

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

COMPLIANCE OF KENTUCKY-AMERICAN)
WATER COMPANY, AMERICAN WATER WORKS)
COMPANY, RWE AKTIENGESELLSCHAFT AND)
THAMES WATER AQUA HOLDINGS GMBH WITH)
THE PROVISIONS OF THE ORDERS) CASE NO.
APPROVING THE TRANSFER OF CONTROL OF) 2002-00277
KENTUCKY-AMERICAN WATER COMPANY TO)
RWE AKTIENGESELLSCHAFT AND THAMES)
WATER AQUA HOLDINGS GMBH)

NOTICE OF CONDITION 35 FILING – KAWC’S ANNUAL REPORTS

Come Thames Water Aqua Holdings GmbH, RWE Aktiengesellschaft, American Water Works Company, Inc., Thames Water Aqua U.S. Holdings, Inc. and Kentucky-American Water Company, and pursuant to ordering paragraph 7 and Condition 35 of the Commission’s Order dated December 20, 2002, in Case No. 2002-00317, herewith give notice of the filing with the Public Service Commission of the Annual Reports of Kentucky-American Water Company for its water and wastewater operations for the year ended December 31, 2003. Electronic copies of the Reports are attached hereto.

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And

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Counsel for Thames Water Aqua Holdings GmbH,
RWE AG, American Water Works Company, Inc.,
Thames Water Aqua U.S. Holdings, Inc. and
Kentucky-American Water Company

CERTIFICATION

In conformity with paragraph 7 of the Commission's Order dated January 30, 2002, in Case No. 2002-00018, this is to certify that the electronic version of this pleading is a true and accurate copy of the pleading filed in paper medium; that the Petitioners have notified the Commission and the parties in Case No. 2002-00018 by electronic mail on March 31, 2004, that the electronic version of this pleading has been transmitted to the Commission, and that a copy has been served by mail upon:

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and that the original and three copies have been filed with the Public Service Commission in paper medium on the 31st day of March, 2004.



Counsel for Thames Water Aqua Holdings GmbH,
RWE AG, American Water Works Company, Inc.,
Thames Water Aqua U.S. Holdings, Inc. and
Kentucky-American Water Company

SEWER

CLASS A & B WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY-AMERICAN WATER COMPANY

2300 Richmond Road, Lexington, Kentucky 40502

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

**211 SOWER BLVD.
P. O. BOX 615
FRANKFORT, KENTUCKY 40602**

FOR THE YEAR ENDED DECEMBER 31, 2003

**PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2003**

1. Amount of Principal payment during the calendar year \$ 0
2. Is Principal current? (Yes) X (No) _____
3. Is Interest current? (Yes) X (No) _____

**SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

Are your financial statements examined by a Certified Public Accountant? (Yes) X (No) _____

If yes, which service is performed?

Audit X _____

Compilation _____

Review _____

**AUDIT OF THE ANNUAL REPORT
SEWER UTILITIES**

To Be Completed and Returned with Annual Report

<u>Page No.</u>	<u>Line No.</u>	<u>Page No.</u>	<u>Line No.</u>	Yes	No	If No, Explain Why
2	4	agrees with	4 12		X	Difference of \$261,126,413 is Water Utility
2	6	agrees with	4 15 (Utility Plant)		X	Difference of \$54,195,657 is Water Utility
2	7	agrees with	4 17 (Utility Plant)		X	Difference of \$206,930,756 is Water Utility
4	2	agrees with	5 40	X		
4	23	agrees with	4 15 (Utility Plant)	X		
3	4 & 5	agrees with	6 Capital Stock	X		
3	10	agrees with	7 Balance End of Year Statement of Retained Earnings	X		
3	19	agrees with	6 Long-Term Debt, Total (d)	X		
3	23	agrees with	6 Notes Payable, Totals (e)	X		
3	29	agrees with	6 Interest Accrued, Balance End of Year, Total	X		
3	30	agrees with	7 21	X		
4	3	Depreciation) agrees with	8 25	X		
		Interest Accrued During Year -LTD	8 40		X	Interest Accrued during year is reported by Water Utility.
6		Interest Accrued During Year-Other	8 43		X	Interest Accrued during year is reported by Water Utility.
8	24	agrees with	9 51	X		
8	27	agrees with	10 Acct. 408.1	X		
8	28	agrees with	10 Total Income Taxes Utility Operating Income	X		

AUDIT OF THE ANNUAL REPORT

SEWER UTILITIES

To Be Completed and Returned with Annual Report

<u>Page No.</u>	<u>Line No.</u>	<u>Page No.</u>	<u>Line No.</u>	Yes	No	If No, Explain Why
8	26	10	Amortization Expense	X		
8	44	10	Account 408.2 Total Income Taxes	X		
8	45	10	Nonutility Operating Income	X		
Pages 11 and 12 have been completed						
The Oath Page has been completed						

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Long-Term Debt	6		
Notes Payable	6		
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Taxes Other Than Income Taxes	10		
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Amortization Expense	10		

Additional Information Required by Commission Orders

Provide any special information required by prior Commission, orders as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by the Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Item/Explanation

GENERAL INFORMATION

1. Exact name of utility making this report. (Use the words "The", "Company", or "Incorporated" only when a part of the corporate name.)
Kentucky-American Water Company
2. Give the location including street, zip code and telephone number of the principal office in Kentucky
2300 Richmond Road
Lexington, Kentucky 40502
3. Give the name, title, address and telephone number of the officer to whom correspondence concerning this report should be addressed
Michael C. Miller, Vice President, Treasurer, and Comptroller (304) 340-2009
2300 Richmond Road
Lexington, Kentucky 40502
4. Name of State under the laws of which respondent is incorporated and the date of incorporation
Incorporated as Lexington Hydraulic & Manufacturing Company by Acts of General Assembly of the Commonwealth of Ky. Chap 22, Approved 2-27-1882.
5. Date sewer utility began operations
1973
6. Name of City, Town, Community, Sub-division and County in which respondent furnishes sewer service
Clark County, Kentucky
7. Number of employees: Full time 131, Part time: _____

PRINCIPAL OFFICERS

Title	Name	Official Address	Annual Salary and/or Fee
President	Roy W. Mundy II	2300 Richmond Road, Lexington Ky 40502	163,027
Vice President - Operations	Nick O. Rowe	2301 Richmond Road, Lexington Ky 40502	139,270
Vice President, Comptroller	Thomas Bailey	1325 Virginia Street, Charleston WV 25301	ALLOCATED
VP and Assistant Treasurer	Michael A. Miller	1325 Virginia Street, Charleston WV 25301	ALLOCATED
Assistan Treasurer	Roy Ferrell	1325 Virginia Street, Charleston WV 25301	ALLOCATED
Corporate Counsel and Secretary	Herbert A. Miller	2304 Richmond Road, Lexington Ky 40502	ALLOCATED
Assistant Secretary and Assistant Treasurer	Nancy Strickland	1325 Virginia Street, Charleston WV 25301	ALLOCATED
Assistant Secretary	Stephen N. Chambers	1325 Virginia Street, Charleston WV 25301	ALLOCATED
Assistant Comptroller	Rachel S. Cole	2301 Richmond Road, Lexington Ky 40502	59,570
Assistant Treasurer	James R. Hamilton	1325 Virginia Street, Charleston WV 25301	ALLOCATED

BALANCE SHEET			
Line No.	ASSETS AND OTHER DEBITS	Balance First of Year	Balance Last of Year
1	UTILITY PLANT		
2			
3			
4	Utility Plant (101 - 109)	261,177,248	274,545,680
5	Less: Accum. Prov. For Depr. And Amort.		
6	of Utility Plant (110)	54,242,814	59,283,171
7	Net Utility Plant	206,934,434	215,262,509
8	OTHER PROPERTY AND INVESTMENTS		
9			
10			
11	Non-Utility Property (121)	249,738	249,738
12	Less: Accum. Prov. For Depr. And Amort.		
13	of Non-Utility Property (122)		
14	Net Non-Utility Property	249,738	249,738
15	Other Investments (124)		
16	Special Funds (125)		
17			
18			
19	Total Other Property and Investments	249,738	249,738
20	CURRENT AND ACCRUED ASSETS		
21			
22			
23	Cash and Working Funds (131)	698,520	1,001,714
24	Temporary Cash Investments (132)		
25	Notes Receivable (141)		
26	Customer Accounts Receivable (142)	1,799,485	2,849,893
27	Other Accounts Receivable (143)	722,958	1,052,195
28	Accum. Prov. For Uncollectible Accts. - Cr. (144)	(66,969)	(70,816)
29	Notes Receivable from Associated Companies (145)		
30	Accounts Receivable from Associated Companies (146)		2,383,785
31	Materials and Supplies (150)	464,909	442,869
32	Prepayments (166)	116,809	12,891
33	Other Current and Accrued Assets (170)	349,804	500,756
34	Accrued Utility Revenues	2,117,835	3,759,672
35			
36			
37	Total Current and Accrued Assets (170)	6,203,351	11,932,959
38	DEFERRED DEBITS		
39			
40			
41	Unamortized Debt Discount and Expenses (181)	785,873	692,207
42	Extraordinary Property Losses (182)		
43	Other Deferred Debits (183)	11,046,080	11,292,693
44	Preliminary Survey & Investigation Charges	1,604,520	1,486,553
45	Reg-Asset-Inc Tax Recoverable thru Rates	4,696,734	4,785,393
46			
47	Total Deferred Debits	18,133,207	18,256,846
48			
49			
50	TOTAL ASSETS AND OTHER DEBITS	231,520,730	245,702,052

BALANCE SHEET				
Line No.	LIABILITIES AND OTHER CREDITS	Balance First of Year	Balance Last of Year	
1	EQUITY CAPITAL			
2				
3				
4		Common Capital Stock (201)	36,568,776	36,568,776
5		Preferred Capital Stock (204)	6,910,000	6,052,800
6		Other Paid In Capital (207)	21,329	30,489
7		Discount of Capital Stock (213)		
8		Capital Stock Expense (214)		
9		Appropriated Retained Earnings (215)		
10		Unappropriated Retained Earnings (216)	25,177,597	26,304,493
11		Non-Corporate Proprietorship (218)		
12	Total Equity Capita	68,677,702	68,956,558	
13	LONG TERM DEBT			
14				
15				
16		Bonds (221)	68,500,000	68,500,000
17		Advances from Associated Companies (223)		
18	Other Long Term Debt (224)			
19	Total Long Term Debt	68,500,000	68,500,000	
20	CURRENT AND ACCRUED LIABILITIES			
21				
22				
23		Notes Payable /Long Term Debt (current portion)(231)	14,648,828	17,173,237
24		Accounts Payable (232)	421,477	2,733,664
25		Notes Payable to Associated Companies (233)		
26		Accounts Payable to Associated Companies (234)	102,361	1,144,103
27		Customer Deposits (235)	6,910	6,560
28		Taxes Accrued (237)	99,584	2,197,787
29		Interest Accrued (237)	1,456,725	1,456,724
30		Other Current and Accrued Liabilities (238)	2,015,797	2,371,069
31	Total Current And Accrued Liability:	18,751,682	27,083,144	
32	DEFERRED CREDITS			
33				
34				
35		Advances for Construction (252)	11,047,336	12,506,787
36		Other Deferred Credits (253)	2,513,873	3,282,044
37	Accum. Deferred Investment Tax Credits (255)	1,641,676	1,556,324	
38	Total Deferred Credits	15,202,884	17,345,155	
39	Operating Reserves (261-265)			
40				
41	Contributions in Aid of Construction (271)			
42		29,137,192	31,252,684	
43	ACCUMULATED DEFERRED INCOME TAXES			
44				
45				
46		Accum. Def. Income Taxes - Accel. Amort. (281)		
47		Accum. Def. Income Taxes - Lib. Depr. (282)		
48		Accum. Def. Income Taxes - Other (283)	31,251,269	32,564,511
49		Total Accum. Def. Income Taxes:	31,251,269	32,564,511
50	TOTAL EQUITY CAPITAL AND LIABILITIES	231,520,730	245,702,052	

SUMMARY OF UTILITY PLANT			
Line No.	Acct. No.	Item	Amount
UTILITY PLANT			
1		In Service	
2	101	Plant in Service Classified (from pg. 5. Line 40)	50,835
3	102	Completed Construction Not Classified	
4	103	Utility Plant in Process of Reclassification	
5	106	Utility Plant Purchased or Sold	
6		Total-In Service	50,835
7	104	Utility Plant Leased to Others	
8	105	Property Held for Future Use	
9	107	Construction Work In Progress	
10	108	Utility Plant Acquisition Adjustments	
11	109	Other Utility Plant Adjustments	
12		Total Utility Plant (to pg. 2. Line 4)	50,835
13		Less:	
14	110	Accumulated Provision for Depreciation and	
15		Amort. Of Utility Plant (to pg. 2. Line 6)	49,699
16			
17		NET UTILITY PLANT (to pg. 2, line 7)	1,136

ACCUM. PROV. FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT			
Line No.	Item		Amount
1	Balance Beginning of Year		47,157
2	Accruals for Year:		
3	Depreciation		2,542
4	Amortization		
5	Other Accounts (detail):		
6			
7			
8	Total Accruals for Year		2,542
9	Credit Adjustments (describe):		
10			
11			
12	Total Credits for Year		0
13			
14	Net Charges for Plant retired:		
15	Book Cost of Plt. Ret. (Same as pg 5. Line 40)		
16	Add: Cost of Removal		
17	Less: Salvage		
18	Net Charges for Plant Retired	0	
19	Debit Adjustments		
20			
21			
22	Total Debit Adjustments for Year		0
23	Balance end of Year		49,699

SEWER UTILITY PLANT IN SERVICE

Report in Col. (e) entries reclass. property from one acct. to another. Corrections of entries of the prec. yr. Should be recorded in Col. (c) or (d) as they are corrections of additions or retirements.

