62	6,571.19	6,567.75	6,535.10
71		5.00%	$ -	$ 3,274.67	Water	348000-Other Tangible Property	348000	(1,704.02)	(1,704.02)	(1,704.02)	(1,704.02)	(1,704.02)	(1,696.00)	(1,687.98)	(1,679.96)
72		5.00%	$ -	$ -	Water	354200-WW Struct & Imp Collection	354200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
73	10.00%	20.00%	$ -	$ -	Water	340315-Comp Software Specia	340315	89,928.04	90,709.17	91,158.93	91,599.46	91,865.64	92,125.07	93,983.76	93,983.76
74		0.00%	$ -	$ -	Water	339300-Other P/E-Treatment	339300	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75							**Water**	**$ 1,036,519**	**$ 1,038,474**	**$ 1,040,799**	**$ 1,056,139**	**$ 1,057,047**	**$ 1,060,432**	**$ 1,063,336**	**$ 1,059,451**

Kentucky American Water
Case No. 2012-00520
Depreciation Expense Activity (Net of CIAC Amortization) by Month, September 2012 - December 2014
Automatically calculates: (Prior Month UPIS Balance-UPIS Not Depreciating) X (Annual Depreciation Rate/12)
- Monthly Depreciation Adjustment
Workpaper # W/P - 4-1
Excel Referen Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv Depr Exp
With Slippage

	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions	Forecast Aug 13-Jul 14 Expense
	$ 1,062,680	$ 1,065,628	$ 2,934,651	$ 12,392,338	$ 12,797,067.25	$ 12,602,294.30
	$ 90,083	$ 90,306	$ 253,390	$ 1,049,976	$ 1,082,127.72	$ 1,070,545.83
	$ 972,598	$ 975,321	$ 2,681,261.40	$ 11,342,361.53	$ 11,714,939.53	$ 11,531,748.47

Line	Proposed Deprec. Rate	Annual Deprec. Rate	UPIS Not Deprec.	Monthly Deprec. Adjust	Utility	Account	Utility Plant Account	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions
1		0.00%		$ -	Water	301000-Organization	301000	0.00	0.00	0.00	0.00	0.00
2		0.00%		$ -	Water	302000-Franchises	302000	0.00	0.00	0.00	0.00	0.00
3		0.00%		$ -	Water	303200-Land & Land Rights-Supply	303200	0.00	0.00	0.00	0.00	0.00
4		0.00%		$ -	Water	303300-Land & Land Rights-Pumping	303300	0.00	0.00	0.00	0.00	0.00
5		0.00%		$ -	Water	303400-Land & Land Rights-Treatment	303400	0.00	0.00	0.00	0.00	0.00
6		0.00%		$ -	Water	303500-Land & Land Rights-T&D	303500	0.00	0.00	0.00	0.00	0.00
7		2.92%	$ -	$ -	Water	304100-Struct & Imp-Supply	304100	16,930.23	16,929.78	50,797.86	203,224.24	203,160.07
8		2.37%	$ -	$ -	Water	304200-Struct & Imp-Pumping	304200	18,946.30	18,941.43	57,116.44	228,027.54	227,326.37
9		2.46%	$ -	$ -	Water	304300-Struct & Imp-Treatment	304300	54,686.10	54,845.36	158,148.03	644,711.45	660,077.52
10		2.50%	$ -	$ -	Water	304400-Struct & Imp-T&D	304400	1,865.60	1,865.60	5,719.48	22,877.93	22,550.76
11		2.82%	$ -	$ -	Water	304500-Struct & Imp-General	304500	10,367.35	10,397.51	27,876.97	115,603.77	125,776.77
12		1.91%	$ -	$ -	Water	304600-Struct & Imp-Offices	304600	9,140.86	9,140.32	27,453.20	109,764.46	109,687.11
13		0.00%	$ -	$ -	Water	304610-Struct & Imp-HVAC	304610	0.00	0.00	0.00	0.00	0.00
14		2.03%	$ -	$ -	Water	304700-Struct & Imp-Store,Shop,Gar	304700	3,020.17	3,019.83	9,079.86	36,288.87	36,239.97
15		4.53%	$ -	$ -	Water	304800-Struct & Imp-Misc	304800	5,967.98	5,950.02	19,788.69	77,538.45	72,656.15
16		1.33%	$ -	$ -	Water	305000-Collect & Impound Reservoirs	305000	1,092.09	1,091.70	3,298.54	13,158.98	13,102.72
17		2.05%	$ -	$ -	Water	306000-Lake, River & Other Intakes	306000	12,900.51	12,952.73	36,709.37	150,866.38	155,856.77
18		2.00%	$ -	$ -	Water	309000-Supply Mains	309000	46,470.35	46,470.33	139,412.13	557,646.80	557,644.05
19		2.93%	$ -	$ -	Water	310000-Power Generation Equip	310000	8,229.77	8,227.14	24,839.55	99,121.00	98,741.46
20		1.87%	$ -	$ -	Water	311200-Pump Eqp Electric	311200	18,487.11	18,559.37	45,117.64	203,148.32	225,470.83
21		1.88%	$ -	$ -	Water	311300-Pump Eqp Diesel	311300	1,092.06	1,091.46	3,310.32	13,187.36	13,101.07
22		1.90%	$ -	$ -	Water	311400-Pump Eqp Hydraulic	311400	12.24	12.24	36.71	146.83	146.83
23		0.00%	$ -	$ -	Water	311500-Pump Eqp Other	311500	0.00	0.00	0.00	0.00	0.00
24		2.02%	$ -	$ -	Water	311520-Pump Eqp-SOS & Pumping	311520	24,757.43	24,750.18	74,796.96	298,535.50	297,194.34
25		2.02%	$ -	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	0.00	0.00	0.00	0.00	0.00
26		2.02%	$ -	$ -	Water	311540-Pumping Equipment TD	311540	588.21	585.21	541.92	1,897.78	7,015.35
27		2.16%	$ -	$ -	Water	320100-WT Equip Non-Media	320100	91,304.89	91,287.56	289,741.37	1,156,919.46	1,115,859.97
28		24.28%	$ -	$ -	Water	320200-WT Equip Filter Media	320200	10,290.43	10,290.43	30,871.29	123,485.15	123,485.15
29		1.66%	$ -	$ -	Water	330000-Dist Reservoirs & Standpipes	330000	2,450.38	2,450.38	7,351.14	29,404.55	29,404.55
30		1.62%	$ -	$ -	Water	330100-Elevated Tanks & Standpipes	330100	16,723.81	16,722.07	41,428.88	165,558.82	203,586.79
31		1.38%	$ -	$ -	Water	330200-Ground Level Tanks	330200	4,208.11	4,231.71	9,470.82	48,705.78	50,969.83
32		1.68%	$ -	$ -	Water	330400-Clearwell	330400	3,614.46	3,614.46	10,843.38	43,373.52	43,373.52
33		1.44%	$ -	$ -	Water	331001-TD Mains Not Classified	331001	202,602.93	203,023.99	537,005.87	2,230,373.65	2,445,709.60
34		1.44%	$ -	$ -	Water	331100-TD Mains 4in & Less	331100	6,690.23	6,690.23	20,070.76	80,282.94	80,282.76
35		1.44%	$ -	$ -	Water	331200-TD Mains 6in to 8in	331200	25,018.00	25,017.95	75,056.95	300,223.15	300,215.69
36		1.44%	$ -	$ -	Water	331300-TD Mains 10in to 16in	331300	10,916.46	10,916.46	32,749.37	130,997.49	130,997.49
37		1.44%	$ -	$ -	Water	331400-TD Mains 18in & Grtr	331400	87,363.76	87,363.72	262,093.43	1,048,370.30	1,048,364.84
38		1.50%	$ -	$ -	Water	333000-Services	333000	64,497.49	64,806.57	178,134.54	737,845.69	775,554.62
39		2.44%	$ -	$ -	Water	334100-Meters	334100	41,309.50	42,474.31	72,671.68	408,523.64	493,344.44
40		2.49%	$ -	$ -	Water	334110-Meters Bronze Case	334110	4,709.69	4,709.08	14,163.80	56,600.37	56,512.65
41		2.95%	$ -	$ -	Water	334120-Meters Plastic Case	334120	470.87	439.30	3,211.56	10,005.77	5,461.02
42		2.64%	$ -	$ -	Water	334130-Meters Other	334130	13,138.11	13,077.51	42,868.43	166,019.87	157,293.72
43		2.64%	$ -	$ -	Water	334131-Meter Reading Units	334131	691.11	691.11	2,073.33	8,293.31	8,293.31
44		2.53%	$ -	$ -	Water	334200-Meter Installations	334200	38,876.63	38,875.39	116,555.67	466,690.40	467,052.62
45		2.48%	$ -	$ -	Water	334300-Meter Vaults	334300	1,040.54	1,040.47	3,125.58	12,496.05	13,333.74
46		1.19%	$ -	$ -	Water	335000-Hydrants	335000	14,833.47	14,896.81	40,708.74	168,896.82	178,972.24
47		19.40%	$ -	$ -	Water	339100-Other P/E-Intangible	339100	135.39	135.39	406.18	1,624.71	1,624.71
48		10.72%	$ -	$ -	Water	339600-Other P/E-CPS	339600	7,241.81	7,241.81	8,211.12	68,801.47	85,537.72
49		5.00%	$ 103,460	$ 621.33	Water	340100-Office Furniture & Equip	340100	2,104.34	2,093.64	6,376.74	26,728.49	25,187.84
50		20.00%	$ 11,522	$ (327.13)	Water	340210-Comp & Periph Mainframe	340210	1,472.11	1,464.81	4,832.58	18,673.11	17,621.56

Kentucky American Water
Case No. 2012-00520
Depreciation Expense Activity (Net of CIAC Amortization) by Month, September 2012 - December 2014
Automatically calculates: (Prior Month UPIS Balance-UPIS Not Depreciating) X (Annual Depreciation Rate/12)
- Monthly Depreciation Adjustment
Workpaper # W/P - 4-1
Excel Referen Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv Depr Exp
With Slippage

	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions	Forecast Aug 13-Jul 14 Expense
	$ 1,062,680	$ 1,065,628	$ 2,934,651	$ 12,392,338	$ 12,797,067.25	$ 12,602,294.30
	$ 90,083	$ 90,306	$ 253,390	$ 1,049,976	$ 1,082,127.72	$ 1,070,545.83
	$ 972,598	$ 975,321	$ 2,681,261.40	$ 11,342,361.53	$ 11,714,939.53	$ 11,531,748.47

Line	Proposed Deprec. Rate	Annual Deprec. Rate	UPIS Not Deprec.	Monthly Deprec. Adjust	Utility	Account	Utility Plant Account	Jun-14	Jul-14	Oct-Dec 2012	2013 Additions	2014 Additions
51		20.00%	$ 414,948	$ 11,658.50	Water	340220-Comp & Periph Personal	340220	(4,983.49)	(5,118.39)	(7,261.21)	(41,185.76)	(60,611.26)
52		20.00%	$ 88,579	$ (1,285.29)	Water	340230-Comp & Periph Other	340230	12,021.89	12,006.56	36,939.68	146,378.73	144,170.73
53		0.00%	$ -	$ -	Water	340240-Comp & Periph Capital Lease	340240	0.00	0.00	0.00	0.00	0.00
54		20.00%	$ 3,459,484	$ 8,263.93	Water	340300-Computer Software	340300	(7,102.47)	(7,339.67)	(7,918.48)	(52,495.79)	(86,652.83)
55		20.00%	$ 400	$ 7,080.67	Water	340320-Comp Software Personal	340320	(7,029.32)	(7,029.32)	(21,087.96)	(84,351.84)	(84,351.84)
56		20.00%	$ -	$ -	Water	340325-Comp Software Customized	340325	11,670.30	11,670.30	35,010.91	140,043.62	140,043.62
57		20.00%	$ 527,874	$ 1,759.42	Water	340330-Comp Software Other	340330	2,194.04	2,194.04	6,582.11	26,328.46	26,328.46
58		6.67%	$ 4,285	$ 252.90	Water	340500-Other Office Equipment	340500	77.06	74.23	392.61	1,315.55	907.74
59		1.91%	$ -	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	3,075.60	3,070.32	10,152.97	39,348.97	37,966.34
60		2.75%	$ -	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	4,452.39	4,489.81	12,124.28	50,732.13	55,223.75
61		10.00%	$ 96,396	$ -	Water	341300-Trans Equip Autos	341300	2,504.14	2,668.13	1,538.52	16,663.59	36,917.75
62		5.51%	$ -	$ -	Water	341400-Trans Equip Other	341400	2,645.76	2,639.77	8,278.78	32,575.92	31,713.20
63		4.00%	$ 2,268	$ 37.70	Water	342000-Stores Equipment	342000	79.21	79.08	244.93	968.18	949.74
64		5.00%	$ 167,786	$ 1,699.33	Water	343000-Tools,Shop,Garage Equip	343000	9,362.14	9,701.90	19,982.35	97,534.85	115,416.00
65		6.67%	$ 121,286	$ 2,098.00	Water	344000-Laboratory Equipment	344000	4,201.75	4,187.05	13,363.35	52,449.01	50,332.77
66		2.52%	$ -	$ -	Water	345000-Power Operated Equipment	345000	3,011.17	3,008.04	9,221.91	36,605.92	36,128.60
67		6.67%	$ 189,097	$ (7,397.33)	Water	346100-Comm Equip Non-Telephone	346100	16,279.05	16,254.00	49,745.30	198,805.07	195,198.32
68		6.67%	$ -	$ (12.57)	Water	346190-Remote Control & Instrument	346190	23,365.43	24,093.34	25,533.54	165,708.51	272,324.10
69		6.67%	$ -	$ (176.00)	Water	346200-Comm Equip Telephone	346200	1,753.17	1,753.17	5,259.51	21,038.04	21,038.04
70		5.00%	$ 87,357	$ (766.67)	Water	347000-Misc Equipment	347000	6,531.67	6,528.24	17,346.30	75,631.22	78,967.11
71		5.00%	$ -	$ 3,274.67	Water	348000-Other Tangible Property	348000	(1,671.94)	(1,671.94)	(8,092.95)	(23,517.89)	(20,175.56)
72		5.00%	$ -	$ -	Water	354200-WW Struct & Imp Collection	354200	0.00	0.00	0.00	0.00	0.00
73	10.00%	20.00%	$ -	$ -	Water	340315-Comp Software Specia	340315	93,983.76	93,983.76	233,228.18	1,207,121.07	1,121,443.97
74		0.00%	$ -	$ -	Water	339300-Other P/E-Treatment	339300	0.00	0.00	0.00	0.00	0.00
75							**Water**	**$ 1,062,680**	**$ 1,065,628**	**2,934,651.50**	**12,392,337.77**	**12,797,067.25**

Kentucky American Water
Case No. 2012-00520
Cost of Removal Expense by Month, September 2012 - December 2014

Automatically calculates: Prior Month UPIS Balance less UPIS not depreciating X (Annual Cost of Removal Rate/12)

Workpaper # W/P - 4-3
Excel Refere Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv COR
With Slippage

UPIS Balance

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Water Cost of Removal Expense		$ 168,798	$ 169,187	$ 169,745	$ 170,605	$ 171,065	$ 171,872	$ 172,178	$ 173,373
Less CIAC Cost of Removal Credit		$ 41,395	$ 41,515	$ 41,634	$ 41,754	$ 41,840	$ 42,967	$ 43,053	$ 43,172
Net Cost of Removal Expense:		$ 127,403	$ 127,672	$ 128,111	$ 128,851	$ 129,226	$ 128,904	$ 129,125	$ 130,201

Annual Cost of Removal Rate	UPIS Not Depreciating	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	UPIS Bal Sep-12 less UPIS Not Depreciating	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
0.00%		Water	301000-Organization	301000	10130100	301.1	$ 37,450	0	0	0	0	0	0	0	0
0.00%		Water	302000-Franchises	302000	10130200	302.1	$ 70,261	0	0	0	0	0	0	0	0
0.00%		Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	$ 1,077,363	0	0	0	0	0	0	0	0
0.00%		Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	$ 195,966	0	0	0	0	0	0	0	0
0.00%		Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	$ 800,183	0	0	0	0	0	0	0	0
0.00%		Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	$ 7,473,931	0	0	0	0	0	0	0	0
0.15%	$ -	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	$ 6,953,802	869	870	870	870	870	870	870	870
0.48%	$ -	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	$ 9,642,371	3,857	3,856	3,855	3,854	3,853	3,852	3,851	3,850
0.49%	$ -	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	$ 25,719,554	10,502	10,500	10,499	10,559	10,610	10,658	10,656	10,654
0.13%	$ -	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	$ 915,117	99	99	99	99	99	99	99	99
0.14%	$ -	Water	304500-Struct & Imp-General	304500	10130450	304.5	$ 3,927,194	458	459	467	467	467	467	467	467
0.10%	$ -	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	$ 5,749,699	479	479	479	479	479	479	479	479
0.00%	$ -	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	$ 10,570	0	0	0	0	0	0	0	0
0.00%	$ -	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	$ 1,789,335	0	0	0	0	0	0	0	0
0.45%	$ -	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	$ 1,752,103	657	655	653	652	650	648	646	645
0.00%	$ -	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	$ 992,394	0	0	0	0	0	0	0	0
0.00%	$ -	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	$ 7,162,528	0	0	0	0	0	0	0	0
0.20%	$ -	Water	309000-Supply Mains	309000	10130900	309.2	$ 27,882,438	4,647	4,647	4,647	4,647	4,647	4,647	4,647	4,647
0.00%	$ -	Water	310000-Power Generation Equip	310000	10131000	310.2	$ 3,392,145	0	0	0	0	0	0	0	0
0.38%	$ -	Water	311200-Pump Eqp Electric	311200	10131120	311.2	$ 9,650,869	3,056	3,055	3,058	3,086	3,110	3,133	3,131	3,521
0.38%	$ -	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	$ 704,706	223	223	223	223	223	223	222	222
0.38%	$ -	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	$ 7,728	2	2	2	2	2	2	2	2
0.00%	$ -	Water	311500-Pump Eqp Other	311500	10131150	311.2	$ -	0	0	0	0	0	0	0	0
0.41%	$ -	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	$ 14,815,585	5,062	5,061	5,059	5,058	5,056	5,055	5,053	5,052
0.41%	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	$ -	0	0	0	0	0	0	0	0
0.41%	$ -	Water	311540-Pumping Equipment TD	311540	10131154	311.4	$ 109,092	37	37	36	35	35	34	34	33
0.43%	$ -	Water	320100-WT Equip Non-Media	320100	10132010	320.3	$ 53,685,967	19,237	19,227	19,216	19,219	19,220	19,220	19,209	19,198
0.00%	$ -	Water	320200-WT Equip Filter Media	320200	10132010	320.3	$ 508,588	0	0	0	0	0	0	0	0
0.00%	$ -	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	$ 1,771,358	0	0	0	0	0	0	0	0
0.41%	$ -	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	$ 10,230,642	3,495	3,495	3,495	3,494	3,494	3,493	3,493	3,492
0.00%	$ -	Water	330200-Ground Level Tanks	330200	10133000	330.4	$ 2,677,265	0	0	0	0	0	0	0	0
0.00%	$ -	Water	330400-Clearwell	330400	10133000	330.4	$ 2,581,757	0	0	0	0	0	0	0	0
0.22%	$ -	Water	331001-TD Mains Not Classified	331001	10133100	331.4	$ 148,900,369	27,298	27,320	27,424	27,543	27,689	28,033	28,062	28,379
0.22%	$ -	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	$ 5,575,212	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022
0.22%	$ -	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	$ 20,849,197	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822
0.22%	$ -	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	$ 9,097,048	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668
0.22%	$ -	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	$ 72,803,762	13,347	13,347	13,347	13,347	13,347	13,347	13,347	13,347
1.50%	$ -	Water	333000-Services	333000	10133300	333.4	$ 47,271,866	59,090	59,364	59,681	59,970	60,185	60,467	60,725	61,062
0.24%	$ -	Water	334100-Meters	334100	10133410	334.4	$ 11,080,862	2,216	2,395	2,537	2,939	2,946	3,030	3,055	3,200
0.25%	$ -	Water	334110-Meters Bronze Case	334110	10133410	334.4	$ 2,275,603	474	474	474	474	474	474	474	474
0.30%	$ -	Water	334120-Meters Plastic Case	334120	10133410	334.4	$ 448,304	112	109	106	102	99	96	93	90
0.26%	$ -	Water	334130-Meters Other	334130	10133410	334.4	$ 6,522,761	1,413	1,407	1,401	1,395	1,389	1,383	1,377	1,371
0.26%	$ -	Water	334131-Meter Reading Units	334131	10133410	334.4	$ 314,141	68	68	68	68	68	68	68	68
0.25%	$ -	Water	334200-Meter Installations	334200	10133420	334.4	$ 18,416,593	3,837	3,837	3,844	3,844	3,844	3,843	3,843	3,843
0.25%	$ -	Water	334300-Meter Vaults	334300	10133410	334.4	$ 504,160	105	105	105	105	105	105	105	105
0.30%	$ -	Water	335000-Hydrants	335000	10133500	335.4	$ 13,641,556	3,410	3,419	3,433	3,446	3,463	3,490	3,501	3,520
0.00%	$ -	Water	339100-Other P/E-Intangible	339100	10133910	339.1	$ 8.375	0	0	0	0	0	0	0	0

Kentucky American Water
Case No. 2012-00520
Cost of Removal Expense by Month, September 2012 - December 2014

UPIS Balance

Automatically calculates: Prior Month UPIS Balance less UPIS not depreciating X (Annual Cost of Removal Rate/12)

Workpaper Reference: W/P - 4-3
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv COR
With Slippage

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
Water Cost of Removal Expense		$ 168,798	$ 169,187	$ 169,745	$ 170,605	$ 171,065	$ 171,872	$ 172,178	$ 173,373
Less CIAC Cost of Removal Credit		$ 41,395	$ 41,515	$ 41,634	$ 41,754	$ 41,840	$ 42,967	$ 43,053	$ 43,172
Net Cost of Removal Expense:		$ 127,403	$ 127,672	$ 128,111	$ 128,851	$ 129,226	$ 128,904	$ 129,125	$ 130,201

Annual Cost of Removal Rate	UPIS Not Depreciating	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	UPIS Bal Sep-12 less UPIS Not Depreciating	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
0.00%	$ 103,460	Water	340100-Office Furniture & Equip	340100	10134010	340.5	$ 574,449	0	0	0	0	0	0	0	0
0.00%	$ 11,522	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	$ 77,462	0	0	0	0	0	0	0	0
0.00%	$ 414,948	Water	340220-Comp & Periph Personal	340220	10134010	340.5	$ 562,380	0	0	0	0	0	0	0	0
0.00%	$ 88,579	Water	340230-Comp & Periph Other	340230	10134010	340.5	$ 662,596	0	0	0	0	0	0	0	0
0.00%	$ -	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	$ -	0	0	0	0	0	0	0	0
0.00%	$ 3,459,484	Water	340300-Computer Software	340300	10134010	340.5	$ 346,435	0	0	0	0	0	0	0	0
0.00%	$ 400	Water	340320-Comp Software Personal	340320	10134010	340.5	$ 3,081	0	0	0	0	0	0	0	0
0.00%	$ -	Water	340325-Comp Software Customized	340325	10134010	340.5	$ 700,218	0	0	0	0	0	0	0	0
0.00%	$ 527,874	Water	340330-Comp Software Other	340330	10134010	340.5	$ 237,207	0	0	0	0	0	0	0	0
0.00%	$ 4,285	Water	340500-Other Office Equipment	340500	10134010	340.5	$ 69,553	0	0	0	0	0	0	0	0
-0.38%	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	$ 2,119,633	(671)	(676)	(672)	(673)	(665)	(657)	(649)	(641)
-0.41%	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	$ 1,737,108	(594)	(606)	(608)	(616)	(614)	(612)	(610)	(608)
-1.50%	$ 96,396	Water	341300-Trans Equip Autos	341300	10134100	341.5	$ 31,569	(39)	(90)	(102)	(135)	(131)	(127)	(123)	(120)
0.00%	$ -	Water	341400-Trans Equip Other	341400	10134100	341.5	$ 602,305	0	0	0	0	0	0	0	0
0.00%	$ 2,268	Water	342000-Stores Equipment	342000	10134200	342.5	$ 35,841	0	0	0	0	0	0	0	0
0.00%	$ 167,786	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	$ 1,978,150	0	0	0	0	0	0	0	0
0.00%	$ 121,286	Water	344000-Laboratory Equipment	344000	10134400	344.5	$ 1,179,110	0	0	0	0	0	0	0	0
-0.38%	$ -	Water	345000-Power Operated Equipment	345000	10134500	345.5	$ 1,465,286	(464)	(464)	(463)	(463)	(462)	(462)	(461)	(461)
0.00%	$ 189,097	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	$ 1,594,567	0	0	0	0	0	0	0	0
0.00%	$ -	Water	346190-Remote Control & Instrument	346190	10134600	346.5	$ 1,528,986	0	0	0	0	0	0	0	0
0.00%	$ -	Water	346200-Comm Equip Telephone	346200	10134600	346.5	$ 283,749	0	0	0	0	0	0	0	0
0.00%	$ 87,357	Water	347000-Misc Equipment	347000	10134700	347.5	$ 1,196,305	0	0	0	0	0	0	0	0
0.00%	$ -	Water	348000-Other Tangible Property	348000	10134800	348.5	$ 138,485	0	0	0	0	0	0	0	0
0.00%	$ -	Water	354200-WW Struct & Imp Collection	354200	10135420	354.2	$ -	0	0	0	0	0	0	0	0
0.00%	$ -	Water	340315-Comp Software Specia	340315	10134010	C3405	$ 4,601,216	0	0	0	0	0	0	0	0
0.00%	$ -	Water	339300-Other P/E-Treatment	339300	10133930	C3393	$ -	0	0	0	0	0	0	0	0
			Water Cost of Removal Expense					168,798	169,187	169,745	170,605	171,065	171,872	172,178	173,373

Kentucky American Water
Case No. 2012-00520
Cost of Removal Expense by Month, September 2012 - December 2014

Automatically calculates: Prior Month UPIS Balance less UPIS not depreciating X (Annual Cost of Removal Rate/12)

Workpaper Reference: W/P - 4-3
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv COR
With Slippage

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Water Cost of Removal Expense	$ 173,873	$ 174,453	$ 174,702	$ 175,250	$ 175,745	$ 176,219	$ 176,521	$ 179,430	$ 179,780	$ 180,162
Less CIAC Cost of Removal Credit	$ 43,288	$ 43,411	$ 43,505	$ 43,617	$ 43,729	$ 43,841	$ 44,035	$ 44,117	$ 44,203	$ 44,285
Net Cost of Removal Expense:	$ 130,585	$ 131,042	$ 131,197	$ 131,633	$ 132,016	$ 132,378	$ 132,487	$ 135,313	$ 135,578	$ 135,877

Annual Cost of Removal Rate	UPIS Not Depreciating	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
0.00%		Water	301000-Organization	301000	10130100	301.1	0	0	0	0	0	0	0	0	0	0
0.00%		Water	302000-Franchises	302000	10130200	302.1	0	0	0	0	0	0	0	0	0	0
0.00%		Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	0	0	0	0	0	0	0	0	0	0
0.00%		Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	0	0	0	0	0	0	0	0	0	0
0.00%		Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	0	0	0	0	0	0	0	0	0	0
0.00%		Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	0	0	0	0	0	0	0	0	0	0
0.15%	$ -	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	870	870	870	870	870	870	870	870	870	870
0.48%	$ -	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	3,849	3,848	3,847	3,846	3,845	3,844	3,843	3,842	3,841	3,840
0.49%	$ -	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	10,661	10,697	10,706	10,756	10,791	10,814	10,856	10,890	10,893	10,891
0.13%	$ -	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	99	99	99	99	99	99	99	99	99	99
0.14%	$ -	Water	304500-Struct & Imp-General	304500	10130450	304.5	470	473	480	483	491	501	508	512	512	512
0.10%	$ -	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	479	479	479	479	479	479	479	479	479	479
0.00%	$ -	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	0	0	0	0	0	0	0	0	0	0
0.45%	$ -	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	643	641	639	637	636	634	632	630	628	627
0.00%	$ -	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	0	0	0	0	0	0	0	0	0	0
0.20%	$ -	Water	309000-Supply Mains	309000	10130900	309.2	4,647	4,647	4,647	4,647	4,647	4,647	4,647	4,647	4,647	4,647
0.00%	$ -	Water	310000-Power Generation Equip	310000	10131000	310.2	0	0	0	0	0	0	0	0	0	0
0.38%	$ -	Water	311200-Pump Eqp Electric	311200	10131120	311.2	3,532	3,572	3,599	3,627	3,643	3,654	3,673	3,757	3,758	3,757
0.38%	$ -	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	222	222	222	222	222	222	221	221	221	221
0.38%	$ -	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	2	2	2	2	2	2	2	2	2	2
0.00%	$ -	Water	311500-Pump Eqp Other	311500	10131150	311.2	0	0	0	0	0	0	0	0	0	0
0.41%	$ -	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	5,050	5,049	5,047	5,046	5,044	5,043	5,041	5,040	5,038	5,037
0.41%	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	0	0	0	0	0	0	0	0	0	0
0.41%	$ -	Water	311540-Pumping Equipment TD	311540	10131154	311.4	32	32	31	31	30	29	29	119	120	121
0.43%	$ -	Water	320100-WT Equip Non-Media	320100	10132010	320.3	19,189	19,187	19,178	19,179	19,176	19,171	19,169	19,166	19,157	19,146
0.00%	$ -	Water	320200-WT Equip Filter Media	320200	10132010	320.3	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	0	0	0	0	0	0	0	0	0	0
0.41%	$ -	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	3,492	3,492	3,491	3,491	3,490	3,490	3,489	4,402	4,417	4,424
0.00%	$ -	Water	330200-Ground Level Tanks	330200	10133000	330.4	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	330400-Clearwell	330400	10133000	330.4	0	0	0	0	0	0	0	0	0	0
0.22%	$ -	Water	331001-TD Mains Not Classified	331001	10133100	331.4	28,437	28,500	28,584	28,692	28,816	28,948	29,069	30,619	30,736	30,812
0.22%	$ -	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022
0.22%	$ -	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822	3,822
0.22%	$ -	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668
0.22%	$ -	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	13,347	13,347	13,347	13,347	13,347	13,347	13,347	13,347	13,347	13,347
1.50%	$ -	Water	333000-Services	333000	10133300	333.4	61,352	61,641	61,939	62,244	62,508	62,770	62,980	63,194	63,396	63,619
0.24%	$ -	Water	334100-Meters	334100	10133410	334.4	3,367	3,503	3,578	3,610	3,639	3,652	3,664	3,671	3,677	3,753
0.25%	$ -	Water	334110-Meters Bronze Case	334110	10133410	334.4	474	474	473	473	473	473	473	473	473	473
0.30%	$ -	Water	334120-Meters Plastic Case	334120	10133410	334.4	86	83	80	77	74	70	67	64	61	58
0.26%	$ -	Water	334130-Meters Other	334130	10133410	334.4	1,366	1,360	1,354	1,348	1,342	1,336	1,330	1,324	1,318	1,312
0.26%	$ -	Water	334131-Meter Reading Units	334131	10133410	334.4	68	68	68	68	68	68	68	68	68	68
0.25%	$ -	Water	334200-Meter Installations	334200	10133420	334.4	3,843	3,843	3,843	3,843	3,843	3,842	3,842	3,842	3,842	3,842
0.25%	$ -	Water	334300-Meter Vaults	334300	10133410	334.4	105	105	105	105	105	105	105	105	105	105
0.30%	$ -	Water	335000-Hydrants	335000	10133500	335.4	3,535	3,551	3,570	3,591	3,613	3,641	3,658	3,674	3,688	3,700
0.00%	$ -	Water	339100-Other P/E-Intangible	339100	10133910	339.1	0	0	0	0	0	0	0	0	0	0

Kentucky American Water
Case No. 2012-00520
Cost of Removal Expense by Month, September 2012 - December 2014

Automatically calculates: Prior Month UPIS Balance less UPIS not depreciating X (Annual Cost of Removal Rate/12)

Workpaper Reference: W/P - 4-3
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv COR
With Slippage

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Water Cost of Removal Expense	$ 173,873	$ 174,453	$ 174,702	$ 175,250	$ 175,745	$ 176,219	$ 176,521	$ 179,430	$ 179,780	$ 180,162
Less CIAC Cost of Removal Credit	$ 43,288	$ 43,411	$ 43,505	$ 43,617	$ 43,729	$ 43,841	$ 44,035	$ 44,117	$ 44,203	$ 44,285
Net Cost of Removal Expense:	$ 130,585	$ 131,042	$ 131,197	$ 131,633	$ 132,016	$ 132,378	$ 132,487	$ 135,313	$ 135,578	$ 135,877

Annual Cost of Removal Rate	UPIS Not Depreciating	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
0.00%	$ 103,460	Water	340100-Office Furniture & Equip	340100	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 11,522	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 414,948	Water	340220-Comp & Periph Personal	340220	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 88,579	Water	340230-Comp & Periph Other	340230	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 3,459,484	Water	340300-Computer Software	340300	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 400	Water	340320-Comp Software Personal	340320	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	340325-Comp Software Customized	340325	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 527,874	Water	340330-Comp Software Other	340330	10134010	340.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 4,285	Water	340500-Other Office Equipment	340500	10134010	340.5	0	0	0	0	0	0	0	0	0	0
-0.38%	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	(640)	(632)	(666)	(658)	(650)	(642)	(654)	(646)	(638)	(630)
-0.41%	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	(613)	(612)	(655)	(653)	(651)	(649)	(669)	(667)	(665)	(663)
-1.50%	$ 96,396	Water	341300-Trans Equip Autos	341300	10134100	341.5	(143)	(139)	(307)	(304)	(300)	(296)	(374)	(370)	(367)	(363)
0.00%	$ -	Water	341400-Trans Equip Other	341400	10134100	341.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 2,268	Water	342000-Stores Equipment	342000	10134200	342.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 167,786	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 121,286	Water	344000-Laboratory Equipment	344000	10134400	344.5	0	0	0	0	0	0	0	0	0	0
-0.38%	$ -	Water	345000-Power Operated Equipment	345000	10134500	345.5	(460)	(460)	(459)	(459)	(458)	(458)	(457)	(457)	(456)	(456)
0.00%	$ 189,097	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	346190-Remote Control & Instrument	346190	10134600	346.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	346200-Comm Equip Telephone	346200	10134600	346.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ 87,357	Water	347000-Misc Equipment	347000	10134700	347.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	348000-Other Tangible Property	348000	10134800	348.5	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	354200-WW Struct & Imp Collection	354200	10135420	354.2	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	340315-Comp Software Specia	340315	10134010	C3405	0	0	0	0	0	0	0	0	0	0
0.00%	$ -	Water	339300-Other P/E-Treatment	339300	10133930	C3393	0	0	0	0	0	0	0	0	0	0
			Water Cost of Removal Expense				173,873	174,453	174,702	175,250	175,745	176,219	176,521	179,430	179,780	180,162

Kentucky American Water
Case No. 2012-00520
Cost of Removal Expense by Month, September 2012 - December 2014
Automatically calculates: Prior Month UPIS Balance less UPIS not depreciating X (Annual Cost of Removal Rate/12)
Workpaper Reference: W/P - 4-3
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With Slippage

