

Commonwealth of Kentucky
Before the Public Service Commission

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR AN ADJUSTMENT OF) Case No. 2012-00520
RATES SUPPORTED BY A FULLY FORECASTED)
TEST YEAR)

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

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, submits his first Request for Information to the Kentucky-American Water Company.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer;

and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(10) As the company discovers errors in its filing and/or responses, please provide an update as soon as reasonable that identifies such errors and provide the documentation to support any changes.

Respectfully submitted,

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Respectfully submitted,

Notice of Filing, Certifications, and Notice of Service

Undersigned counsel provides the following notice with regard to the filing of this material, certifications for the filing, and notice of the service of information to the other parties of record. Pursuant to Numbered Paragraph 3 Ordering paragraph 3 of the Commission's 17 December 2012 Order of procedure, the material was filed through uploading an electronic version of each document via the Commission's E-Filing System. Furthermore, the original

and one paper copy of the material will be filed at the Commission's office on the next business day following the electronic filing.

Consistent with Numbered Paragraph 10 of the Commission's December 17th Order of procedure, undersigned certifies that the electronic version of the filing is a true and accurate version of each document filed in paper medium; that the electronic version has been transmitted to the Commission; and a copy of the filing in paper medium has been mailed to all parties that the Commission has excused from participation by electronic means.

The Attorney General has provided notice to the Commission and other parties, by electronic mail, of this filing.

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The electronic filing took place on February 6th, 2013, with the filing of the documents in paper medium scheduled for February 7th, 2013.


Assistant Attorney General

Kentucky-American Water Company
Kentucky PSC Case No. 2012-00520
Attorney General's First Request for Information

1. CC – Reference: Rugren Testimony (page 10; beginning at line 14). With respect to Exhibit SWR-1 and Schedules J-1 – J-4, please provide:
 - a. All data, work papers, and copies of source documents used in the development of the capitalization amounts (13 Month Average Amounts, and adjustments as reflected in the Add (1) column), and
 - b. An electronic version (Microsoft Excel) of Exhibit SWRMAM-3, and Schedules J-1 – J-4 to Exhibit 37 and work papers used to determine the 13-month capitalization amounts, with all data and equations left intact.
2. CC – Reference: Rugren Testimony. With respect to Exhibits SWR-2 and 3, please provide:
 - a. All data, work papers, assumptions, and calculations used to determine the costs and interest rates for pro forma financings, and other data used to determine the cost rates for short-term debt, long-term debt, and preferred stock, and
 - b. An electronic version (Microsoft Excel) of Exhibits SWR 2 and 3 and work papers used to determine the senior capital costs, with all data and equations left intact.
3. CC – Reference: Vander Weide Testimony. Please provide a copy of Dr. James H. Vander Weide's pre-filed direct testimony and Appendices in Microsoft Word.
4. CC – Reference: Vander Weide Testimony. Please provide:
 - a. Copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony and appendices of Dr. James H. Vander Weide; and

- b. An index with files names and/or page or tab numbers associated with the materials provided in response to part (a), above.
5. CC – Reference: Vander Weide Testimony. Please provide an electronic copy of Schedules of Dr. James H. Vander Weide in Microsoft Excel, with all data and equations left intact.
6. CC – Reference: Vander Weide Testimony. Please provide:
 - a. Microsoft Excel copies of all data, tables, charts, source documents, regression results and statistical tests, and work papers used in the development and preparation of the Schedules of the testimony and appendices of Dr. James H. Vander Weide; and
 - b. An index with files names and/or page or tab numbers associated with the materials provided in response to part (a), above. For the Microsoft Excel copies of the data, work papers, regressions, and statistical tests, please keep all formulas intact.
7. CC – Reference: Vander Weide Testimony. With respect to page 20, lines 4-23, and Appendix 2, please provide copies of all theoretical and empirical studies known to Dr. Vander Weide which compare and contrast the quarterly and annual DCF models.
8. CC – Reference: Vander Weide Testimony. With respect to pages 21-22, please:
 - a. Indicate why Dr. Vander Weide has chosen to use the earnings forecasts reported by I/B/E/S and not another service like Zack's or First Call?;
 - b. Indicate how does the analysts coverage of I/B/E/S compare to the analysts coverage of the other major earnings reporting services?;
 - c. Indicate if I/B/E/S earnings forecasts available free of charge on the Internet and, if so, where?; and
 - d. Provide copies of all empirical studies which compare the accuracy of I/B/E/S EPS growth rates with those of investor information services.

9. CC – Reference: Vander Weide Testimony. With respect to page 23, please provide a copy of the article written by Dr. Vander Weide from the *Journal of Portfolio Management* (Spring 1988).
10. CC – Reference: Vander Weide Testimony. With respect to page 19, lines 14-18, please provide:
 - a. A copy of the updated study by State Street Financial Advisers; and
 - b. Copies of the work papers, data, and analyses used in the updated study. Please provide the data in Microsoft Excel format, with all data and formulas in intact.
11. CC – Reference: Vander Weide Testimony. With respect to page 25, line 3 to page 27, line 2, please provide:
 - a. The total flotation costs (direct expenses as well as market pressure costs) of the equity issued by American Water Works on behalf of KAWC over the past five years and/or expected equity issuance in the test year; and
 - b. The flotation costs allocated to KAWC for each of the past and projected equity issues.
12. CC – Reference: Vander Weide Testimony. With respect to page 27, lines 9-17, please indicate:
 - a. The water companies eliminated by each of the screens applied to the companies listed in the Value Line Investment Survey; and
 - b. The reason each was eliminated.
13. CC – Reference: Vander Weide Testimony. With respect to page 28 and Schedule 1, please provide copies of the I/B/E/S analyst research reports for the water companies in the proxy group.
14. CC – Reference: Vander Weide Testimony. With respect to page 30, lines 11-21, please indicate:
 - a. All companies considered as part of the natural gas industry groups;

- b. What gas companies were eliminated by each of the screens applied to the companies listed in the Value Line Investment Survey; and
 - c. The reason each was eliminated.
15. CC – Reference: Vander Weide Testimony. With respect to page 31 and Schedule 2, please provide copies of the I/B/E/S analyst research reports for the gas companies in the proxy group.
16. CC – Reference: Vander Weide Testimony. With respect to pages 32-35 and Schedule 3, please provide:
- a. Copies of all source documents, data, and work papers used in Dr. Vander Weide's ex ante risk premium study;
 - b. An electronic version (Microsoft Excel) of the data used in the analysis, with all data and equations left intact; and
 - c. Copies of the regressions run on the data.
17. CC – Reference: Vander Weide Testimony. WWith respect to pages 35-41 Schedules 4, 5, and 6, please provide:
- a. Copies of all source documents, data, and work papers used in Dr. Vander Weide's ex post risk premium study using the S&P 500;
 - b. The sources of the data items employed;
 - c. An electronic version (Microsoft Excel) of the data used in the analysis, with all data and equations left intact; and
 - d. Copies of the regressions run on the data.
18. CC – Reference: Vander Weide Testimony. With respect to pages 41-48, and Schedules 7 and 8, please provide:
- a. All source documents, data, and work papers used in Dr. Vander Weide's CAPM study;
 - b. The sources of the data items employed; and