Line No.	Account	Depr. Rate	Balance First of Yr.	Additions	Retirements	Adj. - Inc. or Dec.	Balance End of Year
1	INTANGIBLE PLANT						
2	Organization (301)						0
3	Franchises and Consents (302)						0
4	Miscellaneous Intangible Plant (303)						0
5	Total Intangible Plant		0	0	0	0	0
6	LAND AND STRUCTURES						
7	Land and Land Rights (310)						0
8	Structures and Improvements (311)		40,127				40,127
9	Total Land and Structures		40,127	0	0	0	40,127
10	COLLECTION PLANT						
11	Collection Sewers - Gravity (352.2)						0
12	Collection Sewers - Force (352.1)						0
13	Other Collection Plant Facilities (353)						0
14	Services to Customers (354)						0
15	Flow Measuring Devices (355)						0
16	Total Collection Plant		0	0	0	0	0
17	PUMPING PLANT						
18	Receiving Wells and Pump Pits (362)						0
19	Pumping Equipment - Electric (363A)		10,708				10,708
20	Pumping Equipment - Diesel (363-B)						0
21	Pumping Equipment - Other (363-C)						0
22	Total Pumping Plant		10,708	0	0	0	10,708
23	TREATMENT AND DISPOSAL PLANT						
24	Oxidation Lagoon (372)						0
25	Treatment and Disposal Equipment (373)						0
26	Plant Sewers (374)						0
27	Outfall Sewer Lines (375)						0
28	Other Treat. & Dis. Plt. Equip. (376)						0
29	Total Treatment and Disposal Plant		0	0	0	0	0
30	GENERAL PLANT						
31	Office Furniture and Equipment (391)						0
32	Transportation Equipment (392)						0
33	Stores Equipment (393 A)						0
34	Tools, Shop and Garage Equipment (393 B)						0
35	Laboratory Equipment (393 C)						0
36	Power Operated Equipment (393 D)						0
37	Communication Equipment (393 E)						0
38	Other Tangible Property (393 F)						0
39	Total General Plant		0	0	0	0	0
40	TOTAL SEWER PLANT IN SERVICE		50,835	0	0	0	50,835

CAPITAL STOCK					
Class and Series of Stock (a)	No. of Shares Auth. (b)	Par Value Per Share of Par Value Stk. (c)	Stated Val. Per Share Of Nonpar Stock (d)	Outstanding Per Balance Sheet	
				Shares (e)	Amount (f)
Common Stock	2,000,000	NO PAR	23.331	1,567,391	36,568,776
Preferred Stock	85,000	100	N/A	60,528	6,052,800

LONG-TERM DEBT					
List Each Original Issue Amt., Class & series of Obligation (a)	Date of Issue (b)	Date Of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest for the Year	
				Rate (e)	Amount (f)
7.21% Series		12/1/2002	0	7.21%	0
6.96% Series		12/1/2023	7,000,000	6.96%	487,200
6.79% Series		9/1/2005	5,500,000	6.79%	373,450
7.15% Series		2/1/2027	7,500,000	7.15%	536,250
6.99% Series		6/1/2028	9,000,000	6.99%	629,100
6.87% Series		3/29/2001	15,500,000	6.87%	1,064,850
5.65% Series		6/12/2007	24,000,000	5.65%	1,356,000
Total			68,500,000		4,446,850

(Include Notes payable to Associated Companies Under this Heading)					
Name of Payee (a)	Date of Note (b)	Date of Maturity (c)	Interest Rate (d)	Balance End of Year (e)	
Notes Payable - Associated Company					17,173,237
Total					17,173,237

INTEREST ACCRUED				
Description of Obligation (a)	Int. Accr. Balance First of Yr. (b)	Int. Accr. During Year (c)	Int. Paid During Year (d)	Int. Accr. Balance End of Year (e)
Long-Term Debt (237.1)	1,456,725	4,690,735	4,690,735	1,456,725
Bank Debt (237.2)	0	0	0	0
Total	1,456,725	4,690,735	4,690,735	1,456,725

OTHER CURRENT AND ACCRUED LIABILITIES		
Line No.	Sub-Account and Description	Amount
1	Refer to Detail on Attachment 1	2,371,069
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	Total (Must agree with page 3. Line 30, Acct. No. 238)	2,371,069

STATEMENT OF RETAINED EARNINGS FOR THE YEAR		
Item (a)	This Year (b)	Last Year (c)
Balance Beginning of Year	25,177,597	24,407,285
Balance Transferred From Income (435) Water	5,046,061	6,023,111
Appropriations of Retained Earnings (436):	(4,634)	(1,337)
Dividends Declared-Preferred Stock (437)	(513,293)	(533,615)
Dividends Declared-Common Stock (438)	(3,401,238)	(4,717,847)
Adjustments to Retained Earnings (439):		
Balance End of Year	26,304,493	25,177,597

OTHER CURRENT AND ACCRUED LIABILITIES (DETAIL FOR SCHEDULE ON PAGE 7)		
Line No.	Sub-Account and Description	Amount
1	ACCRUED WATER	19,480
2	ACCRUED POWER	0
3	ACCRUED WAGES	354,435
4	ACCRUED INSURANCE	(97,241)
5	ACCRUED RENTS	12,000
6	ACCRUED PREFERRED DIVIDEND REQUIREMENTS	69,128
7	ACCRUED BANK FEES	0
8	ACCRUED CREDIT LINE FEES	0
9	ACCRUED VACATION PAYABLE	471,278
10	WITHHELD PR-HOSPITAL PREMIUM	0
11	WITHHELD PR-UNION DUES	(16)
12	WITHHELD PR-SAVINGS BONDS	300
13	WITHHELD PR-CHARITY CONT	0
14	WITHHELD PR-SAVINGS ACCT	0
15	WITHHELD PR-CREDIT UNION	0
16	WITHHELD PR-MISCELLANEOUS	888
17	WITHHELD PR-FSA	1,242
18	WITHHELD PR-COLL PAY FIT	0
19	CONSTRUCTION COSTS PAYABLE	0
20	UNCLAIMED CREDITS	22,422
21	UNCLAIMED EXTENSION DEPOSIT REFUNDS	23,460
22	CONTRACT LIA PROP PURCHASES	0
23	WITHHELD PR-401 K	53,642
24	ACCRUED 401K EXPENSE	21,948
25	BANK CLEARING	1,114,242
26	ACCRUED UNBILLED ITEMS	82,361
27	UNBILLED STOCK C	22,115
28	UNBILLED STOCK E	16,198
29	ACCRUED ESOP CONTRIBUTION	16,705
30	WITHHELD PR-ESOP	5,084
31	WITHHELD PR-GARNISHMENT	0
32	WITHHELD PR-TAX COLL PAY LIT	10,861
33	CFO-MGMT CONTRACTS	(538,947)
34	CFO-SALES TAX	258,977
35	CFO-GROSS RECEIPTS TAX	153,141
36	CFO-MUN TAX	27,169
37	DIVIDENDS DECLARED - PREFERRED	0
38	OTHER CURRENT LIABILITIES ANALYZED	250,075
39	ACCRUED LEGAL	21
40	CUSTOMER PLEDGES	101
41		2,371,069

-Attachment 1-

STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	Number of Customers (b)	Amount (c)
1	OPERATING REVENUES		
2	Flat Rate Revenues - General Customers:		
3	Residential Revenues (521.1)		
4	Commercial Revenues (521.2)		
5	Industrial Revenues (521.3)		
6	Revenues from Public Authorities (521.4)		
7	Total (521)	0	0
8	Measured Revenues - General Customers:		
9	Residential Revenues (522.1)	83	27,591
10	Commercial Revenues (522.2)	4	4,364
11	Industrial Revenues (522.3)	1	3,577
12	Revenues from Public Authorities (522.4)		
13	Total (522)	88	35,532
14	Revenues from Public Authorities (523)		
15	Revenues from Other Systems (524)		
16	Miscellaneous Sewage Revenues (526)		
17	Total Sewage Service Revenues	88	35,532
18	OTHER OPERATING REVENUES		
19	Customers Forfeited Discounts (532)		
20	Miscellaneous Operating Revenues (536)		
21	Total Other Operating Revenues		0
22	Total Operating Revenues		35,532
23	OPERATING EXPENSES		
24	Total Sewer Operation & Maint. Exp. (from pg. 9. Line 52)		37,796
25	Depreciation Expense (403)		1,913
26	Amortization Expense (404-407 / from pg. 10)		0
27	Taxes Other Than Income Taxes (408.1 / from pg. 10)		460
28	Total Income Taxes - Utility Operating Income (from pg. 10)		0
29	Total Sewage Operating Expenses		40,169
30	Net Operating Income		(4,637)
31	OTHER INCOME		
32	Income from Nonutility Operations (417)		
33	Interest and Dividend Income (419)		
34	Miscellaneous Nonoperating Income (421)		
35	Other Accounts (Specify Account No. and Title):		
36			
37			
38	Total Other Income		0
39	OTHER DEDUCTIONS		
40	Interest on Long Term Debt (427)		
41	Amortization of Debt Discount and Expenses (428)		
42	Interest on Debt to Associated Companies (430)		
43	Other Interest Expense (431)		
44	Taxes Other Than Income Taxes (408.2 / from pg. 10)		
45	Total Income Taxes - Nonutil Operating Income (from pg. 10)		
46	Other Accounts (Specify Account No. and Title):		
47			
48			
49	Total Other Deductions		0
50	NET INCOME		(4,637)

SEWER OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	Amount (b)
1	OPERATION EXPENSES	
2	Supervision and Engineering (700):	
3	Owner/Manager-Management Fee (700-A)	
4	Other Expenses (700-B)	
5	Labor and Expenses (701):	
6	Collection System - Labor, Mat'ls. & Expenses (701-A)	6,202
7	Pumping System - Labor, Mat'ls. & Expenses (701-B)	
8	Treatment System (701-C):	
9	Sludge Hauling	16,372
10	Utility Service - Water Cost	
11	Other - Labor, Mat'ls. & Expenses (701-A) Testing Fees	2,719
12	Rents (702)	
13	Fuel and Power Purchased for Pumping & Treatment (703)	4,505
14	Chemicals (704)	944
15	Miscellaneous Supplies and Expenses (705):	674
16	Collection System (705-A)	
17	Pumping System (705-B)	
18	Treatment and Disposal (705-C)	4,103
19	Total Operation Expenses	35,519
20	MAINTENANCE EXPENSES	
21	Supervision and Engineering (710):	
22	Routine Maintenance Service Fee (710-A)	
23	Internal Supervision and Engineering (710-B)	
24	Maintenance of Structures and Improvements (711)	
25	Maintenance of Collection Sewer System (712)	1,733
26	Maintenance of Pumping System (713)	
27	Maintenance of Treatment and Disposal Plant (714)	
28	Maintenance of Other Plant Facilities (715)	
29	Total Maintenance Expenses	1,733
30	CUSTOMER ACCOUNTS EXPENSES	
31	Supervision (901)	
32	Meter Reading Expenses and Flat Rate Inspections (902)	
33	Customer Records and Collection Expenses (903):	
34	Agency Collection Fee (903-A)	
35	Internal Labor, Materials and Expenses (903-B)	
36	Uncollectable Accounts (904)	
37	Miscellaneous Customer Accounts Expenses (905)	
38	Total Customer Accounts Expenses	0
39	ADMINISTRATIVE AND GENERAL EXPENSES	
40	Administrative and General Salaries (920)	
41	Office Supplies and Other Expenses (921)	544
42	Outside Services Employed (923)	
43	Insurance Expense (924)	
44	Employee Pensions and Benefits (926)	
45	Regulatory Commission Expenses (928)	
46	Transportation Expenses (929)	
47	Miscellaneous General Expenses (930)	
48	Rents (931)	
49	Maintenance of General Plant (932)	
50	Total Administrative and General Expenses	544
51	TOTAL SEWER OPERATION & MAINT. EXP. (to pg. 8. line 24)	37,796
52		

TAXES OTHER THAN INCOME TAXES (408)

Show hereunder the various tax items which make up the amounts listed under Account Numbers 408.1 and 408.2 appearing on page 8, lines 27 and 44.