	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012 Expense	2013 Expense	2014 Expense	Forecast Aug 13-Jul 14 Expense
Water Cost of Removal Expense	$ 180,497	$ 179,785	$ 180,300	$ 180,805	$ 507,730.36	$ 2,085,856.20	$ 2,172,423.64	$ 2,139,197
Less CIAC Cost of Removal Credit	$ 44,371	$ 44,490	$ 44,606	$ 44,729	$ 124,544.08	$ 518,210.65	$ 535,898.91	$ 529,527
Net Cost of Removal Expense:	$ 136,126	$ 135,295	$ 135,694	$ 136,075	$ 383,186	$ 1,567,646	$ 1,636,525	$ 1,609,669

Annual Cost of Removal Rate	UPIS Not Depreciating	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012 Expense	2013 Expense	2014 Expense	Forecast Expense
0.00%		Water	301000-Organization	301000	10130100	301.1	0	0	0	0	0	0	0	$ -
0.00%		Water	302000-Franchises	302000	10130200	302.1	0	0	0	0	0	0	0	$ -
0.00%		Water	303200-Land & Land Rights-Supply	303200	10130320	303.2	0	0	0	0	0	0	0	$ -
0.00%		Water	303300-Land & Land Rights-Pumping	303300	10130330	303.2	0	0	0	0	0	0	0	$ -
0.00%		Water	303400-Land & Land Rights-Treatment	303400	10130340	303.3	0	0	0	0	0	0	0	$ -
0.00%		Water	303500-Land & Land Rights-T&D	303500	10130350	303.4	0	0	0	0	0	0	0	$ -
0.15%	$ -	Water	304100-Struct & Imp-Supply	304100	10130410	304.2	870	870	870	870	2,609	10,440	10,436	$ **10,438**
0.48%	$ -	Water	304200-Struct & Imp-Pumping	304200	10130420	304.2	3,839	3,838	3,837	3,836	11,568	46,183	46,041	$ **46,100**
0.49%	$ -	Water	304300-Struct & Imp-Treatment	304300	10130430	304.3	10,889	10,887	10,893	10,924	31,501	128,418	131,479	$ **130,191**
0.13%	$ -	Water	304400-Struct & Imp-T&D	304400	10130440	304.4	99	97	97	97	297	1,190	1,173	$ **1,183**
0.14%	$ -	Water	304500-Struct & Imp-General	304500	10130450	304.5	512	512	515	516	1,384	5,739	6,244	$ **6,052**
0.10%	$ -	Water	304600-Struct & Imp-Offices	304600	10130450	304.5	479	479	479	479	1,437	5,747	5,743	$ **5,744**
0.00%	$ -	Water	304610-Struct & Imp-HVAC	304610	10130450	304.5	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	304700-Struct & Imp-Store,Shop,Gar	304700	10130450	304.5	0	0	0	0	0	0	0	$ -
0.45%	$ -	Water	304800-Struct & Imp-Misc	304800	10130450	304.5	625	595	593	591	1,966	7,702	7,217	$ **7,467**
0.00%	$ -	Water	305000-Collect & Impound Reservoirs	305000	10130500	305.2	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	306000-Lake, River & Other Intakes	306000	10130600	306.2	0	0	0	0	0	0	0	$ -
0.20%	$ -	Water	309000-Supply Mains	309000	10130900	309.2	4,647	4,647	4,647	4,647	13,941	55,765	55,764	$ **55,765**
0.00%	$ -	Water	310000-Power Generation Equip	310000	10131000	310.2	0	0	0	0	0	0	0	$ -
0.38%	$ -	Water	311200-Pump Eqp Electric	311200	10131120	311.2	3,756	3,755	3,757	3,771	9,168	41,281	45,818	$ **44,507**
0.38%	$ -	Water	311300-Pump Eqp Diesel	311300	10131130	311.2	221	221	221	221	669	2,666	2,648	$ **2,655**
0.38%	$ -	Water	311400-Pump Eqp Hydraulic	311400	10131140	311.2	2	2	2	2	7	29	29	$ **29**
0.00%	$ -	Water	311500-Pump Eqp Other	311500	10131150	311.2	0	0	0	0	0	0	0	$ -
0.41%	$ -	Water	311520-Pump Eqp-SOS & Pumping	311520	10131152	311.2	5,036	5,026	5,025	5,024	15,182	60,594	60,322	$ **60,448**
0.41%	$ -	Water	311530-Pump Eqp Wtr Treatment	311530	10131153	311.3	0	0	0	0	0	0	0	$ -
0.41%	$ -	Water	311540-Pumping Equipment TD	311540	10131154	311.4	121	120	119	119	110	385	1,424	$ **989**
0.43%	$ -	Water	320100-WT Equip Non-Media	320100	10132010	320.3	19,135	18,186	18,176	18,173	57,680	230,313	222,139	$ **227,012**
0.00%	$ -	Water	320200-WT Equip Filter Media	320200	10132010	320.3	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	330000-Dist Reservoirs & Standpipes	330000	10133000	330.4	0	0	0	0	0	0	0	$ -
0.41%	$ -	Water	330100-Elevated Tanks & Standpipes	330100	10133000	330.4	4,429	4,233	4,233	4,232	10,485	41,901	51,525	$ **47,822**
0.00%	$ -	Water	330200-Ground Level Tanks	330200	10133000	330.4	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	330400-Clearwell	330400	10133000	330.4	0	0	0	0	0	0	0	$ -
0.22%	$ -	Water	331001-TD Mains Not Classified	331001	10133100	331.4	30,851	30,895	30,953	31,018	82,043	340,752	373,650	$ **359,993**
0.22%	$ -	Water	331100-TD Mains 4in & Less	331100	10133100	331.4	1,022	1,022	1,022	1,022	3,066	12,265	12,265	$ **12,265**
0.22%	$ -	Water	331200-TD Mains 6in to 8in	331200	10133100	331.4	3,822	3,822	3,822	3,822	11,467	45,867	45,866	$ **45,867**
0.22%	$ -	Water	331300-TD Mains 10in to 16in	331300	10133100	331.4	1,668	1,668	1,668	1,668	5,003	20,014	20,014	$ **20,014**
0.22%	$ -	Water	331400-TD Mains 18in & Grtr	331400	10133100	331.4	13,347	13,347	13,347	13,347	40,042	160,168	160,167	$ **160,167**
1.50%	$ -	Water	333000-Services	333000	10133300	333.4	63,881	64,178	64,497	64,807	178,135	737,846	775,555	$ **760,013**
0.24%	$ -	Water	334100-Meters	334100	10133410	334.4	3,784	3,904	4,063	4,178	7,148	40,183	48,526	$ **45,173**
0.25%	$ -	Water	334110-Meters Bronze Case	334110	10133410	334.4	473	473	473	473	1,422	5,683	5,674	$ **5,678**
0.30%	$ -	Water	334120-Meters Plastic Case	334120	10133410	334.4	54	51	48	45	327	1,018	555	$ **748**
0.26%	$ -	Water	334130-Meters Other	334130	10133410	334.4	1,306	1,300	1,294	1,288	4,222	16,350	15,491	$ **15,849**
0.26%	$ -	Water	334131-Meter Reading Units	334131	10133410	334.4	68	68	68	68	204	817	817	$ **817**
0.25%	$ -	Water	334200-Meter Installations	334200	10133420	334.4	3,842	3,842	3,842	3,841	11,517	46,116	46,151	$ **46,105**
0.25%	$ -	Water	334300-Meter Vaults	334300	10133410	334.4	105	105	105	105	315	1,260	1,344	$ **1,259**
0.30%	$ -	Water	335000-Hydrants	335000	10133500	335.4	3,713	3,725	3,740	3,755	10,263	42,579	45,119	$ **44,068**
0.00%	$ -	Water	339100-Other P/E-Intangible	339100	10133910	339.1	0	0	0	0	0	0	0	$ -

Kentucky American Water
Case No. 2012-00520
Cost of Removal Expense by Month, September 2012 - December 2014

Automatically calculates: Prior Month UPIS Balance less UPIS not depreciating X (Annual Cost of Removal Rate/12)

Workpaper Reference: W/P - 4-3
Excel Reference: Exhibits\Rate Base\[Rate Base KY Capital through 12_31_14.xlsx]Actv COR
With Slippage

	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012 Expense	2013 Expense	2014 Expense	Forecast Aug 13-Jul 14 Expense
Water Cost of Removal Expense	$ 180,497	$ 179,785	$ 180,300	$ 180,805	$ 507,730.36	$ 2,085,856.20	$ 2,172,423.64	$ 2,139,197
Less CIAC Cost of Removal Credit	$ 44,371	$ 44,490	$ 44,606	$ 44,729	$ 124,544.08	$ 518,210.65	$ 535,898.91	$ 529,527
Net Cost of Removal Expense:	$ 136,126	$ 135,295	$ 135,694	$ 136,075	$ 383,186	$ 1,567,646	$ 1,636,525	$ 1,609,669

Annual Cost of Removal Rate	UPIS Not Depreciating	Utility	Account	Util. Plant Account	SAP G/L Account	NARUC Acct	Apr-14	May-14	Jun-14	Jul-14	Oct-Dec 2012 Expense	2013 Expense	2014 Expense	Forecast Expense
0.00%	$ 103,460	Water	340100-Office Furniture & Equip	340100	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ 11,522	Water	340210-Comp & Periph Mainframe	340210	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ 414,948	Water	340220-Comp & Periph Personal	340220	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ 88,579	Water	340230-Comp & Periph Other	340230	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	340240-Comp & Periph Capital Lease	340240	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ 3,459,484	Water	340300-Computer Software	340300	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ 400	Water	340320-Comp Software Personal	340320	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	340325-Comp Software Customized	340325	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ 527,874	Water	340330-Comp Software Other	340330	10134010	340.5	0	0	0	0	0	0	0	$ -
0.00%	$ 4,285	Water	340500-Other Office Equipment	340500	10134010	340.5	0	0	0	0	0	0	0	$ -
-0.38%	$ -	Water	341100-Trans Equip Lt Duty Trks	341100	10134100	341.5	(622)	(614)	(612)	(611)	(2,020)	(7,829)	(7,554)	**$ (7,643)**
-0.41%	$ -	Water	341200-Trans Equip Hvy Duty Trks	341200	10134100	341.5	(661)	(659)	(664)	(669)	(1,808)	(7,564)	(8,233)	**$ (7,928)**
-1.50%	$ 96,396	Water	341300-Trans Equip Autos	341300	10134100	341.5	(359)	(355)	(376)	(400)	(231)	(2,500)	(5,538)	**$ (4,172)**
0.00%	$ -	Water	341400-Trans Equip Other	341400	10134100	341.5	0	0	0	0	0	0	0	$ -
0.00%	$ 2,268	Water	342000-Stores Equipment	342000	10134200	342.5	0	0	0	0	0	0	0	$ -
0.00%	$ 167,786	Water	343000-Tools,Shop,Garage Equip	343000	10134300	343.5	0	0	0	0	0	0	0	$ -
0.00%	$ 121,286	Water	344000-Laboratory Equipment	344000	10134400	344.5	0	0	0	0	0	0	0	$ -
-0.38%	$ -	Water	345000-Power Operated Equipment	345000	10134500	345.5	(456)	(455)	(454)	(454)	(1,391)	(5,520)	(5,448)	**$ (5,479)**
0.00%	$ 189,097	Water	346100-Comm Equip Non-Telephone	346100	10134600	346.5	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	346190-Remote Control & Instrument	346190	10134600	346.5	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	346200-Comm Equip Telephone	346200	10134600	346.5	0	0	0	0	0	0	0	$ -
0.00%	$ 87,357	Water	347000-Misc Equipment	347000	10134700	347.5	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	348000-Other Tangible Property	348000	10134800	348.5	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	354200-WW Struct & Imp Collection	354200	10135420	354.2	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	340315-Comp Software Specia	340315	10134010	C3405	0	0	0	0	0	0	0	$ -
0.00%	$ -	Water	339300-Other P/E-Treatment	339300	10133930	C3393	0	0	0	0	0	0	0	$ -
			Water Cost of Removal Expense				180,497	179,785	180,300	180,805	507,730	2,085,856	2,172,424	2,139,197

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Melissa L. Schwarzell

42. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P-3-1, Labor.

    a. Identify each position that is currently vacant or that Kentucky-American projects will be vacant during the forecasted test period.

    b. For each position identified in Item 42(a) above:

        (1) State why the position must be filled.

        (2) State why the position is currently or will be vacant.

        (3) Describe the current status of Kentucky-American's efforts to fill the position and state the anticipated hire date.

        (4) State the total cost of the position included in the forecasted test period, the cost of each individual component of the total cost (e.g., payroll expenses, payroll capitalized, retirement, taxes, insurance benefits), and the accounts to which each amount was charged.

Response:

    a. Please see attached.

    b. Please refer to the attachment for part a of this response.

Currently Vacant Positions

Line	Business Unit	Position	Why the Position Must Be Filled	Why Positions is Vacant	Current Status of Efforts to Fill	Anticipated Hire Date	Forecast Payroll Gross	Forecast Payroll Capitalized (or Sewer)	Forecast O&M Retirement	Forecast O&M Taxes	Forecast O&M Group Insurance	Total Forecast O&M Cost
1	120114	Sr Project Engineer	To Execute Engineering Projects	Employee Exited Business	Active Job Posted 1/16/13	March 2013	$ 87,137	$ 87,137	$ -	$ -	$ -	$ -
2	120118	Specialist HR Business Partner	To lead and address employee relations issues within the state as well as ensure compliance with applicable state and federal law.	Employee Exited Business	Not Active	Backfilling with Additional Service Company Support from HR Manager serving TN and KY. (Service Company costs not adjusted to reflect this.)	$ 57,805	$ -	$ 4,891	$ 5,032	$ 12,919	$ 80,648
3	120206	Crew Leader	To maintain the transmission and distribution system	Employee Transfer	Complete Position Awarded	Awarded 2/11/13	$ 58,751	$ 8,813	$ 3,493	$ 3,963	$ 11,025	$ 68,419
4	120201	Treatment Plant 3rd Shift	Required to have certified staff covering all shifts. Currently being covered by overtime.	Employee Transfer	Active Interviews in Feb. 2013	March 2013	$ 65,650	$ -	$ 4,572	$ 5,190	$ 6,609	$ 82,021
5	120206	Field Service Rep	To provide customer service	Employee Retired	Complete Position awarded	Awarded 2/11/13	$ 63,370	$ 3,168	$ 1,251	$ 4,765	$ 13,963	$ 80,180
6	120206	Meter Reader	To ensure all meters are read timely	Employee Promoted	Not Active	May backfill with contract services until August when Position Expires	$ 4,159	$ 277	$ 193	$ 375	$ 1,119	$ 5,568
7	120206	Utility	To maintain the transmission and distribution system	1 Employee Hired, 1 Employee Exited Business.	Active Interviews in progress	March 2013	$ 52,685	$ 7,903	$ 2,534	$ 3,569	$ 12,907	$ 63,793
8	120206	Utility	To maintain the transmission and distribution system	1 Employee Hired, 1 Employee Transfered.	Active Interviews in progress	March 2013	$ 52,685	$ 7,903	$ 2,129	$ 3,569	$ 12,907	$ 63,387
9	120206	Specialist Operations	To maintain the transmission and distribution system and to faciliate system pressure data gathering.	Newly Created	Active	March 2013	$ 64,851	$ 32,426	$ 2,649	$ 2,565	$ 6,481	$ 44,121
10	120252	Superintendent Operations	To Oversee Northern Division Operations	Employee Transfer	Active	Next Few Months	$ 91,909	$ 4,595	$ 8,600	$ 7,841	$ 15,923	$ 119,678

Positions Forecated Vacant During the Test Period

Line	Business Unit	Position	Why the Position Must Be Filled	Why Position Will be Vacant	For Currently Vacant Positions, Status of Efforts to Fill	Anticipated Hire Date	Forecast Payroll Gross	Forecast Payroll Capitalized (or Sewer)	Forecast O&M Retirement	Forecast O&M Taxes	Forecast O&M Group Insurance	[1] Total Forecast O&M Cost	Total Forecast O&M Cost for Period Forecasted Vacant
1	120206	Meter Reader	To ensure all meters are read timely	Position expires 8/31/2013 due to efficiencies established through Automated Meter Reading	see line 6 above	see line 6 above	$ 4,159	$ 277	$ 193	$ 375	$ 1,119	$ 5,568	$ -
2	120206	Meter Reader	To ensure all meters are read timely	Position expires 12/31/2013 due to efficiencies established through Automated Meter Reading	Not vacant currently	Not vacant currently	$ 21,177	$ 2,118	$ 933	$ 1,609	$ 5,475	$ 27,076	$ -
3	120206	Meter Reader	To ensure all meters are read timely	Position expires 12/31/2013 due to efficiencies established through Automated Meter Reading	Not vacant currently	Not vacant currently	$ 21,177	$ 2,118	$ 1,452	$ 1,609	$ 4,830	$ 26,950	$ -
4	123201	4 x Technician Production (N)	To operate Owenton Water Treatment Plant	Pending approval of proposed facilities in Case No. 2012-00096, these positions planned for expiration 12/31/2013	Not vacant currently	Not vacant currently	$ 82,299	$ 126	$ 2,970	$ 6,957	$ 15,009	$ 107,108	$ -
5	120252	Technician Production (N)	Required to cover for vacations, sick leave, and addiitonal responsibilities around the plant	As forecasted, position is on hold until Owenton WTP is no longer producing water (pending approval of proposed facilities)	Not Active, see Comments at left	1/1/2014	$ 34,112	$ -	$ 2,728	$ 2,778	$ 7,383	$ 47,000	$ -

[1] **Note Forecasted O&M Costs are for the period during which these positions are forecasted not to be vacant. The O&M Costs for the period during which these are planned vacant is $0**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Scott W. Rungren

43. Refer to Application, Exhibit 37, Schedule J at 7; Case No. 2010-00036[2] Application, Exhibit 37, Schedule J at 7. Reconcile the discrepancies noted in Table I.

TABLE I

	Case No. 2010-00037	**Case No. 2012-00520**
Debt Issue	Series 6.9%	Series 6.9%
Rate At Maturity	6.993%	9.346%
Annualized Interest	$489,510	$654,220
Amortization of Interest Exp.	$ 2,294	$167,010
Unamortized Debt Exp.	$ 27,908	$ 30,361

Response:

The differences are due to two factors. First, the annual amortization of the issuance expense shown on Schedule J in this case should be $3,227, rather than the $167,010 that was presented. In addition, there was an error in the calculated balances of the annual amortization of the issue expense and the unamortized debt expense for this issuance in the 2010 case. In the 2010 case the calculation incorrectly excluded the annual amortization and the unamortized debt expense for the retired 8.5% Series, which is being amortized over the remaining life of the 6.96% Series. To see the corrected Embedded Cost of Long-Term Debt as of July 31, 2014, which reflects the necessary corrections made to this issuance, please refer to the attachment for the response to Item 45 of the Commission Staff's Second Request for Information.

[2]Case No. 2010-00036, *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by A Fully Forecasted Test Year* (Ky. PSC filed Feb. 26, 2010).

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Scott W. Rungren

44. Describe the process Kentucky-American uses to project the debt issuance costs for the projected long-term debt.

Response:

To project the debt issuance costs for an upcoming long-term debt issuance, the Company reviews actual issuance costs for previous long-term debt transactions and makes adjustments as needed for any updated estimates of costs. The issuance costs may vary depending on the type of issuance, whether public or private, and the size of the issuance. These factors will influence both the dollar amount of the cost of issuance and the percentage of overall issuance costs.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Scott W. Rungren**

45. a. On December 17, 2012, American Water announced "that its financing subsidiary, American Water Capital Corp., successfully closed the sale of $300 million of its 4.300% Senior Notes due December 1, 2042.[3] Explain why, in light of the recent issuance, use of the 4.3 percent rate is more appropriate and reasonable than the projected rate of 5.2 percent.

b. Recalculate the Annualized Cost Rate by substituting 4.3 percent rate for the projected 5.2 percent for 2013 and 2014 long-term debt issuances. Provide a revised Exhibit 37, Schedule J at 7, "Embedded Cost of Long-Term Debt as of July 31, 2014" to support the calculation.

c. Describe in detail the measures that Kentucky-American has taken to refinance its highest interest rate debt.

Response:

a. The projected rate of 5.2% was calculated approximately three months in advance of the December 2012 issuance at 4.3%. The rate the Company attained in December 2012 is not necessarily indicative of the rate the Company will attain on issuances in 2013 and 2014.

b. Please see the attachment, which consists of two pages. Page one includes the projected debt cost adjusted to 4.3% as requested, and also reflects a correction to the annual amortization of issue expense related to the Series 6.96% GMB. The annual amortization is shown as $167,010, but should be $3,227. Page two includes the Company's estimated interest rate of 5.2% for the 2013 and 2014 debt issuances, but with the correction to the annual amortization of issue expense to the Series 6.96% GMB. It should be noted that the error in the amortization did not impact the calculation of the weighted cost of capital used for calculating the Company's revenue requirement in this proceeding. The embedded debt cost of 6.14% reflected in the weighted cost of capital was based on a 13-month average calculation.

c. The Company frequently reviews its portfolio of existing long-term debt to identify potential refinancing opportunities. However, the Company does not currently have a debt issuance whose refinancing would result in a positive net present value.

[3] Press Release, American Water Works Company, American Water Closes Sale of $300 Million of Senior Unsecured Notes (Dec. 17, 2012), *available at* http://ir.amwater.com/phoenix.zhtml?c= 215126&p=irol-newsArticle&ID=1767835&highlight= (last visited Feb. 5, 2013).

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
EMBEDDED COST OF LONG-TERM DEBT
AS OF JULY 31, 2014

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-5

Witness Responsible: Scott Rungren

No.	Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Unamortized Discount or Premium	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
1														
2														
3	General Mortgage Bonds:													
4														
5	Series 6.96% GMB	12/01/93	12/01/23	7,000,000	6.960%	7.006%	N/A	490,420	7,000,000	3,227	0	30,116	0	6,969,884
6	Series 7.15% GMB	02/14/97	02/01/27	7,500,000	7.150%	7.182%	N/A	538,650	7,500,000	2,429	0	30,361	0	7,469,639
7	Series 6.99% GMB	09/01/98	06/01/28	9,000,000	6.990%	7.026%	N/A	632,340	9,000,000	3,262	0	45,122	0	8,954,878
8	Series 6.593% Note	6/12/2002	6/12/2037	47,000,000	6.593%	6.628%	N/A	3,115,160	47,000,000	16,574	0	385,338	0	46,614,662
9	Series 6.25% Note	6/23/2009	6/1/2039	45,390,000	6.250%	6.295%	N/A	2,857,301	45,390,000	20,390	0	506,356	0	44,883,644
10	Series 5.625% Note	09/10/09	09/01/39	26,000,000	5.625%	5.675%	N/A	1,475,500	26,000,000	13,008	0	326,290	0	25,673,710
11	Series 5.375% Note	06/01/10	06/01/40	26,000,000	5.375%	5.417%	N/A	1,408,420	26,000,000	10,866	0	280,693	0	25,719,307
12	Series 5.05% Note	11/01/10	11/01/40	20,000,000	5.050%	5.050%	N/A	1,010,000	20,000,000	0	0	0	0	20,000,000
13	Proposed 5.200% Note	05/15/13	05/15/43	8,000,000	4.300%	4.400%	N/A	352,000	8,000,000	8,000	0	230,333	0	7,769,667
14	Proposed 5.200% Note	05/15/13	05/15/43	3,000,000	4.300%	4.400%	N/A	132,000	3,000,000	3,000	0	86,375	0	2,913,625
15	Proposed 5.200% Note	11/15/13	11/15/43	3,000,000	4.300%	4.371%	N/A	131,130	3,000,000	2,125	0	87,875	0	2,912,125
16	Proposed 5.200% Note	05/15/14	05/15/44	3,000,000	4.300%	4.321%	N/A	129,630	3,000,000	625	0	89,375	0	2,910,625
17														
18														
19														
20														
21														
22														
23														
24														
25	Total Long-Term Debt and Annualized Cost			$ 204,890,000				$ 12,272,551	$ 204,890,000	$ 83,505	$0	$ 2,098,234	$0	$ 202,791,766
26														
27														
28	Annualized Cost Rate			6.050%										

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2012-00520
EMBEDDED COST OF LONG-TERM DEBT
AS OF JULY 31, 2014

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-7-5

Witness Responsible: Scott Rungren

No.	Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Unamortized Discount or Premium	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
1														
2														
3	General Mortgage Bonds:													
4														
5	Series 6.96% GMB	12/01/93	12/01/23	7,000,000	6.960%	7.006%	N/A	490,420	7,000,000	3,227	0	30,116	0	6,969,884
6	Series 7.15% GMB	02/14/97	02/01/27	7,500,000	7.150%	7.182%	N/A	538,650	7,500,000	2,429	0	30,361	0	7,469,639
7	Series 6.99% GMB	09/01/98	06/01/28	9,000,000	6.990%	7.026%	N/A	632,340	9,000,000	3,262	0	45,122	0	8,954,878
8	Series 6.593% Note	6/12/2002	6/12/2037	47,000,000	6.593%	6.628%	N/A	3,115,160	47,000,000	16,574	0	385,338	0	46,614,662
9	Series 6.25% Note	6/23/2009	6/1/2039	45,390,000	6.250%	6.295%	N/A	2,857,301	45,390,000	20,390	0	506,356	0	44,883,644
10	Series 5.625% Note	09/10/09	09/01/39	26,000,000	5.625%	5.675%	N/A	1,475,500	26,000,000	13,008	0	326,290	0	25,673,710
11	Series 5.375% Note	06/01/10	06/01/40	26,000,000	5.375%	5.417%	N/A	1,408,420	26,000,000	10,866	0	280,693	0	25,719,307
12	Series 5.05% Note	11/01/10	11/01/40	20,000,000	5.050%	5.050%	N/A	1,010,000	20,000,000	0	0	0	0	20,000,000
13	Proposed 5.200% Note	05/15/13	05/15/43	8,000,000	5.200%	5.300%	N/A	424,000	8,000,000	8,000	0	230,333	0	7,769,667
14	Proposed 5.200% Note	05/15/13	05/15/43	3,000,000	5.200%	5.300%	N/A	159,000	3,000,000	3,000	0	86,375	0	2,913,625
15	Proposed 5.200% Note	11/15/13	11/15/43	3,000,000	5.200%	5.271%	N/A	158,130	3,000,000	2,125	0	87,875	0	2,912,125
16	Proposed 5.200% Note	05/15/14	05/15/44	3,000,000	5.200%	5.221%	N/A	156,630	3,000,000	625	0	89,375	0	2,910,625
17														
18														
19														
20														
21														
22														
23														
24														
25	Total Long-Term Debt and Annualized Cost			$ 204,890,000				$ 12,425,551	$ 204,890,000	$ 83,505	$0	$ 2,098,234	$0	$ 202,791,766
26														
27														
28	Annualized Cost Rate			6.130%										

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Scott W. Rungren

46. For each long-term debt instrument that Kentucky-American has issued between 2008 through 2011 provide a schedule listing:

    a. Projected and actual issuance dates;

    b. Projected and actual interest rates;

    c. Projected and actual debt issuance cost;

    d. Projected and actual principal amounts;

    e. The interest rate of the American Water Capital Corporation ("American Capital") debt issuance that supports Kentucky-American's projected debt issuance.

    f. Cost Differences between the Projected and Actual Amounts.

Response:

    a. Please see attached.

    b. Please see attached.

    c. Please see attached.

    d. Please see attached.

    e. The interest rate that American Water Capital Corp. (AWCC) obtains on its debt issuances is assigned to the debt it issues to Kentucky American Water.

    f. In 2009 the Company issued long-term debt in the amount of $71.39 million, which was close to the budgeted amount of $71.5 million. The actual interest rates on the two issuances were lower than projected, which based on the issued amount of $71.39 million, resulted in an annual interest reduction of $413,079 compared to budget. The issuance costs were 1.34%, compared to the budget estimate of 1.32%. In 2010, the Company issued long-term debt in the amount $26 million, composed of one issuance, which was slightly above the budgeted assumption of three issuances totaling $24 million. The actual interest rate was lower than the weighted average rate of the three issuances, which based on the issued amount of $26 million, resulted in an annual interest reduction of $253,500

compared to budget. The issuance costs were 1.24% compared to the budget estimate of 1.50%. In 2011, the Company issued long-term debt in the amount $20 million, which was below the budgeted amount of $23.5 million. The actual interest rate was lower than projected, which based on the issued amount of $20 million, resulted in an annual interest reduction of $322,600 compared to budget. The issuance costs were zero, consistent with the budget.

2009		2010		2011	
Projected	Actual	Projected	Actual	Projected	Actual
		Issuance Dates			
05/15/09	06/23/09	05/15/10	06/24/10	05/01/11	11/21/11
10/15/09	09/10/09	11/30/10			
		12/15/10			
		Interest Rates			
6.601%	6.250%	6.350%	5.375%	6.663%	5.050%
6.601%	5.625%	6.540%			
		7.440%			
		Debt Issuance Costs			
550,000	573,816	165,000	322,248	0	0
390,000	383,390	165,000			
		30,000			
		Principal Amounts			
45,500,000	45,390,000	11,000,000	26,000,000	23,500,000	20,000,000
26,000,000	26,000,000	11,000,000			
		2,000,000			

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: **Scott W. Rungren**

47. a. For each American Water operating subsidiary, regulated or non-regulated, calculate the "Annualized Long-term Debt Cost Rate" as of December 31, 2012.

b. For each response to Item 47(a), provide a schedule similar to Exhibit 37, Schedule J at 7, "Embedded Cost of Long-Term Debt as of July 31, 2014" to support the calculation.

c. Provide the information requested in Item 47(a) and (b) for American Capital.

Response:

a. Please see the following for American Water Company's regulated and non-regulated subsidiaries (all are regulated with the exception of Michigan American Water Company):

Indiana American Water Company	6.30%
Iowa American Water Company	7.35%
Kentucky American Water Company	6.15%
Maryland American Water Company	6.90%
California American Water Company	6.56%
Michigan American Water Company	5.34%
Missouri American Water Company	5.70%
New Jersey American Water Company	5.40%
Pennsylvania American Water Company	5.92%
Illinois American Water Company	5.76%
Tennessee American Water Company	5.94%
Virginia American Water Company	6.18%
West Virginia American Water Company	7.19%
Hawaii American Water Company	6.57%
Long Island Water Company	5.63%

With the exception of Michigan American Water Company, none of American Water's non-regulated subsidiaries have any annualized long term debt as of December 31, 2012. American Water Company's non-regulated subsidiaries are typically not capital intensive.

b. American Water Works Company has not projected the embedded cost of long-term debt for 2014 for its regulated or nonregulated subsidiaries, with the exception, for purposes of this case, of Kentucky American Water Company. At

this time, budget data does not extend past December 31, 2013 for other American Water operating subsidiaries.

c. AWCC (as of December 31, 2012) 6.10%

American Water Works Company has not projected the embedded cost of long-term debt for 2014 for AWCC. At this time, budget data does not extend past December 31, 2013.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Gary M. VerDouw

48. Refer to the Direct Testimony of Gary M. VerDouw at 21. For each state that has been identified as adopting tariff riders similar to Kentucky-American's proposed DISC,

a. State the date on which the DSIC was first authorized.

b. Identify the statute, administrative regulation, or administrative order authorizing the DISC and provide a copy of such statute, administrative regulation or order.

c. State whether that state's utility regulatory commission permits the use of a forecasted test period in a general rate adjustment case and whether the use of a DISC limits the use of a forecasted test period.

Response:

a. The Company does not have this information for each state readily available. However, Pennsylvania first recognized the need for a regulatory rate mechanism to address the issue of infrastructure replacement and authorized the DSIC in 1996. New Jersey was the most recent state in 2012 to authorize a DSIC.

b. Attached for each state listed in Mr. VerDouw's testimony with a DSIC (or its equivalent), please find the requested statutes or administrative regulations. New York also referenced in my testimony on page 21, which has had DSIC surcharges in place since the mid-2000's and now addresses infrastructure replacement through step rate increases, is addressed in individual company Rate Case Orders.

c. Please see the table provided in response to Item 23 of this same data request for a listing of states in American Waters' service territory that utilize a forecasted test period. Illinois and New York both utilize a forecasted test period in general (base) rate adjustment cases and also have DSIC mechanisms (referred to as QIP or Qualifying Infrastructure Plant surcharge in Illinois), which DSIC's have not been limited by virtue of the forecasted test period. New York as noted above, has recently begun to address infrastructure replacement beyond the forecasted test period though pre-authorized step base rate increases rather than though the surcharge. Pennsylvania, the original state that provided for the DSIC, recently enacted Act 11 of 2012 which provides utilities with the opportunity to file general rate cases based on a fully forecasted test period, while still providing for the DSIC. While Ohio is a non-American Water state, the Company understands its System Improvement Charge rate mechanism does not impose limits on the forecasted test period utilized in general rate case filings.

PENNSYLVANIA

Attached is the original Pennsylvania Statute (Section 1307(g) under which all applicable Pennsylvania water companies implemented the DSIC's they currently have in place. Also attached is a new Pennsylvania Statute, Title 66, Chapter 13, Subchapter B, enacted February 14, 2012 which repealed Section 1307(g) and replaced it with new DSIC regulations Sections 1350 – 1360 that (i) extended the DSIC to other utility types in Pennsylvania, i.e. electric distribution companies, natural gas distribution companies, wastewater utilities); and (ii) continued unchanged the original DSIC for water utilities.

Effective: April 16, 2012

Purdon's Pennsylvania Statutes and Consolidated Statutes Currentness
Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
→→ § 1350. Scope of subchapter

This subchapter shall provide an additional mechanism for a distribution system to recover costs related to the repair, improvement and replacement of eligible property.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

66 Pa.C.S.A. § 1350, PA ST 66 Pa.C.S.A. § 1350

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

Effective: April 16, 2012

Purdon's Pennsylvania Statutes and Consolidated Statutes Currentness
Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
§ 1351. Definitions

The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Capitalized cost." Costs permitted to be capitalized pursuant to the Uniform System of Accounts and Generally Accepted Accounting Principles.

"Distribution system." A system owned or operated by a utility. The term includes a natural gas distribution company, a city natural gas distribution operation, an electric distribution company, a water utility and a collection system for a wastewater utility.

"Distribution system improvement charge." A charge imposed by a utility to recover the reasonable and prudent costs incurred to repair, improve or replace eligible property that is part of the utility's distribution system.

"Eligible property." Property that is part of a distribution system and eligible for repair, improvement and replacement of infrastructure under this subchapter. Included property shall be as follows:

(1) For electric distribution companies, eligible property shall include:

(i) Poles and towers.

(ii) Overhead and underground conductors.

(iii) Transformers and substation equipment.

(iv) Any fixture or device related to eligible property under subparagraphs (i), (ii) and (iii), including insu-

lators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers.

(v) Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities.

(vi) Other related capitalized costs.

(2) For natural gas distribution companies and city natural gas distribution operations, eligible property shall include:

(i) Piping.

(ii) Couplings.

(iii) Gas services lines and insulated and noninsulated fittings.

(iv) Valves.

(v) Excess flow valves.

(vi) Risers.

(vii) Meter bars.

(viii) Meters.

(ix) Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities.

(x) Other related capitalized costs.

(3) For water utilities, eligible property shall include:

(i) Utility service lines, meters and hydrants installed as in-kind replacements for customers.

(ii) Mains and valves installed as replacements for existing facilities that have worn out, are in deteriorated

condition or are required to be upgraded to meet under 52 Pa. Code Ch. 65 (relating to water service).

