

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2012-00520  
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S  
SECOND REQUEST FOR INFORMATION**

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**Witness:**      **Cheryl D. Norton**

1.      Please refer to your response to Lexington's Initial Requests for Information No. 7. Are there 107 or 116 KAW employees working in Lexington?

**Response:**

There are 116 employees in Lexington, per the breakdown provided in the response to Item 7 of Lexington's Initial Request for Information.

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**Witness:     Linda C. Bridwell**

- 2.**     Please refer to your response to Lexington's Initial Requests for Information No. 10(c). How many of the 47 additional hydrants are/will be billed to Lexington?

**Response:**

The Company does not forecast revenue by division or geographic area within the division and thus cannot breakout the additional 47 hydrants that may or may not be billed to Lexington.

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**Witness:**     **Keith Cartier / Linda C. Bridwell**

3.     Please refer to your response to Lexington's Initial Requests for Information No. 11(b). Please identify which of these hydrants are billed to Lexington.

**Response:**

The four hydrants identified as Fayette County Detention Center P820-P823 on page 215 of 249 in the response to Item 11(b) of Lexington's Initial Request for Information are billed to Lexington.

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**Witness: Linda C. Bridwell/Keith Cartier**

4. Please refer to your response to Lexington's Initial Requests for Information No. 11(c). Please identify which of these hydrants (if any) are billed to Lexington.

**Response:**

PO Hydrant Number 252 listed on page 237 of 249 of the response to Item 11 of Lexington's Initial Requests for Information.

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**Witness:     Linda C. Bridwell**

5.     Does KAW's claimed revenue requirement in this proceeding included any costs associated with the Company's proposed Northern Division Connection Project (NDCP)(PSC Case No. 2012-00096) ? If so, please provide a detailed breakdown of all such NDCP-related costs, by revenue requirement component (e.g., operating expenses, depreciation, required return, taxes, etc.).

**Response:**

Please see response to Commission Staff's third request for information, item 10B.

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**Witness: Paul R. Herbert**

6. If applicable, please quantify the amount of Northern Division Connection Project (NDCP)-related costs that are included in each line item of KAW's class cost-of-service study contained in Schedule B of Exhibit No. 36.

**Response:**

See attached cost of service line items adjusted for the Northern Division Connection Project-related costs. Column 2 shows the cost of service as filed. Column 3 shows the costs related to the Northern Division per the Company response to Commission Staff's third request for information, item 10B. Column 4 is the addition of Column 2 and 3 and shows the cost of service without the Northern Division.

## KENTUCKY AMERICAN WATER COMPANY

## COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014 WITHOUT NORTHERN DIVISION

Account (1)	Cost of Service at Filing (2)	Change in Cost of Service Without Northern Division (3)	Cost of Service Without Northern Division (4)=(2)+(3)	
<b>OPERATION AND MAINTENANCE EXPENSES</b>				
SOURCE OF SUPPLY EXPENSES				
-OPERATION-				
610.1	Purchased Water	207,227	128,442	335,669
615.1	Purchased Power	26,124	0	26,124
675.1	Miscellaneous Expenses	4,231	0	4,231
675.1	Janitorial P	245	0	245
675.1	Trash Removal SS	7,729	0	7,729
675.1	Water & WW SS	43,838	0	43,838
	Total Operation	289,394	128,442	417,836
-MAINTENANCE-				
601.2	Labor	10,558	-	10,558
620.2	M&S Maint	149,692	-	149,692
	Total Maintenance	160,249	0	160,249
	Total Source of Supply	449,644	128,442	578,086
POWER AND PUMPING EXPENSES				
615.1	Purchased Power	631,321	0	631,321
	Total Operation	631,321	0	631,321
-MAINTENANCE-				
601.2	Labor	43,684	0	43,684
	Total Maintenance	43,684	0	43,684
	Total Power and Pumping	675,004	0	675,004
WATER TREATMENT				
-OPERATION-				
601.3	Supervision and Engineering	936,655	0	936,655
601.3	Labor Expense	1,694,827	135,746	1,830,573
618.3	Chemicals	1,779,872	95,421	1,875,293
615.3	Purchased Power	3,110,685	26,022	3,136,707
620.3	M&S Operation	32,349	0	32,349
636.3	Contracted Services	172,893	0	172,893
635.3	Contracted Services - Lab Testing	11,922	0	11,922
675.3	Misc Operating Expense	13,595	0	13,595
675.3	Lab Supplies	121,525	0	121,525
675.3	Waste Disposal	336,750	10,850	347,600
675.3	Overnight Shipping	12,271	0	12,271
675.3	Office Supplies and Uniforms	29,763	0	29,763
675.3	Electricity WT	2,402	0	2,402
675.3	Janitorial WT	10,037	0	10,037
675.3	Trash Removal WT	2,682	0	2,682
675.3	Water & WW WT	34	0	34
675.3	Telephone WT	10,938	0	10,938
675.3	Cell Phone WT	936	0	936
	Total Operation	8,280,138	268,040	8,548,177
-MAINTENANCE-				
601.4	Supervision and Engineering	9,477	0	9,477
601.4	Labor	171,091	0	171,091
620.4	M&S Operation	299,388	0	299,388
675.4	M&S Maint WT	24,050	0	24,050
675.4	Amort Def Maint WT	212,599	0	212,599
	Total Maintenance	716,606	0	716,606
	Total Water Treatment Expenses	8,996,743	268,040	9,264,783
TRANSMISSION AND DISTRIBUTION EXPENSES				
-OPERATION-				