- c. An electronic version (Microsoft Excel) of the data used in the analysis, with all data and equations left intact.
19. CC – Reference: Vander Weide Testimony. Please provide an electronic version (Microsoft Excel) of the following Schedules, with all data and equations left intact: Schedules 1, 2, 3, 4, 5, 6, 7, and 8.
20. CC – Reference: Application. Please provide electronic (Microsoft Excel) copies of all rate of return, capital structure, and debt cost rate schedules with all data and formulas intact.
21. CC – Reference: Cost of Capital. Please provide copies of all presentations made to rating agencies and/or investment firms by American Water Works Company (“AWWC”) and/or Kentucky American Water Company (“KAWC”) between January 1, 2012 and the present.
22. CC – Reference: Cost of Capital. Please provide copies of all prospectuses for any security issuances by AWWC and/or KAWC since January 1, 2011.
23. CC – Reference: Cost of Capital. Please provide copies of all studies performed by AWWC and/or KAWC, or by consultants or investment firms hired by AWWC and/or KAWC, to assess:
 - a. The KAWC’s financial performance;
 - b. The performance of the KAWC relative to other utilities;
 - c. The adequacy of the KAWC’s return on equity or overall rate of return.
24. CC- Reference: Cost of Capital. Please provide copies of all known investment reports on AWWC published since January 1, 2012.
25. CC – Reference: Cost of Capital. Please provide copies of credit reports for AWWC and KAWC from the major credit rating agencies (S&P, Moody’s, and Fitch) published since January 1, 2011.
26. CC – Reference: Cost of Capital. Please provide the S&P and Moody’s credit and bond ratings for AWWC and KAWC for the past five years.

27. CC – Reference: Cost of Capital. Please provide the breakdown in the expected return on pension plan assets for KAWC. Specifically, please provide the expected return on different assets classes (bonds, US stocks, international stocks, etc.) used in determining the expected return on plan assets. Please provide all associated source documents and work papers.
28. CC – Reference: Cost of Capital. Please provide the authorized and earned return on common equity over the past five years (2008, 2009, 2010, 2011, and 2012) for the KAWC. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
29. CC – Reference: Cost of Capital. Please provide:
- a. A copy of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for KAWC for 2012 in both hard copy and electronic (Microsoft Excel) format, with all data and formulas intact, when available.
 - b. Please provide copies of the 2010 and 2011 financial statements in electronic (Microsoft Excel) formats, with all data and formulas intact.
30. CC – Reference: Cost of Capital. For the past three years, please provide the dates and amount of:
- a. Cash dividend payments made by KAWC to AWWC; and
 - b. Cash equity infusions made by AWWC into KAWC.
31. CC – Reference: Cost of Capital. Please provide the SEC 10-k reports for AWWC and KAWC for 2011 and 2012. If the 2012 10-k is not yet available, please provide it when it becomes available.
32. CC – Reference: Cost of Capital. Please provide the authorized and earned returns on equity for each operating water company subsidiary of AWWC for the past three years (2009, 2010, and 2011).

33. G – Reference: Corporate structure. Please provide an organizational chart that outlines, reports AWWC's current corporate structure. For each entity on the chart, identify whether the entity is a subsidiary providing water service with rates and service subject to a review of a state's public utility commission or similar state public utility regulatory authority.
34. G – Reference: Corporate structure: With regard to the prior question, No. 33, please indicate the date that this corporate structure was established.
35. G – Reference: Corporate structure: For the period beginning 1 January 2008, please provide:
- a. An organization chart that outlines, reports AWWC's corporate structure in place on 1 January 2008. As with question No. 33, for each entity on the chart, identify whether the entity is a subsidiary providing water service with rates and service subject to a review of a state's public utility commission or similar state public utility regulatory authority.
 - b. For each revision or change to AWWC's corporate structure since 1 January 2008, please (i) provide an organizational chart in conformity with the description in question No. 33 and sub-part (a) of this request that outlines, reports the impact of the revision or change to AWWC's corporate structure (including the effective date), and (ii) for each revision or change, provide a summary of the corresponding reason or reasons for the revision or change (for example, an acquisition or divesture or an entity or divisional reorganization).
 - c. With regard to Kentucky-American Water Company, by job title and by name, provide an organizational chart that outlines, reports the current chain of command or line of corporate officer governance and reporting from the President and Chief Executive Officer of American Water Works Company, Inc. (the Principle Executive Officer), to the President of the Kentucky-American Water Company.
 - d. With regard to Kentucky-American Water Company, by job title and by name, provide an organizational chart in conformity with sub-part (c) that outlines, reports the chain of command or line of corporate officer governance and reporting from the President and Chief Executive Officer of American Water Works Company, Inc. (the Principle Executive Officer),

to the President of the Kentucky-American Water Company in place on 1 January 2008.

- e. With regard to Kentucky-American Water Company, by job title and by name, for each revision or change in the chain of command or line of corporate governance and reporting from the President and Chief Executive Office of American Water Works Company, Inc. (the Principle Executive Officer), to the President of the Kentucky-American Water Company since 1 January 2008, please provide: (i) an organizational chart in conformity with sub-parts (c) and (d) that outlines, reports the impact of the revision or change (including the effective date), and (ii) for each revision or change, provide a summary of the corresponding reason or reasons for the revision or change (for example, divisional reorganization or promotion, reassignment, retirement, etc.).
 - f. With regard to the requests and responses in sub-parts (b) and (e), for each change or revision since 1 January 2008, in AWWC's corporate structure and/or Kentucky-American Water Company's chain of command or line of corporate governance and reporting from AWWC to KAWC, please indicate whether there was, as part of the change or revision, an establishment or elimination of or modification to any (i) cost allocation formula, (ii) cost allocation agreement, and/or (ii) service by AWWC, including by or through a corporate affiliate of KAWC, to KAWC (such as service from a shared testing facility, call center, etc.).
 - g. Provide (i) a list by name, position title, and employer (for example KAWC or named corporate affiliate) for each member of Kentucky-American Water Company's senior management on 1 January 2008, and (ii) provide a list consistent with list description in (i) of this sub-part for KAWC's senior management on 1 January 2009, 1 January 2010, 1 January 2011, 1 January 2012, and 1 January 2013.
36. G – Please provide a ten-year history of total Company expenditures for main replacements. Include a breakdown of the number of feet, diameter, and type of mains replaced, by year.
37. G – Please explain in detail how the Company's proposed Distribution System Improvement Charge ("DSIC") would affect KAWC's current rate of main replacement discussed on page 14 of Mr. Williams' Direct Testimony.