(iii) Main extensions installed to eliminate dead ends and to implement solutions to regional water supply problems that present a significant health and safety concern for customers currently receiving service from the water utility.

(iv) Main cleaning and relining projects.

(v) Unreimbursed costs related to highway relocation projects where a water utility must relocate its facilities.

(vi) Other related capitalized costs.

(4) For wastewater utilities, eligible property shall include:

(i) Collection sewers, collecting mains and service laterals, including sewer taps, curbstops and lateral cleanouts installed as in-kind replacements for customers.

(ii) Collection mains and valves for gravity and pressure systems and related facilities such as manholes, grinder pumps, air and vacuum release chambers, cleanouts, main line flow meters, valve vaults and lift stations installed as replacements or upgrades for existing facilities that have worn out, are in deteriorated condition or are required to be upgraded by law, regulation or order.

(iii) Collection main extensions installed to implement solutions to wastewater problems that present a significant health and safety concern for customers currently receiving service from the wastewater utility.

(iv) Collection main rehabilitation including inflow and infiltration projects.

(v) Unreimbursed costs related to highway relocation projects where a wastewater utility must relocate its facilities.

(vi) Other related capitalized costs.

"Utility." A natural gas distribution company, electric distribution company, water or wastewater utility or city natural gas distribution operation.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

66 Pa.C.S.A. § 1351, PA ST 66 Pa.C.S.A. § 1351

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

Effective: April 16, 2012

Purdon's Pennsylvania Statutes and Consolidated Statutes Currentness
Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
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Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
§ 1352. Long-term infrastructure improvement plan

(a) Submission.--In order to be eligible to recover costs under section 1353 (relating to distribution system improvement charge), a utility must submit a long-term infrastructure improvement plan. The plan shall include the following:

(1) Identification of the types and age of eligible property owned or operated by the utility for which the utility would seek recovery under this subchapter.

(2) An initial schedule for the planned repair and replacement of eligible property.

(3) A general description of the location of the eligible property.

(4) A reasonable estimate of the quantity of eligible property to be improved.

(5) Projected annual expenditures to implement the plan and measures taken to ensure that the plan is cost effective.

(6) The manner in which the replacement of aging infrastructure will be accelerated and how the repair, improvement or replacement will ensure and maintain adequate, efficient, safe, reliable and reasonable service.

(7) If the plan is not adequate and sufficient to ensure and maintain adequate, efficient, safe, reliable and reasonable service, the commission shall order a new or revised plan.

(b) Periodic review.--

(1) The commission shall promulgate regulations for the periodic review at least once every five years of long-term infrastructure plans. The regulations may authorize a utility to revise, update or resubmit a plan as appropriate.

(2) The regulations shall ensure that a distribution system improvement charge shall terminate if the commission determines that the utility is not in compliance with the approved plan.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

CROSS REFERENCES

Acceptance of long-term infrastructure plans prior to effective date of statute, see 66 Pa.C.S.A. § 1360.

66 Pa.C.S.A. § 1352, PA ST 66 Pa.C.S.A. § 1352

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

Effective: April 16, 2012

Purdon's Pennsylvania Statutes and Consolidated Statutes Currentness
Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
→→ § 1353. Distribution system improvement charge

(a) Authority.--Except as provided under this subchapter, after January 1, 2013, a utility may petition the commission, or the commission, after notice and hearing, may approve the establishment of a distribution system improvement charge to provide for the timely recovery of the reasonable and prudent costs incurred to repair, improve or replace eligible property in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service.

(b) Petition.--A petition for commission approval of a distribution system improvement charge shall include the following:

(1) An initial tariff that complies with a model tariff adopted by the commission. The proposed tariff shall include the following:

(i) A description of the eligible property.

(ii) The effective date of the distribution system improvement charge.

(iii) Computation of the distribution system improvement charge.

(iv) The method by which the utility will provide quarterly updates of the distribution improvement charge.

(v) A description of consumer protections.

(2) Testimony, affidavits, exhibits or other evidence that demonstrates that a distribution improvement system charge is in the public interest and will facilitate utility compliance with the following:

(i) The provision and maintenance of adequate, efficient, safe, reliable and reasonable service consistent

with section 1501 (relating to character of service and facilities).

(ii) Commission regulations and orders relating to the provision and maintenance of adequate, efficient, safe, reliable and reasonable service.

(iii) Any other requirement under Federal or State law relating to the provision and maintenance of adequate, efficient, safe, reliable and reasonable service.

(3) A long-term infrastructure improvement plan under section 1352 (relating to long-term infrastructure improvement plan).

(4) Certification that a base rate case has been filed within five years prior to the date of the filing of the petition under section 1308(d) (relating to voluntary changes in rates).

(5) If a base rate case has not been filed within five years prior to the date of the filing of the petition, the utility must file a base rate case in order to be eligible for a distribution system improvement charge.

(6) Any other information required by the commission.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

CROSS REFERENCES

Review of petition, see 66 Pa.C.S.A. § 1355.

66 Pa.C.S.A. § 1353, PA ST 66 Pa.C.S.A. § 1353

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

Effective: April 16, 2012

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Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
→→ § 1354. Customer notice

Utilities shall provide notice to customers in bill inserts or through other means as prescribed by the commission of the following:

(1) Submission of the proposed distribution system improvement charge and initial tariff.

(2) Notice of the commission's disposition of the submission under paragraph (1).

(3) Any changes that occur as a result of quarterly adjustments.

(4) Any other information required by the commission.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

66 Pa.C.S.A. § 1354, PA ST 66 Pa.C.S.A. § 1354

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

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Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
→→ § 1355. Review

Following the filing of a petition in compliance with section 1353 (relating to distribution system improvement charge), the commission shall, after notice and opportunity to be heard, approve, modify or reject the distribution system improvement charge and initial tariff. The commission shall hold evidentiary and public input hearings as necessary to review the petition.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

66 Pa.C.S.A. § 1355, PA ST 66 Pa.C.S.A. § 1355

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

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Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
§ 1356. Asset optimization plans

A utility with an approved distribution system charge and long-term infrastructure plan shall file annual asset optimization plans. The plan shall include the following:

(1) A description that specifies all eligible property repaired, improved and replaced in the immediately preceding 12-month period pursuant to the utility's long-term infrastructure improvement plan and prior year's asset optimization plan.

(2) A detailed description of all the facilities to be improved in the upcoming 12-month period.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

66 Pa.C.S.A. § 1356, PA ST 66 Pa.C.S.A. § 1356

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

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Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
§ 1357. Computation of charge

(a) Recovery.--The following shall apply:

(1) The initial distribution system improvement charge shall be calculated to recover the fixed cost of eligible property that has:

(i) Not previously been reflected in the utility's rates or rate base.

(ii) Been placed in service during the three-month period ending one month prior to the effective date of the distribution improvement system charge.

(2) After calculation of the initial charge under paragraph (1), the distribution system improvement charge must be updated on a quarterly basis to reflect eligible property placed in service during the three-month period ending one month prior to the effective date of each distribution system improvement charge update.

(3) The fixed cost of eligible property shall consist of depreciation and pretax return, except as provided for in subsection (c) for city natural gas distribution operation.

(b) Depreciation calculation.--Depreciation shall be calculated by applying the original cost of the eligible property to the annual accrual rates employed in the utility's most recent base rate case for the plant accounts in which each retirement unit of distribution system improvement charge eligible property is recorded. The following shall apply:

(1) The pretax return shall be calculated using the Federal and State income tax rates, the utility's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day of the three-month period ending one month prior to the effective date of the distribution system improvement charge and subsequent updates.

(2) The cost of equity shall be the equity return rate approved in the utility's most recent fully litigated base rate proceeding for which a final order was entered not more than two years prior to the effective date of the distribution system improvement charge.

(3) If more than two years have elapsed between the entry of a final order and the effective date of the distribution system improvement charge, the equity return rate used in the calculation shall be the equity return rate calculated by the commission in the most recent Quarterly Report on the Earnings of Jurisdictional Utilities released by the commission.

(c) Recovery of costs.--Utilities may file tariffs establishing a sliding scale of rates or other method for the automatic adjustment of the rates of the utility to provide for recovery of the depreciation and pretax return fixed costs of eligible property, as approved by the commission, that are completed and placed in service between base rate proceedings. For city natural gas distribution operations, recoverable costs shall be amounts reasonably expended or incurred to purchase and install eligible property and associated financing costs, if any, including debt service, debt service coverage and issuance costs.

(d) Calculation.

(1) The distribution system improvement charge shall be expressed as a percentage carried to two decimal places and shall be applied in a manner consistent with section 1358 (relating to customer protections) to each customer under the utility's applicable rates and charges. The charge shall not be applied to amounts billed for public fire protection service by water utilities and the State tax adjustment surcharge.

(2) The distribution system improvement charge shall be calculated by dividing one-fourth of the annual fixed costs associated with all eligible property under the distribution system improvement charge by the projected revenue for the quarterly period during which the distribution system will be collected. The projected revenues shall not include revenues from public fire protection service earned by water utilities and the State tax adjustment surcharge.

(3) Supporting data for each quarterly update shall be filed with the commission and served upon the commission, the Office of Consumer Advocate and the Office of Small Business Advocate at least ten days prior to the effective date of the update.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

66 Pa.C.S.A. § 1357, PA ST 66 Pa.C.S.A. § 1357

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

Effective: April 16, 2012

Purdon's Pennsylvania Statutes and Consolidated Statutes Currentness
Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
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Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
§ 1358. Customer protections

(a) Limitation.--As follows:

(1) Except as provided under paragraph (2), the distribution system improvement charge may not exceed 5% of the amount billed to customers under the applicable rates of the wastewater utility or distribution rates of the electric distribution company, natural gas distribution company or city natural gas distribution operation. The commission may upon petition grant a waiver of the 5% limit under this paragraph for a utility in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service.

(2) A distribution system improvement charge granted to a water utility under former section 1307(g) (relating to sliding scale of rates; adjustments) or this subchapter may not exceed 7.5% of the amount billed to customers. All proceedings, orders and other actions of the commission related to a distribution system improvement charge granted to a water utility and all practices and procedures of a water utility operating under a distribution system improvement charge prior to the effective date of this paragraph shall remain in effect unless specifically amended or revoked by the commission.

(b) Charge reset.--

(1) The distribution system improvement charge shall be reset at zero as of the effective date of new base rates that provide for prospective recovery of the annual costs previously recovered under the distribution system improvement charge.

(2) After the reset date under paragraph (1), only the fixed costs of new eligible property that have not previously been reflected in the utility's rate base shall be reflected in the quarterly updates of the distribution system improvement charge.

(3) The distribution system improvement charge shall be reset at zero if, in any quarter, data filed with the commission in the utility's most recent annual or quarterly earnings report show that the utility will earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the distribution

system improvement charge.

(c) Construction.--Except as otherwise expressly provided under this subchapter, nothing under this subchapter shall be construed as limiting the existing ratemaking authority of the commission, including the authority to permit recovery of operating expenses through an automatic adjustment clause, or as indicating that the existing authority of the commission over rate structure or design is limited.

(d) Commission.--The commission, by regulation or order, shall prescribe the specific procedures to be followed to approve a distribution system improvement charge. A distribution system improvement charge approved by the commission shall provide:

(1) That the distribution system improvement charge shall be applied equally to all customer classes as a percentage of each customer's billed revenue, consistently with subsection (a).

(2) A process to adjust the charge and to provide:

(i) Credit to customer accounts for over collections and collections for ineligible projects.

(ii) Charges to customer accounts for under collections.

(3) A cap on the amount that may be collected from customers under this subchapter.

(e) Audit and reconciliation.--The following shall apply:

(1) The distribution system improvement charge shall be subject to the following:

(i) Audit at intervals determined by the commission.

(ii) Annual reconciliation based on a reconciliation period consisting of the 12 months ending December 31 of each year. The commission may also permit quarterly reconciliation.

(2) The revenue received under the distribution system improvement charge for the reconciliation period shall be compared to the utility's eligible costs for that period. The difference between revenue and costs shall be recouped or refunded, as appropriate, in accordance with section 1307(e), over a one-year period or quarterly period commencing April 1 of each year.

(3) If revenues received from the distribution system improvement charge exceed eligible costs, the over collections shall be refunded with interest. Interest on the over collections shall be calculated at the residential

mortgage lending rate specified by the Secretary of Banking in accordance with the act of January 30, 1974 (P.L. 13, No. 6), [FN1] referred to as the Loan Interest and Protection Law, and shall be refunded in the same manner as an over collection.

(f) Complaint.--The distribution system improvement charge shall be subject to complaint under section 701 (relating to complaints).

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

[FN1] 41 P.S. § 101 et seq.

CROSS REFERENCES

Calculation of distribution system improvement charge, see 66 Pa.C.S.A. § 1357.

66 Pa.C.S.A. § 1358, PA ST 66 Pa.C.S.A. § 1358

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

Westlaw

Effective: April 16, 2012

Purdon's Pennsylvania Statutes and Consolidated Statutes Currentness
Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
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Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
§ 1359. Projects

(a) Standards.--The commission shall establish standards to ensure that work on utility systems to repair, improve or replace eligible property is performed by qualified employees of either the utility or an independent contractor in a manner that protects system reliability and the safety of the public.

(b) Inspection.--Projects for which work to repair, improve or replace eligible property is performed by independent contractors shall be subject to reliability and safety standards and to inspection by utility employees.

(c) Cost.--Work on projects to repair, improve or replace eligible property that is not performed by qualified employees or contractors or inspected by the utility's qualified personnel shall not be eligible for recovery of a distribution system improvement charge.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

66 Pa.C.S.A. § 1359, PA ST 66 Pa.C.S.A. § 1359

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

Effective: April 16, 2012

Purdon's Pennsylvania Statutes and Consolidated Statutes Currentness
Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Distribution Systems (Refs & Annos)
Subchapter B. Distribution Systems
→→ § 1360. Applicability

(a) Acceptance.--The commission may accept a long-term infrastructure plan filed by a water utility prior to the effective date of this subsection in order to comply with section 1352 (relating to long-term infrastructure improvement plan).

(b) Submission.--The commission may require the submission of a new long-term infrastructure plan by a water utility.

CREDIT(S)

2012, Feb. 14, P.L. 72, No. 11, § 6, effective in 60 days [April 16, 2012].

66 Pa.C.S.A. § 1360, PA ST 66 Pa.C.S.A. § 1360

Current through 2012 Regular Session Act 150 and 153 to 169, 171 to 180, 183 to 187, 189 to 191, 193 to 206 and 208 to 211

END OF DOCUMENT

66 Pa.C.S.A. § 1307

Effective: February 07, 2003

Purdon's Pennsylvania Statutes and Consolidated Statutes Currentness
Title 66 Pa.C.S.A. Public Utilities (Refs & Annos)
Part I. Public Utility Code (Refs & Annos)
Subpart C. Regulation of Public Utilities Generally (Refs & Annos)
Chapter 13. Rates and Rate Making (Refs & Annos)

→ § 1307. Sliding scale of rates; adjustments

(a) General rule.--Any public utility, except common carriers and those natural gas distributors with gross intrastate annual operating revenues in excess of $40,000,000 with respect to the gas costs of such natural gas distributors, may establish a sliding scale of rates or such other method for the automatic adjustment of the rates of the public utility as shall provide a just and reasonable return on the rate base of such public utility, to be determined upon such equitable or reasonable basis as shall provide such fair return. A tariff showing the scale of rates under such arrangement shall first be filed with the commission, and such tariff, and each rate set out therein, approved by it. The commission may revoke its approval at any time and fix other rates for any such public utility if, after notice and hearing, the commission finds the existing rates unjust or unreasonable.

(b) Mandatory system for automatic adjustment.--The commission, by regulation or order, upon reasonable notice and after hearing, may prescribe for any class of public utilities, except common carriers and those natural gas distributors with gross intrastate annual operating revenues in excess of $40,000,000, a mandatory system for the automatic adjustment of their rates, by means of a sliding scale of rates or other method, on the same basis as provided in subsection (a), to become effective when and in the manner prescribed in such regulation or order. Every such public utility shall, within such time as shall be prescribed by the commission, file tariffs showing the rates established in accordance with such regulation or order.

(c) Fuel cost adjustment.-- In any method automatically adjusting rates to reflect changes in fossil fuel cost under this section, the fuel cost used in computing the adjustment shall be limited, in the case of an electric utility, to the cost of such fuel delivered to the utility at the generating site at which it is to be consumed, and the cost of disposing of solid waste from scrubbers or other devices designed so that the consumption of Pennsylvania-mined coal at the generating site would comply with the sulfur oxide emission standards prescribed by the Commonwealth. The cost of fuel handling after such delivery, or of waste disposal, other than as prescribed in this section, shall be excluded from such computation. In any method automatically adjusting rates to reflect changes in fuel cost other than fossil fuel cost under this section, the fuel cost used in computing the adjustment shall be limited, in the case of an electric utility, to the cost of such fuel delivered to the utility at the generating site at which it is to be consumed after deducting therefrom the present salvage or reuse value of such fuel, as shall be established by commission rule or order.

(d) Fuel cost adjustment audits.-- The commission shall conduct or cause to be conducted, at such times as it may order, but at least annually, an audit of each public utility which, by any method described in this section, automatically adjusts its rates to reflect changes in its fuel costs, which audit shall enable the commission to determine the propriety and correctness of amounts billed and collected under this section. Whoever performs the audit shall be a person knowledgable [FN1] in the subject matter encompassed within the operation of the automatic adjustment clause. The auditors report shall be in a form and manner directed by the commission.

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(e) Automatic adjustment reports and proceedings.--

(1) Within 30 days following the end of such 12-month period as the commission shall designate, each public utility using an automatic adjustment clause shall file with the commission a statement which shall specify for such period:

(i) the total revenues received pursuant to the automatic adjustment clause;

(ii) the total amount of that expense or class of expenses incurred which is the basis of the automatic adjustment clause; and

(iii) the difference between the amounts specified by subparagraphs (i) and (ii).

Such report shall be a matter of public record and copies thereof shall be made available to any person upon request to the commission.

(2) Within 60 days following the submission of such report by a public utility, the commission shall hold a public hearing on the substance of the report and any matters pertaining to the use by such public utility of such automatic adjustment clause in the preceding period any may include the present and subsequent periods.

(3) Absent good reason being shown to the contrary, the commission shall, within 60 days following such hearing, by order direct each such public utility to, over an appropriate 12-month period, refund to its patrons an amount equal to that by which its revenues received pursuant to such automatic adjustment clause exceeded the amount of such expense or class of expenses, or recover from its patrons an amount equal to that by which such expense or class of expenses exceeded the revenues received pursuant to such automatic adjustment clause.

(4) For the purpose of this subsection, where a 12-month report period and 12- month refund or recovery period shall have been previously established or designated, nothing in this section shall impair the continued use of such previously established or designated periods nor shall anything in this section prevent the commission from amending at any time any method used by any utility in automatically adjusting its rates, so as to provide the commission more adequate supervision of the administration by a utility of such method and to decrease the likelihood of collection by a utility, in subsequent periods, of amounts greater or less than that to which it is entitled, or, in the event that such deficiency or surplus in collected amounts is found, more prompt readjustment thereof.

(f) Recovery of natural gas costs.--

(1) Natural gas distribution companies, as defined in section 2202 (relating to definitions), with gross intrastate annual operating revenues in excess of $40,000,000 may file tariffs reflecting actual and projected increases or decreases in their natural gas costs, and the tariffs shall have an effective date six months from the date of filing. The commission shall promulgate regulations establishing the time and manner of such filing, but, except for adjustments pursuant to a tariff mechanism authorized in this title, no such natural gas distribution company shall voluntarily file more than one such tariff in a 12-month period: Provided, That:

(i) Nothing contained herein shall prohibit any party from advising the commission that there has been or there is anticipated to be a significant difference between the natural gas costs to the natural gas distribution company and the costs reflected in the then effective tariff or the commission from acting upon such advice.

(ii) A natural gas distribution company may also file a tariff to establish a mechanism by which such natural gas

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distribution company may further adjust its rates for natural gas sales on a regular, but no more frequent than monthly, basis to reflect actual or projected changes in natural gas costs reflected in rates established pursuant to paragraph (2), subject to annual reconciliation under paragraph (5). In the event that the natural gas distribution company adjusts rates more frequently than quarterly, it shall also offer retail gas customers a fixed-rate option which recovers natural gas costs over a 12-month period, subject to annual reconciliation under paragraph (5). The commission shall, within 60 days of the effective date of this subparagraph, promulgate rules or regulations governing such adjustments and fixed-rate option, but the commission shall not prohibit such adjustments or fixed-rate option.

(2) The commission shall conduct an investigation and hold a hearing or hearings, with notice, to review the tariffs and consider the plans filed pursuant to section 1317 (relating to regulation of natural gas costs). Where there has been an indication of consumer interest, the hearing shall be held in the service territory of the natural gas distribution company. Prior to the effective date of the filing, the commission shall issue an order establishing the rate to be charged to reflect such changes in natural gas costs. The commission shall annually review and approve plans for purposes of reliability and supply. Such rates, however, are subject to the types of audits, reports and proceedings required by subsection (d).

(3) Within 60 days following the end of such 12-month period as the commission shall designate, each natural gas distribution company subject to this subsection shall file with the commission a statement which specifies for such period:

(i) The total revenues received pursuant to this section.

(ii) The total natural gas costs incurred.

(iii) The difference between the amounts specified by subparagraphs (i) and (ii).

(iv) How actual natural gas costs incurred differ from the natural gas costs allowed under paragraph (2) and why such differences occurred.

(v) How these natural gas costs are consistent with a least cost procurement policy as required by section 1318 (relating to determination of just and reasonable gas cost rates).

Such report shall be a matter of public record and copies thereof shall be made available by the natural gas distribution company to any person upon request. Copies of the reports shall be filed with the Office of Consumer Advocate and the Office of Small Business Advocate at the same time as they are filed with the commission.

(4) The commission shall hold a public hearing on the substance of such statement submitted by a natural gas distribution company as required in paragraph (3) and on any related matters.

(5) The commission, after hearing, shall determine the portion of the company's natural gas distribution actual natural gas costs in the previous 12-month period which meet the standards set out in section 1318. The commission shall, by order, direct each natural gas distribution company subject to this subsection to refund to its customers gas revenues collected pursuant to paragraph (2) which exceed the amount of actual natural gas costs incurred consistent with the standards in section 1318 and to recover from its customers any amount by which the actual natural gas costs, which have been incurred consistent with the standards in section 1318, exceed the revenues collected pursuant to paragraph (2). Absent good reason to the contrary, the commission shall issue its order within six months following the filing of the statement described in paragraph (3). Refunds to customers shall be made with interest, at the legal rate of interest plus two percent, during the period or periods for which the commission orders refunds, and recoveries from customers shall include interest at the legal rate of interest:

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Provided, That nothing contained herein shall limit the applicability of any defenses, principles or doctrines which would prohibit the commission's inquiry into any matters that were decided finally in the commission's order issued under paragraph (2).

(6) The commission shall require that customers transferring from sales to transportation service be subject to the over-or-under collection adjustment provided for in paragraph (5) and shall require further that customers transferring from transportation service to sales service not be subject to the over-or-under collection adjustment for an appropriate period following either such transfer.

(g) Recovery of costs related to distribution system improvement projects designed to enhance water quality, fire protection reliability and long-term system viability.--Water utilities may file tariffs establishing a sliding scale of rates or other method for the automatic adjustment of the rates of the water utility as shall provide for recovery of the fixed costs (depreciation and pretax return) of certain distribution system improvement projects, as approved by the commission, that are completed and placed in service between base rate proceedings. The commission, by regulation or order, shall prescribe the specific procedures to be followed in establishing the sliding scale or other automatic adjustment method.

(g.1) Surcharge recoverability and offset.--Notwithstanding any other provision of this title or prior order of the commission, a surcharge imposed on and paid by a public utility under section 1111-A of the act of March 4, 1971 (P.L. 6, No. 2), [FN2] known as the Tax Reform Code of 1971, is recoverable under this section by such means as approved by the commission. Retail rates as adjusted in accordance with this subsection shall also reflect any reduction in Public Utility Realty Tax Act liabilities secured by the utility and adjustments in State taxes reflected in any applicable State tax adjustment surcharge as defined by commission regulations.

(h) Definition.--As used in this section, the terms "natural gas costs" and "gas costs" include the direct costs paid by a natural gas distribution company for the purchase and the delivery of natural gas to its system in order to supply its customers. Such costs may include costs paid under agreements to purchase natural gas from sellers; costs paid for transporting natural gas to its system; costs paid for natural gas storage service from others, including the costs of injecting and withdrawing natural gas from storage; all charges, fees, taxes and rates paid in connection with such purchases, pipeline gathering, storage and transportation; and costs paid for employing futures, options and other risk management tools. "Natural gas" and "gas" include natural gas, liquified natural gas, synthetic natural gas and any natural gas substitutes.

CREDIT(S)

1978, July 1, P.L. 598, No. 116, § 1, effective in 60 days. Amended 1984, May 31, P.L. 370, No. 74, § 2, effective in 60 days; 1984, Sept. 27, P.L. 721, No. 153, § 2, effective in 60 days; 1984, Dec. 21, P.L. 1265, No. 240, § 4, imd. effective; 1996, Dec. 18, P.L. 1061, No. 156, § 1, effective in 60 days; 1999, June 22, P.L. 122, No. 21, § 2, effective July 1, 1999; 2002, Dec. 9, P.L. 1556, No. 203, § 1, effective in 60 days.

[FN1] So in original.

[FN2] 72 P.S. § 8111-A.

HISTORICAL AND STATUTORY NOTES

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Section 5 of Act 1984, May 31, P.L. 370, No. 74, as amended by Act 1984, Dec. 21, P.L. 1265, No. 240, § 8, provides as follows:

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"The provisions of this act shall be applicable to each natural gas distribution utility under commission jurisdiction. The commission shall adopt regulations prescribing the method by which utilities are to reflect the gas costs previously collectible under the provisions of 66 Pa.C.S. § 1307(a) and (b) (relating to sliding scale of rates; adjustments), so that the transition in methods of collection required by this act does not, of itself, necessitate base rate or 66 Pa.C.S. § 1307(f) filings."

Sections 7 and 8 of Act 1984, Dec. 21, P.L. 1265, No. 240, provide as follows:

"Section 7. Each natural gas distribution utility required to file a tariff in accordance with 66 Pa.C.S. § 1307(f) (relating to sliding scale of rates; adjustments) shall file such a tariff no later than March 1, 1985. Until such tariffs become effective in accordance with 66 Pa.C.S. § 1307(f), such utilities shall remain subject to the provisions of 66 Pa.C.S. § 1307 in effect prior to this amendatory act and the regulations issued by the commission pursuant to that section for natural gas distribution utilities.

"Section 8. As much of the first sentence as reads 'no later than January 1, 1986' and all of the second sentence of section 5 of the act of May 31, 1984 (P.L. 370, No. 74), entitled 'An act amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, providing for commission powers and duties relating to the use of coal; prohibiting certain natural gas utilities from utilizing a sliding scale of rates to recover natural gas costs; and further providing for procedures and standards for regulating the rates of natural gas utilities,' are repealed."

Prior Laws:

1976, Oct. 7, P.L. 1057, No. 215, § 3.
1975, July 30, P.L. 151, No. 76, § 1.
1937, May 28, P.L. 1053, art. III, § 307 (66 P.S. § 1147).
1913, July 26, P.L. 1374, No. 854, art. III, § 1.

CROSS REFERENCES

Alternative energy portfolio standards, see 73 P.S. § 1648.3.

PENNSYLVANIA CODE REFERENCES

Default service rate design and recovery of reasonable costs, see 52 Pa. Code § 54.187.

Fuel procurement policies and procedures, see 52 Pa. Code § 69.1 et seq.

Policy statement on nuclear fuel procurement guidelines, see 52 Pa. Code § 69.201 et seq.

Recovery of fuel costs by gas utilities, see 52 Pa. Code §§ 53.66, 53.67.

Small water and wastewater utilities, see 52 Pa. Code 53.54.

LAW REVIEW AND JOURNAL COMMENTARIES

Automatic rate adjustment for public utilities does not violate due process. (1984) 57 Temp.L.Q. 439.

LIBRARY REFERENCES

66 Pa.C.S.A. § 1307

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Carriers 12(.5).
Public Utilities 122.
Westlaw Topic Nos. 70, 317A.
C.J.S. Aeronautics and Aerospace § 230.
C.J.S. Carriers §§ 367 to 368.
C.J.S. Public Utilities §§ 18 to 19, 42, 44, 54, 59.

RESEARCH REFERENCES

2008 Electronic Update

Treatises and Practice Aids

Standard Pennsylvania Practice § 166:1618, Compliance With Orders Prescribing Rates.

Standard Pennsylvania Practice § 166:1622, Fuel Cost Adjustments; Audits.

Standard Pennsylvania Practice § 166:1623, Automatic Adjustment Reports and Proceedings.

Standard Pennsylvania Practice § 166:1624, Customer Refunds.

Standard Pennsylvania Practice § 166:1625, Recovery of Natural Gas Costs.

Standard Pennsylvania Practice § 166:1626, Recovery of Natural Gas Costs-- Customer Refunds.

Standard Pennsylvania Practice § 166:1627, Water Distribution System Improvement Projects.

Standard Pennsylvania Practice § 166:1628, Surcharge Recoverability and Offset.

Standard Pennsylvania Practice § 166:1644, Deadline for Decision.

NOTES OF DECISIONS

66 Pa.C.S.A. § 1307

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Validity 1

1. Validity

Inconsistent results achieved under Pennsylvania's and West Virginia's schemes for regulating retail natural gas rates did not render Pennsylvania's scheme violative of commerce clause, as applied to retail distributor of natural gas, absent showing that retailer could not conform its business conduct in West Virginia to West Virginia regulatory scheme, and its Pennsylvania business conduct to Pennsylvania regulatory scheme. Kentucky West Virginia Gas Co. v. Pennsylvania Public Utility Com'n, C.A.3 (Pa.)1988, 862 F.2d 69. Commerce 62.2; Gas 2

Pennsylvania regulatory scheme for adjustment of retail natural gas rates does not violate supremacy clause by prohibiting inclusion of interest on net annual undercollections, though such prohibition operates to deny utility time value of Federal Energy Regulatory Commission-mandated wholesale costs. Kentucky West Virginia Gas Co. v. Pennsylvania Public Utility Com'n, C.A.3 (Pa.)1988, 862 F.2d 69. Gas 2; States 18.73

This section, providing for adjustment of rates to reflect utility's fuel cost increases, is not violative of procedural due process, even though adjustment is automatic and may be implemented without opportunity of opponents of increase to be heard, in view of facts that increases are not matters merely of private determination by utilities, but must be approved by the Public Utility Commission, and the Code affords procedural due process safeguards through subsequent, year-end, automatic proceeding for final determination and adjustment of rate increases, allowing full participation by all interested parties, and requiring refunds, with interest, calculated at prevailing rate, of overpayments in event previous increases are determined to have been excessive. Allegheny Ludlum Steel Corp. v. Pennsylvania Public Utility Com'n, 459 A.2d 1218, 501 Pa. 71, Sup.1983. Constitutional Law 4371; Electricity 1

Energy cost rate adjustment provision of Public Utilities Code met procedural due process standards established by Supreme Court inasmuch as, among other things, proposed rates were subject to review by governmental body, which was restricted by specific guidelines as to which factors could be considered in ascertaining and ECR proposal. Allegheny Ludlum Steel Corp. v. Pennsylvania Public Utility Com'n, 447 A.2d 675, 67 Pa.Cmwlth. 400, Cmwlth.1982, affirmed 459 A.2d 1218, 501 Pa. 71. Constitutional Law 4361; Public Utilities 102

2. In general

Interstate utility was precluded from challenging state Public Utility Commission's retroactive gas costs comparison used in determining utility's eligibility for cost tariff, where utility voluntarily chose that procedure. Kentucky West Virginia Gas Co. v. Pennsylvania Public Utility Com'n, C.A.3 (Pa.)1988, 837 F.2d 600, certiorari denied 109 S.Ct. 365, 488 U.S. 941, 102 L.Ed.2d 355. Gas 14.3(3)

A rate adjustment by a public utility must be limited in scope and not an alternative to the filing of a new tariff. Popowsky v. Pennsylvania Public Utility Com'n, 869 A.2d 1144, Cmwlth.2005, appeal denied 895 A.2d 552, 586 Pa. 761. Public Utilities 120

Public Utility Commission (PUC) is afforded broad discretion in determining which expenses and revenues are properly entitled to rate treatment as purchased gas costs in setting natural gas local distribution company's (LDC) rates based on purchased gas costs. UGI Utilities, Incorporated-Gas Div. v. Pennsylvania Public Utility Com'n, 673 A.2d 43, Cmwlth.1996. Gas 14.5(6)

Prohibitions against line item and retroactive ratemaking by Public Utility Commission (PUC) are inapplicable in proceedings to set natural gas local distribution company's (LDC) rates based on purchased gas costs. UGI Utilities, Incorporated-Gas Div. v. Pennsylvania Public Utility Com'n, 673 A.2d 43, Cmwlth.1996. Gas 14.4(8)

Public Utility Commission's review procedures regarding Water Facilities Restoration Act-related rate increase must comply with mandate of public utility code, and such determination can only result from review of filing to be certain that any rate approved is just and reasonable. Masthope Rapids Property Owners Council v. Pennsylvania Public Utility Com'n, 581 A.2d 994, 135 Pa.Cmwlth. 437, Cmwlth.1990. Waters And Water Courses 203(11); Waters And Water Courses 203(12)

Statute providing for automatic sliding scale of public utility rates did not apply to water utility's second general rate request, where initial review was required under Water Facilities Restoration Act [32 Pa.C.S.A. § 7518] to determine if request was for limited purpose of recovering monies loaned under Act. Masthope Rapids Property Owners Council v. Pennsylvania Public Utility Com'n, 581 A.2d 994, 135 Pa.Cmwlth. 437, Cmwlth.1990. Waters And Water Courses 203(11)

Public Utility Commission's redistribution of natural gas utility's projected gas supply mix was not impermissible intrusion into utility's managerial discretion, where Commission concluded that utility was not implementing least cost fuel procurement policy because it had not considered commodity rates of each supplier before deciding to institute pro rata reduction intakes. Equitable Gas Co. v. Pennsylvania Public Utility Com'n, 526 A.2d 823, 106 Pa.Cmwlth. 240, Cmwlth.1987, appeal denied 533 A.2d 714, 516 Pa. 644. Gas 14.4(7)

Public utility's request for rate increase other than gas cost rate charge revision must be supported by exhaustive evidentiary presentation, involving public comment, numerous and lengthy public hearings, and, typically, thousands of pages of documentary evidence, whereas consideration of proposed gas cost rate customer charge revisions is preceded only by brief documentary submission by utility, analysis and report by Public Utility Commission, and by hearing, at which public comment is not permitted. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Public Utilities 165; Public Utilities 167

Statutory rate-making procedures generally provide voluntary mechanism available to each utility, other than common carriers, by which utility may propose to Public Utility Commission by means of tariff filing automatic adjustment mechanism incorporating any equitable and reasonable means to produce just and reasonable return on fair value of utility's property used to provide public service; voluntary automatic rate adjustment mechanism and rate set forth in tariff must be approved by Commission before their effectuation, and Commission approval may be revoked at any time following notice and hearing, if it is determined that rates produced by adjustment mechanism are unjust or unreasonable. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Public Utilities 122

3. Purpose of law

Natural gas distributor's fixed sales service rate (rate FSS), allowing residential and small business customers the option of locking in the price of natural gas for one year, did not have to be annually reconciled; purpose of reconciliation provision of Public Utility Code was to recoup or refund over/under collections that resulted from automatic rate adjustments by utilities based on the projected cost of gas, and distributor's fixed rate option did not

incorporate automatic rate adjustments. Dominion Retail, Inc. v. Pennsylvania Public Utility Com'n, 831 A.2d 810, Cmwlth.2003. Gas 14.4(1)

Important sense in which gas cost rate procedures function automatically, and central purpose of mechanism described in this section which governs "automatic" rate adjustment, is to permit reflection in customer charges of changes in one component of utility's cost of providing public service without necessity of broad, costly, and time-consuming inquiry required in case of rate increases generally, and "automatic" provision does not preclude Public Utility Commission from requiring submission to it for approval of such revisions. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Gas 14.4(8)

Gas cost rate procedure for automatic adjustment of gas cost charges was designed to modify principles of utility rate making that no regulated utility may impose customer charges other than those set forth in company's tariff on file with Public Utility Commission and that every revision of filed tariff must be subject of comprehensive prior administrative investigation and decision. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Gas 14.4(8)

4. Preemption

Natural Gas Act [15 U.S.C.A. §§ 717c, 717d] does not preempt state procedure for retail rate making that does not immediately pass through natural gas utility's Federal Energy Regulatory Commission-approved minimum bill obligation, so long as state procedure provides for eventual full recovery of such obligation. Kentucky West Virginia Gas Co. v. Pennsylvania Public Utility Com'n, C.A.3 (Pa.)1988, 862 F.2d 69. Gas 2; States 18.73

This section requiring intrastate natural gas seller to pursue least cost fuel procurement policy did not conflict with federal law by permitting Pennsylvania to regulate indirectly price of interstate pipeline's gas in interstate commerce. Kentucky West Virginia Gas Co. v. Pennsylvania Public Utility Com'n, M.D.Pa.1986, 650 F.Supp. 659, affirmed 837 F.2d 600, certiorari denied 109 S.Ct. 365, 488 U.S. 941, 102 L.Ed.2d 355.