Line No.	Item (a)	Amount (b)
1	Payroll Taxes	460
2	Property Taxes	
3	Utility Regulatory Commission Assessment	
4	Other (Specify):	
5		
6		
7		
8		
9		
10		
11		
12	Total (Same as page 8. Line 27 plus 44)	460

OPERATING AND NON-OPERATING INCOME TAXES

Acct. No.	Account (a)	Amount (b)
409.1	Income Taxes - Federal	
409.1	Income Taxes - State	
409.1	Income Taxes - Other	
410.1	Provisions for Deferred Income Taxes	
411.1	Income Taxes Deferred in Prior Years - Credit	
412.0	Investment Tax Credits - Net	
	Total Income Taxes (Util. Operating Income (to pg. 8, line 28)	0
409.2	Income Taxes - Federal	
409.2	Income Taxes - State	
409.2	Income Taxes - Other	
410.2	Provisions for Deferred Income Taxes	
411.2	Income Taxes Deferred in Prior Years - Credit	
414.0	Investment Tax Credits - Net	
	Total Income Taxes (Nonutil. Operating Income (to pg. 8, line 45)	0

AMORTIZATION EXPENSE

Acct. No.	Account (a)	Amount (b)
404	Amortization of Limited-Term Utility Plant	
405	Amortization of Other Utility Plant	
406	Amortization of Utility Plant Acquisition Adjustments	
407	Amortization of Property Losses	
-	Amortization of Rate Case Expense	
	Total Amortization Expense (to pg. 8. Line 26)	0

SEWER PLANT STATISTICS

PLANT VALUATION

1. What method of valuation was used with reference to Sewer Utility Plant in Service appearing on page two, line four: Original Cost, Estimated Cost, Original Cost Study?
Original Cost

2. What percentage of Sewer Utility Plant in Service was recovered, by the developer of the subdivision, through the sale of lots? None %

3. If less than one-hundred percent of the utility plant was recovered, please designate what portion (collection lines, treatment plant, ect.) of the plant that represents non-contributed plant N/A

4. By whom were the books of account audited? Price Waterhouse Coopers
What was the date of the last audit? Calendar Year 2003
If unaudited in the past twelve months, when and by whom is the next audit anticipated?
N/A

PHYSICAL DATA OF SEWER PLANT

1. Date of construction of original plant? 1973

2. Type of treatment process Aeriation Clarifier

3. Date and additional G.P.D. Capacity of subsequent additions to plant N/A

4. Population for which plant is designed including population equivalent of industrial waste load Unknown

1. Total gallons received during year? 3,217,588

2. Total received on maximum day? 32,093

3. Maximum G.P.D. Capacity of the sewage treatment plant 40,000

4. Routing maintenance service fee:
Cost per month \$ 855
Contract Expires There is no written contract.

5. Sludge hauling:
Cost per load \$180 per load
Average Number of gallons per load 4,000 Gallons
Number of Loads this year 6 Loads

SEWER PLANT STATISTICS

CUSTOMER STATISTICS-END OF YEAR

Type	Number of Customers	Bi-Monthly Or Monthly Billing?	Number of Bills Pertaining to Each Type of Customer
Residential:			
Single Family	84		84
Apartments / Condominiums		Monthly	0
Commercial	4	Monthly	4
Industrial	1	Monthly	1
Other (Specify):			
Total	89		89

INDUSTRIAL CUSTOMERS SERVED

Name And Type Of Industry	Metered Or Estimated Gals.	Pretreatment or Wastes
Southern States Feed Mill - Commercial	Metered	None
Jen Mar of Kentucky - Commercial	Metered	None
Southern Wood Treatment - Industrial	Metered	None
Quality Manufacturing Co. (2 Accounts) - Commercial	Metered	Grease- Oil Trap

PUMPING STATIONS

Location	Size Of Motor	Type Of Motor	Capacity Gals. Per Day
Rockwell Road	5 Hp	Century 3-Phase	86,400

MAINS (FEET)

Kind Of Pipe (Cast Iron, Vit. Clay, concrete)	Diameter Of Pipe	No. Of Feet 1st of Year	Additions	Removed or Abandoned	No. Of Feet End of Year
Vit. Clay	8"	2,500	None	None	2,500

SERVICE LATERALS AND STUBS

Number of service laterals owned by the utility, end of year None

Number of stubs as of end of year _____

Number of service laterals owned by others 88

OATH

State of Kentucky)
)
County of Fayette)

ss:

Before me, the undersigned officer duly authorized to administer oaths, there personally appeared Mike Miller
(Name of affiant)

who, being first sworn by me, says on oath that he has charge of the records of Kentucky-American Water Company
(Exact legal name of company)

and that the foregoing report is true to the best of his knowledge and belief, and that it covers the period from January 1, 20 03 to _____ to December 31, 20 03 .

(Signature of affiant)

Subscribed and sworn to before me this _____ day of _____, 2003

Notary Public, County of _____
My Commission Expires _____, 20 _____.

(SEAL)

OATH

State of Kentucky)
County of Fayette)

ss:

Before me, the undersigned officer duly authorized to administer oaths, there personally appeared Michael A. Miller (Name of affiant)

who, being first sworn by me, says on oath that he has charge of the records of Kentucky-American Water Company (Exact legal name of company)

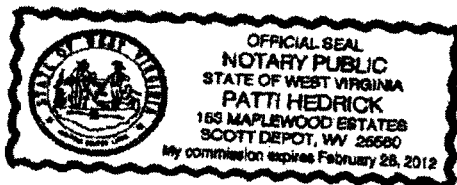
and that the foregoing report is true to the best of his knowledge and belief, and that it covers the period from January 1, 2003 _____ to _____ to December 31, 2003 _____.

Michael A. Miller
(Signature of affiant)

Subscribed and sworn to before me this 26 day of March, 2004

Patti Hedrick
Notary Public, County of Kanawha
My Commission Expires February 26, 2012

(SEAL)



WATER

CLASS A & B WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY-AMERICAN WATER COMPANY

2300 Richmond Road, Lexington, Kentucky 40502

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

**211 SOWER BLVD.
P. O. BOX 615
FRANKFORT, KENTUCKY 40602**

FOR THE YEAR ENDED DECEMBER 31, 2003

Kentucky American
Internal Check List

										Difference	Variance
Utility Plant	Page 7	274,117,539	Page 14	274,066,706	50,833	Sewer	50,835				
Accumulated Depreciation & Amortization	Page 7	(59,283,171)	Page 16	(59,233,472)	(49,699)	Sewer	(49,699)				
Utility Plant Acquisition Adjustment	Page 7	428,141	Page 17	428,141	(0)		(0)				
Provision for Uncollectible Accounts	Page 7	3,831,272	Page 19	3,831,272	0		0				
Material & Supplies	Page 7	442,869	Page 20	442,869	0		0				
Prepayments	Page 7	11,891	Page 20	11,891	0		0				
Unamortized Debt Discount & Expense	Page 8	692,207	Page 21	692,207	0		0				
Extraordinary Property Losses	Page 8	0	Page 21	0	0		0				
Miscellaneous Deferred Debits	Page 8	11,292,693	Page 20	11,292,693	0		0				
Accumulated Deferred Income Taxes	Page 8	0	Page 21	0	0		0				
Common Stock Issued	Page 9	36,568,776	Page 22	36,568,776	0		0				
Preferred Stock Issued	Page 9	6,052,800	Page 22	6,052,800	0		0				
Retained Earnings	Page 9	26,304,493	Page 13	26,304,493	0		0				
Bonds	Page 9	68,500,000	Page 24	68,500,000	0		0				
Notes Payable	Page 9	17,173,237	Page 25	17,173,237	0		0				
Accounts Payable Associated Company	Page 9	1,144,102	Page 25	1,144,102	0		0				
Current Portion Long Term Debt	Page 9	0	Page 25	0	0		0				
Accrued Taxes	Page 9	2,197,787	Page 26	2,197,788	(0)		(0)				
Interest Accrued	Page 9	1,456,724	Page 27	1,456,724	0		0				
Miscellaneous Current & Accrued Liabilities	Page 9	1,931,681	Page 27a	1,931,681	0		0				
Unamortized Premium on Debt	Page 10	0	Page 21	0	0		0				
Advances for Construction	Page 10	12,506,787	Page 22	12,506,787	(0)		(0)				
Contributions in Aid of Construction	Page 10	37,588,532	Page 28	37,588,531	0		0				
Accumulated Amortization of CIAC	Page 10	(6,335,848)	Page 28	(6,335,848)	0		0				
Operating Revenues	Page 11	42,764,618	Page 30	42,764,618	0		0				
Operating Expense	Page 11	20,750,039	Page 31	20,750,039	0		0				
Water Purchased for Resale	Page 32	162,264	Page 33	162,264	0		0				
Water Pumped	Page 32	14,329,824	Page 33	14,329,824	0		0				
Water Sold	Page 32	12,514,487	Page 33	12,514,487	0		0				

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
4-6	The identification pages have been completed.		X		
7	101-106 agrees with	13 Total 101-106		X	Diff. of \$50,835 is Sewer Utility
7	108-110 agrees with	14 Total 301-348 Cois c & h		X	Diff. of \$50657 is Sewer Utility
7	114-115 agrees with	15 Net Balance 114-115	X		
7	123 agrees with	16 Total 123	N/A		
7	124 agrees with	16 Total 124	N/A		
7	125 agrees with	16 Total 125	N/A		
7	126-127 agrees with	16 Total 126-127	N/A		
7	141-144 agrees with	17 Net Balance 141-145	X		
7	151-153 agrees with	18 Total 151-153	X		
7	163-165 agrees with	18 Total 162	X		
8	181 agrees with	19 Total 181	X		
8	182 agrees with	19 Total 182	N/A		
8	186 agrees with	18 Total 186	X		
8	190 agrees with	19 Total 190	N/A		
9	201 agrees with	20 Total Par Value of Stk Issued Col b	X		
9	204 agrees with	20 Total Par Value of Stk Issued Col c	X		
9	214-215 agrees with	23 Total 214-215	X		
9	221 agrees with	22 Total Line 10 col 4	X		
9	221 agrees with	22 Total col 12	X		
9	224 agrees with	21 Total 224 col d	N/A		
9	232 agrees with	24 Total 232 col f	X		
9	233 agrees with	24 Total 233	X		
9	234 agrees with	24 Total 234 col f	X		
9	236 agrees with	25 Beginning & ending balance 236	X		
9	237 agrees with	26 Total 237 cols b & e	X		
9	242 agrees with	27 Total 242	X		
10	251 agrees with	19 Total 251	N/A		
10	252 agrees with	20 Total 252	X		
10	271 agrees with	28 Beginning & ending balance 271	X		
10	272 agrees with	28 Accumulated amortization 271	X		
11	400 agrees with	31 Total water operating revenue col e	X		
11	401 agrees with	32 Total col c	X		
11	406 agrees with	15 Total accumulated amortization 115	N/A		

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
12	427	26	X		
12	Net Income	23	X		
13	101	30	X		
14	The analysis of accumulated depreciation and amort. by primary acct. has been completed	28	X		acct 101 plus acct 106
18	186.1	28	X		
21	Schedule of long-term debt has been completed		N/A		
22	Schedule of bond maturities has been completed		X		
22	If the long-term debt consists of notes payable rather than bonds, then the notes payable schedule has been substituted for the schedule of bond maturities.		N/A		
30	The analysis of water utility plant accounts cols c through k has been completed		X		
31	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from operating revenue		X		
31	The analysis of water operating revenue cols c, d, and e has been completed		X		
32	The analysis of water utility expense accounts cols c through k has been completed		X		
33	Schedule of pumping and purchased water statistics has been completed		X		
34	466	35	X		
34	Line 13	35	X		
	Oath page has been completed		X		

**CLASS "A & B"
WATER COMPANIES**

**ANNUAL REPORT
OF**

KENTUCKY-AMERICAN WATER COMPANY
Exact Legal Name of Respondent

**FOR THE
YEAR ENDED DECEMBER 31, 2003**

NOTICE

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities as adopted by this Commission for Class A & B water companies.
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the work "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent, enter the words "Not Applicable" or "NA". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record, such as by typewriter. Money items (except averages) throughout the report should be shown in units of dollars adjusted to accord with footings.
7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
8. The report should be filled out in duplicate and one copy returned by March 31 of the year following the date of the report. The report should be returned to:

**Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, Kentucky 40602**

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2003

1. Amount of Principal Payment during calendar year \$13,000,000
2. Is Principal current? YES x NO
3. Is Interest current? YES x NO
4. Has all long-term debt been approved by the Public Service Commission?
YES x NO PSC Case No.

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant?

YES x NO

If YES, which service is performed?

Audit x

Compilation

Review

Please enclose a copy of the accountant's report with annual report.

Additional Requested Information

Utility Name KENTUCKY AMERICAN WATER

Contact Person RACHEL S. COLE
JEFF MULLIGAN

Contact Person's E-Mail Address RCOLE@KAWC.COM

Utility's Web Address WWW.KAWC.COM

Please Complete the above information, if it is available

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

Additional Information Required By Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Items/Explanations
2002-00018		The attached supplements #1 and #2 are in response to ordering paragraph #7 and Condition #35 in Public Service Commission Case #2002-0018.

Attach additional sheets if more room is required

MAJOR WATER PROJECTS

Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service commission. For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at least 20%.

Brief Project Description (Improvement, replacement, building construction, expansion. If expansion, provide the estimated number of new customers):

Resolution of Source of Supply and treatment capacity deficits. Project defined as part of Bluegrass Regional Consortium study to be 45 mgd regional treatment plant located on Pool 3 of the Kentucky River with supplemental source of raw water supply from the Ohio River near Carrollton.

Projected Costs and Funding Sources/Amounts:

Estimated cost of \$265 million total. Sources and allocation of costs between member utilities has not been determined yet.