38. G - Reference page 21 of Mr. Verdouw's Direct Testimony: For each state that KAWC claims has adopted a DSIC or DSIC-equivalent tariff rider mechanism, please indicate, state-by-state, whether or not the referenced state:
- a. Includes Account 334 – Meters and Meter Installations in qualified DSIC expenditures;
 - b. Permits the DSIC mechanism to be reconciled; and,
 - c. Includes a DSIC cap of 10% or greater between base rate cases.
39. RD – Please provide a copy of all class cost-of-service study workpapers in electronic format.
40. RD – Please identify any change(s) made to the cost-of-service study methodology sponsored in this proceeding compared to the methodology employed in the Company's last base rate case, and provide a detailed explanation in support of such change(s).
41. RD – Reference Exhibit 36 at page 10 of 46.
- a. Please quantify the amount of Other Water Revenue that is included in Commercial revenues, at present and proposed rates; and
 - b. Please identify the type/source of Other Water Revenues quantified in part (a) and explain why such revenues should be assigned exclusively to the Commercial class.
42. RD - Reference page 7, lines 20-26 of Mr. Herbert's Direct Testimony. Please provide a copy of all documents relied upon by Mr. Herbert to determine the class demand ratios appearing in the Company's class cost-of-service study.
43. RD - Please provide a breakdown of Late Payment Fee contributions, by customer class, for the twelve months ended (a) December 31, 2011, and (b) December 31, 2012.
44. RD - Reference Exhibit 36 at page 39 of 46. Please explain why Collecting & Impounding Reservoirs are allocated differently from other sources of supply (e.g., Supply Structures & Improvements and Lake, River and Other Intakes).

45. RD - Reference Exhibit 36 at page 20 of 46. Please provide workpapers in support of the Average Daily Consumption figures of 89 and 108, respectively, for the Private Fire Protection and Public Fire Protection classes.
46. RD - Reference Exhibit 36 at page 41 of 46.
 - a. Over what time period were net charge-offs compiled to develop Factor 20?
 - b. Please provide the net charge-offs, by customer class, for each of the calendar years 2010 through 2012.
47. RD - Reference Exhibit 36 at page 27 of 46. Please provide a derivation for the total Fire Protection gallons of 30,380,000 that is used to determine the Fire Protection weighting factor of 0.1975.
48. RD - Reference Exhibit 36 at page 28 of 46. Please provide workpapers in support of the calculations used to determine the horsepower of pumps associated with the referenced functional cost categories.
49. RD - Reference Exhibit 36 at page 29 of 46. Please provide workpapers in support of the referenced breakdown of total footage of mains.
50. RD - Reference Exhibit 36 at page 19 of 46. Please explain in detail why AFUDC in the amount of \$491,629 should be included in Other Water Revenues in the Company's COSS. Provide a source for the referenced AFUDC amount.
51. RD - Please provide cost support for KAWC's proposed increases to its current:
 - a. Tapping Fee;
 - b. Service Activation Fee; and
 - c. Reconnection Fee.
52. RD - Reference Exhibit No. 37, Schedule M, page 2 of 13.

- a. Please explain in detail why Forecast Year ("FY") Late Payment Fees (line 17) are unchanged at present and proposed rates;
 - b. Provide a detailed Provide a detailed proof of revenue (i.e., rate multiplied by billing determinants) for the FY Application/Initiation Fee (line 22), at present and proposed rates; and,
 - c. Provide a detailed proof of revenue (i.e., rate multiplied by billing determinants) for the FY Reconnection Fee (line 24), at present and proposed rates.
53. RR - Please provide any and all workpapers KAWC used to produce the schedules in the Company's filing, testimony exhibits, and Filing Requirements. To the extent they are in Excel (or similar spreadsheet program), please provide such workpapers electronically, with formulas and calculations intact. (Case No. 2010-00036; OAG 1 - 1)
54. RR - Please provide the Excel files electronically, with formulas and calculations intact that were used to produce the Company's filing, testimony, exhibits, studies and schedules. (Case No. 2010-00036; OAG 1 - 2)
55. RR - For each KAWC witness that filed testimony, please provide a complete set of workpapers supporting the witness's testimony and exhibits. To the extent they are in Excel (or similar spreadsheet program), please provide such workpapers electronically, with formulas and calculations intact. (Case No. 2010-00036; OAG 1 - 3)
56. RR - To the extent not already provided in response to discovery or other filings made in the current KAWC rate case, or in the witness' workpapers being provided in response to data requests, please provide a copy of the documents relied upon by each KAWC witness. (Case No. 2010-00036; OAG 1 - 5)
57. RR - Lead-Lag Study. Please provide the electronic Excel files, with formulas and calculations intact, which were used to produce the lead-lag study that was used for the current rate case. (Case No. 2010-00036; OAG 1 - 7)
58. RR - Data requests of others: With regard to all data requests served on the Company concerning the testimony of KAWC witnesses and other issues being addressed in this proceeding and to the extent that any of the responses

- to these data requests involve calculations using a program such as Excel, or Access, provide a complete copy of the electronic files, with formulas, calculations, macros, and cell references intact. (Case No. 2010-00036; OAG 1 - 8)
59. RR - Please provide a list of all internal audit reports for 2010 through 2012 to date for departments and/or operations which charge costs to KAWC. (Case No. 2010-00036; OAG 1 -13)
60. RR - Gross Revenue Conversion Factor (GRCF). Refer to Exhibit 37, Schedule H.
- a. Show in detail how the Uncollectibles factor was derived. Include all supporting calculations in Excel. Include all supporting workpapers and documentation.
- b. Show in detail how the PSC Fees factor was derived. Include all supporting calculations in Excel. Include all supporting workpapers and documentation. (Case No. 2010-00036; OAG 1 - 14)
61. RR - Please provide the monthly level of prepaid taxes by type of tax for 2010, 2011, 2012, and as projected, by month through 7/31/14. (Case No. 2010-00036; OAG 1 - 16)
62. RR - Please provide the monthly level of Materials and Supplies in total and by type for 2010, 2011, 2012, and as projected, by month through 7/31/14. (Case No. 2010-00036; OAG 1 - 17)
63. RR - Please provide the monthly level of Contributions in Aid of Construction for 2010, 2011, 2012, and as projected, by month through 7/31/14. (Case No. 2010-00036; OAG 1 - 18)
64. RR - Please provide the monthly level of Customer Advances for 2010, 2011, 2012, and as projected, by month through 7/31/14. (Case No. 2010-00036; OAG 1 - 19)
65. RR - Please provide the monthly level of Deferred Maintenance by component for 2010, 2011, 2012, and as projected, by month through 7/31/14.