5. Schedule of rates

Fact that plaintiff may have failed to exhaust administrative remedies available to it in challenge to process whereby energy cost rate increases could occur without public participation would not preclude jurisdiction under Declaratory Judgment Act (42 Pa.C.S.A. § 7531 et seq.). Allegheny Ludlum Steel Corp. v. Pennsylvania Public Utility Com'n, 447 A.2d 675, 67 Pa.Cmwlth. 400, Cmwlth.1982, affirmed 459 A.2d 1218, 501 Pa. 71. Declaratory Judgment 125

Approval by Pennsylvania Public Utility Commission of telephone company's flexible pricing, profit-maximization scheme for vertical business services was not a de facto deregulation of rates for those services. Pennsylvania Retailers' Associations v. Pennsylvania Public Utility Commission, 440 A.2d 1267, 64 Pa.Cmwlth. 491, Cmwlth.1982. Telecommunications 947

Under 66 P.S. § 1147 (repealed) providing that, absent good reason being shown to the contrary, public utility commission shall direct public utility to refund to its patrons overcollections of automatic adjustment clause revenues, the commission is afforded the discretion upon showing of good reason, not to order full refunds of such overcollections. Community Central Energy Corp. v. Pennsylvania Public Utility Commission, 413 A.2d 1197, 51 Pa.Cmwlth. 142, Cmwlth.1980. Public Utilities 130

Any change in revenue-producing portion of utility rate schedule necessitates redesigning of such altered rate schedule, or even other rate schedules, including alteration of level of money charges for unit of service or

commodity supplied by the utility. Philadelphia Suburban Transp. Co. v. Pennsylvania Public Utility Commission, 281 A.2d 179, 3 Pa.Cmwlth. 184, Cmwlth.1971. Public Utilities 119.1

Rate structure must be based on hard economic facts of life and on complete and thorough knowledge and understanding of all facts and circumstances which affect rates and services; rates must be designed to furnish the most efficient and satisfactory service at lowest reasonable price for greatest number of customers, i.e., the public generally. Philadelphia Suburban Transp. Co. v. Pennsylvania Public Utility Commission, 281 A.2d 179, 3 Pa.Cmwlth. 184, Cmwlth.1971. Electricity 11.3(1)

Fuel adjustment clause of tariff supplement of electric power company providing for adjustment of charges to consumers to reflect changing cost of fuel could be found unreasonable by public utility commission because it operated to permit company to recover from consumers more than actual increase in fuel costs, though clause did not produce an excessive overall return to company, or though it was not discriminatory as between classes of consumers, or though it was not otherwise unlawful. Magee Carpet Co. v. Pennsylvania Public Utility Commission, 102 A.2d 229, 174 Pa.Super. 438, Super.1954. Electricity 11.3(5)

An electric light and power company may establish separate schedules of rates applicable to domestic, commercial and industrial purposes in absence of any proof of unfairness. Solar Electric Co. v. Pennsylvania Public Utility Commission, 9 A.2d 447, 137 Pa.Super. 325, Super.1939. Electricity 11.5(1)

The public utility commission was not justified in limiting electric utility to a single schedule of block meter rates in preference to three separate schedules of block meter rates, one for domestic consumers, one for commercial consumers, and one for industrial consumers, in addition to schedule for street lighting. Solar Electric Co. v. Pennsylvania Public Utility Commission, 9 A.2d 447, 137 Pa.Super. 325, Super.1939. Electricity 11.3(1)

6. Cost of service

For purposes of determining entitlement to rate increase, cost of service is determined by cost of service studies, in which costs are first functionalized among categories of generation, transmission, and distribution, and then classified within each function as demand/capacity costs, commodity/energy costs or consumer costs. Allegheny Ludlum Corp. v. Pennsylvania Public Utility Com'n, 612 A.2d 604, 149 Pa.Cmwlth. 106, Cmwlth.1992, on remand. Public Utilities 128

6.5. Interest

Seven-month weighting factor was an appropriate factor for Public Utility Commission to use in calculating interest on money that natural gas distribution utility owed to ratepayers for over-collection for natural gas purchase costs, even though utility attempted to use 19-month weighting factor, where all other gas distribution utilities were using seven-month weighting factor in calculating interest. UGI Utilities, Inc.-Gas Div. v. Pennsylvania Public Utilities Com'n, 863 A.2d 144, Cmwlth.2004. Gas 14.6

Public Utility Commission's retroactive application of its new interpretation of statute and accompanying regulations regarding use of historic data in calculating rate of interest on over/under collection of annual purchase gas costs, resulting in natural gas distribution utility being required to return $607,017 to ratepayers, was not arbitrary or capricious or an abuse of discretion; prospective use of interpretation was sought by utility merely to minimize its over-collection of costs and subsequent refunds to its ratepayers, Commission's action to use historical versus calendar year data was consistent with Public Utilities Code, and choice of period to use had, for the first time, an actual impact on utility's rate determination. UGI Utilities, Inc.-Gas Div. v. Pennsylvania Public Utilities Com'n, 863 A.2d 144, Cmwlth.2004. Gas 14.4(7)

Natural gas distribution utility was required to use historic twelve-month period of April 1 to March 30, rather than calendar year, in calculating rate of interest on over/under collection of purchased gas costs (PGC), based on utility's filing on June 1 of its actual natural gas costs; Commission designated such twelve-month period in its regulations. UGI Utilities, Inc.-Gas Div. v. Pennsylvania Public Utilities Com'n, 863 A.2d 144, Cmwlth.2004. Gas 14.4(7)

7. Surcharges

Water utility could not use an automatic adjustment clause, or a surcharge, to fund infrastructure improvements to wastewater treatment collection systems it had purchased, and instead could only recover costs for the improvements in a rate base proceeding; surcharge would entail regulatory oversight that amounted to no more than a mathematical exercise, a surcharge would have allowed utility to recover capital costs which might not have been useful to customers, utility could not recover an investment in a facility until that facility was proven to be used and useful, and, though water utilities could by statute recover through surcharges distribution system improvement projects designed to enhance water quality, such exception did not apply to wastewater systems. Popowsky v. Pennsylvania Public Utility Com'n, 869 A.2d 1144, Cmwlth.2005, appeal denied 895 A.2d 552, 586 Pa. 761. Waters And Water Courses 203(11)

A "surcharge" on a public utility bill, which can be authorized to recover certain expenses not covered in base rates, expenses beyond the utility's control or expenses required by a government entity, is an amount added to a customer's regular bill that is established outside the normal ratemaking procedure, and is imposed pursuant to an "automatic adjustment clause" in a utility's approved tariff. Popowsky v. Pennsylvania Public Utility Com'n, 869 A.2d 1144, Cmwlth.2005, appeal denied 895 A.2d 552, 586 Pa. 761. Public Utilities 128

Electric utility demand-side management (DSM) program expenses fell within types of costs for which statute allowed automatic adjustment of public utility rates and, thus, Public Utility Commission (PUC) could allow DSM program costs to be recovered through surcharge mechanism. Pennsylvania Indus. Energy Coalition v. Pennsylvania Public Utility Com'n, 653 A.2d 1336, Cmwlth.1995, reargument denied, appeal granted 665 A.2d 471, 542 Pa. 637, affirmed 670 A.2d 1152, 543 Pa. 307. Electricity 11.3(1)

Commonwealth Court is not free to substitute its discretion for discretion properly exercised by Public Utility Commission (PUC) in establishing surcharge method of cost recovery by public utility under statute governing such recovery. Pennsylvania Indus. Energy Coalition v. Pennsylvania Public Utility Com'n, 653 A.2d 1336, Cmwlth.1995, reargument denied, appeal granted 665 A.2d 471, 542 Pa. 637, affirmed 670 A.2d 1152, 543 Pa. 307. Public Utilities 194

Permitting recovery of electric utilities' demand-side management (DSM) program costs through surcharge was not impermissible single-issue rate making; doctrine of single-issue rate making was inapplicable because surcharge was permitted under statute governing such recovery, with procedures to determine reasonableness of charges outside of base rate case. Pennsylvania Indus. Energy Coalition v. Pennsylvania Public Utility Com'n, 653 A.2d 1336, Cmwlth.1995, reargument denied, appeal granted 665 A.2d 471, 542 Pa. 637, affirmed 670 A.2d 1152, 543 Pa. 307. Electricity 11.3(1)

8. Rate credits

Firm service customers of natural gas local distribution company (LDC) were entitled to rate credit for overrun revenues collected from interruptible service customers given that revenues were derived from purchased gas cost resources paid for by firm service customers and firm service customers bore risk of interruption of service, despite claims that company could identify amount of gas used by its overrun customers, that company procured sufficient gas resources to accommodate both its overrun and firm service customers during period in question, and that firm

service customers experienced no interruption of service during that time. UGI Utilities, Incorporated-Gas Div. v. Pennsylvania Public Utility Com'n, 673 A.2d 43, Cmwlth.1996. Gas 14.4(5)

9. Recovery costs

Claim preclusion may apply to rate filings, notwithstanding authority of Public Utilities Commission to review and amend orders and to order refunds of any unjust, unreasonable or unlawful rate. Kentucky West Virginia Gas Co. v. Pennsylvania Public Utility Com'n, M.D.Pa.1989, 721 F.Supp. 710, affirmed 899 F.2d 1217. Public Utilities 169.1

Public Utility Commission (PUC) did not abuse its discretion by making an upward financial risk adjustment of 0.6% in water utility's equity cost rate following terrorist attacks on New York and Pentagon, where utility's expert recommended a leverage adjustment of about 0.8%, the formula usually used to estimate cost rate would have understated the cost of capital as formula was market based but utility's stock was not publicly traded and the number of comparable companies in the formula was small, the market value appreciation component used by the PUC was derived in part by analyzing the market performance of common stock from comparable companies, and PUC made its adjustment to the common equity cost rate in recognition of the financial risk arising from the different valuation methods. Popowsky v. Pennsylvania Public Utility Com'n, 868 A.2d 606, Cmwlth.2004. Waters And Water Courses 203(11)

Water utility was entitled to recover increased security costs incurred from date of terrorist attacks on New York and Pentagon and before proposed effective date of utility's new tariff, where various statutes were passed and various administrative actions were taken dealing with security following the attacks, utility responded to such statutes and administrative actions, increased security costs did not arise from inaccurate projections, increased costs were imposed from the outside, the triggering event for the increased costs was extraordinary and hopefully nonrecurring, the costs were legitimate operating expenses, and the utility took immediate and responsive action to seek timely recovery of such security costs. Popowsky v. Pennsylvania Public Utility Com'n, 868 A.2d 606, Cmwlth.2004. Waters And Water Courses 203(11)

Public Utility Commission (PUC) had statutory authority to approve gas cost incentive program for natural gas local distribution company (LDC), despite contention that statute only allowed company to retain actual gas expense incurred and that approved program allowed company in certain situations to retain more than actual gas expense incurred; gas marketplace was different after issuance of Federal Energy Regulatory Commission (FERC) order requiring unbundling of interstate pipeline services and eliminating pipeline's merchant services, and statute governing determination of just and reasonable natural gas rates provided Public Utility Commission with flexibility and discretion to evaluate company's least cost fuel procurement policy under conditions of existing gas marketplace. Popowsky v. Pennsylvania Public Utility Com'n, 676 A.2d 731, Cmwlth.1996. Gas 14.4(8)

Public Utility Commission (PUC) did not impermissibly confer legislative power upon natural gas local distribution company (LDC) when it gave company option to accept or reject Commission's modifications to proposed and stipulated capacity release revenue sharing program and gas cost incentive program; Commission's grant of option was in the public interest because performance-based incentive program was new and experimental and was approved for only three-year pilot program, only company's business practice was affected by Commission's modifications, and stipulated programs were conditioned upon acceptance by Commission without modification, allowing voluntary participation in programs was consistent with Federal Energy Regulatory Commission's (FERC) approach to incentive regulation, and programs were approved only after notice and hearing and with opportunity for judicial review. Popowsky v. Pennsylvania Public Utility Com'n, 676 A.2d 731, Cmwlth.1996. Gas 14.4(8)

Costs incurred by natural gas distributors for contract reformation--take-or-pay costs (TOP costs)--were not natural gas costs, for purpose of recovery under gas cost rate adjustment mechanism of utility code section providing for

prompt recovery by utility of increases in cost of gas purchased, even though TOP costs are incurred as costs of obtaining gas; TOP costs are not costs of gas ultimately purchased for local gas distributor customers. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 587 A.2d 54, 137 Pa.Cmwlth. 621, Cmwlth.1991. Gas 14.4(7)

Electric utility's costs for purchased power claimed as operating expenses for pass-through to its customers must be reasonable when they are claimed; prudence of initial decision to incur those expenses is not determinative of whether expenses may properly be allowed when they are ultimately claimed in rates. Pennsylvania Power Co. v. Pennsylvania Public Utility Com'n, 561 A.2d 43, 127 Pa.Cmwlth. 97, Cmwlth.1989, appeal granted 568 A.2d 1250, 524 Pa. 601, affirmed 587 A.2d 312, 526 Pa. 453, certiorari denied 112 S.Ct. 80, 502 U.S. 821, 116 L.Ed.2d 53. Electricity 11.3(4)

Refusal of Public Utility Commission to allow electric utility to recover, through the energy cost rate mechanism, its costs to buy back power from another utility incurred under an agreement in which other utility agreed to acquire electric utility's share of a nuclear generating unit in return for electric utility's agreement to buy back power from the unit for a certain period, was proper based upon Commission's finding that the cost of power was roughly ten times that available from other sources. Pennsylvania Power Co. v. Pennsylvania Public Utility Com'n, 561 A.2d 43, 127 Pa.Cmwlth. 97, Cmwlth.1989, appeal granted 568 A.2d 1250, 524 Pa. 601, affirmed 587 A.2d 312, 526 Pa. 453, certiorari denied 112 S.Ct. 80, 502 U.S. 821, 116 L.Ed.2d 53. Electricity 11.3(4)

In determining whether gas utility's procurement of supplies was reasonable, Public Utility Commission was not required to impute that any gas, which Commission had imputed as purchased by utility during previous years, was replaced at higher alternative costs, where Commission had determined that those less expensive gas supplies were available but not utilized; thus, those available supplies could still be considered by Commission in determining whether utility's later rate claim and purchases were reasonable. Equitable Gas Co. v. Pennsylvania Public Utility Com'n, 536 A.2d 846, 113 Pa.Cmwlth. 68, Cmwlth.1988. Gas 14.4(8)

Testimony of rate engineer, which opined that had gas utility purchased less expensive gas which was available on market, it would have saved $341,831 in one month alone, and would have saved $2,213,714 in calendar year, was sufficient to support decision of Public Utility Commission, denying utility recovery of those costs, as they were determined to be unreasonably and imprudently incurred. Equitable Gas Co. v. Pennsylvania Public Utility Com'n, 536 A.2d 846, 113 Pa.Cmwlth. 68, Cmwlth.1988. Gas 14.4(12)

Public Utility Commission maintains authority to deny recovery costs from utilities found to be result of managerial imprudence. Equitable Gas Co. v. Pennsylvania Public Utility Com'n, 536 A.2d 846, 113 Pa.Cmwlth. 68, Cmwlth.1988. Public Utilities 128

10. Mandatory system for automatic adjustment--In general

Where a public utility seeks to effect a general rate increase, a base rate case must be filed; rate adjustments, or surcharges, are limited in scope and not to be employed as a universally available alternative to a base rate case. Popowsky v. Pennsylvania Public Utility Com'n, 869 A.2d 1144, Cmwlth.2005, appeal denied 895 A.2d 552, 586 Pa. 761. Public Utilities 120

Among powers given to Public Utility Commission by this section which governs utility rate-making procedures is that of designing detailed procedures by which utility shall translate mandatory rate adjustment mechanism described by Commission into particular customer charges. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Public Utilities 145.1

Provision in this section which governs utility rate-making procedures, that public utility shall file tariffs showing

rates established in accordance with regulation of order of Public Utility Commission, expresses legislature's commitment to Commission's procedural expertise with respect to customer charges produced by each utility's application of mandatory adjustment mechanism to particular facts of utility's operations. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Public Utilities 122

11. ---- Approval, mandatory system for automatic adjustment

Public Utility Commission was authorized to impose on gas company requirement of annual submission and approval of customer charges produced by gas cost rate mechanism. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Gas 14.4(8)

Provision in this section which governs utility rate-making procedures that automatic rate adjustments be accomplished "on the same basis as provided in subsection (a)" requires prior approval of Public Utility Commission of rate adjustment mechanism itself as well as customer charges thereby produced, but does not require Commission's prior approval of effectuation of mandatory adjustment mechanism prescribed by Commission, referring, rather, to that portion of subsection which describes adjustment mechanism as means to accomplish primary regulatory purpose of providing fair return to utility. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Public Utilities 122

Provision of this section which governs utility rate-making procedures that automatic rate adjustment is "to become effective when and in the manner prescribed by regulation or order" of Public Utility Commission evinces intent to leave to Commission the procedural details relating to approval and effectuation of prescribed mandatory rate adjustment mechanisms. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Public Utilities 122

12. Retroactive adjustment

A utility that has failed to project expenses and revenue in its base rate cannot effect an after-the-fact correction by refunds to customers, where profits are higher than predicted, or by rate increases, in the obverse situation; however, an exception to this rule in the case of retroactive recovery of unanticipated expenses has been recognized where the expenses are extraordinary and nonrecurring. Popowsky v. Pennsylvania Public Utility Com'n, 869 A.2d 1144, Cmwlth.2005, appeal denied 895 A.2d 552, 586 Pa. 761. Public Utilities 128

Public Utility Commission had authority to retroactively adjust natural gas utility's costs rates previously approved in gas cost rate proceedings in that such proceeding were not subject to exhaustive Commission review to determine reasonableness. Equitable Gas Co. v. Pennsylvania Public Utility Com'n, 526 A.2d 823, 106 Pa.Cmwlth. 240, Cmwlth.1987, appeal denied 533 A.2d 714, 516 Pa. 644. Gas 14.4(7)

13. Refund

Where replacement power costs that part owner of nuclear power plant incurred and passed on to its consumers through automatic adjustment clause as result of shutdown of plant were imprudently incurred by plant operator, Public Utility Commission properly ordered part owner to pay refund of those replacement power costs, regardless of any earnings deficiency it experienced. Pennsylvania Power Co. v. Pennsylvania Public Utility Com'n, 625 A.2d 719, 155 Pa.Cmwlth. 477, Cmwlth.1993, appeal denied 637 A.2d 288, 536 Pa. 628. Electricity 11.5(1)

Electric utility's collection from customers pursuant to net energy clause adjustment were not collected under authority of prior tariff approved by Public Utility Commission, therefore, making "commission-made rates"

doctrine inapplicable to bar Commission's order to refund net energy clause charges. Duquesne Light Co. v. Pennsylvania Public Utility Com'n, 507 A.2d 433, 96 Pa.Cmwlth. 168, Cmwlth.1986. Electricity 11.5(1)

Public Utility Commission had power to order refund of increased gas cost rate customer charges it did not approve which were in excess of those that would have been collected as consequence of continued effectiveness of existing rate. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Gas 14.4(8)

When Public Utility Commission orders retroactive return of revenues to consumers, whether by disbursement or by credit on future customer bills, it has ordered "refund." National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 464 A.2d 546, 76 Pa.Cmwlth. 102, Cmwlth.1983. Public Utilities 120

14. Due process

Consideration of interim filing and response by Public Utility Commission's trial staff office did not violate gas distribution utility's due process rights, even though utility maintained that it did not have sufficient time before hearing on tariff for costs of purchasing natural gas to respond to trial staff's surrebuttal regarding purchase costs; utility submitted interim filing two months after filing annual tariff and two weeks after trial staff filed direct testimony, and problems in timing were brought about by gas utility itself in timing its interim filing. UGI Utilities, Inc.-Gas Div. v. Pennsylvania Public Utilities Com'n, 863 A.2d 144, Cmwlth.2004. Constitutional Law 4371; Gas 14.3(3)

Proceedings of Public Utility Commission which determined whether electric utility acted prudently in shutting down in response to safety concerns of federal Nuclear Regulatory Commission, which determined whether utility was entitled to net energy clause charges and which were consolidated with two previously filed actions, petition by Utility Commission's trial staff and complaint brought by city, were not solely fact-gathering in nature, informed utility that specific relief was sought which would be adjudicated, and, therefore, did not violate due process rights of utility. Duquesne Light Co. v. Pennsylvania Public Utility Com'n, 507 A.2d 433, 96 Pa.Cmwlth. 168, Cmwlth.1986. Constitutional Law 4371

Notice to electric utility failing to disclose precise role and conduct of utility in shutdown of nuclear plant which Public Utility Commission considered relevant to refund of net energy clause charges did not afford utility reasonable opportunity to know nature of contentions and, therefore, violated due process. Duquesne Light Co. v. Pennsylvania Public Utility Com'n, 507 A.2d 433, 96 Pa.Cmwlth. 168, Cmwlth.1986. Constitutional Law 4371

15. Hearing

Public Service Commission denied energy corporation due process by failing to hold hearing at which evidence on question of corporation's justification for failing to refund to its customers excessive automatic fuel adjustment revenues could be thoroughly presented. Community Central Energy Corp. v. Pennsylvania Public Utility Commission, 436 A.2d 1255, 62 Pa.Cmwlth. 518, Cmwlth.1981. Constitutional Law 4371

16. Findings and conclusions

The Public Utilities Commission (PUC) is afforded broad discretion under the reconciliation provision of the Public Utility Code in determining which costs are natural gas costs for the purpose of recovery of under collections by a natural gas distributor who is adjusting its rates on a periodic basis based on projected cost of gas. Dominion Retail, Inc. v. Pennsylvania Public Utility Com'n, 831 A.2d 810, Cmwlth.2003. Gas 14.4(7)

Public Utility Commission was directed to make appropriate findings and conclusions in support of facet of refund order prohibiting subsequent recovery of gas company's experienced undercollections, since utility company is authorized to recover from its customers any shortfall in revenues collected pursuant to gas cost rate with reference to utility's experienced purchased gas expenses. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 473 A.2d 1109, 81 Pa.Cmwlth. 148, Cmwlth.1984. Gas ⚷14.6

17. Review

Natural gas distributor was not collaterally estopped from appealing Public Utility Commission's refusal to place in effect distributor's proposed tariff supplement through which distributor sought to recover take-or-pay costs (TOP costs) under gas cost rate adjustment mechanism in utility code by Commission's decision denying distributor relief sought in base rate proceeding; distributor did not obtain relief it sought in base rate proceeding--method to reconcile actual TOP costs--and ultimate resolution of issues presented in appeal could provide distributor with outcome not available in base rate proceeding. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 587 A.2d 54, 137 Pa.Cmwlth. 621, Cmwlth.1991. Administrative Law And Procedure ⚷501; Gas ⚷14.5(1)

Natural gas distributor's appeal of Public Utility Commission's refusal to place in effect distributor's proposed tariff supplement through which distributor sought to recover take-or-pay costs (TOP costs) under gas cost rate adjustment mechanism in utility code was not improper collateral attack on Commission's order in base rate proceeding which refused to allow distributor reconciliation of costs, even though distributor could have pursued appeal of Commission's denial of distributor's proposed reconciliation, and even though Commission granted recovery of TOP costs known at time of its base rate decision; Commission denied distributor means to reconcile, or true-up, actual cost, and distributor could not challenge Commission's adopted policy until Commission rejected distributor's application for recovery. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 587 A.2d 54, 137 Pa.Cmwlth. 621, Cmwlth.1991. Gas ⚷14.5(1)

Natural gas distributor's appeal of Public Utility Commission's refusal to place into effect distributor's proposed tariff supplement through which distributor sought to recover take-or-pay costs (TOP costs) under gas cost rate adjustment mechanism in utility code was not moot, even though Commission allowed recovery of distributor's known TOP costs in base rate proceeding; use of base rate method of recovery could result in underrecovery of TOP costs. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 587 A.2d 54, 137 Pa.Cmwlth. 621, Cmwlth.1991. Gas ⚷14.5(1)

Public Utility Commission's order refusing to place into effect natural gas distributor's proposed tariff supplement through which distributor sought to recover contract reformation costs--take-or-pay costs (TOP costs)--under gas cost rate adjustment mechanism in utility code was final and appealable, notwithstanding Commission's contention that order was not final and appealable because order indicated that distributor incorrectly filed for recovery under wrong section of utility code; remedy provided for in base rate decision was not equivalent of reconciliation guaranteed for actual natural gas costs. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 587 A.2d 54, 137 Pa.Cmwlth. 621, Cmwlth.1991. Gas ⚷14.5(3)

Natural gas distributor's appeal of decision by Public Utility Commission that refused to place in effect distributor's proposed tariff supplement through which distributor sought to recover take-or-pay costs under gas cost rate adjustment mechanism of utility code would not be dismissed on basis that distributor had not established that it would suffer any harm as result of Commission's order; if court were to dismiss appeal and distributor ultimately under-recovered portion of its actual TOP costs, distributor would be precluded from obtaining timely and automatic benefit of reconciliation. National Fuel Gas Distribution Corp. v. Pennsylvania Public Utility Com'n, 587 A.2d 54, 137 Pa.Cmwlth. 621, Cmwlth.1991. Gas ⚷14.5(9)

66 Pa.C.S.A. § 1307

66 Pa.C.S.A. § 1307, PA ST 66 Pa.C.S.A. § 1307

Current through Reg. Sess. Act 2008-80 and 2007-2008 Sp. Sess. No. 1 Act 2

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CONNECTICUT

Effective: July 1, 2011

Connecticut General Statutes Annotated Currentness
Title 16. Public Service Companies (Refs & Annos)
Chapter 283. Telegraph, Telephone, Illuminating, Power and Water Companies (Refs & Annos)

→→ § 16-262v. Water company infrastructure projects: Definitions

For purposes of this section:

(1) "Eligible projects" means those water company plant projects not previously included in the water company's rate base in its most recent general rate case and that are intended to improve or protect the quality and reliability of service to customers, including (A) renewal or replacement of existing infrastructure, including mains, valves, services, meters and hydrants that have either reached the end of their useful life, are worn out, are in deteriorated condition, are or will be contributing to unacceptable levels of unaccounted for water, or are negatively impacting water quality or reliability of service if not replaced; (B) main cleaning and relining projects; (C) relocation of facilities as a result of government actions, the capital costs of which are not otherwise eligible for reimbursement; and (D) purchase of leak detection equipment or installation of production meters, and pressure reducing valves.

(2) "Authority" means the Public Utilities Regulatory Authority.

(3) "Infrastructure assessment report" means a report filed by a water company with the authority that identifies water system infrastructure needs and the company's criteria for determining the priority for eligible projects related to infrastructure.

(4) "Pretax return" means the revenue necessary, after deduction of depreciation and property taxes, to produce net operating income equal to the water company's weighted cost of capital as approved by the authority in the company's most recent general rate case multiplied by the new original cost of eligible projects.

(5) "Reconciliation adjustment" means the difference between revenues actually collected through the water infrastructure and conservation adjustment and the amount allowed under the WICA for that period for the eligible projects. The amount of revenues overcollected or undercollected through the adjustment will be recovered or refunded, as appropriate, as a reconciliation adjustment over a one-year period commencing on April first.

(6) "Water company" means a water company, as defined in section 16-1, that has filed for approval an individual infrastructure assessment report to support a request for a WICA adjustment.

(7) "Water Infrastructure and Conservation Adjustment (WICA)" means an adjustment applied as a charge or credit to a water company customers' rates to recover the WICA costs of eligible projects.

(8) "WICA costs" means the depreciation and property tax expenses and associated return on completed eligible projects.

(9) "WICA revenues" means the revenues provided through a water infrastructure and conservation adjustment for eligible projects.

CREDIT(S)

(2007, P.A. 07-139, § 1, eff. June 19, 2007; 2011, P.A. 11-80, § 1, eff. July 1, 2011.)

HISTORICAL AND STATUTORY NOTES

Codification

The 2008 Supplement to the Connecticut General Statutes codified 2007, P.A. 07-139, § 1, as C.G.S.A. § 16-262v.

2011, P.A. 11-80, § 1, classified to § 22a-2d, established the Department of Energy and Environmental Protection, designated it as a successor department to the Department of Environmental Protection and the Department of Public Utility Control, and provided for a substitution of terms in certain C.G.S.A. sections from "Commissioner of Environmental Protection" to "Commissioner of Energy and Environmental Protection", from "Department of Environmental Protection" to "Department of Energy and Environmental Protection", from "Department of Public Utility Control" to "Public Utilities Regulatory Authority", from "Secretary of the Office of Policy and Management" to "Commissioner of Energy and Environmental Protection", from "Office of Policy and Management" to "Department of Energy and Environmental Protection", from "secretary" to "commissioner", from "department" to "authority", from "Renewable Energy Investment Fund" to "Clean Energy Fund", and, wherever appearing in any public or special act of 2011, or in any section of the general statutes, provided for a substitution of terms from "Department of Environmental Protection" or "Department of Public Utility Control" to "Department of Energy and Environmental Protection", and from Commissioner of Environmental Protection" to "Commissioner of Energy and Environmental Protection".

C. G. S. A. § 16-262v, CT ST § 16-262v

Current with enactments from the 2012 February Regular Session and June 12 Special Session

END OF DOCUMENT

Effective: July 1, 2011

Connecticut General Statutes Annotated Currentness
Title 16. Public Service Companies (Refs & Annos)
Chapter 283. Telegraph, Telephone, Illuminating, Power and Water Companies (Refs & Annos)

→→ § 16-262w. Water company rate adjustment mechanisms

(a) The Public Utilities Regulatory Authority may authorize a water company to use a rate adjustment mechanism, such as a water infrastructure and conservation adjustment (WICA), for eligible projects completed and in service for the benefit of the customers. A water company may only charge customers such an adjustment to the extent allowed by the authority based on a water company's infrastructure assessment report, as approved by the authority and upon semiannual filings by the company which reflect plant additions consistent with such report. The authority, in consultation with the Office of Consumer Counsel, shall conduct the proceeding in accordance with the provisions of section 16-18a.

(b) On or before ninety days after June 19, 2007, the authority shall initiate a generic docket on what shall be included in a water company's infrastructure assessment report and annual reconciliation reports and the criteria for determining priority of eligible projects. The authority shall provide public notice with a deadline for interested parties to submit recommendations on the report contents and criteria. The authority may hold a hearing on the generic docket but shall issue a decision on the docket not later than one hundred eighty days after the deadline for interested parties to submit their recommendations on the report contents and criteria.

(c) The water company shall file their individual infrastructure assessment report with the authority and such report shall identify the water system infrastructure needs and a water company's criteria for determining priority for eligible projects related to infrastructure. The authority shall address such criteria in its docket initiated pursuant to subsection (b) of this section. Criteria may include, but shall not be limited to, (1) age, material or condition of the facilities; (2) extent and frequency of main breaks or interruption of service; (3) adequacy of pressure; (4) head loss; (5) availability of fire flows; and (6) the potential of such projects to improve system integrity and reliability.

(d) The authority shall approve a water company's individual infrastructure assessment report upon determining that the company has demonstrated through generally accepted engineering practices (1) the infrastructure projects considered for renewal or replacement are eligible projects; (2) such projects will benefit customers by improving water quality, system integrity or service reliability; (3) they adhere to the criteria established for determining priority for infrastructure projects; and (4) there is a sufficient level of investment in infrastructure. The authority may hold a hearing to solicit input on a water company's individual infrastructure assessment report provided a decision on the assessment is made not later than one hundred eighty days after filing. Any such report not approved, rejected or modified by the authority within such one-hundred-eighty-day period shall be deemed to have been approved.

(e) Notwithstanding the provisions of section 16-19, upon authority approval of a water company's individual infrastructure assessment report, the water company may charge the WICA for eligible projects in addition to such water company's existing rate schedule pursuant to subsection (f) of this section and the procedures and customer notification requirements in subsections (g) and (h) of this section.

(f) The WICA adjustment shall be calculated as a percentage, based on the original cost of completed eligible projects multiplied by the applicable rate of return, plus associated depreciation and property tax expenses related to eligible projects and any reconciliation adjustment calculated pursuant to subsection (j) of this section as a percentage of the retail water revenues approved in its most recent rate filing for the regulated activities of said water company.

(g) A water company may impose the WICA adjustment for eligible projects as a charge or credit on customers' bills at intervals of not less than six months, commencing on either January first, April first, July first or October first in any year. No proposed WICA charge or credit shall become effective until the Public Utilities Regulatory Authority has approved such charges or credits pursuant to an administrative proceeding. The authority may receive and consider comments of interested persons and members of the public at such a proceeding, which shall not be considered a contested case for purposes of title 4, this section or any regulation adopted thereunder. Such administrative proceeding shall be completed not later than thirty days after the filing of an application by a water company or within a time period as otherwise established in the generic docket conducted pursuant to subsection (b) of this section. Any approval or denial of the authority pursuant to this subsection shall not be deemed an order, authorization or decision of the authority for purposes of section 16-35. Notwithstanding the provisions of this section, if the authority has not rendered an approval or denial concerning any such application within the established timeframe, the proposed charges or credits shall become effective at the option of the company pending the authority's finding with respect to such charges, provided the company will refund its customers any such amounts collected from them in excess of the charges approved by the authority in its finding.

(h) Water companies shall notify customers through a bill insert or other direct communications when the adjustment is first applied and the WICA charge or credit shall appear as a separate item on customers' bills.