Approval Status: (Application for financial assistance filed, but not approved; of application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

National Primary Drinking Water Regulations

Health-based Standards	MCL or TT ¹ (mg/L) ²
Microbials	
<i>Cryptosporidium</i>	TT ³
<i>Giardia lamblia</i>	TT ³
Heterotrophic plate count	TT ³
<i>Legionella</i>	TT ³
Total Coliforms (including fecal coliform and <i>E. Coli</i>)	5.0% ³
Turbidity	TT ³
Viruses (enteric)	TT ³
Disinfection Byproducts	
Halocetic acids (HAA5)	0.08
Total Trihalomethanes (TTHMs)	0.08
Disinfectants	
Chloramines (as Cl ₂)	MRDL=4.0 ¹
Chlorine (as Cl ₂)	MRDL=4.0 ¹
Inorganic Chemicals	
Antimony	0.008
Arsenic	0.01
Asbestos (fiber >10 micrometers)	7 MFL
Barium	2
Beryllium	0.004
Cadmium	0.005
Chromium (total)	0.1
Copper	TT ³
Cyanide (as free cyanide)	0.2
Fluoride	4
Lead	TT ³
Mercury (Inorganic)	0.002
Nitrate (measured as Nitrogen)	10
Nitrite (measured as Nitrogen)	1
Selenium	0.05
Thallium	0.002
Organic Chemicals	
Acrylamide	TT ¹
Alzholer	0.002
Atrazine	0.003
Benzene	0.005
Benzo(a)pyrene (PAHs)	0.0002
Carbofuran	0.04
Carbon tetrachloride	0.005
Chlordane	0.002
Chlorobenzene	0.1
2,4-D	0.07
Dalapon	0.2
1,2-Dibromo-3-chloropropane (DBCP)	0.002
o-Dichlorobenzene	0.6
p-Dichlorobenzene	0.075
1,2-Dichloroethane	0.005
1,1-Dichloroethylene	0.007
cis-1,2-Dichloroethylene	0.07
trans-1,2-Dichloroethylene	0.1
Dichloromethane	0.005
1,2-Dichloropropane	0.005
Di(2-ethylhexyl) adipate	0.4
Di(2-ethylhexyl) phthalate	0.006
Dinoseb	0.007
Dioxin (2,3,7,8-TCDD)	0.00000003
Diquat	0.02
Endosulf	0.1
Endrin	0.002
Epichlorohydrin	TT ¹
Ethylbenzene	0.7
Ethylene dibromide	0.00005
Glyphosate	0.7
Heptachlor	0.0004

Heptachlor epoxide	0.0002
Hexachlorobenzene	0.001
Hexachlorocyclopentadiene	0.05
Lindane	0.0002
Methoxychlor	0.04
Oxamyl (Vydate)	0.2
Polychlorinated biphenyls (PCBs)	0.0005
Pentachlorophenol	0.001
Picloram	0.6
Simazine	0.004
Styrene	0.1
Tetrachloroethylenes	0.005
Toluene	1
Toxaphene	0.005
2,4,5-TP (Silvex)	0.05
1,2,4-Trichlorobenzene	0.07
1,1,1-Trichloroethane	0.2
1,1,2-Trichloroethane	0.005
Trichloroethylene	0.005
Vinyl chloride	0.002
Xylenes (total)	10
Radionuclides	
Alpha particles	15 picocuries per liter
Beta particles and photon emitters	4 millirems per year
Radium 226 and Radium 228 (combined)	5 pCi/L

Notes

¹ Definitions:

Maximum Contaminant Level (MCL) - The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to MCLGs as feasible using the best available treatment technology and taking cost into consideration. MCLs are enforceable standards.

Maximum Residual Disinfectant Level (MRDL) - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Treatment Technique - A required process intended to reduce the level of a contaminant in drinking water.

² Units are in milligrams per liter (mg/L) unless otherwise noted. Milligrams per liter are equivalent to parts per million.

³ EPA's surface water treatment rules require systems using surface water or ground water under the direct influence of surface water to (1) disinfect their water, and (2) filter their water or meet criteria for avoiding filtration so that the following contaminants are controlled at the following levels:

Cryptosporidium (as of 1/1/02 for systems serving >10,000 and 1/1/06 for systems serving <10,000) 99% removal.

Giardia lamblia: 99.9% removal/inactivation

Viruses: 99.99% removal/inactivation

Legionella: No limit, but EPA believes that if *Giardia* and viruses are removed/inactivated, *Legionella* will also be controlled.

Turbidity: At no time can turbidity (cloudiness of water) go above 5 nephelometric turbidity units (NTU); systems that filter must ensure that the turbidity go no higher than 1 NTU (0.5 NTU for conventional or direct filtration) in at least 95% of the daily samples in any month. As of January 1, 2002, turbidity may never exceed 1 NTU, and must not exceed 0.3 NTU in 95% of daily samples in any month.

HPC: No more than 500 bacterial colonies per milliliter.

⁴ more than 5.0% samples total coliform-positive in a month. (For water systems that collect fewer than 40 routine samples per month, no more than one sample can be total coliform-positive per month.) Every sample that has total coliform must be analyzed for either fecal coliforms or *E. coli*. If two consecutive TC-positive samples, and one is also positive for *E. coli*/ fecal coliforms, system has an acute MCL violation.

⁵ Fecal coliform and *E. coli* are bacteria whose presence indicates that the water may be contaminated with human or animal wastes. Disease-causing microbes (pathogens) in these wastes can cause diarrhea, cramps, nausea, headaches, or other symptoms. These pathogens may pose a special health risk for infants, young children, and people with severely compromised immune systems.

⁶ Lead and copper are regulated by a Treatment Technique that requires systems to control the concentrations of their water. If more than 10% of tap water samples exceed the action level, water systems must take additional steps. For copper, the action level is 1.3 mg/L, and for lead is 0.015 mg/L.

⁷ Each water system must certify, in writing, to the state (using third-party or manufacturer's certification) that when acrylamide and epichlorohydrin are used in drinking water systems, the combination (or product) of dose and monomer level does not exceed the levels specified, as follows: Acrylamide = 0.06% dosed at 1 mg/L (or equivalent); Epichlorohydrin = 0.01% dosed at 20 mg/L (or equivalent)

National Secondary Drinking Water Regulations

National Secondary Drinking Water Regulations (NSDWRs or secondary standards) are non-enforceable guidelines regulating contaminants that may cause cosmetic effects (such as skin or tooth discoloration) or aesthetic effects (such as taste, odor, or color) in drinking water. EPA recommends secondary standards to water systems but does not require systems to comply.

Aesthetics Based (non-enforceable) Standards	
Contaminant	Secondary Standard
Aluminum	mg/L
Chloride	250 mg/L
Color	15 (color units)
Copper	1.0 mg/L

Corrosivity	noncorrosive
Fluoride	2.0 mg/l
Foaming Agents	0.5 mg/l
Iron	0.3 mg/L
Manganese	0.05 mg/l
Odor	3 threshold odor number
pH	6.5-8.6
Silver	0.10 mg/L
Sulfate	250 mg/L
Total Dissolved Solids	500 mg/l
Zinc	5 mg/l

RWE Order Requirement #7 and Condition #35

<u>KAWC Operational Measures</u>	<u>2002</u>	<u>2003</u>
1. Number of water service interruptions (boil water advisories):	163	161
2. Average # customers impacted from water service interruptions:	22.14	22.53
3. Average length of time of water service interruption (loss of water):	3.11 hrs.	2.62 hrs.
4. Number of Customer Complaints from PSC:	26	20
5. Average Response Time to Answer Phones: At KAWC location (1/1/03-10/16/03) At Call Center location (10/17-12/31/03)	66 sec	162.2 sec 29.07 sec.
6. Number of customer calls:	168,441	189,688

TABLE OF CONTENTS

FINANCIAL SECTION	Page	WATER OPERATING SECTION	Page
Identification	4-6	Water Operating Revenue	30
Comparative Balance Sheet - Assets and Other Debits	7-8	Water Utility Expense Accounts	31
Comparative Balance Sheet - Equity Capital and Liabilities	9-10	Pumping and Purchased Water Statistics	32
Comparative Operating Statement	11-12	Sales for Resale	33
Statement of Retained Earnings	13	Water Statistics	33
Utility Plant	14	Plant Statistics	34 - 52
Accumulated Depreciation	14		
Water Utility Plant Accounts	15 & 15A		
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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.)

Kentucky-American Water Company

2. Give the location including city, street and number, of the executive office.

2300 Richmond Road
Lexington, Kentucky 40502

3. Give the location, including street and number, and telephone number of the principal office in Kentucky.

Same as above

4. Name and address of principal officer within Kentucky.

Roy W. Mundy, II, President
2300 Richmond Road, Lexington, KY. 40502
(606) 268 - 6320

5. Give name, title address and telephone number of the officer to whom correspondence concerning this report should be addressed.

Michael C. Miller
1325 Virginia Avenue
(304) 340-2009

6. Date of organization. February 27, 1882.

7. Under the laws of what Government, State or Territory organized? (If more than one, name all. Give reference to each statute and amendments thereof.)

Incorporated as Lexington Hydraulic & Manufacturing Company by Acts of General
Assembly of the Commonwealth of Ky. Chap 22, Approved February 27, 1882.

8. If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same.

The Articles of Incorporation of Lexington Hydraulic and Manufacturing Company were amended 10/20/1922 to change name to Lexington Water Company. By Agreement of Consolidation dated 9/15/1927, Lexington Water Company and Blue Grass State Water Company were consolidated into one corporation known as the Lexington Water Company. The Articles of Incorporation of the Lexington Water Company were amended 3/30/1973 to change name to Kentucky-American Water Company.

9. Date and authority for each consolidation and each merger.

October 20, 1922 - Name change by amendment of Articles of Incorporation
September 15, 1927 - Agreement of Consolidation
March 30, 1973 - Name change by amendment of Articles of Incorporation

10. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual.

Corporation

11. If a reorganized company, give name of original corporation, refer to laws under which it was organized and the occasion for the reorganization.

See No. 8, above

12. Name all other operating departments.

None

13. Name of counties in which you furnish water service.

Bourbon, Fayette, Harrison, Scott, Clark, Woodford, Gallatin, Grant and Owen counties. In addition the company sells water for resale to customers in Bourbon, Jessamine, Scott, and Woodford counties.

REPORT OF
KENTUCKY-AMERICAN WATER COMPANY

For Year Ended December 31, 2003

Location where books and records are located:

2300 Richmond Rd.
Lexington, KY 40502

Contacts:

Name	Title	Principal Business Address	Salary Charged Utility
Send correspondence to: Roy W. Mundy II	President	2300 Richmond Road Lexington, KY 40502-1308	XXXXXXXXXXXX
Report prepared by: Basil J. D'Antonio	Rate Team Lead	3906 Church Rd. Mt. Laurel, NJ 08054	XXXXXXXXXXXX
Officers & Managers: Roy W. Mundy II	President	2300 Richmond Road Lexington, KY 40502-1308	\$ 163,027
Nick O. Rowe	Vice President Operations	2300 Richmond Road Lexington, KY 40502-1308	\$ 139,270
Thomas Bailey	Assistant Comptroller	1325 Virginia Street Charleston, WV 25301	ALLOCATED
Michael C. Miller	Vice President, Treasurer & Comptroller	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Roy L. Ferrell, Sr.	Assistant Treasurer	1325 Virginia Street Charleston, WV 25301	ALLOCATED
Herbert A. Miller, Jr.	Vice President, & Secretary	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Nancy Strickland	Assistant Secretary Assistant Treasurer	1325 Virginia Street Charleston, WV 25301	ALLOCATED
Stephen Chambers	Assistant Secretary	1325 Virginia Street Charleston, WV 25301	ALLOCATED
Rachel S. Cole	Assistant Comptroller	2300 Richmond Road Lexington, KY 40502-1308	\$ 59,570
James R. Hamilton	Assistant Treasurer	1325 Virginia Street Charleston, WV 25301	ALLOCATED
John G. Easlick	Assistant Comptroller	1025 Laurel Oak Rd. Voorhees, NJ	ALLOCATED
Benjamin J. Tartaglia, Jr.	Assistant Comptroller	1025 Laurel Oak Rd. Voorhees, NJ	ALLOCATED
Doneen S. Hobbs	Assistant Comptroller	3906 Church Rd. Mt. Laurel, NJ 08054	ALLOCATED
John R. Reynolds	Assistant Comptroller	3906 Church Rd. Mt. Laurel, NJ 08054	ALLOCATED
Thomas C. Spitz	Assistant Comptroller	3906 Church Rd. Mt. Laurel, NJ 08054	ALLOCATED
Robin N. Quinn	Assistant Comptroller	3906 Church Rd. Mt. Laurel, NJ 08054	ALLOCATED

Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
American Water Works Company, Inc.	100%	1025 Laurel Oak Road P.O.Box 1770, Voorhes, NJ 08043	N/A

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY PLANT			
101-106	Utility Plant	14	260,727,496	274,117,539
108-110	Less: Accumulated Depreciation and Amortization	16	(54,242,814)	(59,283,171)
	Net Plant		206,484,682	214,834,368
114-115	Utility Plant Acquisition			
	Adjustments (Net)	17	449,752	428,141
116	Other Utility Plant Adjustments			
	Total Net Utility Plant		206,934,434	215,262,509
	OTHER PROPERTY AND INVESTMENTS			
121	Nonutility Property		249,738	249,738
122	Less: Accumulated Depreciation and Amortization			
	Net Nonutility Property			
123	Investment in Associated Companies	18		
124	Utility Investments	18		
125	Other Investments	18		
126-127	Special Funds	18		
	Total Other Property & Investments		249,738	249,738
	CURRENT AND ACCRUED ASSETS			
131	Cash		685,920	999,314
132	Special Deposits			
133	Other Special Deposits			
134	Working Funds		12,600	2,400
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	19	2,405,789	3,831,272
145	Accounts Receivable from Associated Companies		49,685	2,383,785
146	Notes Receivable from Associated Companies			
151-153	Materials and Supplies	20	464,909	442,869
163	Misc Deposits		1,000	1,000
165	Prepayments		115,809	11,891
171	Accrued Interest and Dividends Receivable			
172	Rents Receivable			
173	Accrued Utility Revenues		2,117,835	3,759,672
174	Misc. Current and Accrued Assets		349,804	500,756
	Total Current and Accrued Assets		6,203,351	11,932,959