- a. Please identify and explain each item of Deferred Maintenance, when it first arose, when amortization commenced, when amortization will be completed, why the maintenance was deferred, and commission authorization for each maintenance item that is being deferred. (Case No. 2010-00036; OAG 1 - 20)
66. RR - Please provide the monthly level of Deferred Debits by component for 2010, 2011, 2012, and as projected, by month through 7/31/14.
- a. Please, identify and explain each item of Deferred Debits, when it first arose, when amortization commenced, when amortization will be completed, why the cost was deferred, and commission authorization for each Deferred Debit item that is being requested for inclusion in rate base. (Case No. 2010-00036; OAG 1 - 21)
67. RR - Accumulated Deferred Income Taxes (ADIT).
- a. Please provide a detailed itemization of each item of ADIT, in total, as of 12/31/10, 12/31/11, 12/31/12, and by month for 2013 through 7/31/14.
 - b. Please provide the monthly level of Accumulated Deferred Income Taxes, by timing difference item, for 2010, 2011, 2012, for each month in 2013 actual, and as projected, by month through 7/31/14.
 - c. For each item, identify the book/tax-timing difference that causes the ADIT, explain when that temporary timing difference first arose, identify the amount of the timing difference as of each date, and describe in detail whether and how that particular timing difference relates to an item of utility rate base, utility revenue and/or utility expense, and how the related item has been reflected in the Company's filing for ratemaking purposes. (Case No. 2010-00036; OAG 1 - 28)
68. RR - Accumulated Deferred Income Taxes (ADIT). Please identify by amount and account, the corresponding regulatory asset/(liability) and/or other deferred debit/(credit) relating to each item that comprises the total ADIT that KAWC has included in rate base. For each component of ADIT, please provide the following information:
- a. Description of each item of ADIT that comprises the total amount KAWC has reflected in rate base.

- b. Balance sheet account in which KAWC recorded the ADIT.
 - c. Related deferred asset, deferred credit or liability account for each component of ADIT.
 - d. Identification of whether and where the related deferred asset, deferred credit or liability account for each component of ADIT is included in KAWC's proposed rate base, and for each item, if not, a detailed explanation of why not. (Case No. 2010-00036; OAG 1 - 29)
69. RR - Please provide the following monthly labor data, in total, for 2010, 2011, 2012 actual, and projected through 7/31/14, showing annual totals.
- a. Number of actual employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
 - b. Number of authorized employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
 - c. Regular payroll broken down between expensed, capitalized and other.
 - d. Overtime payroll broken down between expensed, capitalized and other.
 - e. Temporary payroll broken down between expensed, capitalized and other; and
 - f. Other payroll (specify).
 - g. Overtime hours paid for each year. (Case No. 2010-00036; OAG 1 - 32 - except sub-part g)
70. RR - Please provide the actual number of employees for each month in 2010, 2011, and 2012. (Case No. 2010-00036; OAG 1 - 33)
71. RR - Provide the budgeted number of employees for each month in 2010, 2011, 2012 and 2013 through 7/31/14. (Case No. 2010-00036; 1 - 34)

72. RR - Please provide the wage rate increases granted by the Company by date and employee category for 2010, 2011, and 2012, and as projected for 2013 and 2014. (Case No. 2010-00036; OAG 1 - 36)

73. RR - Please indicate if the employee positions used in the Company's labor calculations are authorized or actually filled positions. Identify, quantify and explain all labor-related costs in KAWC's filing that is for positions that have not been filled as of January 31, 2013. (Case No. 2010-00036; OAG 1 - 37)

74. RR - Does the Company anticipate reducing the number of employees, including any voluntary early retirement or other force reduction programs, during 2013 or 2014? If yes, state the timing and number of affected employees. Also state the projected costs and savings of any such plan. (Case No. 2010-00036; OAG 1 - 42)

75. RR - Supplemental Executive Retirement Program (SERP).

- a. Please provide the level of SERP expense, by account, included in the Company's cost of service for the base period.
- b. Please provide the level of SERP expense, by account, included in the Company's cost of service for the future test year.
- c. Please provide the comparable SERP expense for each year, 2010, 2011 and 2012.
- d. Provide the most recent three actuarial reports for SERP.
- e. Provide all actuarial studies, reports and estimates used for SERP for the future test year. (Case No. 2010-00036; OAG 1 - 48)

76. RR - Defined Benefit Plan pension expense.

- a. Please provide the level of Defined Benefit Plan pension expense, by account, included in the Company's cost of service for the base period
- b. Please provide the level of Defined Benefit Plan pension expense, by account, included in the Company's cost of service for the future test year.
- c. Please provide the comparable Defined Benefit Plan pension expense for each year, 2010, 2011 and 2012.

- d. Provide the most recent three actuarial reports for Defined Benefit Plan pension.
 - e. Provide all actuarial studies, reports and estimates used for Defined Benefit Plan pension for the future test year. (Case No. 2010-00036; OAG 1 – 49)
77. RR - Other Post Employment Benefits (OPEB) expense.
- a. Please provide the level of OPEB expense, by account, included in the Company's cost of service for the base period.
 - b. Please provide the level of OPEB expense, by account, included in the Company's cost of service for the future test year.
 - c. Please provide the comparable OPEB expense for each year, 2010, 2011 and 2012.
 - d. Provide the most recent three actuarial reports for OPEB.
 - e. Provide all actuarial studies, reports and estimates used for OPEB for the future test year. (Case No. 2010-00036; OAG 1 – 50)
78. RR - Does KAWC have any self-funded reserves? If so, please provide the following monthly data for each separate type of self-funded reserve for injuries, claims and damages in 2010, 2011, 2012 and projected, budgeted or forecast through 7/31/14, and provide the level reflected in revenue requirement and explain how such amounts have been treated for ratemaking purposes. Also, please provide new monthly data as it becomes available through the course of this proceeding.
- a. Accruals;
 - b. Actual claims; and
 - c. Balance (Case No. 2010-00036; OAG 1 – 62)
79. RR - Please provide the two most recent actual property tax assessments and rates. (Case No. 2010-00036; OAG 1 – 68)