## KENTUCKY AMERICAN WATER COMPANY

## COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014 WITHOUT NORTHERN DIVISION

Account	Cost of Service at Filing	Change in Cost of Service Without Northern Division	Cost of Service Without Northern Division
(1)	(2)	(3)	(4)=(2)+(3)
601.5 Supervision and Engineering	45,013	0	45,013
601.5 Labor Expense	1,128,138	0	1,128,138
615.5 Purchased Power	163	0	163
601.5 Labor - Lines	183,297	0	183,297
601.5 Labor - Meters	715,413	0	715,413
601.5 Labor - Services	414	0	414
620.5 M&S Operation	80,868	0	80,868
636.5 Contracted Services	104,733	0	104,733
650.5 Transportation	3,051	0	3,051
675.5 Office Supplies, Uniforms and Shipping	36,369	0	36,369
675.5 Misc. Operating Expense	24,014	0	24,014
675.5 Electricity TD	62,736	0	62,736
675.5 Heating Oil/Gas TD	23,846	0	23,846
675.5 Trash Removal TD	10,338	0	10,338
675.5 Cell Phone TD	14,270	0	14,270
641.5 Rents	5,808	0	5,808
<b>Total Operation</b>	<b>2,438,470</b>	<b>0</b>	<b>2,438,470</b>
-MAINTENANCE-			
601.6 Labor	71,539	0	71,539
601.6 Labor - Structures and Improvements	4,690	0	4,690
601.6 Labor - Reservoirs and Standpipes	2,278	0	2,278
601.6 Labor - Mains	225,252	0	225,252
601.6 Labor - Services	342,696	0	342,696
601.6 Labor - Meters	39,565	0	39,565
601.6 Labor - Hydrants	178,232	0	178,232
620.6 M&S Maint.	276,600	0	276,600
675.6 Misc Maint TD	27,600	0	27,600
675.6 Amort Def Maint TD	268,298	0	268,298
675.6 Misc Main Pvg/Bckfill	222,000	0	222,000
<b>Total Maintenance</b>	<b>1,658,751</b>	<b>0</b>	<b>1,658,751</b>
<b>Total Transmission and Distribution</b>	<b>4,097,221</b>	<b>0</b>	<b>4,097,221</b>
CUSTOMER ACCOUNTS			
601.7 Labor - Meter Reading	392,971	0	392,971
636.7 Contracted Services	105,528	0	105,528
601.7 Labor - Customer Accounts	159,110	0	159,110
670.7 Uncollectible Accounts	552,735	0	552,735
650.7 Transportation	18	0	18
675.7 Telephone CA	100,584	0	100,584
675.7 Bank Svc Charges-CA	191,064	0	191,064
675.7 Cust Edu-Bill Insert	50,000	0	50,000
675.7 Office Supplies	600	0	600
675.7 Collection Agencies	129,564	0	129,564
675.7 Forms CA	206,328	0	206,328
675.7 Postage	616,377	0	616,377
675.7 Cell Phone CA	2,678	0	2,678
675.7 Misc. Operatiing	600	0	600
<b>Total Customers' Accounting and Collecting Expenses</b>	<b>2,508,155</b>	<b>0</b>	<b>2,508,155</b>
ADMINISTRATIVE AND GENERAL EXPENSES			
-OPERATION-			
601.8 Administrative & General Salaries	525,313	0	525,313
620.8 M&S Operation	107,863	0	107,863
Support Services			
Customer Related	2,665,084	0	2,665,084
Employee Related	228,632	0	228,632
Water Quality	156,715	0	156,715
Other	6,273,802	0	6,273,802
632.8-636.8 Contracted Services	497,230	0	497,230
642.8 Rents	32,111	0	32,111
650.8 Transportation	477,994	0	477,994
656.8-659.8 Insurance - Liability, Vehicle and Other	531,887	0	531,887
658.8 Workers Compensation	138,239	0	138,239