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	21	785,873	692,207
182	Extraordinary Property Losses	21		
183	Preliminary Survey & Investigation Charges		1,604,520	1,486,553
184	Clearing Accounts			
185	Temporary Facilities			
186	Misc. Deferred Debits	20	11,046,080	11,292,693
187	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes	21		
	Regulatory Assets		4,696,734	4,785,393
	Total Deferred Debits		18,133,207	18,256,846
	TOTAL ASSETS AND OTHER DEBITS		231,520,730	245,702,052

NOTES TO THE BALANCE SHEET

See attached audited financial statements for notes related to Balance Sheet items.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	22	36,568,776	36,568,776
204	Preferred Stock Issues	22	6,910,000	6,052,800
202,205	Capital Stock Subscribed		0	0
203,206	Capital Stock Liability for Conversion		0	0
207	Premium on Capital Stock		21,329	30,489
209	Reduction in Par or Stated Value of Capital Stock			
210	Gain on Resale or Cancellation of Reacquired Capital Stock			
211	Other Paid-In Capital			
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	13	25,177,597	26,304,493
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
	Total Equity Capital		68,677,702	68,956,558
LONG-TERM DEBT				
221	Bonds	24	68,500,000	68,500,000
222	Reaquired Bonds			
223	Advances from Associated Companies			
224	Other Long-Term Debt			
	Total Long-Term Debt		68,500,000	68,500,000
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		421,477	2,733,664
232	Notes Payable	25	14,648,828	17,173,237
233	Accounts Payable to Associated Co	25	102,361	1,144,102
234	Current Long Term Debt	25	0	0
235	Customer Deposits		6,910	6,560
236	Accrued Taxes	26	99,584	2,197,787
237	Accrued Interest	27	1,456,725	1,456,724
238	Accrued Dividends		34,759	0
239	Matured Long-Term Debt			
240	Matured Interest			
241	Tax Collections Payable		321,662	439,388
242	Miscellaneous Current and Accrued Liabilities	27A	1,659,375	1,931,681
	Total Current and Accrued Liabilities		18,751,682	27,083,144

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED CREDITS			
251	Unamortized Premium on Debt	21		
252	Advances for Construction	22	11,047,336	12,506,787
253	Other Deferred Credits		2,513,873	3,282,044
255	Accumulated Deferred Investment Tax Credits		1,641,676	1,556,324
	Total Deferred Credits		15,202,884	17,345,155
	OTHER NON-CURRENT LIABILITIES			
	Accumulated Provision for:			
261	Property Insurance			
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves			
266	Rate Refunds			
	Total Other Non-Current Liabilities			
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions in Aid of Construction	28	34,596,898	37,588,532
	Tap-on Fees - Customers			
	Federal Grants in Aid of Construction			
	Other			
272	Accumulated Amortization of Contributions in Aid of Construction	28	(5,459,706)	(6,335,848)
	Total Net C.I.A.C.		29,137,192	31,252,684
	ACCUMULATED DEFERRED INCOME TAXES			
281	Accumulated Deferred Income Taxes			
	Accelerated Depreciation			
282	Accumulated Deferred Income Taxes			
	Liberalized Depreciation			
283	Accumulated Deferred Income Taxes		31,251,269	32,564,511
	Other			
	Total Accumulated Deferred Income Taxes		31,251,269	32,564,511
	TOTAL EQUITY CAPITAL AND LIABILITIES		231,520,730	245,702,052

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues	30	43,595,516	42,764,618
401	Operating Expenses	31	20,015,603	20,750,039
403	Depreciation Expenses		5,617,872	5,821,578
406	Amortization of Utility Plant Acquisition Adjustment		21,944	21,611
407	Amortization Expense		730,405	678,765
408.1	Taxes Other Than Income		2,201,297	2,595,827
409.1	Income Taxes		1,220,721	2,319,072
410.10	Deferred Federal Income Taxes		2,585,145	1,111,691
410.11	Deferred State Income Taxes		452,313	269,387
410.12	Deferred Local Income Taxes			
411.10	Provision for Deferred Income Taxes Credit			
412.10	Investment Tax Credits Deferred to Future Periods			
412.11	Investment Tax Credits Restored to Operating Income		(84,797)	(85,352)
	Utility Operating Expenses		32,760,503	33,482,618
	Utility Operating Income		10,835,013	9,282,000
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) from Disposition of Utility Property		0	725
	Total Utility Operating Income		10,835,013	9,282,725
	OTHER INCOME AND DEDUCTIONS			
415	Revenues from Merchandising, Jobbing and Contract Deductions		116,258	451,506
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		(118,333)	(455,133)
419	Interest & Dividend Income		10,305	20
420	Allowance for Funds Used During Construction		652,328	655,695
421	Nonutility Income			
426	Miscellaneous Nonutility Expenses		(557,519)	(323,553)
	Total Other Income and Deductions		103,039	328,535

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income			
409.20	Income Taxes		(128,425)	(141,183)
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes Credit			
412.20	Investment Tax Credits - Net			
412.21	Investment Tax Credits Restored to Nonoperating Income			
	Total Taxes Applicable to Other Income		(128,425)	(141,183)
	INTEREST EXPENSE			
427	Interest Expense		4,956,808	4,628,555
428	Amortization of Debt Discount & Exp.		86,563	77,828
429	Amortization of Premium on Debt			
	Total Interest Expense		5,043,371	4,706,383
	EXTRAORDINARY ITEMS			
433	Extraordinary Income			
434	Extraordinary Deduction			
409.30	Income Taxes, Extraordinary Items			
	Total Extraordinary Items			
	NET INCOME		6,023,106	5,046,060

STATEMENT OF RETAINED EARNINGS

1. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share.		
2. Show separately the state and federal income tax effect of items shown in Account No. 439.		
ACCT. NO. (a)	(b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year	25,177,597
	Changes to account:	
	Adjustments to Retained Earnings (requires Commission Approval prior to use):	
	Credits _____	
	Total Credits _____	
	Debits _____	
	Total Debits _____	
435	Balance Transferred from Income	
	Water	5,046,060
	Sewer	(4,634)
436	Appropriations of Retained Earnings:	

	Total Appropriations of Retained Earnings _____	
437	Dividends Declared:	
	Preferred Stock Dividends Declared _____	513,293
	Common Stock Dividends Declared _____	3,401,238
	Total Dividends Declared _____	3,914,531
	Balance end of year _____	1,126,895
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	

	Total Appropriated Retained Earnings _____	
	Total Retained Earnings	26,304,493
Notes to Statement of Retained Earnings:		

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	269,266,225
102	Utility Plant Leased to Others (Regulatory Asset - AFUDC-Debt)	272,637
103	Property Held for Future Use	114,076
104	Utility Plant Purchased or Sold	
105	Construction Work in Progress	4,417,165
106	Completed Construction Not Classified	(3,397)
	Total Utility Plant	274,066,706

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION		
Balance first of year		
Credit during year:		54,242,814
	Accruals Charged to Account 108.1	6,699,631
	Accruals Charged to Account 108.2	
	Accruals Charged to Account 108.3	
	Accruals Charged to Other Accounts (specify)	

	Salvage	13,454
	Other Credits (specify):	

	Total Credits	60,955,899
Debits during year:		
	Book Cost of Plant Retired	1,329,011
	Cost of Removal	343,716
	Other Debits (specify):	

	Total Debits	1,672,727
Balance end of year		59,283,172

WATER UTILITY PLANT ACCOUNTS

ACCT. NO.	ACCOUNT NAME	PREVIOUS YEAR	ADDITIONS	RETIREMENTS	CURRENT YEAR	INTANGIBLE PLANT	SOURCE OF SUPPLY & PUMPING PLANT	WATER TREATMENT PLANT	TRANS. & DISTRIBU. PLANT	GENERAL PLANT
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
301	Organization	23,020			23,020	23,020				
302	Franchises	70,261			70,261	70,261				
303	Land and Land Rights	4,035,478	97,752	175	4,133,055		94,930	68,164	3,645,902	324,059
304	Structures and Improvements	18,581,376	470,431	63,378	18,988,429		5,125,518	7,961,565	728,558	5,172,788
305	Collecting & Impounding Reservoirs	1,013,271			1,013,271		1,013,271			
306	Lake River & Other Intakes	581,930			581,930		581,930			
307	Wells & Springs	0			0		0			
308	Infiltration Galleries & Tunnels	0			0		0			
309	Supply Mains	5,084,342			5,084,342		5,084,342			
310	Power Generation Equipment	558,194	14,111	27	572,278		572,278			
311	Pumping Equipment	10,018,567	135,430	65,006	10,088,991		10,088,991			
320	Water Treatment Equipment	22,383,710	1,491,186	36,944	23,837,952			23,837,953		
330	Distribution Reservoirs & Standpipes	6,000,133		29,652	5,970,481				5,970,481	
331	Transmission & Distribution Mains	122,056,336	7,246,260	48,141	129,254,455				129,254,455	
333	Services	25,658,466	2,334,490	40,216	27,952,740				27,952,740	
334	Meters and Meter Installations	17,547,885	1,779,245	578,028	18,749,102				18,749,102	
335	Hydrants	7,445,502	558,972	4,262	8,000,212				8,000,213	
339	Other Plant and Miscellaneous Equipment	740,702			740,702	740,702				
340	Office Furniture and Equipment	4,368,647	3,365,251	393,033	7,340,865					7,340,865
341	Transportation Equipment	2,163,863	8,929	55,761	2,117,031					2,117,031
342	Stores Equipment	35,547			35,547					35,547
343	Tools, Shop and Garage Equipment	790,747			790,747					790,747
344	Laboratory Equipment	872,027			872,027					872,027
345	Power Operated Equipment	527,243	20,755		547,998					547,998
346	Communication Equipment	1,810,786	45,154		1,855,940					1,855,939
347	Miscellaneous Equipment	457,611	73,448	14,388	516,671					516,670
348	Other Tangible Plant	128,178			128,178					128,178
	Total Water Plant	252,953,822	17,641,413	1,329,011	269,266,224	833,983	22,561,260	31,867,681	194,301,451	19,701,849

SEWER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIRE-MENTS (e)	CURRENT YEAR (f)	1. INTAN- GIBLE PLANT (g)	2. SOURCE OF SUPPLY & PUMPING PLANT (h)	3. WATER TREATMENT PLANT (i)	4. TRANS. & DISTRIBU. PLANT (j)	5. GENERAL PLANT (k)
311	Structures and Improvements	40,127			40,127		40,127			
363	Electric Pumping Equipment	10,708			10,708		10,708			
	Total Sewer Plant	50,835	0	0	50,835	0	50,835	0	0	0

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT 2003

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR			CHARGES DURING THE YEAR		BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	OTHER CHARGES (g)		
301	Organization						0	
302	Franchises	58,778					58,778	
303	Limited Term Interest in Land and Land Rights	1,639					1,464	
304	Structures and Improvements	3,103,645	392,180		175	88,683	3,343,764	
305	Collecting and Impounding Reservoirs	222,228	22,283				244,511	
306	Lake River and Other Intakes	56,902	12,507				69,409	
307	Wells and Springs						0	
308	Infiltration Galleries and Tunnels						0	
309	Supply Mains	632,691	56,414				689,105	
310	Power Generating Equipment	191,172	18,806		27		209,951	
311	Pumping Equipment	3,367,115	368,735		65,006	11,758	3,659,086	
320	Water Treatment Equipment	8,721,729	938,940		36,944	10,965	9,612,761	
330	Distribution Reservoirs and Standpipes	1,689,269	131,950		29,652	16,831	1,774,736	
331	Transmission and Distribution Mains	15,377,244	1,471,464		48,141	57,778	16,742,788	
333	Services	8,593,392	1,118,180		40,216	116,666	9,554,689	
334	Meters & Meter Installations	3,791,877	481,512		578,028	40,090	3,655,271	
335	Hydrants	1,672,959	196,666		4,262		1,865,364	
339	Other Plant and Miscellaneous Equipment	152,741	60,107				212,848	
340	Office Furniture and Equipment	3,290,403	775,723		393,033		3,673,093	
341	Transportation Equipment	1,287,141	306,750	13,454	55,761	1,010	1,550,574	
342	Stores Equipment	21,597	1,379				22,976	
343	Tools, Shop and Garage Equipment	367,801	56,120				423,921	
344	Laboratory Equipment	237,475	95,362				332,837	
345	Power Operated Equipment	328,633	49,035		14,388		363,280	
346	Communication Equipment	183,617	86,882				270,499	
347	Miscellaneous Equipment	107,175	22,430				129,605	
348	Other Tangible Plant	213,867	26,766				240,633	
	Boonesboro Acquisition	447,969					447,969	
	Subtotal	54,119,059	6,690,191	13,454	1,329,011	343,782	59,149,910	
	Acc Depr Reg Asset	68,989	6,900				75,889	
	Acc Amort UPIS	7,673					7,673	
	TOTALS	54,195,721	6,697,091	13,454	1,329,011	343,782	59,233,472	