(i) The amount of the WICA applied between general rate case filings shall not exceed seven and one-half per cent of the water company's annual retail water revenues approved in its most recent rate filing, and shall not exceed five per cent of such revenues for any twelve-month period. The amount of the adjustment shall be reset to zero as of the effective date of new base rates approved pursuant to section 16-19 and shall be reset to zero if the company exceeds the allowable rate of return by more than one hundred basis points for any calendar year.

(j) On or before February twenty-eighth of each year, a water company shall submit to the authority an annual reconciliation report for any WICA charges applied to customers' rates through December thirty-first of the previous calendar year. Such reconciliation report shall identify those projects that have been completed, demonstrate that the WICA charges are limited to eligible projects that are in service and used and useful as of the end of the calendar year, and include any other information required as a result of the generic docket conducted pursuant to subsection (b) of this section. The company shall indicate in its report any significant changes in the extent of infrastructure spending, the priorities for determining eligible projects or the criteria established in the in-

frastructure assessment report. In addition, the reconciliation report shall compare the WICA revenues actually collected to the allowed amount of the adjustment. If upon completion of the review of the annual reconciliation report the authority determines that a water company overcollected or undercollected the WICA adjustment, the difference between the revenue and costs for eligible projects will be recovered or refunded, as appropriate, as a reconciliation adjustment over a one-year period commencing on April first. The company shall refund the customers with interest for any overcollection but shall not be eligible for interest for any undercollection.

CREDIT(S)

(2007, P.A. 07-139, § 2, eff. June 19, 2007; 2011, P.A. 11-80, § 1, eff. July 1, 2011.)

HISTORICAL AND STATUTORY NOTES

Codification

The 2008 Supplement to the Connecticut General Statutes codified 2007, P.A. 07-139, § 2, as C.G.S.A. § 16-262w.

2011, P.A. 11-80, § 1, classified to § 22a-2d, established the Department of Energy and Environmental Protection, designated it as a successor department to the Department of Environmental Protection and the Department of Public Utility Control, and provided for a substitution of terms in certain C.G.S.A. sections from "Commissioner of Environmental Protection" to "Commissioner of Energy and Environmental Protection", from "Department of Environmental Protection" to "Department of Energy and Environmental Protection", from "Department of Public Utility Control" to "Public Utilities Regulatory Authority", from "Secretary of the Office of Policy and Management" to "Commissioner of Energy and Environmental Protection", from "Office of Policy and Management" to "Department of Energy and Environmental Protection", from "secretary" to "commissioner", from "department" to "authority", from "Renewable Energy Investment Fund" to "Clean Energy Fund", and, wherever appearing in any public or special act of 2011, or in any section of the general statutes, provided for a substitution of terms from "Department of Environmental Protection" or "Department of Public Utility Control" to "Department of Energy and Environmental Protection", and from Commissioner of Environmental Protection" to "Commissioner of Energy and Environmental Protection".

C. G. S. A. § 16-262w, CT ST § 16-262w

Current with enactments from the 2012 February Regular Session and June 12 Special Session

END OF DOCUMENT

DELAWARE

Effective:[See Text Amendments]

West's Delaware Code Annotated Currentness
Title 26. Public Utilities
Chapter 1. Public Service Commission
Subchapter III. Rates
→→ § 314. Water Utility Distribution System Improvement Charge

(a) The following definitions shall apply in this section:

(1) As used in this section, "**DSIC** rate" refers to distribution system improvement charge.

(2) As used in this section, "**DSIC** costs" means depreciation expenses and pretax return associated with eligible distribution system improvements.

(3) As used in this section, "**DSIC** revenues" means revenues produced through a **DSIC** exclusive of revenues from all other rates and charges.

(4) As used in this section, "eligible distribution system improvements" means new, used and useful water utility plant projects that:

a. Do not increase revenues by connecting the distribution system to new customers; and

b. Are in service; and

c. Were not included in the public utility's rate base in its most recent general rate case; and which

d. Replace or renew water mains, valves, services, meters and hydrants serving existing customers that have reached their useful service life, are worn out, are in deteriorated condition, or which negatively impact the quality and reliability of service to the customer if not replaced or renewed; or

e. Extend mains to eliminate dead ends which negatively impact the quality and reliability of service to the customer; or

f. Relocate existing facilities as a result of governmental actions that are not reimbursed, including but not limited to relocations of mains located in highway rights of way as required by the Department of Transportation; or

g. Place in service, for the benefit of the customers of the water utility applying for the **DSIC** rate, water supply sources identified as "A list projects" in the Governor's Task Force Report dated December 2, 1999, to resolve the regional water supply concerns or subsequently added to the "A list projects" by the Delaware Water Supply Coordinating Council, all such added projects to have been so identified by the Delaware Water Supply Coordinating Counsel by December 31, 2002; or

h. Place in service new or additional water treatment facilities, plant or equipment required to meet changes in state or federal water quality standards, rules or regulations.

(5) As used in this section, "pretax return" means the revenues necessary to:

a. Produce net operating income equal to the public water utility's weighted cost of capital as established in the most recent general rate proceeding for the public water utility multiplied by the net original cost of eligible distribution system improvements. At any time the Commission, by its own motion, or by motion of the water utility, Commission staff or the Public Advocate, may determine to revisit and, after hearing without the necessity of a general rate filing, reset a water utility's cost of capital to reflect its current cost of capital. The **DSIC** rate shall be adjusted back to the date of the motion to reflect any change in the cost of capital determined by the Commission through this process;

b. Provide for the tax deductibility of the debt interest component of the weighted cost of capital; and

c. Pay state and federal income taxes applicable to such income.

(b) Notwithstanding other sections of this subchapter, a public utility providing water service may file with the Commission rate schedules establishing a **DSIC** rate that will allow for the automatic adjustment of the public water utility's basic rates and charges to provide recovery of **DSIC** costs on a semiannual basis.

(1) The public water utility shall serve the Division of the Public Advocate's office a copy of its filing at the time of its filing with the Commission. Customers of the public water utility shall be notified of changes in the **DSIC** rate by including appropriate information with the first bill they receive following any change in the rate.

(2) Publication of notice of the filing is not required.

(3) The effective date of changes in the **DSIC** rate shall be January 1 and July 1 every year.

(4) The public water utility shall file any request for a change in the **DSIC** rate and supporting data with the Commission at least 30 days prior to its effective date.

(5) The **DSIC** rate shall be adjusted semiannually for eligible distribution system improvements placed in service during the 6-month period ending 2 months prior to the effective date of changes in the **DSIC** rate.

(6) The **DSIC** rate shall be expressed as a percentage carried to 2 decimal places and applied to the total amount billed to each customer under the public water utility's otherwise applicable rates and charges.

(7) The **DSIC** rate applied between base rate filings shall be capped at 7.5% of the amount billed to customers under otherwise applicable rates and charges, but the **DSIC** rate increase applied shall not exceed 5% within any 12-month period.

(8) The **DSIC** Rate shall be subject to audit at intervals determined by the Commission. It will also be subject to annual reconciliation based on a period consisting of the 12 months ending December 31 of each year. The revenue received under the **DSIC** Rate for the reconciliation period shall be compared to the public water utility's eligible costs for that period with the difference between revenue received and eligible costs for the period recouped or refunded, as appropriate, over a 1-year period commencing July 1 of each year. If the **DSIC** Revenues exceeded the **DSIC** eligible costs, such over-collections shall be refunded with interest.

(9) The **DSIC** Rate shall be reset to zero as of the effective date of new base rates that provide for the prospective recovery of the annual costs theretofore recovered under the **DSIC** rate.

(10) The **DSIC** Rate shall also be reset to zero if, in any quarter, data filed with the Commission by the public water utility show that the public water utility will earn a rate of return that exceeds the rate of return established in its last general rate filing or by Commission order pursuant to paragraph (a)(5)a. of this section, if such was determined subsequent to the final order in the water utility's last general rate filing. Further, the **DSIC** rate shall be reinstated when such data show that the established rate of return is not exceeded and will not be exceeded if the **DSIC** rate is reinstated and reset.

(11) Any water utility filing for interim rate relief under this section must comply with all reasonable information requests related to its filing, or any other audits or proceedings conducted pursuant to this section and must do so on an expedited basis.

(c) The provisions of this section shall not be available to a water utility subject to a finding of the Commission that the water utility is unable or unwilling to provide safe, adequate and reliable water service to its existing customers.

(d) The Commission may adopt rules and regulations, not inconsistent with this title, that the Commission finds reasonable or necessary to administer a **DSIC**.

CREDIT(S)

73 Laws 2001, ch. 138, § 2, eff. July 9, 2001.

LIBRARY REFERENCES

Water Law 2141, 2197.
Westlaw Topic No. 405.
C.J.S. Waters §§ 483, 666 to 668, 671 to 676, 681, 684 to 686.

26 Del.C. § 314, DE ST TI 26 § 314

Current through 78 Laws 2012, chs. 204 - 409 and technical corrections received from the Delaware Code Revisors for 2012 Acts.

END OF DOCUMENT

ILLINOIS

Ill. Admin. Code tit. 83, Ch. I, Subch. E, Pt. 656, Refs & Annos

West's Illinois Administrative Code Currentness
Title 83: Public Utilities
Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge

AUTHORITY: Implementing Section 9-220.2 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/9-220.2 and 10-101].

SOURCE: Adopted at 25 Ill. Reg. 16258, effective December 19, 2001.

83 Ill. Adm. Code Ch. I, Subch. E, Pt. 656, Refs & Annos, 83 IL ADC Ch. I, Subch. E, Pt. 656, Refs & Annos

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Ill. Admin. Code tit. 83, § 656.10

West's Illinois Administrative Code Currentness
Title 83: Public Utilities
Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)
656.10 Applicability

a) The qualifying infrastructure plant surcharge (QIP surcharge) shall be applied to water/sewer bills of customers of water/sewer utilities in the rate zone where qualifying infrastructure plant (QIP) is installed by utilities having an effective QIP surcharge rider and information sheet in effect and on file with the Illinois Commerce Commission (Commission).

b) The purpose of the QIP surcharge is to recover a return on, and depreciation expense related to, the utility's investment in QIP as described in Section 656.40 of this Part. The QIP surcharge rider is authorized by Section 9-220.2 of the Public Utilities Act [220 ILCS 5/9-220.2].

c) Each QIP surcharge percentage shall be determined in accordance with Section 656.60 of this Part.

83 ILAC § 656.10, 83 IL ADC 656.10

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Ill. Admin. Code tit. 83, § 656.20

West's Illinois Administrative Code Currentness
Title 83: Public Utilities
Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)
656.20 Definitions

"Act" means the Public Utilities Act [220 ILCS 5].

"Information sheet" means a tariff sheet filed in accordance with this Part to initiate or modify a QIP surcharge percentage.

"Operation year" means the calendar year (or portion thereof) during which a QIP surcharge percentage is applied to customer bills.

"QIP base rate revenues" mean revenues recorded in the certain accounts and their sub-accounts described in 83 Ill. Adm. Code 605, the Uniform System of Accounts for Water Utilities, and 83 Ill. Adm. Code 650, the Uniform System of Accounts for Sewer Utilities. For water utilities, QIP base rate revenues shall include revenues recorded in accounts 460, 461, 462, 464, 465, 466, and 469 as described in 83 Ill. Adm. Code 605. For sewer utilities, QIP base rate revenues shall include revenues recorded in accounts 521, 522, 523, 524, and 530 as described in 83 Ill. Adm. Code 650. QIP base rate revenues, however, shall not include revenues resulting from the QIP surcharge or any revenues attributable to Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655.

"QIP surcharge percentage" is the percentage determined in accordance with Section 656.60 of this Part for filing in an information sheet.

"QIP-related costs" or "QIP costs" mean costs that are recoverable through the QIP surcharge percentage as determined in accordance with Sections 656.50 and 656.60 of this Part.

"Qualifying infrastructure plant surcharge" or "QIP surcharge" means the amount added to a customer bill when the QIP surcharge percentage is applied in accordance with Section 656.60(a) of this Part.

"Qualifying infrastructure plant" means certain non-revenue producing eligible plant that is not reflected in the rate base used to establish the utility's base rates and is consistent with the terms of Section 656.40 of this Part. Non-revenue producing plant is plant that is not constructed or installed for the purpose of serving a new customer.

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"Rate zone" means the entire service area to which a particular base rate applies, but does not include areas that have different base rates even though such areas may be served by the utility.

"Reconciliation year" means the calendar year period for which actual QIP costs and revenues associated with the QIP surcharge are to be reconciled.

"Test year" means the test year period used by the utility in its last rate case as defined in 83 Ill. Adm. Code 285.150.

83 ILAC § 656.20, 83 IL ADC 656.20

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West's Illinois Administrative Code Currentness
Title 83: Public Utilities
Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)
656.30 General Requirements

a) The QIP surcharge shall be capped at 5% of the QIP base rate revenues billed to customers. The QIP surcharge shall not be applied to any add-on taxes, to any revenues attributable to the Purchased Water and Sewage Treatment Surcharges developed pursuant to 83 Ill. Adm. Code 655, or to any other revenues not recorded in a QIP base rate revenues account as described in Section 656.20 of this Part.

b) On the effective date of new base rates that provide for the recovery of the costs that had previously been recovered under the QIP surcharge rider, the QIP surcharge percentage for the applicable rate zone shall be reset to zero.

c) The utility shall provide notice of the QIP surcharge rider and subsequent filings and billing as follows:

1) The utility shall maintain and keep open for public inspection a copy of each filing of a QIP surcharge rider and subsequent information sheets and shall post public notice in each office of the utility in accordance with 83 Ill. Adm. Code 255.20(a).

2) For the initial filing of a QIP surcharge rider, each utility, regardless of size, shall provide notice by newspaper publication in accordance with 83 Ill. Adm. Code 255.20(f)(1) and by mailing a notice of the filing to each of its customers.

3) In connection with the initial billing of each change in a QIP surcharge percentage as specified in an information sheet (other than a change to a zero percentage), including information sheets resulting from the annual reconciliation and Commission-ordered adjustments, the utility shall provide an explanation of the QIP surcharge to be stated on, or included with, the initial billing of the new QIP surcharge percentage.

4) Except as noted above, no other notice of the filing or billing of the QIP surcharge rider or an information sheet shall be required except as may be provided by law or by Order of the Commission.

d) The QIP surcharge shall be presented as a separate line item on customer bills.

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e) The revenues resulting from each QIP surcharge rider shall be recorded in a separate revenue subaccount for each rate zone.

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Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)
656.40 Qualifying Infrastructure Plant

a) To be classified as QIP, the plant additions must meet the following criteria:

1) The plant additions must be replacements of existing plant items from the accounts listed in subsections (b) and (c);

2) Such replacements must be non-revenue producing;

3) Such replacements are installed to replace facilities that are worn out or deteriorated or to replace facilities that are obsolete and at the end of their useful service lives due to a change in law or a change in the regulations of a governmental agency;

4) Such replacements are installed after the conclusion of the test year in the utility's latest rate case; and

5) Such replacements were not included in the calculation of the rate base in the utility's last rate case.

b) For water utilities, the plant additions shall include items from the following accounts, pursuant to 83 Ill. Adm. Code 605:

1) Account 331, Transmission and Distribution Mains;

2) Account 333, Services;

3) Account 334, Meters and Meter Installations; and

4) Account 335, Hydrants.

c) For sewer utilities, the plant additions shall include items from the following accounts, pursuant to 83 Ill.

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Adm. Code 650:

1) Account 360, Collecting Sewers - Force;

2) Account 361, Collecting Sewers - Gravity (including costs associated with manholes); and

3) Account 363, Services to Customers.

d) In addition to replacements, the following items may be classified as QIP: main extensions recorded in Account 331 for water utilities that are constructed to eliminate dead ends and the unreimbursed costs recorded in the appropriate accounts listed in subsections (b) and (c) that are associated with relocations of mains, services, hydrants, and sewers occasioned by street or highway construction.

e) QIP shall include only plant additions installed on or after January 1 of the year in which the utility files its initial QIP surcharge rider in accordance with Sections 656.70 and 656.90 of this Part.

83 ILAC § 656.40, 83 IL ADC 656.40

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Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)
656.50 Recoverable Qualifying Infrastructure Plant Costs

a) QIP costs shall include the pre-tax return on QIP and the net depreciation expense applicable to QIP.

1) The pre-tax return is calculated using the weighted cost of debt and weighted cost of equity determined in the utility's last rate case. The weighted cost of equity is multiplied by the gross revenue conversion factor (GRCF). The product is then added to the weighted cost of debt to obtain the pre-tax return. The pre-tax return is calculated using the following formulas:

$$GRCF = \frac{1}{(1 - PPTRIT)(1 - SIT)(1 - FIT)}$$

$$PTR = ((WCCE + WCPE) \times GRCF) + WCLTD + WCSTD$$

Where:

GRCF	=	Gross Revenue Conversion Factor.
PPTRIT	=	Illinois Personal Property Tax Replacement Income Tax rate in effect at the time of the initial, annual, or quarterly filing.
SIT	=	Illinois State income tax rate in effect at the time of the initial, annual, or quarterly filing.
FIT	=	Federal income tax rate in effect at the time of the initial,

Ill. Admin. Code tit. 83, § 656.50

		annual, or quarterly filing.
PTR	=	Pre-tax return.
WCCE	=	Weighted cost of common equity from the utility's last rate case.
WCPE	=	Weighted cost of preferred equity from the utility's last rate case.
WCLTD	=	Weighted cost of long-term debt from the utility's last rate case.
WCSTD	=	Weighted cost of short-term debt from the utility's last rate case.

2) Net depreciation expense shall be calculated by applying the utility's approved depreciation rate to each category of QIP. The depreciation expense for QIP shall be reduced by the depreciation expense on the plant being replaced.

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Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)
656.60 Determination of the Qualifying Infrastructure Plant Surcharge Percentage

a) The QIP surcharge percentage shall be expressed as a percentage carried to two decimal places. The QIP surcharge percentage shall be applied to the total amount billed to each customer located in the same rate zone based on the utility's otherwise applicable rates and charges. The QIP surcharge percentage shall not be applied to the exclusions listed in Section 656.30(a) of this Part.

b) In calculating the QIP surcharge percentage, the utility may choose either annual prospective operation or quarterly historical operation based on QIP investment data for a prior three-month period. Annual prospective operation may be selected only if the utility's immediately preceding rate case utilized a future test year as defined in 83 Ill. Adm. Code 285 and the utility submits the information required by Section 656.70(d)(6) of this Part.

1) Annual Prospective Operation

Utilities choosing annual prospective operation shall determine the QIP surcharge percentage for the operation year using the following formula:

$$S\% = \frac{(NetQIP \times PTR) + Net\ Dep + (R \times 1.33) + ((O + INT) \times Om)}{PAR} \times 100\%$$

Where:

S%	=	QIP surcharge percentage.
NetQIP	=	The average forecasted cost of the investment in QIP for the rate zone for the operation year less forecasted accumulated depreciation in QIP for the rate zone for the operation year. The average forecasted cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated de-

		preciation for the period from December 31 of the year preceding the operation year through December 31 of the operation year.
PTR	=	Pre-tax return as described in Section 656.50(a)(1) of this Part.
NetDep	=	Net depreciation expense related to the average investment in QIP for the rate zone for the operation year. Depreciation expense shall be calculated by multiplying the average forecasted cost of the investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded. The average forecasted cost of the investment in QIP by plant account, net of retirements, shall be computed by using an average of 13 end-of-month balances of QIP by plant account and retirements for the period from December 31 of the year preceding the operation year through December 31 of the operation year.
R	=	Utility-determined reconciliation component (R component) calculated for the reconciliation year under the reconciliation feature as described in Section 656.80(d) of this Part. The reconciliation component shall be collected over nine months from April through December.
O	=	The Commission-ordered adjustment component (O component).
INT	=	The calculated interest attributable to the O component. This interest shall be calculated as described in Section 656.80(i) of this Part.
Om	=	The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the

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		O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 1.00. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 1.33.
PAR	=	The projection of total water or sewer QIP base rate revenues, as applicable, for the rate zone for the period from January 1 through December 31. The projected revenue shall not include the exclusions listed in Section 656.30(a) of this Part.

2) Quarterly Historical Operation

Utilities choosing quarterly historical operation shall determine the QIP surcharge percentage for the quarter using the following formula:

$$S\% = \frac{(NetQIP \times PTR \times .25) + NetQDep + (R \times .33) + ((O + INT) \times Om) \times 100\%}{PQR}$$

Where:

S%	=	QIP surcharge percentage.
NetQIP	=	Original cost of QIP less accumulated depreciation for the rate zone. NetQIP shall be the level of investment in QIP existing at the end of the calendar month preceding the month in which an information sheet is filed.
PTR	=	Pre-tax return as described in Section 656.50(a)(1) of this Part.
NetQDep	=	Net quarterly depreciation expense applicable to NetQIP less the quarterly depreciation applicable to plant being retired.
R	=	Utility-determined reconciliation component calculated for the reconciliation year under the reconciliation

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		feature as described in Section 656.80(d) of this Part. The reconciliation component shall be collected over nine months from April through December. No reconciliation component amount shall be included for the January through March quarter.
O	=	Commission-ordered adjustment component.
INT	=	The calculated interest attributable to the O component. This interest shall be calculated as described in Section 656.80(i) of this Part.
Om	=	The Commission-ordered O component multiplier. Om is a timing factor applied to the O component and the INT to allow for the collection of the O component and the INT over the remainder of the operation year. For example, if the O component and the INT were included in the QIP surcharge percentage on January 1, the Om would be 0.25. Similarly, if the O component and the INT were included in the QIP surcharge percentage on April 1, the Om would be 0.33.
PQR	=	Projected quarterly water or sewer QIP base rate revenues as applicable for the rate zone during the calendar quarter when the QIP surcharge percentage shall be in effect. The projected quarterly revenue shall not include the exclusions listed in Section 656.30(a) of this Part.

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West's Illinois Administrative Code Currentness
Title 83: Public Utilities
Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)
656.70 Rider and Information Sheet Filings

a) A utility shall file a proposed QIP surcharge rider consistent with this Part pursuant to Section 9-201 of the Act. After a QIP surcharge rider is in effect, the QIP surcharge percentage shall be filed on an information sheet with supporting data no later than the 20th day of the month preceding the effective date of the QIP surcharge percentage. An information sheet with supporting data filed after that date, but prior to the effective date, shall be accepted only if it corrects an error or errors from a timely filed information sheet for the same effective date. Any other information sheet with supporting data shall be accepted only if submitted as a special permission request to become effective on less than 45 days notice under the provisions of Section 9-201(a) of the Act.

b) For utilities electing annual prospective operation, a utility may file its initial information sheet with a QIP surcharge percentage for the initial operation year with an effective date of the first day of any month. The effective date of any subsequent information sheet with a QIP surcharge percentage is January 1 (and April 1 if the R component is modified). A utility may, at its option, file an information sheet modifying the surcharge percentage, with an effective date of the first day of any month during the operation year, when necessary to recognize a material change in assumptions used in developing the QIP surcharge percentage (including, but not limited to, a change in depreciation rates). The utility shall also file an information sheet to implement a Commission-ordered O component.

c) For utilities electing quarterly historical operation, a new surcharge percentage may become effective on April 1, July 1, October 1, and January 1 (with a new R component becoming effective, if required, on April 1). A utility may elect not to file an information sheet showing an increased QIP surcharge percentage for any quarter provided that the QIP costs that would have been reflected for that quarter in excess of the level reflected in developing the QIP surcharge percentage in effect for the quarter are disregarded in calculating the R component and O component for the affected reconciliation year.

d) A utility electing annual prospective operation shall provide the following with the filing of each information sheet to become effective on January 1:

1) A calculation of the QIP surcharge percentage, PTR, and GRCF for each rate zone for which a QIP surcharge rider is in effect;

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2) A schedule showing, for each rate zone for which a QIP surcharge rider is in effect, the amount of forecasted expenditures for QIP during the operation year by plant account;

3) A description, for each rate zone for which a QIP surcharge rider is in effect, of the projects included in each plant account by type of project;

4) A detailed description, for each rate zone for which a QIP surcharge rider is in effect, of individual QIP projects with a forecasted cost in excess of $100,000;

5) A detailed schedule showing the calculation of depreciation expense for each rate zone for which a QIP surcharge rider is in effect; and

6) A statement verified by an officer of the utility that, in the belief of management:

A) The forecast used in developing the QIP surcharge percentage was prepared in accordance with the Guidelines for Presentation of Projected Financial Information (April 1, 1999) established by the American Institute of Certified Public Accountants, Inc., 1211 Avenue of the Americas, New York NY 10036-8775; and

B) The accounting treatment applied to events and transactions in the forecast is the same as the accounting treatment to be applied in recording the events once they occur.

e) A utility electing quarterly historical operation shall submit with each information sheet:

1) A calculation of the QIP surcharge percentage, PTR, and GRCF for each rate zone for which a QIP surcharge rider is in effect;

2) A detailed schedule, for each rate zone for which a QIP surcharge rider is in effect, providing the following information for each completed QIP eligible project whose cost has been transferred to utility plant with the closing of the QIP eligible project's work order:

A) Plant account number and title;

B) Category of project;

C) Project name;

D) Description of project;

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E) Work order number;

F) Dollar amount in the month of closing; and

G) Month and year of closing; and

3) A detailed schedule showing the calculation of depreciation expense for each rate zone for which a QIP surcharge rider is in effect.

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West's Illinois Administrative Code Currentness
Title 83: Public Utilities
Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)
656.80 Annual Reconciliation

a) On or before March 15 of each year, a utility that had a QIP surcharge in effect for all or part of the immediately preceding calendar year shall submit to the Commission an annual reconciliation regarding the results for the previous reconciliation year. The annual reconciliation shall be verified by an officer of the utility. As required by this Section, the annual reconciliation shall include a calculation of the R component necessary to adjust revenue collected under the QIP surcharge rider in effect for the rate zone during the reconciliation year to an amount equivalent to the actual level of prudently-incurred QIP cost for the reconciliation year. In the event that the earnings report filed under this Section for the rate zone shows that the utility's actual rate of return has exceeded the level authorized in the utility's last water or sewer general rate proceeding, as applicable, then the R component shall include the credit required by subsections (c) and (d). Any adjustment made through the R component shall be in effect for nine months commencing on the April 1 immediately following submittal of the annual reconciliation.

b) With the annual reconciliation, the utility shall file a petition seeking initiation of the annual reconciliation hearings required by Section 9-220.2 of the Act. After the hearing, the Commission shall determine the amount of the adjustment, if any, that should be made (through the O component) to the level of revenue collected by operation of the QIP surcharge rider during the reconciliation year, so that the amount of such revenue is equal to the actual level of prudently-incurred QIP cost for the reconciliation year (to the extent that such adjustment has not already been reflected through an adjustment made by the utility to the R component of the QIP surcharge percentage).

c) In the annual reconciliation, the utility shall include, for each rate zone in which a QIP surcharge has been in effect, data showing operating income and rate base for the reconciliation year, such data being developed in accordance with subsection (f)(4). If, for any such rate zone, the actual rate of return on rate base for the reconciliation year exceeds the overall rate of return allowed in the utility's last water or sewer general rate proceeding, revenues collected under the QIP surcharge rider shall be reflected as a credit through the R component of the QIP surcharge to the extent that such revenues contributed to the realization of a rate of return above the last approved level. A credit value for the R component will result in a reduction of the QIP surcharge percentage. To the extent, if any, that a required adjustment for a reconciliation year has not been already made by the utility (through the R component), the Commission shall require (through the O component) that such an adjustment be made after the annual reconciliation hearing.

d) Utilities shall calculate the R component using the following formula:

$$R = (ActNetQIP \times PTR) + ActNetDep - QIPRev + Rpy + Opy - EEA$$

Where:

Ill. Admin. Code tit. 83, § 656.80

R	=	Utility-determined reconciliation component.
ActNetQIP	=	The average actual cost of the investment in QIP for the rate zone for the reconciliation year less actual accumulated depreciation of QIP for the rate zone for the reconciliation year. The average actual cost of QIP, net of depreciation, shall be computed by using an average of 13 end-of-month balances of QIP and accumulated depreciation for the period from December 31 of the year preceding the reconciliation year through December 31 of the reconciliation year. (For utilities electing quarterly historical operation, the amount of the ActNetQIP shall be limited by the provisions of Section 656.70(c) of this Part.)
PTR	=	Pre-tax return as described in Section 656.50(a)(1) of this Part.
ActNetDep	=	Actual net depreciation expense related to the average investment in QIP for the rate zone for the reconciliation year. Depreciation expense shall be calculated by multiplying the actual investment in QIP by plant account, net of retirements, by the approved depreciation rates for the respective accounts in which the specific items included in the average QIP investment are recorded.

(For utilities electing quarterly historical operation, the amount of the ActNetDep shall be limited by the provisions of Section 656.70(c) of this Part.)

QIPRev = Actual QIP revenues collected during the reconciliation year through the QIP surcharge.

Rpy = The R component from the previous reconciliation year.

Opy = The sum of the O component and the calculated interest attributable to the O component, or the sum of any O components and the calculated interest attributable to the O components, included in the calculation of the QIP surcharge percentage during the reconciliation year.

EEA = Excess earnings amount calculated in accordance with subsections (a), (c), and (f)(4) of this Section. There will only be an EEA when the utility's actual rate of return for the reconciliation year exceeds the overall rate of return authorized by the Commission in the utility's last water or sewer rate proceeding.

e) Any adjustment made by Order of the Commission under subsection (b) or (c) shall be included in the O component and be in effect for either 12 months or nine months, beginning on the next January 1 (if 12 months) or April 1 (if nine months) following the Order of the Commission, or such other period as the Commission may direct in the Order requiring that an adjustment be made.

Ill. Admin. Code tit. 83, § 656.80

f) Each annual reconciliation shall include the following schedules:

1) A schedule showing, for each rate zone for which a QIP surcharge rider was in effect, the QIP costs for the reconciliation year;

2) A schedule showing, for each rate zone for which a QIP surcharge rider was in effect, the revenues arising through the application of the QIP surcharge during the reconciliation year;

3) A schedule showing, for each rate zone for which a QIP surcharge rider was in effect, the reconciliation component determined by the utility showing the amount to be recovered or refunded over a nine-month period commencing on April 1; and

4) Schedules showing the utility's calculation of actual operating income and 13-month average rate base for the reconciliation year by rate zone. This calculation of actual operating income and 13-month average rate base shall be adjusted for any applicable adjustments accepted by the Commission in the utility's last rate case. In calculating the amount of federal and State income tax expense reflected in operating income, the utility shall reflect as deductible interest expense for tax purposes the product that results when the weighted embedded cost-of-debt reflected in the overall rate of return calculation used in the utility's last rate proceeding is multiplied by the rate base for the applicable rate zone as shown in the annual reconciliation. In the event that the actual rate of return for any rate zone exceeds the rate of return allowed in the utility's last water or sewer general rate proceeding, a schedule showing the extent to which revenues provided by operation of the QIP surcharge contributed to the difference between the actual and last-authorized rate of return also shall be provided. The amount of the revenues provided by the QIP surcharge that contributed to the actual rate of return exceeding the overall rate of return authorized by the Commission in the utility's last water or sewer rate proceeding shall be included as a credit in the calculation of the R component.

g) The first reconciliation year shall begin on the effective date of the first QIP surcharge information sheet and end on December 31 of the calendar year in which the first information sheet became effective. Each subsequent reconciliation year shall end on December 31.

h) When the utility files its annual reconciliation, the utility shall provide copies of the following items to the Commission's Manager of the Water Department and to the Commission's Manager of the Accounting Department:

1) Copies of all workpapers pertaining to the reconciliation;

2) A detailed summary of all invoices supporting the costs for eligible QIP surcharge projects;

3) Copies of the applicable general ledger or comparable material supporting the recovery of the QIP surcharge;

4) A detailed worksheet showing the calculation of any utility-determined reconciliation component (R component)

Ill. Admin. Code tit. 83, § 656.80

amount based upon the annual reconciliation; and

5) Information regarding the prudence of the utility's investment in QIP.

i) Amounts either collected or refunded through the O component shall accrue interest at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1). Interest on the O component shall be applied from the end of the reconciliation year until the O component is refunded or charged to ratepayers through the QIP surcharge.

j) If, for a rate zone, the annual reconciliation filed by a utility shows that the revenues collected by application of the QIP surcharge rider exceed actual QIP costs for three or more consecutive reconciliation years, the Commission may initiate hearings under Section 9-250 of the Act [220 ILCS 5/9-250] to determine whether the utility's QIP surcharge rider for the rate zone should be canceled.

83 ILAC § 656.80, 83 IL ADC 656.80

This document is Current through January 27, 2012

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Ill. Admin. Code tit. 83, § 656.90

West's Illinois Administrative Code Currentness
Title 83: Public Utilities
Chapter I: Illinois Commerce Commission
Subchapter E: Water Utilities
Part 656. Qualifying Infrastructure Plant Surcharge (Refs & Annos)

656.90 Application for Qualifying Infrastructure Plant Surcharge Rider

a) A utility's filing seeking initial approval of a QIP surcharge rider for a rate zone shall be accompanied with the necessary testimony and exhibits justifying the rider.

b) Required testimony and exhibits:

1) A water utility shall prepare and provide a history of current replacement rates of qualifying plant, as well as history of failure, by location, for the qualified rate zone. The water utility shall provide 5 years of data by year for the following categories, based upon utility records to the extent that records of that data are available, or based upon estimates if records are not available:

A) Transmission and distribution mains, including the age, footage, and material;

B) Services, including the age, footage, and material;

C) Meters and meter installations, including the age, size, and number; and

D) Hydrants, including the age, number, and manufacturer.

2) A sewer utility shall prepare and provide a history of current replacement rates of qualifying plant, as well as a history of failure, by location, for the qualified rate zone. The sewer utility shall provide 5 years of data by year for the following categories, based upon utility records to the extent that records of that data are available, or based upon estimates if records are not available:

A) Collecting sewers - force, including the age, footage, and material;

B) Collecting sewers - gravity, including the age and number; and

C) Services to customers, including the age, footage, and material.

Ill. Admin. Code tit. 83, § 656.90

3) All utilities shall provide the reason for each increase in the rate of replacement and include specific data to justify the replacement rate for each plant account.

4) All utilities shall provide their specific plans for future replacements. The utilities shall provide a schedule showing the replacement projects listed by priority. This schedule shall include an explanation and justification for the prioritization.

5) All utilities shall provide detailed computations of expected revenue effects of investment in QIP for the shorter of the time period covered by the plans submitted in response to subsection (b)(4) or five years.

6) All utilities proposing to use the annual prospective method shall provide explanations for any changes in the expected rates of investment in QIP for the forecasted period as compared to the historical period.

7) All utilities shall provide any other information and data that supports the approval of the proposed QIP surcharge rider.

8) All utilities shall provide bill comparisons showing the effect of the QIP surcharge for each class of customer at the average customer usage level, at five usage levels above the average customer usage level, and at five usage levels below the average customer usage level. The bill comparisons shall present the current bill, the proposed bill, the difference between the current bill and the proposed bill, and the percentage change between the current bill and the proposed bill. For the purposes of this subsection (b)(8), the bill comparison shall include only QIP base rate revenues, exclusive of revenue attributable to public/private fire protection service. All utilities shall also provide supporting schedules showing the billing units, charges, and revenues used in calculating the bill comparison.

83 ILAC § 656.90, 83 IL ADC 656.90

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INDIANA

West's Annotated Indiana Code Currentness
Title 8. Utilities and Transportation
Article 1. Utilities Generally
Chapter 31. Distribution System Improvement Charges

8-1-31-1 Applicability of definitions

Sec. 1. The definitions in IC 8-1-2-1 apply throughout this chapter.