## KENTUCKY AMERICAN WATER COMPANY

## COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014 WITHOUT NORTHERN DIVISION

Account	Cost of Service at Filing	Change in Cost of Service Without Northern Division	Cost of Service Without Northern Division
(1)	(2)	(3)	(4)=(2)+(3)
604.8 Employee Pensions and Benefits	3,496,182	31,486	3,527,668
666.8-667.8 Regulatory Expenses	274,995	0	274,995
675.8 Electricity AG	84,549	0	84,549
675.8 Heating Oil/Gas AG	25,290	0	25,290
675.8 Janitorial AG	77,839	0	77,839
675.8 Add'l Security Costs	92,915	0	92,915
675.8 Water & WW AG	31,262	0	31,262
675.8 Telephone AG	44,390	0	44,390
675.8 Cell Phone AG	83,573	0	83,573
675.8 Shipping and Postage	23,466	0	23,466
675.8 Low Income Pay Program	62,000	0	62,000
675.8 Miscellaneous General Expense	718,102	0	718,102
675.8 Injuries and Damages	6,000	0	6,000
675.8 Employee Related Expense	190,707	0	190,707
675.8 Software Licenses	188,520	0	188,520
675.8 Office Supplies	122,145	0	122,145
675.8 Trash Removal AG	3,218	0	3,218
675.8 Misc Maint AG	76,322	0	76,322
Total Administrative and General Expenses	17,236,344	31,486	17,267,829
Total Operation and Maintenance Expenses	33,963,111	427,968	34,391,078

**503 DEPRECIATION EXPENSE AND REMOVAL COSTS**

Other P/E Intangibles	83,794	0	83,794
Land and Land Rights	0	0	0
Source of Supply Struct & Improv	213,624	0	213,624
Collecting & Impounding Reservoirs	13,126	0	13,126
Lake, River and Other Intakes	152,574	0	152,574
SOS and Pumping Equipment	358,263	134	358,397
Wells and Springs	0	0	0
Supply Mains	613,410	0	613,410
Pumping Structures & Improvements	273,718	0	273,718
Power Generation Equipment	98,900	0	98,900
Other Power Production Equipment	0	0	0
Electric Pumping Equipment	268,295	(3,496)	264,799
Diesel Pumping Equipment	15,792	0	15,792
Hydraulic Pumping Equipment	176	0	176
Other Pumping Equipment	0	0	0
Water Treat Structures & Improv	778,889	0	778,889
Water Treat Equipment	1,366,270	16,959	1,383,229
Water Treat Filter Media	123,485	0	123,485
T & D Structures & Improvements	23,939	129	24,068
T & D Pumping Equipment	6,699	(4,719)	1,980
Distrib. Reservoirs & Standpipes	365,931	(36,498)	329,433
Transmission & Distribution Mains		0	
Not Classified	467,982	0	467,982
4 inch or less	203,023	0	203,023
6 inch to 8 inch	650,991	0	650,991
10 inch to 16 inch	820,812	(93,688)	727,124
18 inch or Greater	1,492,613	0	1,492,613
Services	869,641	0	869,641
Meters	695,561	0	695,561
Meter Installations	526,441	0	526,441
Hydrants	163,917	0	163,917
General Structures & Improvements	126,200	0	126,200
Office Structures	115,464	0	115,464
Stores Shop and Gar. Structures	36,260	0	36,260
Miscellaneous Structures & Improv	82,636	947	83,583
Office Furniture and Equipment	25,830	0	25,830
Computers & Peripheral Equipment	18,060	0	18,060
Personal Comp and Periph	(52,517)	0	(52,517)
Computers and Periph Other	145,091	0	145,091
Computer Mainframe Software	(72,421)	0	(72,421)
Personal software	(84,352)	0	(84,352)
Computer Software - Special - CIS	363,118	0	363,118