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance first of year	0
Credit during year:	
Accruals Charged to Account 110.1	
Accruals Charged to Account 110.2	
Other Credits (specify)	

Total Credits	0
Debits during year:	
Book Cost of Plant Retired	
Other Debits (specify)	

Total Debits	0
Balance end of year	0

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
Boonesboro Water Association	148,965
Tri-Village	334,694

Total Plant Acquisition Adjustments	483,659
Accumulated Amortization (115)	
Amortization Boones boro Water Association	(55,518)

Total Accumulated Amortization	(55,518)
Net Acquisition Adjustments	428,141

adjustment of 2 years worth of amtz for Tri

-Village

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):		

Total Investment in Associated Companies:		
UTILITY INVESTMENTS (ACCT. 124):		

Total Utility Investments		
OTHER INVESTMENTS (ACCT. 125):		

Total Other Investments		
SPECIAL FUNDS (ACCTS. 126 & 127):		

Total Special Funds		

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION		TOTAL
ACCOUNTS & NOTES RECEIVABLE:		
Customer Accounts Receivable (Acct. 141)		2,849,893
Other Accounts Receivable (Acct. 142)		
	<u>1,052,195</u>	
		<u>1,052,195</u>
Notes Receivable (Acct. 144)		
Total Accounts and Notes Receivable		3,902,088
Accumulated Provision for Uncollectible Accounts (Acct. 143):		
Balance first of year	<u>(66,969)</u>	
Add: Provision for uncollectibles for current year	<u>0</u>	
Collections of accounts previously written off	<u>(93,499)</u>	
Utility Accounts	<u>(94,715)</u>	
Others	<u>0</u>	
Total Additions	<u>(255,183)</u>	
Deduct accounts written off during year:	<u>184,367</u>	
Utility Accounts		
Other		
Total accounts written off		
Balance end of year		<u>(70,816)</u>
Total Accounts and Notes Receivable - Net		3,831,272

MATERIALS AND SUPPLIES (151 - 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151)	442,869
Merchandise (Account 152)	
Other Materials and Supplies (Account 153)	
Total Materials and Supplies	442,869

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance	451
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	
Other Prepayments (Specify)	
Misc Deposits	
PWC Audit Fees	(14,065)
JDE Maintenance Fees	14,383
Microsoft Fees	5,632
Line of Credit Fees	5,489
Lotus Notes Fees	0
Total Prepayments	11,891

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1)	0
Other Deferred Debits (Acct. 186.2)	11,292,693
Total Miscellaneous Deferred Debits	11,292,693

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
Series 8.50%	933	18,582
Series 7.21%	0	0
Series 6.96%	2,330	46,414
Series 6.79%	6,488	10,813
Series 7.15%	2,429	56,068
Series 6.99%	3,262	79,643
Series 6.87%	62,494	453,079
Preferred Stock Series 7.9%	15,251	0
Preferred Stock Series 8.47%	771	25,375
Series 5.65%	600	2,233

Total Unamortized Debt Discount and Expense	94,557	692,207
Unamortized Premium on Debt (Acct. 251):		

Total Unamortized Premium on Debt		

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	

Total Extraordinary Property Losses	

ACCUMULATED DEFERRED INCOME TAXES (ACCT. 190)

DESCRIPTION	TOTAL
Accumulated Deferred Income Taxes (Acct. 190):	
Federal (190.1)	
State (190.2)	
Local (190.3)	
Total Accumulated Deferred Income Taxes	

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
Balance first of year	11,047,336
Add credits during year	3,626,171
Deduct charges during year	2,166,720
Balance end of year	12,506,787

CAPITAL STOCK (ACCTS. 201 - 204)

(a)	COMMON STOCK (b)	PREFERRED STOCK (c)
Par or stated value per share	NO PAR	100
Shares authorized	2,000,000	85,000
Shares issued and outstanding	1,567,391	60,528
Total par value of stock issued	36,568,776	6,052,800
Dividends declared per share for year	2.17	8.48

BONDS (ACCT. 221)

Line No.	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Held by or for Respondent (3)	Actually Outstanding At Close of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1						
2						
3	13,000,000	13,000,000	0	0	0	0
4	7,000,000	7,000,000	0	7,000,000	487,200	487,200
5	5,500,000	5,500,000	0	5,500,000	373,450	373,450
6	7,500,000	7,500,000	0	7,500,000	536,250	536,250
7	9,000,000	9,000,000	0	9,000,000	629,100	629,100
8	15,500,000	15,500,000	0	15,500,000	1,064,850	1,064,850
9	24,000,000	24,000,000	0	24,000,000	740,693	
10						
Total	81,500,000	81,500,000	0	68,500,000	3,831,543	3,090,850

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1						
2		12/1/2002	7.21%	-	0	-
3		12/1/2023	6.96%	7,000,000		7,000,000
4		9/1/2005	6.79%	5,500,000		5,500,000
5		2/1/2027	7.15%	7,500,000		7,500,000
6		6/1/2028	6.99%	9,000,000		9,000,000
7		3/29/2011	6.87%	15,500,000		15,500,000
8		6/12/2007	5.65%	24,000,000		24,000,000
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
			Total	68,500,000	0	68,500,000

NOTES PAYABLE (ACCOUNTS 232 & 234)

(a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	AMOUNT OF PAYMENT (e)	
Account 232 - Notes Payable:					17,173,237
Total Account 232					17,173,237
Account 234 - Notes Payable to Associated Companies: Current Portion of Long Term Debt					
Total Account 234					

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)

SHOW PAYABLE TO EACH ASSOCIATED COMPANY SEPARATELY	AMOUNT
American Water Works Service Co., Inc.	1,144,102
Total Account 233	1,144,102

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year	99,584
	Accruals Charged:	
408.10	Utility regulatory assessment fees	82,876
408.11	Property taxes	2,080,743
408.12	Payroll taxes	522,962
408.13	Other taxes and licenses	3,343
408.20	Taxes other than income, other income and deductions	43,472
409.10	Federal income taxes	1,825,036
409.11	State income taxes	494,036
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	1,111,691
410.11	Deferred state income taxes	269,387
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(85,352)
412.20	ITC - Net nonutility operators	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes accrued	6,348,194
	Taxes paid during year:	
408.10	Utility regulatory assessment fees	82,876
408.11	Property taxes	1,957,655
408.12	Payroll taxes	492,422
408.13	Other taxes and licenses	3,343
408.20	Taxes other than income, net change in sales tax accruals	38,062
409.10	Federal income taxes	89,894
409.11	State income taxes	290,013
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	1,111,691
410.11	Deferred state income taxes	269,387
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(85,352)
412.20	ITC - Net nonutility operators	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes paid	4,249,991
	Balance end of year	2,197,788

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Account No. 237.1 - Accrued Interest on Long-Term Debt:	1,456,725	4,446,850	4,446,850	1,456,725
Total Acct. No. 237.1	1,456,725	4,446,850	4,446,850	1,456,725
Account No. 237.2 - Accrued Interest on Other Liabilities:				
Notes Payable (ST Bank)	0	0	0	0
Miscellaneous Notes Payable	0	0	0	0
Total Acct. No. 237.2	0	0	0	0
Total Acct. No. 237	1,456,725	4,446,850	4,446,850	1,456,724

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
Accrued Water	19,480
Accrued Power	0
Accrued Wages	354,435
Accrued Insurance	(97,241)
Accrued Rents	12,000
Accrued Preferred Dividend Requirements	69,128
Accrued Bank Fees	0
Accrued Credit Line Fees	0
Accrued Vacation Payable	471,278
Withheld Payroll - Insurance Premium	0
Withheld Payroll - Union Dues	(16)
Withheld Payroll - Savings Bonds	300
Withheld Payroll - Charitable Contributions	0
Withheld Payroll - Savings Account	0
Withheld Payroll - Credit Union	0
Withheld Payroll - Miscellaneous	888
Withheld Payroll - Flexible Spending Accounts	1,242
Construction Costs Payable	0
Unclaimed Credits	22,422
Unclaimed Extension Deposit Refunds	23,460
Contract Liab Property Purchase Payments	0
Withheld Payroll - 401k	53,642
Accrued 401k Expense	21,948
Bank Clearing	1,114,242
Accrued Unbilled Items	82,361
Unbilled Stock E	16,198
Unbilled Stock C	22,115
Accrued ESOP Contribution	16,705
Withheld Payroll - ESOP	5,085
Withheld Payroll - Garnishment	0
Withheld Payroll - Tax Coll Pay LIT	10,861
CFO - Mgmt Contracts	(538,948)
Other Current Liabilities Analyzed	250,075
Accrued Legal	21
Total Miscellaneous Current and Accrued Liabilities	1,931,681

**REGULATORY COMMISSION EXPENSE - AMORTIZATION
OF RATE CASE EXPENSE (ACCOUNTS 666 & 667)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCOUNT NO.186.1 (c)	CHARGED OFF DURING YEAR	
			ACCT. (d)	AMOUNT (e)
Rate Case Expense	0	0	666.8	0
Cost of Service Study	0	0	666.8	8,141
Total	0	0		8,141

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271 and ACCOUNT 272)

DESCRIPTION	TOTAL
Balance first of year	34,596,898
Add credits during year	3,008,130
Deduct charges during year	16,496
Balance end of year	37,588,531
Less Accumulated Amortization	6,335,848
Net Contributions in Aid of Construction	31,252,684

**RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

1. The reconciliation should include the same detail as furnished on Schedule M-1 of the Federal tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State name of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

DESCRIPTION	REF.	AMOUNT
Net income for the year		
Reconciling items for the year:		
Taxable income not reported on books:		
<u>SEE ATTACHED</u>		
Deductions recorded on books not deducted for return:		
Income recorded on books not included in return:		
Deduction on return not charged against book income:		
Federal tax net income		0
Computation of tax:		
0	<u>Account</u>	<u>Amount</u>
35.00%	409.1	
<u>0</u>	409.2	
	0	

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61-0485002
ProvisionKentucky-American Water Company
Current Federal Provision
200302/19/2004
9:01:42AM

Line	Description	Current Year Provision
1.	Net Income per Books	5,041,429
2.	Federal Income Tax Accrual	2,737,123
3.	State & Local Income Tax Accrual	736,492
4.	Foreign Tax Accrual	
5.	Pre-Tax Book Income	8,515,044
6.	Excluded Income	
7.	Permanent Differences	
	JE#: P005 Meals and Entertainment	14,991
	JE#: P035 Amortization of Preferred Stock Expense	16,022
	JE#: P040 Lobbying Expenses	108,210
	<i>Total Permanent Differences</i>	139,223
8.	Financial Taxable Income	8,654,267
9.	Temporary Differences	
	JE#: T005 Uncollectible Accounts	3,847
	JE#: T010 Vacation Pay	-31,443
	JE#: T015 Customer Deposits	-350
	JE#: T020 Taxable Contributions (CIAC 1)	191,440
	JE#: T040 Rate Case Expense	-5,572
	JE#: T045 Depreciation and Amortization (Depr 1)	-1,565,697
	JE#: T048 Reg Asset - AFUDC Debt (Depr 4)	6,900
	JE#: T060 Gains and Losses (Disp 1)	-725
	JE#: T062 Abandonment Losses (Disp 3)	-1,659,274
	JE#: T070 Amortization of UPAA	21,611
	JE#: T095 Cost of Service Study	8,141
	JE#: T122 Incentive Plan (Incen 3)	-1
	JE#: T124 Incentive Plan (Incent 5)	10,260
	JE#: T131 Regulatory Pension (Pension 2)	253,643
	JE#: T132 Regulatory Pension (Pension 3)	134,021
	JE#: T141 Accrued OPEB (OPEB 2)	198,551
	JE#: T145 AFUDC (AFUDC 1)	-396,468
	JE#: T146 AFUDC - Equity CWIP (AFUDC 2)	-182,224
	JE#: T147 Amortization of Regulatory Asset (AFUDC 3)	25,728
	JE#: T160 Deferred Maintenance (Maint 1)	345,150
	JE#: T165 Miscellaneous Deferred Debits (Misc 1)	833,139
	JE#: T167 Miscellaneous Deferred Credits (Misc 3)	-194,825
	JE#: T185 Deferred Security Costs	-951,887
	JE#: T186 Deferred Customer Service Center Costs	-29,987
	JE#: T187 Deferred Financial Services Costs	150,511
	<i>Total Temporary Differences</i>	-2,835,511

<u>Line</u>	<u>Description</u>	<u>Current Year Provision</u>
10.	Capital Loss Carryforward Generated <utilized>	
11.	Contribution Carryforward Generated <utilized>	
12.	Foreign Tax Deducted	
13.	Federal Taxable Income Before SIT	
14.	State Income Tax Deduction	5,818,756
15.	Federal Taxable Income Before NOL and DRD	<u>-512,959</u>
16.	Net Operating Loss (NOL) Deduction	5,305,797
17.	Dividends Received Deduction (DRD)	
18.	Federal Taxable Income	<u>5,305,797</u>
19.	Federal Income Tax Before Credits	<u>1,857,029</u>
20.	Credits:	
21.	Foreign Tax Credit	
22.	General Business Credit	
23.	Credit for Prior Year Minimum Tax	
24.	Other Credits	
25.	Additional Taxes:	
26.	Alternative Minimum Tax	
27.	Recapture Taxes	
28.	Other Additional Taxes	
29.	Federal Income Tax Payable	<u>1,857,029</u>
30.	Provision Adjustments	276
31.	Federal Income Tax Expense	<u>1,857,305</u>

WATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues			
460	Unmetered Water Revenue			
461	Metered Water Revenue:			
461.1	Sales to Residential Customers	95,576	97,718	22,404,675
461.2	Sales to Commercial Customers	8,067	8,250	10,911,472
461.3	Sales to Industrial Customers	16	16	1,433,785
461.4	Sales to Public Authorities			
461.5	Sales to Multiple Family Dwellings			
461.6	Sales through Bulk Loading Stations			16,503
	Total Metered Sales	103,659	105,984	34,766,435
462	Fire Protection Revenue:			
462.1	Public Fire Protection	36	36	1,828,600
462.2	Private Fire Protection	1,496	1,183	839,932
	Total Fire Protection Revenue	1,532	1,219	2,668,532
464	Other Sales to Public Authorities	470	487	3,485,270
465	Sales to Irrigation Customers			
466	Sales for Resale	9	9	822,706
467	Interdepartmental Sales			
	Total Sale of Water	105,670	107,699	41,742,943
	Other Water Revenues:			
470	Forfeited Discounts			
471	Miscellaneous Service Revenues			140,431
472	Rents from Water Property			88,100
473	Interdepartmental Rents			
474	Other Water Revenues			793,144
475	Provision for Rate Refunds			
	Total Other Water Revenues			1,021,675
	Total Water Operating Revenues			42,764,618

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	WATER EXPENSE ACCOUNT MATRIX								
			.1 SOURCE OF SUPPLY EXPENSES-OPERATION (d)	.2 SOURCE OF SUPPLY EXPENSES-MAINTEN. (e)	.3 WATER TREATMENT EXPENSES-OPERATION (f)	.4 WATER TREATMENT EXPENSES-MAINTEN. (g)	.5 TRANS. & DISTRIB. EXPENSES-OPERATION (h)	.6 TRANS. & DISTRIB. EXPENSES-MAINTEN. (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINISTRATIVE & GENERAL EXPENSES (k)	
601	Salaries & Wages - Employee ok	5,188,518	0	56,528	1,266,901	120,563	1,061,917	643,781	1,107,316	931,512	
603	Salaries & Wages - Officers, Directors & Majority Stockholders ok	66,564									
604	Employee Pensions & Benefits ok	2,596,106								66,564	
610	Purchased Water ok	310,942	310,942								
615	Purchased Power ok	1,972,881	99,126								
616	Fuel for Power Production ok	1,058	1,058								
618	Chemicals ok	1,349,308									
620	Materials and Supplies	720,721	89	196,686	26,523	114,351	43,383	244,630	3,572	91,486	
631	Contractual Services - Eng	325									
632	Contractual Services - Acct	22,522									
633	Contractual Services - Legal	91,662									
634	Contractual Services - Management Fees	3,024,275									
635	Contractual Services - Other	469,780	10,568	0	146,318	0			(128,990)	3,006,946	
641	Rental of Bldg./Real Property	10,561			111,135			32,335	105,364	210,379	
642	Rental of Equipment	31,677			894			5,541		5,020	
650	Transportation Expenses	408,268	7		503	73		3,709	2,393	24,681	
656	Insurance - Vehicle ok	3,838						2,526	622	404,537	
657	Insurance - General Liability ok	228,736								3,838	
658	Insurance - Worker's Compensation ok	52,445								228,736	
659	Insurance - Other ok	174,864								52,445	
660	Advertising Expense	105,581								174,864	
666	Regulatory Commission Expense - Amortization of Rate Ca ok	246								105,581	
667	Regulatory Commission Expense - Other ok	19,850								246	
670	Bad Debt Expense	184,497									
675	Miscellaneous Expenses	3,714,813	20,275	57,754	353,923	196,704	192,860	236,977	184,497	1,830,779	
	Total Water Utility Expenses	20,750,039	442,084	310,969	5,128,787	431,690	1,342,746	1,125,388	2,100,315	9,868,079	

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January	24,391	1,557,129	1,581,520	835,945
February	12,779	1,088,401	1,101,180	897,207
March	15,652	1,341,421	1,357,073	1,099,273
April	11,167	1,071,273	1,082,440	912,444
May	11,682	1,120,174	1,131,856	984,655
June	14,957	1,402,264	1,417,221	1,120,771
July	10,573	1,157,136	1,167,709	1,112,565
August	10,849	1,256,761	1,267,610	1,195,393
September	14,637	1,616,155	1,630,792	1,415,540
October	8,302	877,273	885,575	1,127,729
November	11,652	1,072,717	1,084,369	1,159,003
December	15,623	769,120	784,743	653,962
Total for year	162,264	14,329,824	14,492,088	12,514,487
Maximum gallons pumped by all methods in any one day (Omit 000's):				61,370
Date <u>7/8/2003</u>				
Minimum gallons pumped by all methods in any one day (Omit 000's):				29,480
Date <u>12/25/03</u>				
If water is purchased for resale, indicate the following:				
Vendor: <u>Winchester Municipal Utilities City of Owenton</u>				
Point of Delivery: <u>4 meter locations in Clark County City of Owenton</u>				
If water is sold to other water utilities for redistribution, list names of such utilities below:				
<u>CITY OF MIDWAY</u>				
<u>CITY OF NORTH MIDDLETOWN</u>				
<u>CITY OF VERSAILLES</u>				
<u>LEXINGTON SOUTH ELKHORN WATER DISTRICT (2)</u>				
<u>SPEARS WATER COMPANY (2)</u>				
<u>GEORGETOWN MUNICIPAL WATER AND SEWER SERVICE</u>				
<u>HARRISON COUNTY WATER DISTRICT (NEW AS OF OCT 2001)</u>				

SALES FOR RESALE (466)

LINE #	COMPANY	1,000 GALLONS	AVG. RATE (CENTS)	AMOUNT
1	CITY OF MIDWAY	72,440	2.02	146,534
2	CITY OF NORTH MIDDLETOWN	77,005	2.02	155,575
3	CITY OF VERSAILLES	15,768	2.44	38,541
4	JESSAMINE SOUTH ELKHORN WATER DIST (2 ACCTS)	204,879	2.04	417,619
5	SPEARS WATER COMPANY	149	11.31	1,688
6	GEORGETOWN MUNICIPAL WATER AND SEWER SERVICE	1,887	4.68	8,828
7	HARRISON COUNTY WATER DISTRICT (NEW AS OF OCT. 200	29,359	2.08	61,103
8	TOTAL	401,486	2.07	829,887
WATER STATISTICS				
LINE #	ITEM	1,000 GALLONS		
1	WATER PRODUCED AND PURCHASED:			
2	Water Produced	14,329,824		
3	Water Purchased	162,264		
4	TOTAL PRODUCED AND PURCHASED	14,492,088		
5				
6	Water Sales:			
7	Residential	5,652,381		
8	Commercial	4,057,474		
9	Industrial	819,246		
10	Bulk Loading Station	92,750		
11	Resale	401,401		
12	Other Sales - Public Authority	1,491,235		
13	TOTAL WATER SALES	12,514,487		
14				
15	OTHER WATER USED:			
16	Utility/ Water Treatment	0		
17	Wastewater Plant			
18	System Flushing			
19	Fire Department			
20	Other (Construction, Flushing, Disinfection, Etc.)	220,522		
21	OTHER WATER USED	220,522		
22				
23	Water Loss	1,757,079		
24				
25	TOTAL OTHER WATER USED	1,977,601		
26				
27	Water Loss Percentage:	12.1%		

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS
AS OF DECEMBER 31, 2003**

Provide the following information:

1. Number of public fire hydrants, by size.
2. Number of private fire hydrants, by size.
3. Whether water supply is river, impounded streams, wells, springs, artificial lake or collector type well.
4. Whether supply is by gravity, pumping, or a combination.
5. Type, capacity, and elevation of reservoirs at overflow and ground level.
6. Miles of main by size and kind.
7. Types of filters: gravity or pressure, number of units, and total rated capacity in gallons per minute.
8. Type of chlorinators, number of units and capacity in pounds per 24 hours.
9. Station equipment. List each pump separately, giving type and capacity and H.P. of driving unit and character of driving unit (steam, electric, or internal combustion). State whether pump is high or low duty.
10. Quantity of fuel used: coal in pounds, gas in cu.ft., oil in gallons, and electric in kWh.
11. Give a description and total cost of any sizable additions or retirements to plant in service outside the normal system growth for the period covered by this report.
12. Capacity of clear well.
13. Peak month, in gallons of water sold.
14. Peak day, in gallons of water sold.

PLEASE REFER TO PAGES 35 THROUGH 54.

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 1 THROUGH 4)
AS OF DECEMBER 31, 2003**

1) Number of public fire hydrants:

Fayette County	6,474
Scott County	171
Clark County	5
Bourbon County	28
Woodford County	4
Total Public	<u><u>6,682</u></u>

2) Number of private fire hydrants:

Fayette County	669
Scott County	68
Clark County	-
Bourbon County	-
Woodford County	4
Total Private	<u><u>741</u></u>

3) Source of water supply:

Kentucky-American Water Company's major source of supply is the Kentucky River, located twelve miles southeast of downtown Lexington. The company also utilizes Lake Ellerslie which impounds West Hickman Creek and Jacobson Reservoir which impounds East Hickman Creek.

4) Method of water supply:

Water from the Kentucky River is pumped up a 400 foot cliff through three water lines to the adjacent treatment facility (Kentucky River Station). Raw water from the Kentucky River can also be pumped to Jacobson Reservoir or directly to the Richmond Road Station. The impounded waters of Jacobson Reservoir are pumped to a treatment facility in Lexington (Richmond Road Station). Lake Ellerslie, located adjacent to the Richmond Road Station, is used only as a standby supply.

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2003**

5) Reservoir Statistics:

Greater Fayette System

Tates Creek Tank - 500,000 Gallon Elevated		
Foundation Elevation		1,037.00
Overflow Elevation		1,185.25
York Street Tank - 1,000,000 Gallon Ground Storage		
Foundation Elevation		965.50
Overflow Elevation		1,000.50
Cox Street Tank - 1,000,000 Gallon Ground Storage		
Foundation Elevation		967.00
Overflow Elevation		1,002.50
Cox Street Tank - 1,000,000 Gallon Elevated		
Foundation Elevation		957.00
Overflow Elevation		1,117.00
Mercer Road Tank - 2,000,000 Gallon Elevated		
Foundation Elevation		982.00
Overflow Elevation		1,107.00
Parkers Mill Road Tank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		985.50
Overflow Elevation		1,025.50
Hume Road Rank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		943.50
Overflow Elevation		979.50
Hall Tank - 210,000 Gallon Standpipe		
Foundation Elevation		1,025.00
Overflow Elevation		1,115.00
Muddy Ford Tank - 750,000 Gallon Elevated		
Foundation Elevation		1,008.50
Overflow Elevation		1,130.00
Sadieville Tank - 380,000 Gallon Standpipe		
Foundation Elevation		920.00
Overflow Elevation		992.00
Clays Mill Tank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		985.50
Overflow Elevation		1,022.50

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2003**

5) Reservoir Statistics (cont'd.):

Briar Hill Tank - 750,000 Gallon Elevated	
Foundation Elevation	1,012.00
Overflow Elevation	1,150.00

Owen County System

Long Ridge Tank - 100,000 Gallon Standpipe	
Foundation Elevation	965.00
Overflow Elevation	1,043.60

Glencoe Tank - 100,000 Gallon Standpipe	
Foundation Elevation	793.00
Overflow Elevation	820.30

Sparta Tank - 50,000 Gallon Standpipe	
Foundation Elevation	640.00
Overflow Elevation	663.00

Brombley Tank - 177,000 Gallon Standpipe	
Foundation Elevation	908.00
Overflow Elevation	1,015.00

Hesler Tank - 237,000 Gallon Standpipe	
Foundation Elevation	953.00
Overflow Elevation	1,055.00

Monterey Tank - 117,000 Gallon Standpipe	
Foundation Elevation	600.00
Overflow Elevation	652.00

Wheatley Tank - 186,000 Gallon Standpipe	
Foundation Elevation	908.26
Overflow Elevation	1,015.00

Elk Lake Tank - 100,000 Gallon Standpipe	
Foundation Elevation	910.50
Overflow Elevation	1,015.00

New Columbus Tank - 229,000 Gallon Standpipe	
Foundation Elevation	909.5
Overflow Elevation	1021.5

KENTUCKY-AMERICAN WATER
 PLANT STATISTICS (ITEM 6)
 AS OF DECEMBER 31, 2003

1 OF 3

SIZE	KIND	CENTRAL DIVISION NORTHERN DIVISION LEASED SYSTEM		
		FEET (MILES)	FEET (MILES)	FEET (MILES)
36	RW LJ	256		
		0.048		
36	DI	368		
		0.070		
30	DI	61427		
		11.634		
30	CONC	46152		
		8.741		
30	RW DI	46649		
		8.835		
30	RW CONC	1789		
		0.339		
24	CONC	83387		
		15.793		
24	DI	234652		
		44.442		
20	DI	11611		
		2.199		
20	CONC	18136		
		3.435		
20	RW AC	12116		
		2.295		
20	CI	13901		
		2.633		
20	RW CI	1481		
		0.280		
20	RW DI	0		
		0.000		
20	RW STEEL	520		
		0.098		
14	PEP	3450		
		0.653		
16	DI	2227		
		0.422		
16	CONC	19022		
		3.603		
16	CI	54283		
		10.281		
16	AC	179036		
		33.908		
16	RW CI	14381		
		2.724		
16	RW DI	527		
		0.100		