8-1-31-2 "DSIC" defined

Sec. 2. As used in this chapter, "DSIC" refers to distribution system improvement charge.

8-1-31-3 "DSIC" costs defined

Sec. 3. As used in this chapter, "DSIC costs" means depreciation expenses and pretax return associated with eligible distribution system improvements.

8-1-31-4 "DSIC revenue" defined

Sec. 4. As used in this chapter, "DSIC revenues" means revenues produced through a DSIC exclusive of revenues from all other rates and charges.

8-1-31-5 "Eligible distribution system improvements" defined

Sec. 5. As used in this chapter, "eligible distribution system improvements" means new used and useful water utility plant projects that:

(1) do not increase revenues by connecting the distribution system to new customers;

(2) are in service; and

(3) were not included in the public utility's rate base in its most recent general rate case.

8-1-31-6 "Pretax return" defined

Sec. 6. As used in this chapter, "pretax return" means the revenues necessary to:

(1) produce net operating income equal to the public utility's weighted cost of capital multiplied by the net original cost of eligible distribution system improvements; and

(2) pay state and federal income taxes applicable to such income.

8-1-31-7 "Public utility" defined

Sec. 7. As used in this chapter, "public utility" means a:

(1) public utility (as defined in IC 8-1-2-1(a)); or

(2) municipally owned utility (as defined in IC 8-1-2-1(h)).

➡8-1-31-8 Utility filing of rate schedules

Sec. 8. (a) Except as provided in subsection (d), a public utility providing water service may file with the commission rate schedules establishing a DSIC that will allow the automatic adjustment of the public utility's basic rates and charges to provide for recovery of DSIC costs.

(b) The public utility shall serve the office of the utility consumer counselor a copy of its filing at the time of its filing with the commission.

(c) Publication of notice of the filing is not required.

(d) A public utility may not file a petition under this section in the same calendar year in which the public utility has filed a request for a general increase in the basic rates and charges of the public utility.

➡8-1-31-9 Hearing and order

Sec. 9. (a) When a petition is filed under section 8 of this chapter, the commission shall conduct a hearing.

(b) The office of the utility consumer counselor may examine information of the public utility to confirm that the system improvements are in accordance with section 5 of this chapter, to confirm proper calculation of the proposed charge, and submit a report to the commission not later than thirty (30) days after the petition is filed.

(c) The commission shall hold the hearing and issue its order not later than sixty (60) days after the petition is filed.

(d) If the commission finds that a DSIC petition complies with the requirements of this chapter, the commission shall enter an order approving the petition.

➡8-1-31-10 Petition for change in DSIC

Sec. 10. (a) Except as provided in subsection (b), a public utility may, but is not required to, file a petition for a change in its DSIC not more often than one (1) time every twelve (12) months.

(b) Except as provided in section 15 of this chapter, a public utility may not file a petition for a change in its DSIC in the same calendar year in which the public utility has filed a request for a general increase in the basic rates and charges of the public utility.

➡8-1-31-11 Pretax return factors

Sec. 11. In determining an appropriate pretax return, the commission may consider the following factors:

(1) The current state and federal income tax rates.

(2) The public utility's actual regulatory capital structure.

(3) The actual cost rates for the public utility's long term debt and preferred stock.

(4) The public utility's cost of common equity.

(5) Other components that the commission considers appropriate.

➞8-1-31-12 Cost of common equity

Sec. 12. The cost of common equity to be used in the calculation of the charge shall be the most recent determination by the commission in a general rate proceeding of the public utility. If the commission finds that the last such determination is no longer representative of current conditions, the commission may make a new determination of the common equity cost rate for use in determining the charge, after notice and hearing. The most recent prior determination shall be used pending any redetermination.

➞8-1-31-13 DSIC approval not permitted with certain revenues

Sec. 13. The commission may not approve a DSIC to the extent it would produce total DSIC revenues exceeding five percent (5%) of the public utility's base revenue level approved by the commission in the public utility's most recent general rate proceeding.

➞8-1-31-14 DSIC calculation

Sec. 14. The DSIC may be calculated based on a reasonable estimate of sales in the period in which the charge will be in effect. At the end of each twelve (12) month period the charge is in effect, and using procedures approved by the commission, the public utility shall reconcile the difference between DSIC revenues and DSIC costs during that period and recover or refund the difference, as appropriate, through adjustment of the charge.

➞8-1-31-15 Utility filing revised rate schedules

Sec. 15. A public utility that has implemented a DSIC under this chapter shall file revised rate schedules resetting the charge if new basic rates and charges become effective for the public utility following a commission order authorizing a general increase in rates and charges that includes in the utility's rate base eligible distribution system improvements reflected in the DSIC.

➞8-1-31-16 DSIC filing not general increase in basic rates and charges

Sec. 16. For purposes of IC 8-1-2-42(a), the filing of a DSIC and a change in a DSIC is not a general increase in basic rates and charges.

➞8-1-31-17 Adoption of other procedures

Sec. 17. The commission may adopt by rule under IC 4-22-2 or by order other procedures not inconsistent with this chapter that the commission finds reasonable or necessary to administer a DSIC.

END OF DOCUMENT

Ind. Admin. Code tit. 170, r. 6-1.1-1

C

Indiana Administrative Code Currentness
Title 170. Indiana Utility Regulatory Commission (Refs & Annos)
Article 6. Water Utilities
Rule 1.1. Distribution System Improvement Charges (Dsic)
170 IAC 6-1.1-1 Definitions

Authority: IC 8-1-1-3; IC 8-1-31-17

Affected: IC 8-1-2; IC 8-1.5-3-8

Sec. 1. (a) The definitions in this section apply throughout this rule.

(b) "Commission" means the Indiana utility regulatory commission.

(c) "Distribution system" means:

(1) distribution mains;

(2) valves;

(3) hydrants;

(4) service lines;

(5) meters;

(6) meter installation;

(7) and other appurtenances;

necessary to transport treated water from the point it exits the treatment facility to the point at which it is delivered to the customer.

Ind. Admin. Code tit. 170, r. 6-1.1-1

(d) "Distribution system improvement charges" or "DSIC" means a distribution system improvement charge approved under IC 8-1-31.

(e) "DSIC costs" means depreciation expenses and the pretax return associated with eligible distribution system improvements.

(f) "DSIC revenues" means utility revenues produced through a DSIC exclusive of revenues from all other rates and charges.

(g) "Eligible distribution system improvements" means new used and useful water utility plant projects that:

(1) do not increase revenues by connecting the distribution system to new customers;

(2) are in service; and

(3) were not included in the utility's rate base in its most recent general rate case.

(h) "Utility" means every public or municipally-owned utility.

(i) "Public utility" means every:

(1) corporation;

(2) company;

(3) partnership;

(4) limited liability company;

(5) individual; or

(6) association of individuals;

or their lessees, trustees, or receivers appointed by a court, that may own, operate, manage, or control any plant or equipment within the state for the production, delivery, or furnishing of water.

(j) "Municipally-owned utility" includes every utility owned or operated by a municipality.

Ind. Admin. Code tit. 170, r. 6-1.1-1

(k) "Pretax return" means the following:

(1) For investor-owned utilities the revenue necessary to:

(A) produce net operating income equal to the utility's weighted cost of capital multiplied by the original cost of eligible distribution system improvements; and

(B) pay any state and federal income taxes applicable to such income.

(2) "Pretax return" for a municipally-owned utility:

(A) the average annual debt service associated with the distribution system improvement; or

(B) the return on plant under IC 8-1.5-3-8 granted in its most recent rate case computed by multiplying the authorized return times the cost of eligible distribution system improvement.

(Indiana Utility Regulatory Commission; 170 IAC 6-1.1-1; filed Sep 27, 2005, 8:45 a.m.: 29 IR 456; readopted filed Sep 23, 2011, 11:52 a.m.: 20111019-IR-170110397RFA)

6-1.1-1, 170 IN ADC 6-1.1-1

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Ind. Admin. Code tit. 170, r. 6-1.1-2

C

Indiana Administrative Code Currentness
Title 170. Indiana Utility Regulatory Commission (Refs & Annos)
Article 6. Water Utilities
Rule 1.1. Distribution System Improvement Charges (Dsic)
170 IAC 6-1.1-2 Applicability and scope

Authority: IC 8-1-31-8

Affected: IC 8-1-2; IC 8-1-31

Sec. 2. (a) This rule applies to any utility that may now or hereafter be engaged in providing water service, subject to the jurisdiction of the commission.

(b) This rule shall in no way prohibit the recovery by a utility of costs that meet the statutory criteria of IC 8-1-31 et seq., including costs not otherwise included under Account 331, 333, 334, or 335 of the National Association of Regulatory Utility Commissioners' Uniform System of Accounts for Water Utilities, provided that the costs for which recovery is requested were incurred in a project within the utility's existing distribution system and not in projects that connect to new customers.

(Indiana Utility Regulatory Commission; 170 IAC 6-1.1-2; filed Sep 27, 2005, 8:45 a.m.: 29 IR 457; readopted filed Sep 23, 2011, 11:52 a.m.: 20111019-IR-170110397RFA)

6-1.1-2, 170 IN ADC 6-1.1-2

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Ind. Admin. Code tit. 170, r. 6-1.1-3

Indiana Administrative Code Currentness
Title 170. Indiana Utility Regulatory Commission (Refs & Annos)
Article 6. Water Utilities
Rule 1.1. Distribution System Improvement Charges (Dsic)
→→ 170 IAC 6-1.1-3 Exemption

Authority: IC 8-1-31-8

Affected: IC 8-1-2; IC 8-1-31

Sec. 3. A utility may not file a petition under this rule in the same calendar year in which the utility has filed a request for a general increase in the basic rates and charges of the utility.

(Indiana Utility Regulatory Commission; 170 IAC 6-1.1-3; filed Sep 27, 2005, 8:45 a.m.: 29 IR 457; readopted filed Sep 23, 2011, 11:52 a.m.: 20111019-IR-170110397RFA)

6-1.1-3, 170 IN ADC 6-1.1-3

Current with amendments received through the Indiana Weekly Collection, dated January 23, 2013

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Ind. Admin. Code tit. 170, r. 6-1.1-4

C

Indiana Administrative Code Currentness
Title 170. Indiana Utility Regulatory Commission (Refs & Annos)
Article 6. Water Utilities
Rule 1.1. Distribution System Improvement Charges (Dsic)
170 IAC 6-1.1-4 Filing

Authority: IC 8-1-31-17

Affected: IC 8-1-2; IC 8-1-31

Sec. 4. (a) The utility shall file with the commission rate schedules establishing a DSIC that will allow the automatic adjustment of the utility's basic rates and charges to provide for recovery of DSIC costs. A petition filed to initiate a DSIC proceeding, which shall be deemed the utility's case-in-chief, shall include as attachments:

(1) schedules;

(2) forms;

(3) testimony;

(4) exhibits; or

(5) other required supporting documentation;

as provided in section 5 of this rule.

(b) The utility shall serve the office of the utility consumer counselor a copy of its filing at the time of its filing with the commission.

(c) The utility shall give notice of the DSIC filing by United States registered mail to its wholesale customers at the time of its filing with the commission.

(Indiana Utility Regulatory Commission; 170 IAC 6-1.1-4; filed Sep 27, 2005, 8:45 a.m.: 29 IR 457; readopted filed Sep 23, 2011, 11:52 a.m.: 20111019-IR-170110397RFA; filed Jan 6, 2012, 10:25 a.m.: 20120201-IR-170110426FRA)

Ind. Admin. Code tit. 170, r. 6-1.1-5

C

Indiana Administrative Code Currentness
Title 170. Indiana Utility Regulatory Commission (Refs & Annos)
Article 6. Water Utilities
Rule 1.1. Distribution System Improvement Charges (Dsic)
➡➡ 170 IAC 6-1.1-5 Required supporting documentation

Authority: IC 8-1-31-8

Affected: IC 8-1-2-49; IC 8-1-31

Sec. 5. (a) The utility shall submit the following supporting documentation for its petition to the commission:

(1) A description of the DSIC project, an explanation of why the project is needed, the benefits resulting to the utility and its customers upon completion of the project, and the age of the plant that was retired.

(2) A statement that the project is in service and was not included in the utility's rate base in its most recent general rate case. Provide the cause number and date of the utility's most recent rate order.

(3) A statement that the project will not result in an increase in revenue resulting from the connection of new customers to the utility's distribution system.

(4) A statement that all necessary local, state, and federal permits, approvals, and authorizations applicable to the DSIC project have been obtained.

(5) A statement regarding whether any affiliate (as defined by IC 8-1-2-49) was directly or indirectly engaged by the utility in connection with the installation of the infrastructure that is the subject of the proposed DSIC and a copy of any such affiliated interest contract.

(6) A statement regarding whether the utility plans to replace other distribution infrastructure in the next five (5) years and a general outline of any such plans.

(7) A new tariff reflecting the requested DSIC in the same format as the existing tariff on file with the commission, with clear denotations on all schedules where the DSIC rate is applicable.

(8) A statement that the utility:

Ind. Admin. Code tit. 170, r. 6-1.1-5

(A) has invoices and other cost support for every item included in the project cost form; and

(B) is prepared to file such invoices if required by the commission or requested by the office of utility consumer counselor.

(9) An affidavit from an officer of the utility attesting to the veracity of the statements and information submitted under this subsection.

(10) When the petition constitutes an application to change an existing DSIC, a statement describing how the utility will satisfy any outstanding reconciliation requirement for its current DSIC.

(11) A statement that the project costs, for which recovery is sought, represent an investment by the utility and not another funding source such as a grant, developer contribution, or transportation department reimbursement.

(12) If the applicant is seeking debt service, a statement including the cause number that the applicant has previously obtained IURC approval to issue the long term debt.

(b) By submitting documentation in compliance with subsection (a), the utility makes a prima facie case for the eligibility of the improvements and the reasonableness of the charges.

(Indiana Utility Regulatory Commission; 170 IAC 6-1.1-5; filed Sep 27, 2005, 8:45 a.m.: 29 IR 457; readopted filed Sep 23, 2011, 11:52 a.m.: 20111019-IR-170110397RFA)

6-1.1-5, 170 IN ADC 6-1.1-5

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Ind. Admin. Code tit. 170, r. 6-1.1-6

C

Indiana Administrative Code Currentness
Title 170. Indiana Utility Regulatory Commission (Refs & Annos)
Article 6. Water Utilities
Rule 1.1. Distribution System Improvement Charges (Dsic)
170 IAC 6-1.1-6 Response

Authority: IC 8-1-31-8

Affected: IC 8-1-2; IC 8-1-31

Sec. 6. (a) The office of utility consumer counselor or other intervening party may submit a report to the commission indicating its opposition to or support of each portion of the petition within thirty (30) days after the petition is filed. The filing utility may then file its rebuttal within seven (7) days. The office of utility consumer counselor may examine information of the utility to determine whether:

(1) the system improvements are in accordance with the requirements of section 1(f) of this rule; and

(2) the utility properly calculated the proposed charges.

(b) For purposes of discovery, the period for responses shall be four (4) business days instead of ten (10) days. The remaining provisions of 170 IAC 1-1.1-16 shall apply.

(Indiana Utility Regulatory Commission; 170 IAC 6-1.1-6; filed Sep 27, 2005, 8:45 a.m.: 29 IR 458; readopted filed Sep 23, 2011, 11:52 a.m.: 20111019-IR-170110397RFA)

6-1.1-6, 170 IN ADC 6-1.1-6

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Ind. Admin. Code tit. 170, r. 6-1.1-7

Indiana Administrative Code Currentness
Title 170. Indiana Utility Regulatory Commission (Refs & Annos)
Article 6. Water Utilities
Rule 1.1. Distribution System Improvement Charges (Dsic)
→→ 170 IAC 6-1.1-7 Hearing and order

Authority: IC 8-1-31-9

Affected: IC 8-1-2; IC 8-1-31

Sec. 7. (a) Except as provided in subsection (b) or for good cause shown, the commission shall hold the hearing and issue its order not later than sixty (60) days after the petition is filed.

(b) If, subsequent to the filing of its petition, the utility files additional testimony or exhibits, other than rebuttal, to supplement its case-in-chief, or for good cause shown, the commission may reset the sixty (60) day hearing deadline established in subsection (a) of this section.

(Indiana Utility Regulatory Commission; 170 IAC 6-1.1-7; filed Sep 27, 2005, 8:45 a.m.: 29 IR 458; readopted filed Sep 23, 2011, 11:52 a.m.: 20111019-IR-170110397RFA)

6-1.1-7, 170 IN ADC 6-1.1-7

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Ind. Admin. Code tit. 170, r. 6-1.1-8

C

Indiana Administrative Code Currentness
Title 170. Indiana Utility Regulatory Commission (Refs & Annos)
Article 6. Water Utilities
Rule 1.1. Distribution System Improvement Charges (Dsic)
170 IAC 6-1.1-8 Reconciliation procedure

Authority: IC 8-1-31-17

Affected: IC 8-1-2; IC 8-1-31

Sec. 8. (a) A utility authorized to implement a DSIC shall file with the commission, no later than thirty (30) days after the expiration of each twelve (12) month period in which the DSIC rate was in effect, a report that reconciles the difference between the DSIC revenues and the DSIC costs. The utility shall serve a copy of the report simultaneously on the office of the utility consumer counselor. Within fifteen (15) days of service, the office of the utility consumer counselor shall submit its comments to the commission and serve a copy on the utility. Upon review of the utility's report and the office of utility consumer counselor's comments, the commission may, at its discretion, convene a hearing after notice to adjust the DSIC to reconcile over recovery or under recovery of the underlying DSIC costs.

(b) In the event the utility is later authorized to change its DSIC, then the annual reconciliation shall be twelve (12) months following the authorization of the change in the DSIC, with the first reconciliation also covering the period between the last reconciliation of the previously approved DSIC and authorization to change the DSIC (the "interim period"). Reconciliation for the interim period shall use the DSIC revenues and DSIC costs associated with the DSIC in effect at the time.

(c) In the event that a utility files revised rate schedules, the commission's order will reset the DSIC and create new basic rates and charges. Upon issuance of the order, the utility shall file the reconciliation report covering previously unreconciled periods with the commission within three (3) months. The report must be completed as follows:

(1) The reconciliation report shall use the DSIC revenues and DSIC costs associated with the DSIC in effect at the time.

(2) An over or under recovery shall be shown as an addition to or reduction from DSIC costs included in the utility's first DSIC filing following implementation of the new basic rates and charges.

(Indiana Utility Regulatory Commission; 170 IAC 6-1.1-8; filed Sep 27, 2005, 8:45 a.m.: 29 IR 458; readopted

Ind. Admin. Code tit. 170, r. 6-1.1-8

filed Sep 23, 2011, 11:52 a.m.: 20111019-IR-170110397RFA; filed Jan 6, 2012, 10:25 a.m.: 20120201-IR-170110426FRA)

6-1.1-8, 170 IN ADC 6-1.1-8

Current with amendments received through the Indiana Weekly Collection, dated January 23, 2013

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Missouri Code of State Regulations Currentness
Title 4 - Department of Economic Development
Division 240 - Public Service Commission
Chapter 3 - Filing and Reporting Requirements
➡➡ 4 CSR 240-3.650 Water Utility Petitions for Infrastructure System Replacement Surcharges

*PURPOSE: This rule sets forth the definitions, parameters and procedures relevant to the filing and processing of petitions pertaining to an **infrastructure system** replacement surcharge (ISRS), including the information that an eligible water utility must provide when it files a petition and associated rate schedules to establish, change or reconcile an ISRS.*

(1) As used in this rule, the following terms mean:

(A) Appropriate pretax revenues--the revenues necessary to:

1. Produce net operating income equal to the eligible water utility's weighted cost of capital multiplied by the net original cost of eligible **infrastructure system** replacements (original cost of eligible **infrastructure system** replacements, net of accumulated deferred income taxes and accumulated depreciation associated with the replacements), including recognition of accumulated deferred income taxes and accumulated depreciation associated with eligible **infrastructure system** replacements that are included in a currently effective ISRS;

2. Recover state, federal, and local income or excise taxes applicable to such income; and

3. Recover all other ISRS costs;

(B) Eligible **infrastructure system** replacements--water utility plant projects that:

1. Replace or extend the useful life of existing **infrastructure**;

2. Are in service and used and useful;

3. Do not increase revenues by directly connecting the **infrastructure** replacement to new customers;

4. Were not included in the eligible water utility's rate base in its most recent general rate case; and

5. Were made in a county with a charter form of government and with more than one (1) million inhabitants;

(C) Eligible water utility--a water corporation as defined in section 386.020(58), RSMo, that provides service to more than ten thousand (10,000) customers in a county with a charter form of government and with more than one (1) million inhabitants;

(D) ISRS--**infrastructure system** replacement surcharge;

(E) ISRS costs--annual depreciation expenses, and property taxes that will be due within twelve (12) months of the ISRS filing, on the total cost of eligible **infrastructure system** replacements, reduced by annual depreciation expenses and property taxes on any related facility retirements;

(F) ISRS revenues--revenues produced through an ISRS, exclusive of revenues from all other rates and **charges**;

(G) Water utility plant projects--projects that consist only of the following:

1. Mains, and associated valves and hydrants, installed as replacements for existing facilities that have worn out or are in deteriorated condition;

2. Main cleaning and relining projects; and

3. Facilities relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of the United States, this state, a political subdivision of this state or another entity having the power of eminent domain; provided that the costs related to such projects have not been reimbursed to the eligible water utility.

(2) Pursuant to the provisions of this rule and sections 393.1000 to 393.1006, RSMo, an eligible water utility may file a petition with the commission to establish or change ISRS rate schedules that will allow for the adjustment of its rates and **charges** to provide for the recovery of costs for eligible **infrastructure system** replacements; provided that an ISRS, on an annualized basis, must produce ISRS revenues of at least one (1) million dollars but not in excess of ten percent (10%) of the subject utility's base revenue level approved by the commission in the utility's most recent general rate proceeding.

(3) An ISRS, and any future changes thereto, shall be calculated and implemented in accordance with the provisions of this rule and sections 393.1000 to 393.1006, RSMo.

(4) ISRS revenues shall be subject to refund based upon a finding and order of the commission, to the extent provided in subsections 5 and 8 of section 393.1006, RSMo.

(5) The commission shall not approve an ISRS for an eligible water utility that has not had a general rate proceeding decided or dismissed by issuance of a commission order within the past three (3) years, unless that utility has filed for or is the subject of a new general rate proceeding.

(6) In no event shall an eligible water utility collect an ISRS for a period exceeding three (3) years unless it has filed for or is the subject of a new general rate proceeding; provided that the ISRS may be collected until the effective date of new rate schedules established as a result of the new general rate proceeding, or until the subject general rate proceeding is otherwise decided or dismissed by issuance of a commission order without new rates being established.

(7) Upon the filing of a petition seeking to establish or change an ISRS, the commission will publish notice of the filing.

(8) The eligible water utility shall provide the following notices to its customers, with such notices to be approved by the commission in accordance with section (9) of this rule before they are sent to the customers:

(A) An initial, one (1)-time notice to all potentially affected customers, with such notice to be sent to customers no

later than when customers will receive their first bill that includes an ISRS, explaining the subject utility's infrastructure system replacement program, explaining how its ISRS will be applied to its various customer classes and identifying the statutory authority under which it is implementing its ISRS;

(B) An annual notice to affected customers each year that an ISRS is in effect explaining the continuation of its infrastructure system replacement program and the resulting ISRS; and

(C) A surcharge description on all affected customer bills, which informs the customers of the existence and amount of the ISRS on the bills.

(9) Within twenty (20) days of the eligible water utility's filing of a petition to establish an ISRS, the subject utility shall submit the following items to the commission for approval or rejection, and the office of the public counsel may, within ten (10) days of the water utility's filing, submit comments regarding these items to the commission:

(A) An example of the notice required by subsection (8)(A) of this rule;

(B) An example of the notice required by subsection (8)(B) of this rule; and

(C) An example customer bill showing how the ISRS will be described on affected customers' bills in accordance with subsection (8)(C) of this rule.

(10) When an eligible water utility files a petition pursuant to the provisions of this rule and sections 393.1000 to 393.1006, RSMo, the commission shall conduct an examination of the proposed ISRS.

(11) The staff of the commission may examine the information the eligible water utility provides pursuant to the provisions of this rule and sections 393.1000 to 393.1006, RSMo, to confirm the underlying costs related to and the proper calculation of the proposed ISRS, and may submit a report regarding its examination to the commission not later than sixty (60) days after the eligible water utility files its petition. The staff shall not examine any other revenue requirement or ratemaking issues in its consideration of the petition or associated proposed rate schedules.

(12) The commission may hold a hearing on the petition and the associated proposed rate schedules, and shall issue an order to become effective not later than one hundred twenty (120) days after the eligible water utility files the petition.

(13) If the commission finds that a petition complies with the requirements of sections 393.1000 to 393.1006, RSMo, the commission shall enter an order authorizing the eligible water utility to impose an ISRS that is sufficient to recover appropriate pretax revenues, as determined by the commission.

(14) Commission approval of a petition, and any associated rate schedules, to establish or change an ISRS pursuant to sections 393.1000 to 393.1006, RSMo, shall in no way be binding upon the commission in determining the ratemaking treatment to be applied to eligible infrastructure system replacements during a subsequent general rate proceeding when the commission may undertake to review the prudence of such costs. In the event the commission disallows recovery of costs associated with eligible infrastructure system replacements previously collected through an ISRS, as a part of its order in a subsequent general rate proceeding, the water utility shall offset its ISRS in the future as needed to recognize and account for any such disallowances. Nothing in this rule or section 393.1006, RSMo, shall be construed as limiting the authority of the commission to review and consider infrastructure system replacement costs along with other costs during any general rate proceeding of an eligible water utility.

(15) An eligible water utility may effectuate a change in an ISRS no more often than two (2) times during every twelve (12)-month period, with the first such period beginning on the effective date of the rate schedules that establish an

initial ISRS. For the purposes of this section, an initial ISRS is the first ISRS granted to the subject utility or an ISRS established after an ISRS is reset to zero pursuant to the provisions of section (17) of this rule.

(16) At the end of each twelve (12)-month period that an ISRS is in effect, the eligible water utility shall reconcile the differences between the revenues resulting from the ISRS and the appropriate pretax revenues as found by the commission for that period, and shall submit the reconciliation and proposed ISRS rate schedule revisions to the commission for approval to recover or refund the difference, as appropriate.

(17) An eligible water utility that has implemented an ISRS shall file revised ISRS rate schedules to reset the ISRS to zero when new base rates and charges become effective following a commission order establishing customer rates in a general rate proceeding that incorporates eligible costs previously reflected in an ISRS into the subject utility's base rates. If an over or under recovery of ISRS revenues, including any commission ordered refunds, exists after the ISRS has been reset to zero, the amount of over or under recovery shall be tracked in an account and considered in the water utility's next ISRS filing that it submits pursuant to the provisions of section (2) of this rule.

(18) Upon the inclusion of eligible costs previously reflected in an ISRS in an eligible water utility's base rates, the subject utility shall immediately thereafter reconcile any previously unreconciled ISRS revenues as necessary to ensure that revenues resulting from the ISRS match, as closely as possible, the appropriate pretax revenues as found by the commission for that period, and shall track such revenues pursuant to the provisions of section (17) of this rule.

(19) At the time that an eligible water utility files a petition with the commission seeking to establish, change or reconcile an ISRS, it shall submit proposed ISRS rate schedules and its supporting documentation regarding the calculation of the proposed ISRS with the petition, and shall serve the office of the public counsel with a copy of its petition, its proposed rate schedules and its supporting documentation. The subject utility's supporting documentation shall include workpapers showing the calculation of the proposed ISRS, and shall include, at a minimum, the following information:

(A) The state, federal, and local income or excise tax rates used in calculating the proposed ISRS, and an explanation of the source of and the basis for using those tax rates;

(B) The regulatory capital structure used in calculating the proposed ISRS, and an explanation of the source of and the basis for using that capital structure;

(C) The cost rates for debt and preferred stock used in calculating the proposed ISRS, and an explanation of the source of and the basis for using those cost rates;

(D) The cost of common equity used in calculating the proposed ISRS, and an explanation of the source of and the basis for using that equity cost;

(E) The property tax rates used in calculating the proposed ISRS, and an explanation of the source of and the basis for using those tax rates;

(F) The depreciation rates used in calculating the proposed ISRS, and an explanation of the source of and the basis for using those depreciation rates;

(G) The costs that are eligible for recovery during the period in which the ISRS will be in effect, including the net original cost of the infrastructure system replacements and the amount of ISRS costs related to the eligible replacements; and a breakdown of the eligible replacements identified by work order or cost center for each of the following project categories:

1. Mains, and associated valves and hydrants, installed as replacements for existing facilities that have worn out or are in deteriorated condition;

2. Main cleaning and relining projects;

3. Facilities relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of the United States;

4. Facilities relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of this state;

5. Facilities relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of a political subdivision of this state; and

6. Facilities relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of an entity other than the United States, this state or a political subdivision of this state, having the power of eminent domain;

(H) The applicable customer class billing determinants used in calculating the proposed ISRS, and an explanation of the source of and the basis for using those billing determinants;

(I) An explanation of how the customers to whom the proposed ISRS will apply are benefiting from the water utility plant projects that will be recovered through the ISRS;

(J) An explanation of how the proposed ISRS is being prorated between affected customer classes, if applicable;

(K) An explanation of how the proposed ISRS is being applied in a manner consistent with the customer class cost-of-service study recognized by the commission in the subject utility's most recent general rate proceeding, if applicable;

(L) An explanation of how the proposed ISRS is being applied consistent with the rate design methodology utilized to develop the subject utility's rates resulting from its most recent general rate proceeding;

(M) An explanation of how the infrastructure replacement projects associated with the ISRS do not increase revenues by directly connecting the infrastructure replacement to new customers; and

(N) An explanation of when the infrastructure replacement projects associated with the ISRS were completed and became used and useful.

(20) In addition to the information required by section (19) of this rule, the eligible water utility shall also submit the following information, either when it submits the information required by section (19) of this rule or when it files its next general rate case:

(A) An explanation of the efforts to quantify and seek reimbursement for any costs associated with facility relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of the United States, this state, a political subdivision of this state or another entity having the power of eminent domain, which could offset the requested ISRS revenues;

(B) If any of the projects associated with the ISRS were funded through financing arrangements directed specifically to the projects, an explanation of how the projects were funded, including the amount of debt and the interest rate on that debt;

(C) An explanation of how long any facilities that were replaced by eligible infrastructure system replacements had been in service when they were replaced or abandoned; and

(D) An explanation of the request for proposal (RFP) process used, or the reasons that a RFP process was not used, to select the entity that performed the infrastructure replacement projects associated with the ISRS.

(21) In addition to the information required by section (19) of this rule, the eligible water utility shall also provide the following information when it files a petition with the commission seeking to establish, change or reconcile an ISRS:

(A) A description of all information posted on the subject utility's website regarding the **infrastructure system** replacement surcharge and related **infrastructure system** replacement projects; and

(B) A description of all instructions provided to personnel at the subject utility's call center regarding how those personnel should respond to calls pertaining to the ISRS.

AUTHORITY: sections 386.250 and 393.140, RSMo 2000 and 393.1006.10, RSMo Supp. 2003. [FNa1] Original rule filed Sept. 19, 2003, effective May 30, 2004.

[FNa1]. *Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; 393.140, RSMo 1939, amended 1949, 1967; and 393.1006, RSMo 2003.*

4 Mo. Code of State Regulations 240-3.650, 4 MO ADC 240-3.650

Current through December 31, 2012

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(d) The following language shall be located in the tariff in a General Terms and Conditions section that applies to all regulated water services:

"By applying for multi-use service, the customer agrees to be responsible for all claims, costs, and liability for personal injury, death and/or property damage, resulting from the customer's individual water system, unless caused by the negligence of the water utility."

(e) The following language shall be located in the tariff in a Provision of Services section that governs multi-use service:

"By applying for multi-use service, and operating the same, the customer agrees:

1. To include a backflow prevention device(s) as defined at N.J.A.C. 7:10-1.3, and as specified at N.J.A.C. 7:10-10.3;

2. To be solely responsible for all costs and expenses relating to the installation, operation, maintenance, repair and replacement of the customer's water system, including the fire suppression system and backflow prevention device(s);

3. To ensure that the customer's water system complies with the applicable requirements of the Uniform Construction Code in effect at the time of system installation, including any applicable building, plumbing and fire protection subcodes; and

4. To ensure that the customer's water system is maintained in accordance with all applicable law so as to protect against backflow, back-siphonage and contamination of the potable water system."

(f) A water utility shall supply multi-use service to a customer or builder upon request, unless the utility can show good cause or a compelling reason to refuse to supply multi-use service.

(g) A water utility's intent to impose a higher safety standard than that set by DCA shall not constitute good cause or a compelling reason to refuse multi-use service to a customer or builder.

SUBCHAPTER 9. CONSUMER CONFIDENCE REPORTS

14:9-9.1 Consumer Confidence Reports

On or before July 1 of each year, each water utility shall submit to the Board a copy of the Consumer Confidence Report that the utility is required to prepare pursuant to the "Safe Drinking Water Act Amendments of 1996," 40 CFR 141.

Amended by R.2006 d.367, effective October 16, 2006.
See: 38 N.J.R. 1538(a), 38 N.J.R. 4490(b).
Rewrote the section.

SUBCHAPTER 10. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

14:9-10.1 Purpose, scope, and general provisions

(a) This subchapter establishes for water utilities in New Jersey, a voluntary Distribution System Improvement Charge (DSIC), which is an initiative intended to create a regulatory mechanism that enables the accelerated level of investment needed to promote the timely rehabilitation and replacement of certain non-revenue producing, critical water distribution components that enhance safety, reliability, water quality, system flows and pressure, and/or conservation. Through a DSIC, after approval of the foundational filing, a water utility may charge customers, up to the DSIC cap amount, for the costs of rehabilitating, improving, or replacing water distribution infrastructure in accordance with this subchapter.

(b) The purpose of a DSIC is to provide a rate recovery mechanism that encourages and supports necessary accelerated rehabilitation and replacement. As set forth under this subchapter, such investment would occur in a systematic and sustained way to advance the accelerated rehabilitation and replacement of water distribution infrastructure needed for conservation, continued system safety and reliability, improved water quality, and sustained economic growth in the State of New Jersey.

(c) The Board shall require frequent and detailed monitoring and reporting of expenditures during all phases of the DSIC, as set forth in this subchapter, in order to ensure prudent investment and compliance with this subchapter.

(d) All petitions to the Board regarding DSIC activities shall be submitted by the water utility.

(e) The initial term of the DSIC, in the absence of explicit Board action, shall end on June 4, 2017.

(f) A DSIC rate is interim, subject to refund, until the subsequent base rate case.

14:9-10.2 Definitions

For the purposes of this subchapter, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise. Additional definitions that apply to this subchapter can be found at N.J.A.C. 14:3-1.1.

"Adjusted weighted average cost of capital" does not include short-term debt, so long as the water utility does not have short-term debt in its approved capital structure. The equity component of the pre-tax adjusted weighted average cost of capital will be the equity rate approved by the Board in the water utility's most recent base rate case; however, the approved embedded cost of debt will be adjusted semi-annually, to reflect the actual embedded cost of debt at the end of the DSIC recovery period, never to exceed the actual embedded cost of debt approved in the last base rate case.

"Base spending" means the level of investment equal to the water utility's depreciation expense for utility plant accounts: 343 (Transmission & Distribution Mains), 345 (Services), and 348 (Hydrants), as reported in the water utility's most recent annual report to the Board, at the time the foundational filing is submitted.