## KENTUCKY AMERICAN WATER COMPANY

## COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014 WITHOUT NORTHERN DIVISION

Account	Cost of Service at Filing	Change in Cost of Service Without Northern Division	Cost of Service Without Northern Division
(1)	(2)	(3)	(4)=(2)+(3)
Computer Software - Special - Other	788,906	0	788,906
Other Software	166,372	0	166,372
Other Office Equipment	1,078	0	1,078
Transportation Equip-Light Trucks	29,986	0	29,986
Transportation Equip-Heavy Trucks	44,039	0	44,039
Transportation Equip-Cars	19,120	0	19,120
Transportation Equip-Other	32,073	0	32,073
Stores Equipment	957	0	957
Tools, Shop & Garage Equipment	102,075	12	102,087
Laboratory Equipment	51,215	0	51,215
Power Operated Equipment	30,854	8	30,863
Communication Equipment - Non-Telephone	196,701	0	196,701
Remote Control and Instrument	225,526	(2,591)	222,936
Communication Equipment - Telephone	21,038	0	21,038
Miscellaneous Equipment	80,879	88	80,967
Other Tangible Property	(20,453)	0	(20,453)
Total Depreciation Expense	13,121,601	(122,715)	12,998,886
<b>AMORTIZATION EXPENSE</b>			
AFUDC	153,181	0	153,181
Acquisition Adjustment	0	0	0
Property Losses	57,080	0	57,080
Total Amortizations	210,261	0	210,261
<b>TAXES, OTHER THAN INCOME</b>			
408.1 Federal and State Payroll Taxes	532,600		532,600
408.1 Property Taxes	4,455,772	(58,281)	4,397,490
408.1 Other Taxes and Licenses	2,740		2,740
408.1 Utility Reg Assessment	141,866		141,866
412.0 ITC	(84,792)		(84,792)
			0
Total Taxes, Other Than Income	5,048,186	(58,281)	4,989,905
<b>INCOME TAXES</b>	12,480,810	64,994	12,545,804
<b>Utility Operating Income Available for Return</b>	<u>31,651,566</u>	<u>(1,327,389)</u>	<u>30,324,176</u>
<b>Total Cost of Service</b>	96,475,535	(1,015,424)	95,460,111
Less: Misc. Service	60,000	0	60,000
Rent	91,800	0	91,800
Rent I/C	100,000	0	100,000
NSF Return Check Charge	32,142	0	32,142
Late Payment Fee	680,000	0	680,000
Reconnection/Activation - T&D Related	558,432	0	558,432
Application/Initiation Fee	657,841	0	657,841
AFUDC	491,629	(321,585)	170,044
Total Other Water Revenues	2,671,844	(321,585)	2,350,259
<b>Total Cost of Service Related to Sales of Water</b>	<u>93,803,691</u>	<u>(693,839)</u>	<u>93,109,852</u>