80. RR - Uncollectibles. Please provide the following annual data related to uncollectible accounts for 2010, 2011, 2012 and by month as budgeted or forecast for 2013 through 7/31/14:

- a. Bad debt expense;
- b. Bad debt write-offs;
- c. Collections of written-off accounts;
- d. Billed revenues; and
- e. What is the period of time between final bill and account write-off?
(Case No. 2010-00036; OAG 1- 69, except for sub-part e)

81. RR - Uncollectibles. Please provide the net charge-off percentage for uncollectibles for 2010, 2011, and 2012 and as budgeted/forecasted for 2013 through 7/31/14. Explain any material variations in the percentage between years. (Case No. 2010-00036; OAG 1- 70)

82. RR - Injuries and Damages. State the amount of injuries and damages expense for 2010, 2011 and 2012 and as budgeted/forecasted for 2013 through 7/31/14. (Case No. 2010-00036; OAG 1 - 73)

83. RR - Are any one time or non-recurring expenses included in the base period or the future test year? If so, provide the dollar amount, account and a brief description of the expense. (Case No. 2010-00036; OAG 1 - 76)

84. RR - Please provide consolidating accounting information for American Water Works for 2011 and 2012. Please show the amounts for each subsidiary by account and all eliminations and adjustments in the consolidation. (Case No. 2010-00036; OAG 1 - 97)

85. RR - Provide the details of each type of chemical purchased by KAWC for each year 2010, 2011, 2012, and as budgeted or forecast for 2013 and 2014, including the following: (a) quantity; (b) total cost; (c) unit cost; (d) reason and analysis for year-to-year change in usage quantity; (e) reason and analysis for year-to-year change in unit price. (Case No. 2010-00036; OAG 1 - 104))

86. RR For each type of chemical used by KAWC, please provide the most current actual contracts and invoices. (Case No. 2010-00036; OAG 1 - 105)
87. RR - Please provide a detailed breakout of the \$9.324 million of AWWSC costs included in the KAWC filing, including complete details on the costs included for each AWWSC department and function that has charged or allocated cost to KAWC. (Linda C. Bridwell, page 16) (Case No. 2010 00036;OAG 1- 106)
88. RR Affiliate management fee charges. Please refer to the table attached as "A" and provide the equivalent actual 2010, 2011, 2012 information, and budgeted/forecast information for 2013 and for the 12 months ending 7/31/14 in similar detail that was used as the basis for the amount of National Service Company and Local Service Company charges reflected in KAWC's current Kentucky rate case. (Case No. 2010-00036; OAG 1 - 107)
89. RR - Please provide a detailed explanation of what is included in each operating expense function listed in the table above and the allocation methodology used to allocate those service company charges.
90. RR - Affiliate management fee charges.
- a. Please refer to the table attached as "B" and provide the equivalent information in similar detail that underlies the KAWC expenses for affiliate service company cost allocations; and
 - b. Please provide similar information as of each of the following dates: (1) 12/31/10 actual; (2) 12/31/11 actual; (3) 12/31/12 actual; (4) projected/budgeted for calendar 2013; and (4) projected/budgeted for the 12 months ending 7/31/14. (Case No. 2010-00036; OAG 1 - 108)
91. RR - Please provide the actual 2012 American Water Works Service Company results by Business Unit, preferably in Excel, and show the charges from each Business Unit to KAWC. (Case No. 2010-00036; OAG 1 - 110)
92. RR - Please provide the budgeted/forecast 2013 American Water Works Service Company results by Business Unit, preferably in Excel, and show the charges from each Business Unit to KAWC. (Case No. 2010 00036; OAG 1 - 111)

93. RR - Please provide the budgeted/forecast 2014 American Water Works Service Company results by Business Unit, preferably in Excel, and show the charges from each Business Unit to KAWC. (Case No. 2010 00036; OAG 1 - 111)
94. RR - Please provide the budgeted/forecast American Water Works Service Company results by Business Unit, preferably in Excel, and show the charges from each Business Unit to KAWC for the 12 months ending 7/31/14. (Case No. 2010-00036; OAG 1 - 113)
95. RR - Please provide an organizational chart of the Local and Regional Service Company offices that serve KAWC: (1) as of 2012, (2) as projected for 12/31/13, and (3) as projected for 7/31/14. (Case No. 2010-00036; OAG 1 - 115)
96. RR - Please identify all charges by year by account in 2010, 2011 and 2012 to KAWC from the Regional Service Company by function and account. Please show in detail how such charges are allocated to KAWC and the other affiliates served by the Regional Service Company. (Case No. 2010-00036; OAG 1 - 116)
97. RR - Please identify all budgeted/forecast charges by year by account for (a) calendar 2013, and (b) the 12 months ending 7/31/14 to KAWC from the Regional Service Company by function and account. Please show in detail how such charges are allocated to KAWC and the other affiliates served by the Regional Service Company. (Case No. 2010-00036; OAG 1 - 117)
98. RR Has the Company included any rate case expense or non-cash items in its request for cash working capital? If yes, explain fully why. If so, please identify any and all non-cash expenses, included in KAWC's cash working capital calculations.
99. RR Has the type of weather normalization proposed by Linda C. Birdwell in the current KAWC rate case ever been proposed by any of the other American Water Works water utility subsidiaries for adjusting test year water sales? If so, please identify each such instance (by affiliate name, jurisdiction, docket number, and date) and provide a copy of the related testimony and regulatory authority decision. (Case No. 2010-00036; OAG 1 - 139)

100. RR - Electricity and power expense. Please identify KAWC's electricity usage and related power cost for 2010, 2011, 2012, budgeted/forecast for calendar 2013, and budgeted/forecast for the 12 months ending 7/31/14. (Case No. 2010-00036; OAG 1 - 141)
101. RR - Leak detection revenue.
- a. Please explain how KAWC tracks revenues and expenses related to the provision of leak detection services for other utilities.
 - b. Are any of these revenues or expenses included in the base or forecast year period? If yes, explain where they are located in the filing. If not, please explain in detail why these revenues have been omitted.
102. RR - Please provide all support and workpapers relating to any forecasted increase in fuel and power costs. Include any correspondence and/or other material received from KU or other electric service providers relating to these estimates. (Case No. 2010-00036; OAG 1 - 152)
103. RR - Please provide all support and workpapers related to the forecasted increase in chemical prices. Include any correspondence with suppliers. (Previous Request 153 - Case No. 2010-00036)
104. RR - Please provide copies of December year-to-date financial, operating and/or statistical reports for 2010, 2011, and 2012. (Case No. 2010-00036; OAG 1 - 163)
105. RR - Please provide a complete breakdown of other income, net, for 2010, 2011 and 2012 and projected for 2013 and 2014. Identify the jurisdictional portion of each element. (Case No. 2010-00036; OAG 1 - 168)
106. RR - Provide the monthly financial and operating reports for every month from January 2010 to the present. (Case No. 2010-00036; OAG 1 - 170)
107. RR - Please List each internal audit completed, scheduled, or in progress at the Company for 2010, 2011 and 2012. For each, list subject of audit, date of audit, date of report and title of report. (Case No. 2010-00036; OAG 1 - 182)
108. RR - Customer Deposits.