"Depreciation expense" on the DSIC assets means the amount of the total of all eligible investments multiplied by the weighted composite depreciation rate on those assets.

"Distribution System Improvement Charge" or "DSIC" means the charge developed in accordance with this subchapter. Once implemented, the DSIC continues in effect until new base rates become effective for the water utility, consistent with the requirements of this subchapter.

"DSIC cap" or "cap" means the maximum amount of annual DSIC revenues that a water utility can recover during the period the DSIC rate is in effect, through the assessment or surcharge computed in accordance with the requirements of this subchapter. The cap is established by calculating five percent of the water utility's total revenues as established in the most recent base rate decision. The outcome of that calculation establishes the maximum revenue requirement recovery level for which a water utility can seek recovery through the DSIC.

"DSIC-eligible projects" mean water distribution system projects and projected costs that:

1. Are limited to non-revenue producing water main replacement or rehabilitation projects, including structural and non-structural lining projects, valve replacements, hydrant replacements, and service line replacements, or water main relocations required by governmental entities;

2. Are included in the appropriate foundational filing or semi-annual filing made by the water utility with the Board, and approved by the Board, as set forth at N.J.A.C. 14:9-10.4, and/or the semi-annual DSIC reconciliation filing, as set forth in N.J.A.C. 14:9-10.5;

3. Are in excess of the water utility's base spending; and

4. The costs of which are not already being recovered through current base rates, as set by the water utility's most recently concluded base rate case proceeding.

"DSIC filing" means the filing made by a water utility for each DSIC recovery period as specified in N.J.A.C. 14:9-10.5. DSIC filings shall contain actual data for the DSIC recovery period and are expected to be made approximately semi-annually.

"DSIC period" means the period of time between the effective date of the foundational filing and the rate effective date of the next base rate case.

"DSIC rate" means the amount of the assessment added to customers' bills, calculated in accordance with the requirements of this subchapter, which will be assessed on the basis of meter charges. This rate is reviewed by the Board and reset to zero in a water utility's base rate case.

"DSIC recovery period" means each period during which DSIC-eligible projects are to be completed and put into service followed by a DSIC filing.

"DSIC revenue requirement recovery amount" means the total eligible amount to be recovered through the DSIC charge as calculated pursuant to N.J.A.C. 14:9-10.8.

"Eligible investment in DSIC projects" means the total of the applicable projects placed in service under this program, less the base spending requirement.

"Pre-tax adjusted weighted average cost of capital" means the adjusted weighted average cost of capital calculated on a pre-income tax basis.

"Revenue factor" means a gross-up for the associated revenue taxes, uncollectables, BPU assessment, and Division of Rate Counsel assessment, adjusted to properly reflect the revenue required to generate the agreed upon rate of return.

"Water utility" has the meaning assigned to this term in the Board's water and wastewater rules at N.J.A.C. 14:9-1.2.

14:9-10.3 Investments eligible for recovery under a DSIC

(a) A water utility may seek recovery for any or all of the following costs through a DSIC:

1. Water main replacement and rehabilitation;

2. Water main cleaning and lining;

3. Valve and hydrant replacement;

4. Service line replacement (from main to curb or meter pit); and/or

5. Un-reimbursed utility relocation costs associated with relocations required by governmental entities.

(b) Each water utility is required to make the base spending investment in each 12-month period contained within the authorized DSIC period in order to take advantage of the DSIC program. A water utility is not required to spend the base spending amount prior to recovering DSIC expenditures. In the event that a water utility fails to spend its base spending for the 12-month period, or over-recovers the DSIC revenue requirement recovery amount for the 12-month period, the water utility must provide a credit to customers to be reflected in the DSIC filing, following the end of each 12-month period. The credit will consist of the impact of the shortfall of the base spending during the 12-month period. The required base spending will not be recovered through the DSIC.

1. At the time of the 12-month DSIC filing, the water utility shall recalculate the DSIC rate for the prior 12 months and determine the amount of DSIC-eligible expenditures. For purposes of this calculation, all expenditures will first be used to satisfy the base amount and then be classified as DSIC-eligible expenditures.

i. If the total eligible expenditures relating to projects over the prior 12 months exceed the sum of the required base amount and expenditures for projects classified at the prior six-month DSIC filing as DSIC-eligible expenditures, no credit is due.

ii. If the total eligible expenditures relating to projects over the prior 12 months do not meet the requirements of (b)1i above, then a water utility must credit any expenditures that were classified at six months as DSIC-eligible expenditures, but at 12 months, were reclassified as base expenditures, or otherwise determined to be non-DSIC-eligible expenditures.

14:9-10.4 DSIC foundational filing

(a) The Board shall authorize the implementation of a DSIC by a water utility. Under the DSIC, the Board shall authorize a water utility to recover costs associated with DSIC-eligible projects through an approved DSIC rate.

(b) To obtain authorization to implement a DSIC, the water utility shall submit a foundational filing to the Board. Whether filed separately or concurrently with a base rate case, the water utility shall submit with the foundational filing, certain information, described below:

1. An engineering evaluation report of the water utility's distribution system that:

i. Identifies the rationale for the work needed to be accelerated for the water utility to properly sustain its water distribution network;

ii. Demonstrates that the plan proposed to accelerate the renewal of the distribution network is the most cost effective plan;

iii. To the extent that elements of the distribution network are failing, identifies what mechanisms are causing the failures; and

iv. Identifies what is being done to extend the life of the water utility's distribution network assets;

2. DSIC project information for the upcoming DSIC period that includes the following:

i. A list of projects, DSIC-eligible asset class, or category;

ii. The nature, location, estimated duration of project work (including estimated in-service dates), and a description and reason for project necessity;

iii. Aggregate information capturing blanket-type, DSIC-eligible infrastructure, to be rehabilitated or replaced (that is, number of valves, hydrants, or service lines) and the estimated annual cost of such blanket-type replacement programs;

iv. Vintage, condition, or other similarly relevant, reasonably available information about the eligible infrastructure that is being rehabilitated or replaced;

v. Estimated project costs;

vi. Project identification numbers, so DSIC projects can be easily tracked; and

vii. Other such information, as is relevant and appropriate, in order to provide adequate information to make an informed decision regarding any given project; and

3. The expected amount of base spending for the water utility, including underlying detail adequate to document that the base spending has been made on the appropriate types of infrastructure including, a proposed DSIC assessment, calculated in accordance with N.J.A.C. 14:9-10.8 and work papers showing the detailed calculations supporting the proposed assessment schedule.

4. A public notice and hearing, at a minimum, are required in the DSIC foundational filing. The hearing notice shall include the maximum dollar amount allowable for recovery between rate cases, as well as an estimated rate impact for the entire period on customers.

5. After a foundational filing has been approved by the Board, a water utility may request that a different DSIC-eligible project be substituted for one already approved by the Board. The water utility shall submit written notice to the Board and the Division of Rate Counsel, identifying the project and detailing the reason(s) for the requested change, for approval.

6. DSIC rates shall be rolled into base rates during a water utility's subsequent base rate case. All new foundational filing must be approved before new DSIC investment and DSIC rate recovery may occur. Foundational filing may be made as part of the base rate proceeding.

(c) No DSIC foundational filing shall be approved unless a water utility has had its base rates set by the Board within the past three years. A DSIC foundational filing may be approved concurrently with the setting of base rates. The Board has 90 days from the date of a complete filing to act on the proposed DSIC foundational filing petition.

(d) When a water utility has its DSIC rate reset to zero, a new foundational filing must be approved before new DSIC investments and DSIC Rate recovery may occur.

(e) If within three years after the effective date of a foundational filing, a water utility has not filed a petition in accordance with the Board's rules for the setting of its base rates, all interim charges collected under the DSIC rate shall be deemed an over-recovery, and shall be credited to customers in accordance with this subchapter. A water utility

may seek recovery of such projects in the ordinary course through its next base rate case. Notwithstanding the above, a water utility may continue to collect a DSIC charge during a pending rate case filed in accordance with this section.

14:9-10.5 DSIC filing requirements

(a) Each DSIC filing made by a water utility shall include the following:

1. A detailed description of all DSIC-eligible projects completed and placed in service;

2. A schedule comparing the:

i. Total spending on DSIC-eligible projects to date, during the DSIC recovery period, including the base-project spending and DSIC-project spending by foundational filing project identification number or blanket-project category;

ii. Actual cost of completed DSIC-eligible projects for the DSIC recovery period with the estimated costs for the projects contained in the most recent foundational filing or amendment thereto;

iii. In-service date of completed DSIC-eligible projects versus estimated in-service date of DSIC-eligible projects as set forth in the foundational filing; and

iv. Actual revenues collected through the DSIC assessment, compared with the actual revenue requirement of the DSIC-eligible projects during the DSIC recovery period, and the resultant DSIC under- or over-recovery amounts;

3. A proposed DSIC schedule outlining the DSIC charge, determined in accordance with this subchapter, and detailed information demonstrating that the proposed DSIC charge meets the requirements at N.J.A.C. 14:9-10.8. The schedule shall include either, a proposed schedule for returning to customers any over-recovery in the prior DSIC recovery period, including interest at the adjusted weighted average cost of capital or, a proposed schedule for recovering from customers any under-recovery in the prior DSIC recovery period. The over-recovery, including interest, or under-recovery, shall be credited or charged to customers during the next DSIC recovery period. This information shall support the DSIC charge calculation, with documentation, detailed financial analyses, and other relevant information, showing all assumptions and calculations. All supporting financial information shall be presented in such a way as to allow the Board to evaluate whether the calculations meet the requirements of this subchapter; and

4. Other documentation, as needed, to evaluate the DSIC program.

(b) DSIC filings shall be filed with the Board on a semi-annual basis, commencing approximately six months after the effective date of the foundational filing. A water utility must submit its semi-annual DSIC filing within 15 days of the end of the DSIC recovery period. DSIC filings shall be reviewed by Board staff and the Division of Rate Counsel. In the event that Board staff or the Division of Rate Counsel identifies a particular project or projects of concern contained in the DSIC filing, the water utility shall remove the project from the list of DSIC-eligible projects. If the water utility objects to the removal of a project from the list of DSIC-eligible projects, the water utility may file a petition with the Board seeking inclusion of the project as a DSIC-eligible project. The water utility may recover the interim surcharge associated with the DSIC-eligible projects closed during the DSIC recovery period not objected to by Board staff or the Division of Rate Counsel beginning 60 days after the end of the DSIC recovery period, subject to refund at the Board's discretion.

(c) The semi-annual DSIC filings may include changes or updates to information provided in the foundational filing provided the information is material and relevant and the water utility has a reasonable expectation that the change will occur during the DSIC recovery period.

14:9-10.6 DSIC-eligible plant investments during a base rate case

(a) In the event that DSIC-eligible plant additions are placed in service during the test year of a water utility's base rate case, if not recovered as part of a routine DSIC filing, those plant additions shall be considered as part of the base rate case proceeding, and included in the routine test-year plant additions, consistent with existing Board rules.

(b) Notwithstanding the other provisions of this subchapter, a water utility may continue to make DSIC-eligible investments and collect a DSIC charge during a pending rate case filed in accordance with existing Board rules.

14:9-10.7 Rate limitation

(a) The water utility shall stop assessing a DSIC charge at the earlier of the following:

1. The Board finds, at any time, that a water utility is not in compliance with the DSIC as approved;

2. The water utility does not meet the requirements of the earnings test calculation pursuant to (b) below; or

3. Upon reaching the date set forth in N.J.A.C. 14:9-10.1(e), except that a water utility may continue to assess the DSIC charge for any DSIC investments included in an approved foundational filing and made prior to the date set forth in N.J.A.C. 14:9-10.1(e).

(b) To determine whether a water utility is earning on its DSIC investments within the amount approved by the Board, for the purposes of continued eligibility to use the DSIC program, the water utility shall report the following information to the Board:

1. On an annual basis, concurrent with the DSIC filing, the water utility shall submit an earnings description to the Board, in a format consistent with this subchapter;

2. The earnings description shall contain information from the water utility's official books and records and shall be consistent with the water utility's independently audited results of operations and its most recent annual report to the Board, and shall include 12 months of actual financial information; and

3. The earnings description, which shall include the following:

i. Rate base, revenues (including approved DSIC revenues not yet in base revenues), expenses, taxes, capital structure, weighted average cost of capital, approved net DSIC plant additions not yet in rate base, and other such relevant financial information as may be known to the water utility;

ii. Adjustments to the information supplied, pursuant to (b)3i above, to reflect to the extent practicable, its results of operations on a ratemaking basis and include annualization, normalization, and ratemaking adjustments that are consistent with current Board policy and practices; and

iii. An earnings test calculation, in which the water utility's earnings shall be subjected to an earnings test where the net operating income, including approved net DSIC revenues, is divided by the rate base, including approved net DSIC plant additions not yet in rate base.

(c) If the product of the calculation set forth in (b)3iii above exceeds the water utility's most recently approved overall rate of return, as set forth in the most recent base rate order for the water utility, the water utility shall stop assessing the DSIC for as long as the condition persists.

(d) A water utility may resume participation in the DSIC program, upon receiving Board approval, once it can demonstrate that the product of the calculation set forth in (b)3iii above no longer exceeds its last approved overall rate of return.

14:9-10.8 Calculating the DSIC rate

(a) The revenues to be recovered through the DSIC rate shall not exceed the DSIC cap, and shall be calculated as follows:

1. The eligible net investment reflects the eligible investment, less the per-book accumulated depreciation amount recorded for the specific projects, further adjusted for the recorded accumulated deferred income tax amount for the specific projects.

2. The eligible net investment shall be multiplied by the pre-tax adjusted weighted average cost of capital, plus depreciation expense, plus or minus any DSIC under-recovery or over-recovery, divided by the revenue factor, minus interest on any over-recovery, the sum of which shall be multiplied by the revenue factor, to arrive at the DSIC revenue requirement recovery amount. The calculation of amounts over-recovered or under-recovered should start with the DSIC rate effective date for the previous DSIC filing.

3. The DSIC revenue requirement recovery amount shall be divided by the number of meter equivalents, weighted by meter capacity ratio, to arrive at the DSIC rate by meter size.

DSIC Formula (example numbers shown are for illustrative purposes only)

Eligible Investment (Qualified DSIC Additions to Utility Plant in Service (UPIS) During DSIC Period)	$	15,000,000 (A)
Less: Accumulated Depreciation	$	(93,750) (B)
Less: Deferred Tax	$	(19,688) (C)
Eligible Net Investment (net DSIC Additions to UPIS During DSIC Period)	$	14,886,562
Times Pre-Tax Rate of Return		x 11.1509% (D)
Pre-Tax Return on Investment	$	1,659,986
Add Depreciation	$	375,000
Revenue Recovery	$	2,034,986
Revenue Factor		x 1.170858 (E)
DSIC Revenue Requirement Recovery Amount	$	2,382,680 (F)

(A) Includes six months actual DSIC-eligible projects closed to UPIS during DSIC Period

(B) Accumulated Depreciation:	
DSIC-eligible projects closed to UPIS	$15,000,000
Composit Depreciation rate	2.5%
Depreciation Expense	$ 375,000
½ Year Convention (for first 6 months)	$ 93,750
(C) Deferred Taxes:	
DSIC-eligible projects closed to UPIS	$15,000,000
MACRS rate for 1st year water plant	4%
Tax Depreciation 1st year	$ 150,000
Book Depreciation	$ 93,750
Tax Depreciation Greater than Book	$ 56,250
Deferred Taxes at 35%	$ 19,688

(D) Pre-Tax Rate of Return

	Ratios	Cost Rate	Weighted AVG Cost of Capital	Pre-Tax Rate of Return
Long Term Debt	48.98%	6.26%	3.07%	3.066%
Common Equity	51.02%	10.30%	5.26%	8.08%
Subtotal Rate on Rate Base			8.23%	11.1509%

Revenue Factor:	
Dollar of Revenue	$ 1.00000
Less: GRT Tax	(0.1376004) (per most recent base rate case)
Less: Bad Debts and Reg. Assessments	(0.0066000) (per most recent base rate case)
Less: BPU Assessment	(0.0014328) (per most recent assessment)
Less: DRC Assessment	(0.0002926) (per most recent assessment)
Revenue Remaining after taxes, bad debts, and assessments	$ .854074
(E) Revenue (Gross-up Factor)	$ 1.170858

(F) Revenue Requirement Recovery Amount

The DSIC Revenue Requirement Recovery Amount is limited by the DSIC cap defined in N.J.A.C. 14:9-10.8(a)2. For example, if the Company's annual revenues established in their last base rate case were $100,000,000, then the DSIC cap would be calculated as follows:

Total annual revenues from most recent base rate case of $100,000,000 x 5.00% = $5,000,000
The Company's DSIC Revenue Requirement Recovery Amount in the above example cannot be greater than $5,000,000 per year.

14:9-10.9 DSIC billing

(a) If a water utility has a Board-approved DSIC, the water utility shall identify and list the amount owed by the customer, based on the DSIC rate calculated in accordance with N.J.A.C. 14:9-10.8, separately on customer bills. The DSIC rate will be reflected in bills issued on and after the effective date of the first DSIC filing and can be adjusted on the basis of subsequent DSIC filings no more frequently than every six months, up to an amount not to exceed the DSIC cap over the DSIC period.

(b) Customer bills shall reflect the DSIC rate calculated as set forth in N.J.A.C. 14:9-10.8(a)3.

OHIO

Please refer to Section 4909.172

(129th General Assembly)
(Substitute House Bill Number 379)

AN ACT

To amend sections 4909.05, 4909.06, 4909.07, 4909.08, 4909.15, 4909.156, 4909.172, 4909.18, 4909.191, and 4909.42 of the Revised Code to permit, for water-works and sewage disposal system companies, certain rate-calculation adjustments, to make changes regarding water and sewer infrastructure improvement surcharges, and to alter language regarding utility requirements for when rate increases may take effect in the absence of administrative action.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 4909.05, 4909.06, 4909.07, 4909.08, 4909.15, 4909.156, 4909.172, 4909.18, 4909.191, and 4909.42 of the Revised Code be amended to read as follows:

Sec. 4909.05. As used in this section:

(A) A "lease purchase agreement" is an agreement pursuant to which a public utility leasing property is required to make rental payments for the term of the agreement and either the utility is granted the right to purchase the property upon the completion of the term of the agreement and upon the payment of an additional fixed sum of money or title to the property vests in the utility upon the making of the final rental payment.

(B) A "leaseback" is the sale or transfer of property by a public utility to another person contemporaneously followed by the leasing of the property to the public utility on a long-term basis.

(C) The public utilities commission shall prescribe the form and details of the valuation report of the property of each public utility or railroad in the state. Such report shall include all the kinds and classes of property, with the value of each, owned, held, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be owned or held as of the date certain, by each public utility or railroad used and useful, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be used and useful as of the date certain, for the service and convenience of the public. Such report shall contain the following facts in detail:

(1) The original cost of each parcel of land owned in fee and in use, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be owned in fee and in use as of the date certain, determined by the commission; and also a statement of the conditions of acquisition, whether by direct purchase, by donation, by exercise of the power of eminent domain, or otherwise;

(2) The actual acquisition cost, not including periodic rental fees, of rights-of-way, trailways, or other land rights held, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be held as of the date certain, by virtue of easements, leases, or other forms of grants of rights as to usage;

(3) The original cost of all other kinds and classes of property used and useful, or, with respect to

a natural gas, water-works, or sewage disposal system company, projected to be used and useful as of the date certain, in the rendition of service to the public. Such original costs of property, other than land owned in fee, shall be the cost, as determined to be reasonable by the commission, to the person that first dedicated or dedicates the property to the public use and shall be set forth in property accounts and subaccounts as prescribed by the commission. To the extent that the costs of property comprising a coal research and development facility, as defined in section 1555.01 of the Revised Code, or a coal development project, as defined in section 1551.30 of the Revised Code, have been allowed for recovery as Ohio coal research and development costs under section 4905.304 of the Revised Code, none of those costs shall be included as a cost of property under this division.

(4) The cost of property constituting all or part of a project leased to or used by the utility, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be leased to or used by the utility as of the date certain, under Chapter 165., 3706., 6121., or 6123. of the Revised Code and not included under division (C)(3) of this section exclusive of any interest directly or indirectly paid by the utility with respect thereto whether or not capitalized;

(5) In the discretion of the commission, the cost to a utility, in an amount determined to be reasonable by the commission, of property constituting all or part of a project leased to the utility, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be leased to the utility as of the date certain, under a lease purchase agreement or a leaseback and not included under division (C)(3) of this section exclusive of any interest directly or indirectly paid by the utility with respect thereto whether or not capitalized;

(6) The proper and adequate reserve for depreciation, as determined to be reasonable by the commission;

(7) Any sums of money or property that the company may have received, or, with respect to a natural gas, water-works, or sewage disposal system company, is projected to receive as of the date certain, as total or partial defrayal of the cost of its property;

(8) The valuation of the property of the company, which shall be the sum of the amounts contained in the report pursuant to divisions (C)(1) to (5) of this section, less the sum of the amounts contained in the report pursuant to divisions (C)(6) and (7) of this section.

The report shall show separately the property used and useful to such public utility or railroad in the furnishing of the service to the public, the property held by such public utility or railroad for other purposes, and the property projected to be used and useful to or held by a natural gas, water-works, or sewage disposal system company as of the date certain, and such other items as the commission considers proper. The commission may require an additional report showing the extent to which the property is used and useful, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be used and useful as of the date certain. Such reports shall be filed in the office of the commission for the information of the governor and the general assembly.

Sec. 4909.06. The investigation and report required by section 4909.05 of the Revised Code shall show, when the public utilities commission deems it necessary, the amounts, dates, and rates of interest of all bonds outstanding against each public utility or railroad, the property upon which such bonds are a lien, the amounts paid for them, and, the original capital stock and the moneys received by any such public utility or railroad by reason of any issue of stock, bonds, or other securities. Such report shall also show the net and gross receipts of such public utility or railroad and the method by which moneys were expended or paid out and the purpose of such payments. The commission may prescribe the procedure to be followed in making the investigation and valuation, the form in which the results of

the ascertainment of the value of each public utility or railroad shall be submitted, and the classifications of the elements that constitute the ascertained value. Such investigation shall also show the value of the property of every public utility or railroad as a whole, and if such property is in more than one county, the value of its property in each of such counties.

"Valuation" and "value," as used in this section, may include, with respect to a natural gas, water-works, or sewage disposal system company, projected valuation and value as of the date certain, if applicable because of a future date certain under section 4909.15 of the Revised Code.

Sec. 4909.07. The public utilities commission, during the making of the valuation provided for in sections 4909.04 to 4909.13~~, inclusive,~~ of the Revised Code, and after its completion, shall in like manner keep itself informed through its engineers, experts, and other assistants of all extensions, improvements, or other changes in the condition and value of the property of all public utilities or railroads and shall ascertain the value of such extensions, improvements, and changes. The commission shall, as is required for the proper regulation of such public utilities or railroads, revise and correct its valuations of property, showing such revisions and corrections as a whole and as to each county. Such revisions and corrections shall be filed in the same manner as original reports.

"Valuation" and "value," as used in this section, may include, with respect to a natural gas, water-works, or sewage disposal system company, projected valuation and value as of the date certain, if applicable because of a future date certain under section 4909.15 of the Revised Code.

Sec. 4909.08. When the public utilities commission has completed the valuation of the property of any public utility or railroad and before such valuation becomes final, it shall give notice by registered letter to such public utility or railroad, and if a substantial portion of said public utility or railroad is situated in a municipal corporation, then to the mayor of such municipal corporation, stating the valuations placed upon the several kinds and classes of property of such public utility or railroad and upon the property as a whole and give such further notice by publication or otherwise as it shall deem necessary to apprise the public of such valuation. If, within thirty days after such notification, no protest has been filed with the commission, such valuation becomes final. If notice of protest has been filed by any public utility or railroad, the commission shall fix a time for hearing such protest and shall consider at such hearing any matter material thereto presented by such public utility, railroad, or municipal corporation, in support of its protest or by any representative of the public against such protest. If, after the hearing of any protest of any valuation so fixed, the commission is of the opinion that its inventory is incomplete or inaccurate or that its valuation is incorrect, it shall make such changes as are necessary and shall issue an order making such corrected valuations final. A final valuation by the commission and all classifications made for the ascertainment of such valuations shall be public and are prima-facie evidence relative to the value of the property.

"Valuation" and "value," as used in this section, may include, with respect to a natural gas, water-works, or sewage disposal system company, projected valuation and value as of the date certain, if applicable because of a future date certain under section 4909.15 of the Revised Code.

Sec. 4909.15. (A) The public utilities commission, when fixing and determining just and reasonable rates, fares, tolls, rentals, and charges, shall determine:

(1) The valuation as of the date certain of the property of the public utility used and useful or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be used and useful as of the date certain, in rendering the public utility service for which rates are to be fixed and determined. The valuation so determined shall be the total value as set forth in division (C)(8) of section 4909.05 of the Revised Code, and a reasonable allowance for materials and supplies and cash working

capital as determined by the commission.

The commission, in its discretion, may include in the valuation a reasonable allowance for construction work in progress but, in no event, may such an allowance be made by the commission until it has determined that the particular construction project is at least seventy-five per cent complete.

In determining the percentage completion of a particular construction project, the commission shall consider, among other relevant criteria, the per cent of time elapsed in construction; the per cent of construction funds, excluding allowance for funds used during construction, expended, or obligated to such construction funds budgeted where all such funds are adjusted to reflect current purchasing power; and any physical inspection performed by or on behalf of any party, including the commission's staff.

A reasonable allowance for construction work in progress shall not exceed ten per cent of the total valuation as stated in this division, not including such allowance for construction work in progress.

Where the commission permits an allowance for construction work in progress, the dollar value of the project or portion thereof included in the valuation as construction work in progress shall not be included in the valuation as plant in service until such time as the total revenue effect of the construction work in progress allowance is offset by the total revenue effect of the plant in service exclusion. Carrying charges calculated in a manner similar to allowance for funds used during construction shall accrue on that portion of the project in service but not reflected in rates as plant in service, and such accrued carrying charges shall be included in the valuation of the property at the conclusion of the offset period for purposes of division (C)(8) of section 4909.05 of the Revised Code.

From and after April 10, 1985, no allowance for construction work in progress as it relates to a particular construction project shall be reflected in rates for a period exceeding forty-eight consecutive months commencing on the date the initial rates reflecting such allowance become effective, except as otherwise provided in this division.

The applicable maximum period in rates for an allowance for construction work in progress as it relates to a particular construction project shall be tolled if, and to the extent, a delay in the in-service date of the project is caused by the action or inaction of any federal, state, county, or municipal agency having jurisdiction, where such action or inaction relates to a change in a rule, standard, or approval of such agency, and where such action or inaction is not the result of the failure of the utility to reasonably endeavor to comply with any rule, standard, or approval prior to such change.

In the event that such period expires before the project goes into service, the commission shall exclude, from the date of expiration, the allowance for the project as construction work in progress from rates, except that the commission may extend the expiration date up to twelve months for good cause shown.

In the event that a utility has permanently canceled, abandoned, or terminated construction of a project for which it was previously permitted a construction work in progress allowance, the commission immediately shall exclude the allowance for the project from the valuation.

In the event that a construction work in progress project previously included in the valuation is removed from the valuation pursuant to this division, any revenues collected by the utility from its customers after April 10, 1985, that resulted from such prior inclusion shall be offset against future revenues over the same period of time as the project was included in the valuation as construction work in progress. The total revenue effect of such offset shall not exceed the total revenues previously

collected.

In no event shall the total revenue effect of any offset or offsets provided under division (A)(1) of this section exceed the total revenue effect of any construction work in progress allowance.

(2) A fair and reasonable rate of return to the utility on the valuation as determined in division (A)(1) of this section;

(3) The dollar annual return to which the utility is entitled by applying the fair and reasonable rate of return as determined under division (A)(2) of this section to the valuation of the utility determined under division (A)(1) of this section;

(4) The cost to the utility of rendering the public utility service for the test period used for the determination under division (C)(1) of this section, less the total of any interest on cash or credit refunds paid, pursuant to section 4909.42 of the Revised Code, by the utility during the test period.

(a) Federal, state, and local taxes imposed on or measured by net income may, in the discretion of the commission, be computed by the normalization method of accounting, provided the utility maintains accounting reserves that reflect differences between taxes actually payable and taxes on a normalized basis, provided that no determination as to the treatment in the rate-making process of such taxes shall be made that will result in loss of any tax depreciation or other tax benefit to which the utility would otherwise be entitled, and further provided that such tax benefit as redounds to the utility as a result of such a computation may not be retained by the company, used to fund any dividend or distribution, or utilized for any purpose other than the defrayal of the operating expenses of the utility and the defrayal of the expenses of the utility in connection with construction work.

(b) The amount of any tax credits granted to an electric light company under section 5727.391 of the Revised Code for Ohio coal burned prior to January 1, 2000, shall not be retained by the company, used to fund any dividend or distribution, or utilized for any purposes other than the defrayal of the allowable operating expenses of the company and the defrayal of the allowable expenses of the company in connection with the installation, acquisition, construction, or use of a compliance facility. The amount of the tax credits granted to an electric light company under that section for Ohio coal burned prior to January 1, 2000, shall be returned to its customers within three years after initially claiming the credit through an offset to the company's rates or fuel component, as determined by the commission, as set forth in schedules filed by the company under section 4905.30 of the Revised Code. As used in division (A)(4)(b) of this section, "compliance facility" has the same meaning as in section 5727.391 of the Revised Code.

(B) The commission shall compute the gross annual revenues to which the utility is entitled by adding the dollar amount of return under division (A)(3) of this section to the cost, for the test period used for the determination under division (C)(1) of this section, of rendering the public utility service under division (A)(4) of this section.

(C)(1) Except as provided in division (D) of this section, the revenues and expenses of the utility shall be determined during a test period. The utility may propose a test period for this determination that is any twelve-month period beginning not more than six months prior to the date the application is filed and ending not more than nine months subsequent to that date. The test period for determining revenues and expenses of the utility shall be the test period proposed by the utility, unless otherwise ordered by the commission.

(2) The date certain shall be not later than the date of filing, except that it shall be, for a natural gas, water-works, or sewage disposal system company, not later than the end of the test period.

(D) A natural gas, water-works, or sewage disposal system company may propose adjustments to the revenues and expenses to be determined under division (C)(1) of this section for any changes that are, during the test period or the twelve-month period immediately following the test period, reasonably expected to occur. The natural gas, water-works, or sewage disposal system company shall identify and quantify, individually, any proposed adjustments. The commission shall incorporate the proposed adjustments into the determination if the adjustments are just and reasonable.

(E) When the commission is of the opinion, after hearing and after making the determinations under divisions (A) and (B) of this section, that any rate, fare, charge, toll, rental, schedule, classification, or service, or any joint rate, fare, charge, toll, rental, schedule, classification, or service rendered, charged, demanded, exacted, or proposed to be rendered, charged, demanded, or exacted, is, or will be, unjust, unreasonable, unjustly discriminatory, unjustly preferential, or in violation of law, that the service is, or will be, inadequate, or that the maximum rates, charges, tolls, or rentals chargeable by any such public utility are insufficient to yield reasonable compensation for the service rendered, and are unjust and unreasonable, the commission shall:

(1) With due regard among other things to the value of all property of the public utility actually used and useful for the convenience of the public as determined under division (A)(1) of this section, excluding from such value the value of any franchise or right to own, operate, or enjoy the same in excess of the amount, exclusive of any tax or annual charge, actually paid to any political subdivision of the state or county, as the consideration for the grant of such franchise or right, and excluding any value added to such property by reason of a monopoly or merger, with due regard in determining the dollar annual return under division (A)(3) of this section to the necessity of making reservation out of the income for surplus, depreciation, and contingencies, and;

(2) With due regard to all such other matters as are proper, according to the facts in each case,

(a) Including a fair and reasonable rate of return determined by the commission with reference to a cost of debt equal to the actual embedded cost of debt of such public utility,

(b) But not including the portion of any periodic rental or use payments representing that cost of property that is included in the valuation report under divisions (C)(4) and (5) of section 4909.05 of the Revised Code, fix and determine the just and reasonable rate, fare, charge, toll, rental, or service to be rendered, charged, demanded, exacted, or collected for the performance or rendition of the service that will provide the public utility the allowable gross annual revenues under division (B) of this section, and order such just and reasonable rate, fare, charge, toll, rental, or service to be substituted for the existing one. After such determination and order no change in the rate, fare, toll, charge, rental, schedule, classification, or service shall be made, rendered, charged, demanded, exacted, or changed by such public utility without the order of the commission, and any other rate, fare, toll, charge, rental, classification, or service is prohibited.

(F) Upon application of any person or any public utility, and after notice to the parties in interest and opportunity to be heard as provided in Chapters 4901., 4903., 4905., 4907., 4909., 4921., and 4923. of the Revised Code for other hearings, has been given, the commission may rescind, alter, or amend an order fixing any rate, fare, toll, charge, rental, classification, or service, or any other order made by the commission. Certified copies of such orders shall be served and take effect as provided for original orders.

Sec. 4909.156. In fixing the just, reasonable, and compensatory rates, joint rates, tolls, classifications, charges, or rentals to be observed and charged for service by any public utility, the public utilities commission shall, in action upon an application filed pursuant to section 4909.18 of the Revised Code, require a public utility to file a report showing the proportionate amounts of the valuation of the property of the utility, as determined under section 4909.05 ~~or~~ of the Revised Code, and the proportionate amounts of the revenues and expenses of the utility that are proposed to be considered as attributable to the service area involved in the application.

"Valuation," as used in this section, may include, with respect to a natural gas, water-works, or sewage disposal system company, projected valuation as of the date certain, if applicable because of a future date certain under section 4909.15 of the Revised Code.

Sec. 4909.172. (A) A waterworks company, or a sewage disposal system company, that is a public utility may file an application with the public utilities commission for approval to collect an infrastructure improvement surcharge, determined in accordance with this section, from customers located in the company's affected service areas and subject to affected schedules filed by the company under section ~~4905.31~~ 4905.32 of the Revised Code. The application shall be in such form and contain such information as the commission prescribes. At the time of filing, the company shall serve a copy of the application upon the chief executive of each municipal corporation, the board of township trustees of each township, and the board of county commissioners of each county in which affected customers are located. A company for which ~~a~~ an infrastructure improvement surcharge is authorized under this section may file an application for another such surcharge not sooner than twelve months after the filing date of its most recent infrastructure improvement surcharge application.

(B) The commission shall provide an opportunity for the filing of comments on an application filed under division (A) of this section. After considering those comments, the commission may authorize ~~a~~ an infrastructure improvement surcharge for the company that is just and reasonable and is sufficient, but does not exceed, the revenue requirement necessary to do both of the following:

(1) Cover such infrastructure plant costs of the company as are described in division (C) of this section, incurred after March 1, 2003, and before the date of filing, and not already reflected in the affected schedules filed by the company under section ~~4905.31~~ 4905.32 of the Revised Code;

(2) Provide a fair and reasonable rate of return on the filing date valuation of that particular infrastructure plant.

~~The~~ Each infrastructure improvement surcharge chargeable to each affected customer class within any single tariff of the company shall not exceed three per cent, for a sewage disposal system company, and four and one quarter per cent, for a waterworks company, of the rates and charges applicable to the class and for the tariff in effect on the date the application was filed and, as to the allowed percentage increase, shall be uniform for each such class. The commission shall not authorize a company to have more than three infrastructure improvement surcharges for any single company tariff in effect at any time.