## KENTUCKY AMERICAN WATER COMPANY

## COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014 WITHOUT NORTHERN DIVISION

Account	Cost of Service at Filing	Change in Cost of Service Without Northern Division	Cost of Service Without Northern Division	
(1)	(2)	(3)	(4)=(2)+(3)	
<b><u>RATE BASE</u></b>				
301.0	Organization	37,450	0	37,450
302.0	Franchise and Consents	70,261	0	70,261
339.1	Other P/E Intangibles	433,962	0	433,962
339.3	Other P/E Treatment	237,772	0	237,772
303.2	Land and Land Rights - SS	1,077,363	0	1,077,363
304.1	Source of Supply Struct & Improv	6,072,695	0	6,072,695
305.0	Collecting & Impounding Reservoirs	597,698	0	597,698
306.0	Lake, River and Other Intakes	6,964,540	0	6,964,540
309.0	Supply Mains	24,631,166	0	24,631,166
311.5	Pumping Equipment - SS	13,560,795	(224)	13,560,570
303.3	Pumping Land & Land Rights	195,966	0	195,966
304.2	Pumping Structures & Improvements	7,238,577	0	7,238,577
310.0	Other Power Production Equipment	2,807,784	0	2,807,784
311.2	Electric Pumping Equipment	6,492,956	(162,993)	6,329,964
311.2	Diesel Pumping Equipment	302,306	0	302,306
311.4	Hydraulic Pumping Equipement	(1,355)	0	(1,355)
311.5	Other Pumping Equipment	36	(44)	(8)
303.4	Land and Land Rights	800,183	0	800,183
304.3	Water Treat Structures & Improv	22,710,223	0	22,710,223
311.5	Pumping Equipment - WT	242	0	242
320.1	Water Treat Equipment	35,290,142	(26,745)	35,263,397
320.2	WT Filter Media	110,447	0	110,447
303.5	Land and Land Rights - T&D	7,696,496	(222,565)	7,473,931
304.4	T & D Structures & Improvements	303,003	(201)	302,802
311.5	Pumping Equipment - T&D	356,052	(203,634)	152,418
330.0	Distrib. Reservoirs & Standpipes	15,578,399	(2,044,478)	13,533,921
331.0	Transmission & Distribution Mains			
	Not Classified	3,697,428	0	3,697,428
	4 inch or less	6,485,904	0	6,485,904
	6 inch to 8 inch	50,269,470	0	50,269,470
	10 inch to 16 inch	46,510,308	(5,930,750)	40,579,559
	18 inch or Greater	77,388,327	0	77,388,327
333.0	Services	8,576,274	0	8,576,274
334.0	Meters	26,394,094	0	26,394,094
334.0	Meter Installations	12,607,262	0	12,607,262
335.0	Fire Hydrants	9,034,174	0	9,034,174
304.5	Office Structures	10,802,914	(846)	10,802,068
340.1	Office Furniture and Equipment	232,116	0	232,116
340.2	Computer Equipment and Software	(837,136)	0	(837,136)
340.3	Computer Software - Special - CIS	3,142,919	0	3,142,919
340.3	Computer Software - Special - Other	6,828,270	0	6,828,270
341.0	Transportation Equip	2,817,241	0	2,817,241
342.0	Stores Equipment	2,485	0	2,485
343.0	Tools, Shop & Garage Equipment	1,431,911	(11)	1,431,900
344.0	Laboratory Equipment	519,231	0	519,231
345.0	Power Operated Equipment	508,658	(16)	508,642
346.0	Communication Equipment	3,729,655	(40,222)	3,689,433
347.0	Miscellaneous Equipment	833,879	(78)	833,800
348.0	Other Tangible Property	161,417	0	161,417
	Total Plant in Service, Net of Accumulated Depreciation, Contributions and Advances	424,701,959	(8,632,806)	416,069,153

## KENTUCKY AMERICAN WATER COMPANY

## COST OF SERVICE FOR THE TWELVE MONTHS ENDED JULY 31, 2014 WITHOUT NORTHERN DIVISION

Account (1)	Cost of Service at Filing (2)	Change in Cost of Service Without Northern Division (3)	Cost of Service Without Northern Division (4)=(2)+(3)
<b>OTHER RATE BASE ELEMENTS</b>			
Utility Plant Acquisition Adjustments			
CWIP - Water Treatment Plant and Supply Mains	303,047	0	303,047
CWIP - Transmission Mains	3,429,982	(2,984,298)	445,684
CWIP - Reservoirs and Standpipes	1,034,854	(1,011,539)	23,315
CWIP - Distribution Mains	877,860	0	877,860
CWIP - Pumping	291,991	(182,077)	109,914
CWIP - Meters and Meter Installations	165,783	(122,826)	42,957
CWIP - Services	49,090	0	49,090
CWIP - Hydrants	81,475	0	81,475
CWIP - Other	617,187	(20,231)	596,956
Working Capital Allowance	3,946,000	(29,000)	3,917,000
Materials and Supplies	727,081		727,081
Deferred Income Taxes	(57,007,044)	124,019	(56,883,025)
Deferred Investment Tax Credits	(55,276)		(55,276)
Deferred Maintenance - Tank Painting	4,644,233		4,644,233
Deferred Debits			
Deferred Debits Source of Supply	1,536,404		1,536,404
Other Rate Base Elements	650,081		650,081
 Total Other Rate Base Elements	 (38,707,254)	 (4,225,952)	 (42,933,205)
Total Original Cost Measure of Value	385,994,705	(12,858,758)	373,135,947

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**Witness: Linda C. Bridwell**

7. Please reference KAWC Exhibit 37, Schedule M-1. Please provide a revised Schedule M-1 that shows a detailed breakdown of KAW's total claimed operating revenues into: a) Northern Division revenues; and b) Central Division revenues. Include an electronic copy of the revised Schedule M-1 with all formulae intact.