- a. What is the ratemaking treatment for customer deposits proposed by the Company? Where is such proposal found in the filing?
 - b. Provide the monthly level of customer deposits for the period December 2010, 2011 and 2012.
 - c. Provide the monthly interest expense paid by the Company on customer deposits for the same period. (Case No. 2010-00036; OAG 1 - 200)
109. Customer Deposits.
- a. What is the contractual interest rate on customer deposits?
 - b. Identify the tariff or statute that establishes the interest rate.
 - c. Does the Company accrue interest on inactive customer deposits?
 - d. How often is interest on customer deposits paid?
 - e. Is interest on customer deposits paid by check, in the form of a bill credit, or credited as an addition to the customer deposit balance?
 - f. What is the Company's policy on customer deposits for collection, refund, and use as an offset against an uncollectible balance?
 - g. Provide a copy of the Company's policy(s) relating to customer deposits. (Case No. 2010-00036; OAG 1 - 201)
110. For major plant construction projects representing plant additions costing more than \$5 million added during 2010, 2011 and 2012 please state the following:
- a. Description of project.
 - b. Any economic feasibility studies done in a relationship to the project.
 - c. Any related cost savings achieved as a result of adding the addition.
 - d. Whether the project was for replacement, for new growth, environmental, or other.

- e. Description of why the project was necessary. (Case No. 2010-00036; OAG 1 - 204)

- 111. RR - Please provide a copy of the parent company's corporate federal tax returns and supporting "M" schedules and all consolidating schedules for 2010, 2011 and 2012 when available. (Case No. 2010-00036; OAG 1 - 208)

- 112. RR - Please provide detailed calculations of federal income taxes and state income taxes (budgeted and/or actual) for the following accounting periods:
 - a. The year ended December 31, 2010 (actual);

 - b. The year ended 2011 (actual);

 - c. The year ended 2012 (when available). (Case No. 2010-00036; OAG 1 - 209)

- 113. RR - Please provide workpapers detailing the calculation of each statutory addition and deduction used in arriving at taxable income in the above calculation, as well as the calculations provided in Schedule E to the filing. Also provide a narrative explanation of the effect of each statutory addition and deduction on tax and/or book income, and the Internal Revenue Code Section or Treasury Regulation calling for the adjustment. (Case No. 2010-00036; OAG 1 - 210)

- 114. RR - Please provide the following information regarding deferred income taxes:
 - a. Calculation of all timing differences reflected in DFIT; show book amount and tax amount; indicate when amounts were included in book and in tax returns;

 - b. Tax rate applied to each timing difference;

 - c. Calculation of actual DFIT;

 - d. If different, reconcile book amount per cost of service and book amount in DFIT calculation. Identify and quantify all reconciling items.

- e. For each year 2010 through 2012 the gross and net additions to deferred taxes. Please breakdown such additions within each year by sub-account, providing the number and name for each account and sub-account. For each item by year, please reconcile the gross to net additions and explain how that reconciliation was derived.
 - f. For 2011 and 2012, please provide information requested in (e) above for each month. (Case No. 2010-00036; OAG 1 - 212)
- 115.RR - Please list the name and business function of all Company subsidiaries and affiliates and separately list those which are included in this case, and which have or are projected to charge cost to KAWC during 2010, 2011, 2012, the base period, or the forecasted test year for ratemaking purposes. (Case No. 2010-00036; OAG 1 - 216)
- 116.RR - Please provide worksheets which reconcile book and tax income and tax liability on the books and on the tax return for 2010, 2011 and 2012. (Case No. 2010-00036; OAG 1 - 217)
- 117.RR - Please list and explain in detail the allocation methods used to allocate state and federal tax liability and tax credits between the Company and its subsidiaries and between the Company and other American Water companies. Please provide worksheets which show a detailed derivation of the allocations for 2010, 2011 and 2012. The derivation should include separate listing of contributions, indebtedness cost, NOL (current, carryforwards and carrybacks), each credit by type (such as the investment tax credit, jobs credit), intercompany transactions. (Case No. 2010-00036; OAG 1 - 218)
- 118.RR - Please provide detailed worksheets showing the derivation of "excess tax over book depreciation" for 2010, 2011 and 2012. (Case No. 2010-00036; OAG 1 - 226)
- 119.RR - Please provide the beginning and ending balances for 2010, 2011 and 2012 for Accumulated Deferred Income Taxes and Provisions for Deferred Income Taxes broken down by sub-account with the name and number of each sub-account. (Case No. 2010-00036; OAG 1 - 227)

- 120.RR - Provide detailed descriptions of any IRS audit, settlements with the Internal Revenue Service, or audit adjustments made during the three years ending December 31, 2012. (Case No. 2010-00036; OAG 1 - 235)
- 121.RR - List total property taxes and property tax refunds or abatements each year, for the test year and the most recent three years for which actual information is available. Describe and show the accounting treatment accorded to each item, showing journal entries, dates, accounts, amounts and descriptions. (Case No. 2010-00036; OAG 1- 237)
- 122.RR - List all amounts of property taxes under dispute at December 31, 2012, and indicate the tax year and the taxing district to which each relates. (Case No. 2010-00036; OAG 1 - 238)
- 123.RR - List all property tax refunds, by geographical area and taxing authority, by year, received in the most recent three years through 2012. (Case No. 2010-00036; OAG 1 - 239)
- 124.RR - Provide a copy of the Company's current capitalization policy. If the policy has changed at all since 2010, provide a copy of all prior policies in effect during any portion of that period. (Case No. 2010-00036; OAG 1 - 259)
125. RR - Please provide the most recent Asset Management Plan for KAWC. (Case No. 2010-0003; OAG 1 -261)
126. RR - Provide a summary of annual maintenance expense by USOA account (for all accounts) for 2010, 2011 and 2012. Please provide data in both hard copy and electronic format. (Case No. 2010-00036; OAG 1 - 270)
127. RR -Please provide the Company's construction and capital budgets for the years 2013-2014 inclusive. Please identify all retirements, replacements, new additions and cost of removal reflected in these budgets. Please provide by account where available and explain how the cost estimates are derived for these items. (Case No. 2010-00036; OAG 1 - 299)
128. RR - Please provide the current depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal. (Case No. 2010-00036; OAG 1 - 322)