Additionally, the commission shall not authorize ~~a~~ an infrastructure improvement surcharge under this section if it determines that the surcharge causes the company to earn an excessive rate of return on its valuation under section 4909.15 of the Revised Code.

(C) For purposes of this section, a company's costs of infrastructure plant may include depreciation expenses. Such infrastructure plant ~~shall exclude any improvement providing the company with additional revenue other than any minimal revenue associated with the elimination of a dead end,~~

~~and~~ may consist ~~only~~ of the following capital improvements that the commission determines are used and useful in rendering public utility service:

(1) In the case of a waterworks company, replacement of existing plant including chemical feed systems, filters, pumps, motors, plant generators, meters, service lines ~~for~~, ~~and~~ hydrants, mains, and valves ~~installed as a part of, a replacement project for an existing facility;~~, main extensions that eliminate dead ends to resolve documented water supply problems presenting significant health or safety issues to then existing customers~~;~~, and main cleaning or relining;

(2) In the case of a sewage disposal system company, replacement of existing infrastructure including chemical feed systems, filters, pumps, motors, sludge-handling equipment, plant generators, mains and lift stations ~~installed as part of a replacement project for an existing facility;~~, main extensions that resolve documented sewage disposal problems presenting significant health or safety issues to then existing customers~~;~~, and main cleaning, inflow and infiltration elimination, or relining;

(3) Unreimbursed capital expenditures made by the waterworks company, or the sewage disposal system company, for waterworks, or sewage disposal, facility relocation required by a governmental entity due to a street or highway project;

(4) Minimum land or land rights acquired by the company as necessary for any service line, equipment, or facility described in divisions ~~(A)~~(C)(1) to (3) of this section.

(D) During the period that an authorized infrastructure improvement surcharge is in effect, the commission, by order and on its own motion or upon good cause shown, may reduce the amount of or terminate ~~a~~ an infrastructure improvement surcharge if it determines that the surcharge causes the company to earn an excessive rate of return on its valuation under section 4909.15 of the Revised Code.

(E) An order issued by the commission deciding an application by a waterworks company or a sewage disposal system company for an increase in rates and charges pursuant to an application filed by the company under section 4909.18 of the Revised Code shall provide for the termination, as of the earlier of the effective date of the increase or the date specified in division (F) of this section, of any infrastructure improvement surcharges of the company authorized under this section.

(F) All surcharges authorized under this section shall terminate by operation of law not later than December 31, ~~2014~~ 2025.

(G) The company shall provide notice of any infrastructure improvement surcharge authorized under this section to each affected customer with or on the customer's first bill containing the surcharge.

(H) The commission may adopt such rules as it considers necessary to carry out this section.

Sec. 4909.18. Any public utility desiring to establish any rate, joint rate, toll, classification, charge, or rental, or to modify, amend, change, increase, or reduce any existing rate, joint rate, toll, classification, charge, or rental, or any regulation or practice affecting the same, shall file a written application with the public utilities commission. Except for actions under section 4909.16 of the Revised Code, no public utility may issue the notice of intent to file an application pursuant to division (B) of section 4909.43 of the Revised Code to increase any existing rate, joint rate, toll, classification, charge, or rental, until a final order under this section has been issued by the commission on any pending prior application to increase the same rate, joint rate, toll, classification, charge, or rental or until two hundred seventy-five days after filing such application, whichever is sooner. Such application shall be verified by

the president or a vice-president and the secretary or treasurer of the applicant. Such application shall contain a schedule of the existing rate, joint rate, toll, classification, charge, or rental, or regulation or practice affecting the same, a schedule of the modification amendment, change, increase, or reduction sought to be established, and a statement of the facts and grounds upon which such application is based. If such application proposes a new service or the use of new equipment, or proposes the establishment or amendment of a regulation, the application shall fully describe the new service or equipment, or the regulation proposed to be established or amended, and shall explain how the proposed service or equipment differs from services or equipment presently offered or in use, or how the regulation proposed to be established or amended differs from regulations presently in effect. The application shall provide such additional information as the commission may require in its discretion. If the commission determines that such application is not for an increase in any rate, joint rate, toll, classification, charge, or rental, the commission may permit the filing of the schedule proposed in the application and fix the time when such schedule shall take effect. If it appears to the commission that the proposals in the application may be unjust or unreasonable, the commission shall set the matter for hearing and shall give notice of such hearing by sending written notice of the date set for the hearing to the public utility and publishing notice of the hearing one time in a newspaper of general circulation in each county in the service area affected by the application. At such hearing, the burden of proof to show that the proposals in the application are just and reasonable shall be upon the public utility. After such hearing, the commission shall, where practicable, issue an appropriate order within six months from the date the application was filed.

If the commission determines that said application is for an increase in any rate, joint rate, toll, classification, charge, or rental there shall also, unless otherwise ordered by the commission, be filed with the application in duplicate the following exhibits:

(A) A report of its property used and useful, or, with respect to a natural gas, water-works, or sewage disposal system company, projected to be used and useful as of the date certain, in rendering the service referred to in such application, as provided in section 4909.05 of the Revised Code;

(B) A complete operating statement of its last fiscal year, showing in detail all its receipts, revenues, and incomes from all sources, all of its operating costs and other expenditures, and any analysis such public utility deems applicable to the matter referred to in said application;

(C) A statement of the income and expense anticipated under the application filed;

(D) A statement of financial condition summarizing assets, liabilities, and net worth;

(E) Such other information as the commission may require in its discretion.

Sec. 4909.191. (A) If the public utilities commission, under division (D) of section 4909.15 of the Revised Code, incorporated proposed adjustments to revenues and expenses into the commission's determination under that section, the natural gas, water-works, or sewage disposal system company shall, not later than ninety days after actual data for all of the incorporated adjustments becomes known, submit to the commission proposed rate or charge adjustments that provide for the recalculation of rates or charges, reflective of customer-class responsibility, corresponding to the differences, if any, between the incorporated adjustments to revenues and expenses and the actual revenues and expenses associated with the incorporated adjustments.

(B) If the commission incorporated projected value or valuation of property into the commission's determination under division (A)(1) of section 4909.15 of the Revised Code, the natural gas, water-works, or sewage disposal system company shall, not later than ninety days after data for the

actual value or valuation as of the date certain becomes known, submit to the commission proposed rate or charge adjustments that provide for the recalculation of rates or charges, reflective of customer-class responsibility, corresponding to the differences, if any, between the projected value or valuation incorporated into the commission's determination and the actual value or valuation as of the date certain.

(C) The commission shall review the proposed rate or charge adjustments submitted under divisions (A) and (B) of this section. The review shall not include a hearing unless the commission finds that the proposed rate or charge adjustments may be unreasonable, in which case the commission may, in its discretion, schedule the matter for a hearing.

(D) The commission shall issue, not later than one hundred fifty days after the date that any proposed rate or charge adjustments are submitted under division (A) or (B) of this section, a final order on the proposed rate or charge adjustments. Any rate or charge adjustments authorized under this division shall be limited to amounts that are not greater than those consistent with the proposed adjustments to revenues and expenses that were incorporated into the commission's determination under division (D) of section 4909.15 of the Revised Code, and not greater than those consistent with the incorporated projected value or valuation. In no event shall rate or charge adjustments authorized under this division be upward.

After the commission has issued such a final order, the natural gas, water-works, or sewage disposal system company, if applicable, shall submit to the commission proposed reconciliation adjustments that refund to customers the difference between the actual revenues collected by the natural gas, water-works, or sewage disposal system company, under the rates and charges determined by the commission under section 4909.15 of the Revised Code, and the rates or charges recalculated under the adjustments authorized under this division. The reconciliation adjustments shall be effective for a twelve-month period.

(E) The reconciliation adjustments ordered under division (D) of this section may be subject to a final reconciliation by the commission. Any such final reconciliation shall occur after the twelve-month period described in division (D) of this section.

Sec. 4909.42. If the proceeding on an application filed with the public utilities commission under section 4909.18 of the Revised Code by any public utility requesting an increase on any rate, joint rate, toll, classification, charge, or rental or requesting a change in a regulation or practice affecting the same has not been concluded and an order entered pursuant to section 4909.19 of the Revised Code at the expiration of two hundred seventy-five days from the date of filing the application, an increase not to exceed the proposed increase shall go into effect upon the filing of ~~an undertaking~~ a bond or a letter of credit by the public utility. The ~~undertaking~~ bond or letter of credit shall be filed with the commission and shall be payable to the state for the use and benefit of the customers affected by the proposed increase or change.

~~The undertaking~~ An affidavit attached to the bond or letter of credit must be signed by two of the officers of the utility, under oath, and must contain a promise on behalf of the utility to refund any amounts collected by the utility over the rate, joint rate, toll, classification, charge, or rental, as determined in the final order of the commission. All refunds shall include interest at the rate stated in section 1343.03 of the Revised Code. The refund shall be in the form of a temporary reduction in rates following the final order of the commission, and shall be accomplished in such manner as shall be prescribed by the commission in its final order. The commission shall exercise continuing and exclusive jurisdiction over such refunds.

If the public utilities commission has not entered a final order within five hundred forty-five days from the date of the filing of an application for an increase in rates under section 4909.18 of the Revised Code, a public utility shall have no obligation to make a refund of amounts collected after the five hundred forty-fifth day which exceed the amounts authorized by the commission's final order.

Nothing in this section shall be construed to mitigate any duty of the commission to issue a final order under section 4909.19 of the Revised Code.

SECTION 2. That existing sections 4909.05, 4909.06, 4909.07, 4909.08, 4909.15, 4909.156, 4909.172, 4909.18, 4909.191, and 4909.42 of the Revised Code are hereby repealed.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Gary M. VerDouw

49. List the jurisdictions in which an American Water operating subsidiary's application to a DSIC has been denied. For each listed jurisdiction, provide the citation(s) to the decisions denying the application(s) and a copy of the decision.

Response:

Attached is the West Virginia Public Service Commission's Order in West Virginia American Water Company's Case No. 10-0920-W-42T, cover page and pages 4 - 8. Also attached is the Iowa Utilities Board's Order in Iowa American Water Company's Docket No. RPU-2011-0001, cover page and pages 6 - 14.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston, on the 18th day of April 2011.

CASE NO. 10-0920-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY,
a private utility, Charleston, Kanawha County.
Rule 42T application to increase water
rates and charges.

COMMISSION ORDER ON THE REQUEST
FOR INCREASED RATES AND CHARGES

On January 28, 2011, the parties filed their initial briefs. WVAWC also filed a proposed final order. The parties filed their reply briefs on February 11, 2011.

On April 11, 2011, UWUA requested that the Commission take judicial notice of a Motion before the Tennessee Regulatory Authority (TRA) regarding a decision to impose reporting requirements on another American Water Works Company (AWWC) subsidiary.

TESTIMONY AND DISCUSSION

The Commission has reviewed the evidentiary record in this proceeding including the testimony regarding the requested rate increase and the DSIC testimony. The Commission believes that a complete recitation of all of the evidentiary record in this proceeding is impractical, unproductive and unnecessary. The Commission has considered all testimony and evidence, but will reference in this Order the portions of the record relevant to the disposition of issues in this proceeding and explain the rationale justifying the various rulings on the issues presented.

A. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

On December 21, 2009, WVAWC petitioned for Commission consent to institute a periodic DSIC surcharge. Company Ex. 5. It filed its petition as a reopening of Case No. 08-0900-W-42T in response to a discussion in the 2008 Commission Order suggesting that the Commission might consider some type of mechanism to address what WVAWC claims is the regulatory lag inherent with recovering a return on investments in certain limited types of utility plant that are non-revenue producing and non-expense reducing (NRP-NER). In that Order, the Commission discussed both the possibility of some type of periodic surcharge that would allow WVAWC to earn a return on NRP-NER plant additions made subsequent to the last rate case or an accounting change that would accomplish the same goal. 2008 WVAWC Order at 32, 33.

In order to place the WVAWC request for a DSIC in context, the Commission believes that it is helpful to provide some information about the water utility industry generally and WVAWC in particular. In general, the water industry is considered to be the most capital intensive of all utility sectors. See, for instance, http://nrri.org/pubs/water/93-13.pdf.

The capital intensive nature of water results from the cost to install production, storage, pumping, transmission and distribution facilities that are sufficient to meet daily flow requirements and, at the same time, meet fire protection specifications and peak demand. Id. at 8.

Many of these water utility assets are long-lived, but the growth of demands for clean public water, the natural deterioration of existing infrastructure over time, and the need to replace old utility plant and upgrade that plant at today's cost, are all constant financial pressures with which water utilities must deal. That is particularly so in systems, such as those of

WVAWC, which serve diverse and difficult terrain with repeated and continuing elevation changes and relatively low customer density. An historic review of the rate case filings made by WVAWC over the past twenty years will confirm that, by and large, the frequency of WVAWC's rate filings has been driven by the need to recover on capital investment, and not by unreasonable or extraordinary instances of increased operation and maintenance costs. The Commission can take administrative notice of the fact that since 1992 the rate base of WVAWC has increased from about $116 million to in excess of $427 million in this case. During the same time period, absolute levels of customers served have grown at significantly lower growth rate and the total volume of water delivered has actually decreased due to conservation and loss of industrial load.

WVAWC has advanced the concept of a special DSIC surcharge rate in this case as one of the means for dealing with this constant investment to install and upgrade utility plant and its need to begin earning on that investment as quickly as possible.

WVAWC has proposed that it be authorized to institute a monthly surcharge that would be billed to each customer as a separate line item to account for DSIC. It would express the DSIC as a separate and identifiable percentage surcharge on customer bills. To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC (generally NRP-NER property consisting of distribution lines, meters and services) will be divided by the projected revenue from sales of water for the quarterly period during which the charge will be collected, exclusive of revenues from public fire protection service.[3] Company Ex. 5 at 11-13, Exhibit B.

WVAWC proposed including depreciation and a pre-tax return based on its weighted average cost of capital (WACC) into the fixed costs to arrive at a fixed-cost rate, or percentage multiplier, that would be applied to DSIC eligible expenditures. It would include depreciation expense in its calculation based on the annual depreciation rates employed in the last base rate case applied to applicable plant accounts and would calculate a pre-tax WACC using the state and federal income tax rates and authorized overall WACC approved by the final order in the most recent fully litigated rate case unless, on a pro forma basis, its capital costs are less than that amount. The cost of equity will be the equity return rate from the most recent base rate proceeding. WVAWC also proposed that the DSIC be subject to audit and an annual reconciliation based on the twelve months ending each December 31. Id.

WVAWC requested that the Commission review its additions to NRP-NER plant on a quarterly cycle until the next rate proceeding. The DSIC surcharge would reset to zero with each subsequent general rate case because the DSIC qualified plant and related capital costs would be rolled into base rates in each general rate proceeding. WVAWC also proposed a 7.5 percent

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[3]Public fire protection customers would not be subject to the surcharge, because the existing rates for this service cannot be increased. West Virginia-American Water Company, Case No. 80-274-W-42T (Recommended Decision April 28, 1981; Final Order, May 18, 1981).

cap on the size of the DSIC surcharge and a provision removing the DSIC from rates if WVAWC earned its full ROR authorized in the last general rate proceeding. WVAWC envisioned a brief review process for each quarterly update to its DSIC surcharge that would allow Staff, CAD and other interested parties an opportunity to challenge its proposed quarterly additions. Company Ex. 5 at 2, 11-13.

WVAWC advanced several interrelated grounds in support of its DSIC petition. WVAWC pointed to DSIC as a means to halt the erosion of its achieved ROR. WVAWC noted that its parent corporation has declined to invest funds in West Virginia projects because of regulatory lag and a low achieved ROR. Id. at 8, 9; Ex. WDR-D1 at 7, 8; Tr. 12/9/10 at 178. It argued that with a DSIC it will achieve higher returns and could invest in new infrastructure. At present, WVAWC is replacing infrastructure using only internally generated funds with a replacement rate on a quantity basis substantially less than one percent per year. Company Ex. 5 at 7-9. WVAWC asserts that, at its present pace, it will replace its pipe once every six hundred years. Company Ex. 5 at 2. WVAWC also argued that the increased investment in plant from DSIC would assist with reducing the current amount of unaccounted for water (UFW). Id. at 2, 3, 6.

Staff and CAD each filed testimony opposing the DSIC petition. They argued that the proposal (i) deprives the Commission of "regulatory lag" as a tool to prevent WVAWC from spending imprudently on physical plant, (ii) violates the matching principle, (iii) constitutes single issue ratemaking and (iv) overcompensates WVAWC with an inappropriate return on DSIC expenditures by using WACC. Staff and CAD also argued that they could not adequately review the quarterly DSIC filings in a short period of time and in any event the DSIC should not include hydrants and meters because that infrastructure was not a part of the Water Loss Study.[4] Ex. RS-D1 at 5-7, 14, 17, 18; Ex. BLH-D at 2-7. Staff noted that the DSIC proposal did not include a mechanism to account for the financial benefits of reduced water loss. Ex. RS-D1 at 9, 10. Staff is also concerned that DSIC revenue will rapidly rise and exceed the net income WVAWC receives from its base rate increases. Id. at 12-14.

Staff also recommended that the ROR used in calculating a DSIC be the cost of short-term debt, not the higher WACC. Staff asserted that WVAWC finances construction projects using short-term debt that it subsequently converts to long-term debt. Staff argued that the DSIC should allow DSIC investments to earn a return that compensates for the cost of short-term debt instead of long-term debt or equity capital. Id. at 10, 11. Staff also recommended that the Commission limit any DSIC that it might approve to a limited term pilot program with less frequent review periods. Id. at 19. CAD recommended that any DSIC program the Commission approved apply only to small diameter mains, use a reduced ROR and cap the DSIC at five percent. Ex. BLH-D at 9.

[4]In the settlement of Case No. 07-0998-W-42T, WVAWC agreed to engage a study to recommend a plan to reduce UFW. Earth Tech, Inc., completed that study in May 2008. Ex. WDM-D1 at 5.

WVAWC argued that the Commission has in some instances provided for periodic recovery of certain specific expenses. Ex. MAM-R at 72. It asserted that the WACC is the most accurate and appropriate measure of DSIC cost of capital because the WACC is a more accurate reflection of shareholder expectations and the business risk involved. Id. at 75-78. WVAWC also stated that Staff and CAD overstated the time and effort for reviewing quarterly DSIC filings. Id. at 84-86. WVAWC believes that including hydrants, service lines and meters in the DSIC program would help offset the earnings erosion WVAWC has experienced in recent years and noted that the replacement of this infrastructure is more efficient if executed in conjunction with the replacement of aging mains and distribution lines. Id. at 69-71.

The Commission is sympathetic to the plight of WVAWC, but it is also skeptical of what will inevitably be viewed by the public (and probably WVAWC) as automatic and additional rate increases that the DSIC will visit on WVAWC's customers. Under current economic circumstances, and particularly given the relatively high cost of water service of WVAWC, we are not prepared to approve a DSIC surcharge for use by WVAWC at this time.

We deal constantly with the confusion and upset created by what the public perceives as the "numerous rate filings" that result from "expanded net energy cost" (ENEC) proceedings for the large electric utilities and purchased gas cost (PGC) proceedings for the natural gas utilities. These ENEC and PGC proceedings are more defensible because they relate primarily to commodity or other costs determined by a national and competitive market.

Although opposing the DSIC petition, Staff suggested an alternative accounting device in lieu of DSIC that is referred to as an AFFAC. AFFAC accounting would record the carrying costs of fixed investments on certain eligible plant that WVAWC could then add to its rate base and depreciate in the next general rate proceeding. Ex. RS-D1 at 17, 18. The use of AFFAC would also eliminate the need for the quarterly review proceedings WVAWC proposed to include with its DSIC. Id. at 17.

WVAWC rejected using the AFFAC accounting mechanism, asserting that using AFFAC creates an intergenerational mismatch between the customers who benefit from the new plant and those that pay for the plant in rates. WVAWC also argued that AFFAC would not improve WVAWC's internal cash flow, could be more costly to customers over the life of the property and would be more administratively burdensome than its DSIC proposal. MAM-R at 82-84.

As we have noted, the Commission is troubled by the recurring WVAWC claim that its periodic investment between rate cases erodes any meaningful opportunity to earn its authorized ROR. We are also concerned that granting the DSIC petition will create a permanent structure for quarterly rate increases with the attendant litigation for the foreseeable future. We will therefore, at this time, authorize WVAWC to use a limited AFFAC which WVAWC may adopt for accounting purposes if it wishes to have the opportunity to record current income equal to the carrying costs on qualifying NRP-NER plant additions placed into service beginning in 2011. WVAWC has demonstrated a need that justifies a further refinement to our ratemaking process beyond terminal treatment of certain qualified NRP-NER plant additions. The Commission

considers the AFFAC to be a variation of the existing terminal rate base treatment that has been allowed in recent WVAWC rate proceedings.

Staff and CAD proposed allowing WVAWC the opportunity to implement an AFFAC instead of DSIC. The Commission is disappointed that WVAWC showed such little interest in an AFFAC. The focus of WVAWC on gaining cash flow through DSIC came at the cost of the Company not supporting a timely net income benefit that would result from AFFAC accounting. In spite of the fact that WVAWC did not request or describe the accounting that could be used for recording AFFAC, the Commission concludes that a streamlined accounting mechanism for an AFFAC can be structured. We believe that the income flowing from AFFAC accounting, although non-cash earnings, will provide relief for WVAWC between rate cases without the need for the quarterly rate adjustments required by the Company DSIC proposal. We will allow an accounting procedure that includes recording an AFFAC debit in a single account rather than to individual plant accounts. The accumulated AFFAC debits may be depreciated through the application of an average depreciation rate on the accumulated AFFAC balance. The Commission may consider further refinements to this accounting in future rate cases, or will consider modification and refinement on petition by WVAWC if it wishes to propose a modification to this procedure, including multiple AFFAC debits to functional plant categories, such as Transmission AFFAC, Distribution AFFAC, Meter AFFAC, etc.

The AFFAC should provide a current return on all qualified plant investment and will eliminate the current regulatory lag between the date that the qualified plant goes into service and the effective date of rates in the Company's next rate case. The Commission will allow AFFAC for ratemaking purposes for all qualified plant placed into service beginning January 2011. If WVAWC elects to adopt this accounting mechanism and wishes to book AFFAC, it must file a description of the accounting procedure and accounts it will use for implementing AFFAC no later than sixty days from the entry of this Order as a closed entry in this case.

The Commission is charged to investigate and consider alternative concepts in utility regulation and management. W.Va. Code §24-1-1(c). Although we do not at this time believe that the benefits of implementing DSIC are outweighed by the detriments that we perceive, we are willing to authorize WVAWC to use AFFAC as an alternative under the circumstances we have discussed above. The AFFAC may be booked until further Order of the Commission. The Commission places the Company on notice that it may modify or require cessation of the AFFAC procedure in future rate cases, after reviewing its effectiveness, or lack thereof.

B. PROPOSALS FOR FURTHER INVESTIGATION

1. WVAWC Proposals

In its direct testimony, WVAWC requested that the Commission open several general investigations regarding various water rate mechanisms. WVAWC proposed a Water Revenue Adjustment Mechanism (WRAM), an addition to water bills that would decouple water sales from water revenue, and a Purchased Power Adjustment Clause (PPAC). Ex. WDM-D at 19-22.

STATE OF IOWA

DEPARTMENT OF COMMERCE

UTILITIES BOARD

IN RE: IOWA-AMERICAN WATER COMPANY	DOCKET NO. RPU-2011-0001

FINAL ORDER AND ORDER APPROVING SETTLEMENT

(Issued February 23, 2012)

I. PROCEDURAL HISTORY AND INTRODUCTION

On April 29, 2011, Iowa-American Water Company (Iowa-American) filed with the Utilities Board (Board) a proposal for a general increase in temporary and final water rates. Iowa-American proposed a temporary increase that would produce additional annual revenue for Iowa-American of approximately $4.4 million, or about 13.72 percent, and a permanent increase that would produce additional annual revenue of approximately $5.1 million, or 16.4 percent more than existing rates. On May 26, 2011, the Board docketed the proposed increases for further investigation and set a procedural schedule. The proceeding was identified as Docket No. RPU-2011-0001. Iowa-American and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) are the only parties to this proceeding.

Iowa-American serves customers in two districts, the Quad Cities district and the Clinton district. The Board held consumer comment hearings in the Clinton district on June 14, 2011, and the Quad Cities district on June 16, 2011. In Iowa-

would have to be accepted by both Iowa-American and Consumer Advocate or the settlement is null and void.

Before discussing the Settlement Agreement, the Board will separately address the two contested issues, QIP and double leverage, as well as private fire service rates.

III. QIP

Iowa-American proposed an automatic adjustment mechanism for qualified infrastructure plant replacement, or QIP, to assist in the replacement of Iowa-American's aging infrastructure. Iowa-American said its QIP proposal is designed to recover a return on and return of capital investments to replace or rehabilitate qualified non-revenue producing plant, including transmission and distribution mains and hydrants. Under Iowa-American's proposal, the surcharge would only apply to eligible completed plant additions that were installed after the first month of the effective date of new base rates approved by the Board; the investment would be recorded for each six-month period and filed with the Board for approval. Iowa-American said the surcharge would be cumulative until its next full rate case, when the completed plant would be placed in rate base. Iowa-American proposed to cap the surcharge at 5 percent of revenue billed to customers with an annual reconciliation to ensure that actual revenues collected equaled the level of revenue allowed by the Board.

Iowa-American said a substantial portion of its infrastructure is between 50 and 100 years old and nearing the end of its useful life; at Iowa-American's current replacement rate of 0.3 percent annually for buried infrastructure, it will take 300 years to replace these facilities, well beyond the useful life of the current facilities. Iowa-American said its goal is to increase replacements over a period of years to reach a 1 percent annual level for mains and a 2 percent annual level for valves and hydrants. Iowa-American said establishment of a QIP would provide Iowa-American with an incentive to increase the rate of targeted infrastructure improvement by reducing regulatory lag. Iowa-American said the frequency of its rate cases might not decrease but infrastructure replacement would increase.

Consumer Advocate argued there was insufficient evidence for establishment of a QIP and that regulatory lag acts as a deterrent to the tendency of monopoly companies to make spending decisions without sufficient consideration of alternatives, which drives up costs. Consumer Advocate noted that Iowa-American did not want to share any benefits of QIP with its customers, either in the form of a lower rate of return to reflect reduced risk or a commitment to file rate cases less frequently. Consumer Advocate said Iowa-American failed to present sufficient evidence to support QIP, including a proposed timetable for replacement of infrastructure and a study showing the amount of increased investment expected each year.

The use of automatic adjustment mechanisms to address specific costs is authorized by Iowa Code § 476.8 and the Board has approved such mechanisms when they meet certain criteria. The Board has also rejected adjustment mechanisms proposed by Black Hills/Iowa Gas Utility Company, LLC (Black Hills), or its predecessors. See, Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy, "Order Approving Modified Settlement and Tariffs Implementing Modified Settlement," Docket Nos. RPU-2010-0002, TF-2011-0024, TF-2011-0076 (2/10/2011). Black Hills' proposal would have allowed recovery of a return on and return of eligible capital infrastructure improvements through a surcharge between general rate proceedings. Like Iowa-American, Black Hills typically files general rate proceedings every two years.

Traditionally, an automatic adjustment mechanism is a device that permits utility rates to be adjusted up or down automatically in relation to fluctuations in certain defined operating expenses, allowing increases or decreases in costs to be passed on to customers with no profit or loss to the utility. Many states, including Iowa, have adopted adjustment mechanisms for electric utilities for fuel costs. Automatic adjustment clauses have also been used by various states for certain other expenses.

The Board has established standards for automatic recovery of fuel costs. The costs must be incurred in supplying energy, beyond the direct control of management, subject to sudden important changes in level, an important factor in

determining the total cost to serve, and readily, precisely, and continuously separated in the accounts of the utility. 199 IAC 20.9(1). The rule allows the utility to recover fuel costs on a dollar-per-dollar basis, but does not allow the utility any profit on these expenses.

The Board found the mechanism proposed by Black Hills did not meet the factors outlined in the fuel adjustment rules that the Board has used to evaluate proposed adjustment mechanisms for other purposes. However, the Board recognized that for natural gas utilities an automatic adjustment mechanism that allowed for a recovery of and return on investments that were required because of government action or federal and state pipeline safety regulations might be appropriate. The Board adopted rules (199 IAC 19.18) which provide for such an adjustment clause, as long as the particular investment being recovered (a) does not increase revenues by directly connecting the infrastructure replacement to new customers, (b) is in service but was not included in the gas utility's rate base in its most recent general rate case, and (c) replaces or modifies existing infrastructure in a manner required by state or local government action or is required to meet state or federal natural gas pipeline safety regulations. The Board adopted a four-year sunset provision in the rule to allow the Board to review the workings of the adjustment mechanism to ensure that there are no unforeseen adverse impacts. See, Capital Infrastructure Investment Automatic Adjustment Mechanism for Rate-

Regulated Natural Gas Utilities, "Order Adopting Rule," Docket No. RMU-2011-0002 (10/13/2011).

Iowa-American's proposed QIP does not meet the traditional factors evaluated in determining whether to allow an automatic adjustment mechanism. The first factor is whether the costs proposed for automatic recovery are beyond the direct control of management. Iowa-American has not argued that the capital investments that would be recovered through QIP meet this test. Iowa-American's argument is focused on regulatory lag and the need to increase the rate of Iowa-American's infrastructure replacement, which are considerations that management can control to a significant extent.

The second factor is whether the costs are subject to significant variations. Iowa-American said that its annual expenditures for replacing infrastructure have been generally constant the last five years, with variations primarily due to road projects; there have not been significant changes in expenditure levels and Iowa-American does not foresee any major road projects for 2014 or 2015. (Tr. 212). The second factor is not satisfied either.

The third factor to consider is whether the proposed QIP costs are a significant part of Iowa-American's costs of providing service. In this proceeding, Iowa-American presents a rate base of $88,690,000. Iowa-American's total investment in 2010 for hydrants, valves, services, and meters was $2,589,958, and continued investment at this level might not be completely eligible for inclusion in

Iowa-American's proposed QIP. Thus, based on historical data, the level of investment potentially eligible for the QIP is less than 3 percent of Iowa-American's rate base. Iowa-American has not shown that the proposed QIP costs are significant enough to justify an automatic adjustment clause.

The proposed QIP does not satisfy any of the three traditional factors that the Board normally considers when deciding whether to approve a proposed automatic adjustment clause. Under the traditional test, the QIP should be rejected.

As the Board recognized in the natural gas adjustment clause rules, there can be circumstances that justify adjustment clauses (at least on a trial basis) that do not comport with the traditional regulatory scheme for adjustment clauses. However, Iowa-American has not made a case for approval on this basis. The identified justifications (regulatory lag and infrastructure replacement) do not amount to such unusual circumstances as would justify a departure from traditional standards.

Regulatory lag is not a sufficient justification for implementing the proposed QIP. Based on the Board's statutes and rules, Iowa-American can recover capital infrastructure investment placed in service within nine months after the close of the test year through a general rate case. Iowa-American can also begin recovering capital infrastructure placed in service within ten days of the filing of a general rate increase filing through temporary rates. See, Iowa Code § 476.6(10). If Iowa-American continues to file a rate case every two years, recovery of capital expenditures will begin no later than 12 to 18 months after each investment was

placed in service, meaning that there is little regulatory lag. Moreover, the company's rate of return on its investment is based, in part, on the risks it bears, including any risks associated with regulatory lag. If that risk were reduced or eliminated, it would be appropriate to reconsider the company's allowed return on equity to determine whether the risk-reward relationship should be adjusted. In any event, Iowa-American's situation with respect to regulatory lag is not unusual and does not provide a basis for the QIP.

As for the need to replace aging infrastructure, Iowa-American presented no real, immediate, concrete plan for replacing water mains and did not indicate that the QIP would result in acceleration of those plans; Iowa-American appears to be more reactive than proactive in replacement, driven by breakage and highway relocations and not a systematic replacement schedule. For example, Iowa-American states that it wants to increase the main replacement program from 0.3 percent of mains per year to 1.0 percent of mains per year, but it has no immediate plans to reach the 1.0 percent level, saying that it wants to increase the percentage over a 20-year period. This raises questions whether aging infrastructure for mains is a serious problem for Iowa-American or whether Iowa-American has reasonably and prudently implemented its past and current main replacement program.

Similarly, Iowa-American's witnesses testified that Iowa-American loaded construction costs into the test year period before a general rate filing, which could increase the apparent average annual cost of infrastructure improvements. Rather

than supporting a QIP mechanism, these construction timing decisions also raise questions about management practices, as it appears the company may be more concerned with financial matters than with infrastructure issues.

For hydrants, valves, services, and meters, Iowa-American has systematic maintenance and replacement programs that are included in its budget and which appear to be adequately funded. For mains, the primary driver for replacement appears to be breakage and highway relocations with no systematic replacement schedule; this type of maintenance practice does not support an automatic adjustment mechanism like QIP.

In addition, Iowa-American has not demonstrated that ratepayers will benefit from a QIP, either in the form of increased time periods between general rate cases (which Iowa-American declined to commit to) or a reduction in the rate of return on the QIP investment to reflect reduced regulatory lag. The Board is particularly concerned about the time between rate cases for a relatively small company like Iowa-American because of the amount of rate case expense generated by these every-other-year filings as compared to the increase ultimately approved by the Board. Reasonable rate case expense is recovered from Iowa-American's ratepayers and approval of the QIP mechanism would likely mean mini-increases for Iowa-American's customers every six months and larger increases every two years, with no reduction in overall rate case expense because of fewer rate filings.

Iowa-American's five-year plan has projected investments covered by its proposed QIP and those proposed investments are not dramatically different in amounts than investments Iowa-American made in the previous five years. Also, Exhibit 6, Schedule 3, shows that only 15 percent of Iowa-American's system is over 80 years old. Replacement of aging infrastructure is an important issue for Iowa-American, but the record in this case does not demonstrate that a QIP clause is necessary or reasonable, particularly when the traditional tests for an adjustment clause have not been satisfied, Iowa-American's plans are so indefinite, and there are no tangible ratepayer benefits.

IV. DOUBLE LEVERAGE

In looking at a rate-regulated utility's capital structure, the Board traditionally considers the capital structure of the utility company, which includes debt, or the first layer of leverage, as well as any debt at the parent holding company level that could be used for a capital infusion into the utility, which is the second layer of leverage. Without the double leverage adjustment, a parent company could manipulate its debt and equity at the parent and subsidiary levels to earn an equity return on long-term debt that is actually invested in its utility subsidiary.

The Board has rejected utility efforts to avoid double leverage adjustments in several cases, including Docket Nos. RPU-02-3, RPU-02-8, and ARU-02-1. However, the Board in those cases said it would not apply double leverage

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2012-00520
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: Cheryl D. Norton/Keith Cartier/Linda C. Bridwell

50. At page 15 of his written direct testimony, Mr. Lance Williams states that at its current replacement rate, Kentucky-American will replace all of its water mains that are 6-inch or smaller and 75 years or older in 41 years. State the number of years that Kentucky-American will need to replace these water mains if the Commission approves the proposed DSIC. Provide all work papers, show all calculations and state all assumptions used to derive this response.

Response:

If the Commission approves the proposed DSIC, the anticipated investment in main replacement projects is $5 M to $7 M per year for the entire main replacement program. Assuming that KAW invests $3 M to $5 M in 6-inch main replacements, it would take between 16 and 27 years to replace the existing 82 miles of main.

The estimated construction/replacement cost is $190 per linear foot.