**Response:**

Please see the attached for a detailed breakout of Northern and Central Division revenues for the actual period ending September 30, 2012. The Company does not forecast revenues by division and thus cannot provide a detailed breakout for the forecasted test year and the budgeted months of the base period. Please refer to the response to Item No. 11 of the Commission Staff's Third Data Request.





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**Witness: Linda C. Bridwell**

- 8.** Does KAW have the ability to provide Lexington (or any other customer) with a monthly electronic batch file (i.e., a spread sheet containing all accounts, meter read dates, consumption volumes, and cost of service)?

**Response:**

Yes. With the new functionality of the SAP Customer Information System that will be implemented in late May, 2013, KAW will have the ability to do collective billing. This will allow customers with multiple accounts to be billed by a collective bill for all accounts that are within the same billing cycle (read on or about the same date). A collective bill is not in the form of an electronic batch file (spread sheet), but instead is an actual invoice that will include accounts, read dates, consumption volumes, and cost of service.

At a meeting with LFUCG representatives in February, 2012 and subsequent phone conversations this was discussed, with regard to simplifying LFUCG billing in the future, and also ease of preparing energy / utility management reporting. After SAP is implemented KAW major accounts will work with LFUCG to pursue the best options for future billing and usage statements. If LFUCG were to desire this information in an electronic batch file format rather than collective bill, Kentucky American will work toward providing the information in that format.



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**Witness: Linda Bridwell**

- 9.** Does KAW have an estimated timeline for providing electronic billing using an EDI protocol?

**Response:**

No, it does not. Kentucky-American currently provides electronic billing for its residential customers through the Web Self Service (WSS) interface. We began offering the service on December 11, 2012. Currently we are in "soft launch" mode and are not actively promoting the service. Customers utilizing the WSS portal will see the service offering when they sign onto their WSS account. As of February 28, 2013, there were 1,001 active participants.

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2012-00520  
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S  
SECOND REQUEST FOR INFORMATION**

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**Witness: Keith Cartier**

- 10.** How does KAW's unsold line loss compare with other American-Water affiliated companies and with other water utilities of a similar size?

**Response:**

The unsold line loss for Kentucky-American was 11.7% in 2012. In general, this is at the lower end of the range when compared to other American Water affiliates which ranged from 8.64% to 42.27%. Kentucky-American does not have records of other water utilities, but was able to identify six similar water utilities in an AWWA study whose values ranged from 5.9% to 22.8% within the last two years.

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**Witness: Linda C. Bridwell**

- 11.** Please provide KAW's funding for conservation programs as a percentage of its revenues.
- a. How does this percentage compare with other American-Water affiliated companies and with other water utilities of a similar size?
  - b. Have you ever considered adopting a metrics or other means of measuring the success of your conservation programs? Why or why not?

**Response:**

- a. Kentucky American's funding for its conservation program as a percentage of total revenue is 0.1868%. This is one of the higher levels. Six of the other American-Water affiliated companies that have some level of a conservation program identified are funded as a percentage of their total revenues ranging from 0.0022% to 0.0282%. One company, California American, is higher with a funding for its conservation program as a percentage of revenue at 0.5598%.
- b. Yes. When Kentucky American expanded its Conservation Program in 1992, it focused initially on a number of fixture and audit programs. Kentucky American tracked a number of metrics early on, including the number of customers involved in the program, and the amount spent on each customer reached. However, it soon became clear that the education and awareness programs touched far more customers and had much higher satisfaction ratings. For example, customers that installed a faucet aerator or reduced flow showerhead may not be able to discern any difference on their monthly water bill and were frequently unsatisfied with the replacement items provided. But customers were much more amenable to rain gauges that helped track outdoor water levels, leak detection kits for leaking toilets, timers to help track time spent in the shower, spray nozzles that helped reduce outdoor water usage by automatically shutting off the hose, and educational information. Kentucky American believes that these programs have absolutely helped reduce the per person water usage by our customers. This is evidenced in part with our declining usage pattern. But to be able to separate into any meaningful metric the level of success of the conservation programs from other factors that influence water usage, in a cost efficient manner, has been a challenge that Kentucky American has not been able yet to complete.