129. RR - Please provide the accounting entries (debits and credits) used to implement SFAS No. 143 and FIN 47, along with all workpapers supporting those entries. Please provide all these workpapers and calculations in electronic format (Excel) with all formulae intact. (Case No. 2010-00036; OAG 1 - 328)
130. RR - Indicate the number of and expenses related to temporary or seasonal employees included in 2010, 2011, 2012 and projected 2013 and 2014 jurisdictional expenses. (Case No. 2010-00036; OAG 1 - 339)
131. RR - Provide as complete a breakdown as possible of the expenses billed by American Water and included in jurisdictional expense for 2010, 2011, 2012, and forecasted for the years 2013 and 2014. Include separately:
- a. Labor
 - b. Employee benefits (by type)
 - c. Employee taxes
 - d. Outside services
 - e. Promotional, institutional and/or corporate advertising
 - f. Contributions (by entity)
 - g. Dues to organizations and social clubs (by entity)
 - h. Computer time
 - i. Regulatory costs (list docket no., jurisdictional entity, dates and description)
 - j. Travel costs
 - k. Lobbying or politically related activities
 - l. Miscellaneous. (describe).

132. RR - Identify all assumptions and provide all workpapers, calculations and source documents relied upon in projecting the 2007 base year and 2008 test year forecasted level of expense. (Case No. 2010-00036; OAG 1 - 340)
133. RR - Please list by customer and amount and by year for the period 2007 through 2009 and in 2010 any uncollectible accounts which have been written off and which exceeded \$100,000. (Case No. 2010-00036; OAG 1 - 380)
134. RR - Provide a complete explanation of any and all expense reduction goals (cost savings programs) the Company has concerning the development of the 2013 and 2014 budgets. (Case No. 2010-00036; OAG 1 - 382)
135. RR - For each injury and damage claim, where the settlement exceeded \$25,000 for the years 2010, 2011 and 2012 and as forecasted for 2013 and 2014, list by year each such claim, the basis for the claim, the dollar amount of the claim paid and the associated legal fees. (Case No. 2010-00036; OAG 1 - 386)
136. RR - State the amount of injuries and damages expense for each of the last three years through 2012. (Case No. 2010-00036; OAG 1 - 387)
137. RR - Please itemize the amount of non-rate case legal expense for 2010, 2011 and 2012 to date. For each distinct item over \$25,000 show payee, amount, account and indicate what services were performed and what the subject matter of the services was.
 - a. Provide copies of all invoices which exceed \$25,000. This should be the complete document including a complete description of work performed. (Case No. 2010-00036; OAG 1 - 390)
138. RR - List all fees during the forecasted test year, the base year, and 2010, 2011 and 2012 for maintaining lines of credit. List such fees for each line of credit which the Company maintains. Indicate in which account such fees are recorded. (Case No. 2010-00036; OAG 1 - 391)
139. RR - List and describe all maintenance programs and expenses which have been deferred into the forecasted test year from prior years, and for each item, explain the Company's reason for such deferral. (Case No. 2010 00036; OAG 1 - 393)

140. RR - List by account the Company's annual O&M expenses for the years ending 2010, 2011 and 2012. For each account having a variance over the prior year exceeding 10%, explain the cause of such variance, listing and describing each significant causative item and the associated dollar amount. (Case No. 2010-00036; OAG 1 - 397)
141. RR - Penalties and fines. List and describe any and all penalties and fines in the base and test years and the preceding three years. Indicate in which account each such item was recorded. (Case No. 2010-00036; OAG 1 - 398)
142. RR - Please list storm damage expense for each year for the years ended 2010, 2011 and 2012. Please indicate the level of storm damage expense included in the base year and forecasted test year.
143. RR - Provide the most recent 2013 and 2014 American Water Works and AWWSC operating expense budgets and 2013 and 2014 forecasts of American Water and AWWSC operating expense. Please identify all assumptions, workpapers, calculations and source documents relied upon and provide the development of all escalation factors. (Case No. 2010-00036; OAG 1 - 405)
144. RR - Please provide a copy of the Company's bad debt write-off policy. Also, please include a description of the time between the final bill and when the account is written off. Please identify and describe the time period normally associated with a customer receiving a final bill and the amount of utility service included in the final bill.
145. RR - Please provide all documentation which details the exclusion of incentive compensation payments included in the Company's cost of service. Specifically, identify where equity compensation plan and annual incentive plan costs have been removed from KAWC's cost of service. Also, please document the exclusion of the AWWSC incentive compensation expenses.
146. RR - Please provide a detailed calculation of the capitalization rates included in the Company's cost of service. Please indicate how deferred maintenance is included in this calculation. Please provide the same calculation for the years 2007-2012.
147. RR - Please provide the level of internal labor included in the deferred maintenance balance included in the Company's projected rate base.

148. RR - In reference to Mr. Williams' testimony, please provide the actual capital projects placed in service for 2010, 2011 and 2012 broken out by the items described on pages 8-10 of his direct testimony, including investment projects. Provide the above information in similar format as Company Exhibit 13.
149. RR - In reference to Mr. Williams' testimony, please provide all instances where KAWC has sought additional financing which was not granted either with the AWW system or outside the Company to expand its capital expenditures for replacing old mains.
150. RR - Please provide the levels of purchase power expense included in KAWC's last four rates cases which were the basis for setting consumer rates. Also, please provide the kWh associated with that level of purchase power expense.
151. RR - Please provide the levels of chemical expense included in KAWC's last four rate cases which were the basis for setting consumer rates. Also, please provide the quantities by chemical that supported that level of expense. Finally, provide the total system delivery for each rate case that was used to develop the chemical expense.
152. RR - In reference to Exhibit 37, Schedule B-5.2, please provide all rationale for assigning a zero expense lag to net income, depreciation and amortization, uncollectibles, amortization and regulatory expense.
- a. Does the Company agree that these components should not be included in the weighted expense lag calculation. Please explain in detail.
153. RR - Please describe in detail all materials and supplies that the AWW centralized procurement group purchases for KAWC.
- a. Does the centralized procurement group purchase chemicals for KAWC?
- b. Does KAWC believe the purchases of these materials and supplies provide savings to KAWC? If so, has KAWC performed any analysis to document these savings? If not, why does KAWC continue to have these services performed on its behalf?

154. RR - In reference to Mr. Lance Williams' testimony, page 7, please breakdown the CWIP balance included in the Company's forecasted test year rate base, by the different stages in the CIMC process.
155. RR - Please provide the water and sewer percentages for calendar years 2010, 2011 and 2012 that were used to allocate payroll, payroll taxes and payroll benefits.
156. RR - Please provide the actual KAWC labor O&M percentages for the last ten calendar years.
157. RR - Please describe in detail how actual paid property taxes are calculated for a particular year. Please include the assessment date for property, the property tax rate and the property tax payment dates.
158. RR - Please describe when KRS II was fully operational and used for service. Please provide the data when the transmission line, tank and booster station from KRS II will be completed and used for service.
159. RR - Please provide the level of investment by month included in the forecast test year for the Owenton plant. Please provide plant in service, accumulated depreciation, and other rate base values separately.
160. RR - Please provide the non-revenue water results for 2010, 2011 and 2012. Please breakdown the results into "other water used" and "water loss." Please breakdown the "water loss" category further into water loss from tank overflows, line breaks and other loss, theft of service, non-metered usage and other loss.
161. RR - Please provide the water loss percentage for 2010, 2011 and 2012 and show the calculation.
162. RR - Please provide the revenues received by KAWC for non-fire prevention-related water use in fire service and water loss from third party damage to water mains and hydrants. Did KAWC include these revenues in its cost of service? If yes, please identify where and the level.
163. RR - Please provide all details related to Kentucky Utilities Company's energy load shedding program as it relates to KAWC's operations.

164. RR - In reference to AWWSC cost, does AWWSC charge any costs to unregulated operations? If so, please identify the process in detail. If not, please explain in detail.
165. RR - Does AWW have an affiliate that provides contract utility services for customers? If yes, how many customers does the affiliate presently serve? Are any of AWWSC costs assigned to these contract services? Explain the process in detail.
166. RR - Does AWW provide unregulated services? If yes, please describe in detail all services provided and how AWWSC costs are allocated to the unregulated service function.
167. RR - For each uncertain tax position recognized in the balance of accumulated deferred income taxes (ADIT) by KAWC (and/or allocated to KAWC by its parent company), according to FIN 48, please provide the following:
- a. A detailed description of each position taken,
 - b. The amount reflected in the ADIT balance in the current rate case and a historical recap of the amount of any adjustment made to the ADIT balance, the account(s) charged and the date of the adjustment,
 - c. The Company's most current assessment of the eventual outcome of the position and the estimated date of resolution,
 - d. The portion of the ADIT balance for NOL that is the result of calculating income taxes based on uncertain tax positions,
 - e. The docket number and a copy of the section of any Kentucky Commission Order that addresses the regulatory treatment of FIN 48 adjustments, and
 - f. All documentation and calculations supporting NWE's response.
168. RR - Please provide the following regarding KAWC's inclusion of Business Transformation (BT) costs in the cost of service in this case.

- a. Provide any available updates of the amounts, in as much detail as available, for all BT costs.
 - b. Provide the most current expected implementation date for each BT system for KAWC.
 - c. Provide a detailed narrative explanation of how the BT project was developed and how it is expected to be implemented throughout the KAWC and AWW system. Include as part of the answer a description and copy of the AWW and any subsidiaries inter-company contracts, leases and other transactions/business arrangements that exist as part of the ownership, development and implementation of BT.
169. RR - Please provide the following regarding the information technology conversion through the Business Transformation Project. For any cost items, provide by internal and external cost components, in as much detail as available.
- a. Total expected cost incurred by year through completion.
 - b. Cost incurred to date by year.
 - c. Cost included in the 12 months ending 3/31/13 base year and 7/31/14 forecast year.
 - d. Explain how these costs are being recorded and the accounts charged?
 - e. Quantification of the estimated savings/benefits and timetable for realization.
 - f. Identify in a. through d. the amount of cost directly charged by KAWC and charged/allocated from the AWWSC.
 - g. Explain the method and rationale for the Business Transformation Project costs charged/allocated to KAWC by the AWWSC.
 - h. Are the Business Transformation Project costs being charged to all AWW entities, regulated and non-regulated, and explain the answer to this response?

- i. Provide all the documentation supporting the response to this data request. If any of calculations provided in response to this data request were prepared using spreadsheets, please provide the spreadsheets, in original working format with all formulas intact.
 - j. Explain how these costs were addressed in the Company's most recent previous rate case.
170. RR - Please provide the gallons sold and the number of customers, by month, by tariff rate for the 11 most recent years available.

" A "

Description	
<u>Operating Expenses - Dollars:</u> National Service Company Service Company - Belleville Laboratory Service Company - Call Center Service Company - Finance Service Company - Human Resources Service Company - Information Technology Service Company - "NSC Functions" Service Company - Operation / Network Service Company - Shared Services Service Company - Procurement Subtotal National Service Company	
Local Service Company	

"B"

CO #	COMPANY NAME	WATER	WASTEWATER	Customer Count 12/31/07	Revised %
05	CALIFORNIA-AMERICAN	169,196	2,248	171,444	5.11%
09	ILLINOIS-AMERICAN	284,593	22,147	306,740	9.15%
10	INDIANA-AMERICAN	282,632	454	283,086	8.44%
11	IOWA-AMERICAN	60,403	-	60,403	1.80%
12	KENTUCKY-AMERICAN	117,088	705	117,793	3.51%
13	MARYLAND-AMERICAN	4,833	-	4,833	0.14%
17	MISSOURI-AMERICAN	463,999	1,088	465,087	13.87%
18	NEW JERSEY-AMERICAN	606,572	28,385	634,957	18.94%
19	NEW MEXICO-AMERICAN	16,774	-	16,774	0.50%
22	OHIO-AMERICAN	51,000	6,578	57,578	1.72%
23	ARIZONA-AMERICAN	102,683	50,835	153,518	4.58%
24	PENNSYLVANIA-AMERICAN	630,132	14,588	644,720	19.23%
26	TENNESSEE-AMERICAN	74,540	-	74,540	2.22%
27	VIRGINIA-AMERICAN	54,253	-	54,253	1.62%
28	WEST VIRGINIA-AMERICAN	167,909	-	167,909	5.01%
30	HAWAII-AMERICAN	-	9,273	9,273	0.28%
38	LONG ISLAND-AMERICAN	73,873	-	73,873	2.20%
42	UNITED WATER VIRGINIA	2,535	-	2,535	0.08%
50	TEXAS-AMERICAN	4,026	1,063	5,089	0.15%
54	Edison	12,161	-	12,161	0.36%
55	Liberty	18,040	-	18,040	0.54%
31	AWE -- Surprise, AZ	18,722	-	18,722	0.56%
	Total	3,215,964	137,364	3,353,328	100.00%