KENTUCKY-AMERICAN WATER
PLANT STATISTICS (ITEM 6)
 AS OF DECEMBER 31, 2003
KENTUCKY-AMERICAN WATER
PLANT STATISTICS (ITEM 6)
 AS OF DECEMBER 31, 2003

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SIZE	KIND	CENTRAL DIVISION NORTHERN DIVISION LEASED SYSTEM		
		FEET (MILES)	FEET (MILES)	FEET (MILES)
12	CI	273879		
		51.871		
12	AC	287392		
		54.430		
12	DI	494958		
		93.742		
12	PVC	20268		
		3.839		
10	CI	1286		
		0.244		
10	AC	24796		
		4.696		
10	DI	93		
		0.018		
8	CI	480476		
		90.999		
8	AC	804793		
		152.423		
8	PVC	1764160	89020	
		334.121	16.860	
8	DI	402721.5		
		76.273		
6	CI	539453		
		102.169		
6	AC	959793	132000	
		181.779	25.000	
6	PVC	353006.9	115900	87330
		66.857	21.951	16.540
6	DI	167820		910
		31.784		0.172
4	AC	235343	164460	
		44.573	31.148	
4	CI	89843		
		17.016		
4	PVC	34135.1	191010	49408
		6.465	36.176	9.358
4	GAL	1213		
		0.230		
4	DI	42215		520
		7.995		0.098
4	STEEL	60		
		0.011		
3	AC	39900	27000	
		7.557	5.114	

KENTUCKY-AMERICAN WATER
PLANT STATISTICS (ITEM 6)
 AS OF DECEMBER 31, 2003
KENTUCKY-AMERICAN WATER
PLANT STATISTICS (ITEM 6)
 AS OF DECEMBER 31, 2003

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SIZE	KIND	CENTRAL DIVISION NORTHERN DIVISION LEASED SYSTEM		
		FEET (MILES)	FEET (MILES)	FEET (MILES)
3	PVC	147876	174940	
		28.007	33.133	
3	GAL	767		
		0.145		
3	CI	0		
		0.000		
3	STEEL	45		
		0.009		
2.5	PVC	43160		
		8.174		
2.2	CI	77194		
		44.442		
2	CI	74330		
		14.078		
2	PVC	70707	46880	
		3.435	8.879	
2	GAL	14828	15840	
		2.808	3.000	
2	VARIOUS	0		
		0.000		
1.2	CI	2086		
		0.395		
1	PVC	11		
		0.002		
TOTAL		8253980	957050	138168
		1563.254	181.259	26.168

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 7 THROUGH 8)
AS OF DECEMBER 31, 2003**

7) Types of filters:

Kentucky River Station

Type:	Gravity
Units:	10
Capacity Per Unit Per Minute:	0.00278 MG/min
Total Capacity Per Minute:	0.02778 MG/min
DOW Temporary High Rate:	0.0313 MG/min (on peak)

Richmond Road Station

Type:	Gravity
Units:	16
Capacity Per Unit Per Minute:	0.00109 MG/min
Total Capacity Per Minute:	0.01736 MG/min

8) Chlorinators:

Kentucky River Station

Type:	Wallace & Tiernan Model V-2020
Units:	4
Capacity:	3,000 pounds per day
Total Capacity:	12,000 pounds per day

Richmond Road Station

Type:	Wallace & Tiernan Model V-2020
Units:	5
Capacity:	2 @ 3,000 and 3 @ 1,000 pounds per day
Total Capacity:	9,000 pounds per day

TRI-VILLAGE

Long Ridge	Wallace & Tiernan
Hwy. 22 & 127	Wallace & Tiernan

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2003**

9) Station Equipment

***KENTUCKY RIVER STATION
CONDENSED SYSTEM DATA***

- A. PLANT CAPACITY - 40,000,000 gallons
DOW TEMPORARY HIGH RATE - 45,000,000 gallons (on peak)
- B. SOURCE OF SUPPLY - Kentucky River
- C. INTAKE (Low Service) - Kentucky River

Pump No. 1: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258669
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840384
In Service April 1992

Pump No. 2: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)-
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258672
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840380
In Service April 1992

Pump No. 3: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258667
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840383
In Service April 1992

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2003**

C. INTAKE (Low Service) - (Continued)

Pump No. 4: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258668
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840382
In Service February 1992

Pump No. 5: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258670
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840381
In Service February 1992

Pump No. 6: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258671
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840385

D. RAW WATER TRANSFER STATION

Pump No. 8: Patterson Pump, Centrifugal Split Case
Size/ 18x14 MABS
7600 GPM (11 MGD), 315 TDH
Serial No. 91PT16109A14
Purchased in 1992 under BP 91-8 (A-7421)
900 H.P. General Electric Induction Motor
Type K, Frame 8309S
Serial No. 831036
In Service September 1992

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2003**

D. RAW WATER TRANSFER STATION - (Continued)

Pump No. 9: Patterson Pump, Centrifugal Split Case
Size/ 18x14 MABS
7600 GPM (11 MGD), 315 TDH
Serial No. 91PT16108A14
Purchased in 1992 under BP 91-8 (A-7421)
900 H.P. General Electric Induction Motor
Type K, Frame 8309S
Serial No. 831037
In Service September 1992

Tri-Village Pressure Pump

Pump 1 - 127 PACO LC
3070 225 GPM
130 TDH
Electric High Efficiency

Pump 2 - 127 & 22
PACO 3070-7
806 GPM 145 TDH
Electric High Efficiency

E. RAW WATER CONTROL VAULT

The 36-inch raw water line enters the control vault which contains a Pratt Rubber Seated Butterfly, electric operated, size 30-inch serial No. 8-1067-86, year 1991, PSIG MAX, 150. This valve is controlled from the computer located in the control room.

Purchased in 1980 under Work Order No. A-4810

F. CHEMICAL RAPID MIX BASINS

There are two mix tanks. One high energy mix tank equipped with lightning mixer with 50 h.p., U.S. motor drive adjustable speed.

One low energy mix tank equipped with 15 h.p., U.S. motor drive, adjustable speed. Chlorine, coagulant aid, polyaluminum chloride, carbon ferric chloride, caustic soda, polymer and lime slurry are added to raw water. After mixing, water leaves tanks via two 30 inch mains to the ten (10) Aldrich units.

Purchased in 1980 under Work Order No. A-4810

G. ALDRICH UNITS

Ten Aldrich Units (hydrotreaters) equipped with automatic sludge removal and mixed media filters and equipped with Dorr-Oliver variable frequency drives. Each unit 69' 8-inches in diameter and 17' 9-inches high.

1, 2, 3, 4 - Purchased in 1958 under Work Order No. A-521

5, 6 - Purchased in 1966 under Work Order No. A-1919

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2003**

G. ALDRICH UNITS - (Continued)

7,8 - Purchased in 1970 under Work Order No. A-2535

9, 10 - Purchased in 1980 under Work Order No. A-4808

H. FILTERS (outside portion of Aldrich Units)

Total of ten filters. 4 MGD rating. 720 square feet of filter area per unit. 40 MGD total.

All filters are equipped with surface wash capability; chlorine and filter aid can be applied to the settled water prior to filtration.

volts. Purchased in 1958 under Work Order No. A-665. Pumps to two ground storage tanks with 0.53 MG of capacity.
tanks with 0.53 MG of capacity.

I. CLEARWELLS

Ammonia, zinc orthophosphate, caustic soda and hydrofluorosilicic acid are applied to the filtered water just prior to the clearwells.

One concrete clearwell located under control building. (0.485 MG capacity).

Purchased in 1958 under Work Order No. A-746

One concrete clearwell located under control building. (.490 MG) and is connected to first clearwell by (2) 36-inch sluice gates and (1) 48-inch sluice gate.

Purchased in 1970 under Work Order No. A-2537

One above ground steel clearwell 110' in diameter by 30' high holding 2.0 MG is connected to No. 1 and No. 2 well by 24-inch pipeline.

Purchased in 1982 under Work Order No. A-4806

J. CLEARWELL TRANSFER PUMP

Pump used to fill No. 3 clearwell, Allis Chalmers vertical pump model 500, 3500 GPM (5 MGD) vs. 25' TDH, GE motor, 40 h.p., 460 volts.

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2003

K. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 10, Peerless discharge, flung bowls, 3 stage, 5560 GPM (8.0 MGD) vs. 380' TDH, Siemaen electric motor, 700 h.p., 4160 volts.

Purchased in 1988 under Work Order No. A-6425

- 2) H.S. Pump No. 11, Patterson vertical turbine, PVT, Size/Type-19 RMC, 5556 G.P.M. (8 MGD), 380' TDH, U.S. Electric Motor, 700 H.P., 4160-volt, 1780 R.P.M. (Purchased in 1998 under BP 98-03, W.O. No. A-8919)

- 3) H.S. Pump No. 12, DeLaval Pump, 2 stage, 5600 GPM (8.5 MGD) vs. 380' TDH, Ideal motor, 700 h.p., 4160 volts. (Purchased in 1966 under Work Order No. A-1872).

- 4) H.S. Pump No. 13, DeLaval P16/14D, 7000 GPM (10 MGD), vs. 380' TDH, Continental Electric motor, 800 h.p., 4160 volts. (Purchased in 1966 under Work Order No. A-1967).

- 5) H.S. Pump No. 14 - Peerless vertical turbine, 24 MA/H X B, 7000 GPM (10 MGD) vs. 380' TDH, Westinghouse motor, 800 h.p., 4160 volts. (Purchased in 1970 under Work Order No. A-2536).

- 6) H.S. Pump No. 15 - Allis Chalmers vertical turbine, H20 x 16, VTMC-7, 7000 GPM (10 MGD) vs. 380' TDH, Continental electric motor, 900 h.p., 4160 volts.

Purchased in 1981 under Work Order No. A-4812.

L. STANDBY EQUIPMENT

H.S. Pump No. 15 - Allis Chalmers vertical turbine VTMC-7, 7000 GPD (10 MGD) vs. 380' TDH, diesel driven by Detroit Diesel V-16, through a right angle drive, 765 h.p. (Purchased in 1981 under Work Order No. A-4804).

Emergency Generator No. 1 - Detroit Diesel, 4 Cyl., 90 k.w., 480 volts. (Purchased in 1981 under Work Order No. A-4805).

Emergency Generator No. 2 - Detroit Diesel, 4 Cyl, 75 k.w., 480 volts. (Purchased in 1981 under Work Order No. A-4811).

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2003**

M. IN-PLANT MONITORING EQUIPMENT

Level	- Kentucky River
Chemtrac Streaming Current Monitor	- Treated Water
PH	- Treated Water - Distributed Water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Chlorine Residual	- Treated Water (After Rapid Mix) - Entrance to Clearwell - Distributed Water
Turbidity	- Raw Water - Each Filter - Distributed Water
SCADA	- Intake Pumps - Raw Water Flow Control - Transfer Pumps - Supernatant Pit Pumps - Filter Backwash Water Handling System - Filter Operations - Dechlorination System - Distributed Water Venturis - Chemical Feed Systems - Clearwell Levels
Particle counter, Particle Measuring System	- Each Filter - Entrance to Clearwell - Distributed Water - Treated Water

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2003**

**RICHMOND ROAD STATION
CONDENSED SYSTEM DATA**

- A. PLANT CAPACITY - 25,000,000 gallons
- B. SOURCE OF SUPPLY - Kentucky River
Jacobson Reservoir - 745 MG
Lake Ellerslie Reservoir - 88.7 MG
- C. INTAKE (Low Service)
- 1) Kentucky River - See Plant Statistics (Item 9.C Intake <LOW SERVICE> -Kentucky River Station)
 - 2) Jacobson Reservoir
 - a. L.S. Pump Unit No. 1, DeLaval A-1018L, 2800 GPM (6 MGD) vs. 110' TDH, Westinghouse motor, 100 h.p., 440 volts. (Purchased in 1966 under Work Order No. A-2050).
 - b. L.S. Pump Unit No. 2, DeLaval A-1018L, 2800 GPM (6 MGD), vs. 110' TDH, Westinghouse motor, 100 h.p., 440 volts. (Purchased in 1966 under Work Order No. A-2050).
 - c. L.S. Pump Unit No. 3, Allis Chalmers Model. 205-848-503. 8350 GPM (16.1 MGD) vs. 180' TH, Ideal motor, 400 h.p., 2300 volts. (Purchased in 1956 under Work Order No. A-472).
 - d. Aeration System
Two (2) Ingersoll-Rand rotary screw air compressors with capacities of 117 CFM and 30 HP each supply the aeration system for Jacobson Reservoir. The aerator lines consist of two runs of tubing, 3,600 feet each, complete with buoyancy hose.
 - 3) Lake Ellerslie Reservoir
 - a. L.S. Pump Unit No. 5, Ingersoll-Rand 12 AFV, 4160 GPM (6 MGD) vs. 50' TH, GE motor, 60 h.p., 440 volts. (Purchased in 1948 under Work Order No. E-152).
 - b. L.S. Pump Unit No. 4, DeLaval 250544, 2800 GPM (4 MGD) vs. 50' TH, GE motor, 40 h.p., 440 volts. (Purchased in 1938).

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2003**

D. JACOBSON RESERVOIR INTAKE

The 24-inch line from the Jacobson Reservoir intake feeds a 16-inch, 20-inch, and a 24-inch main which, in turn, feeds to the suction side of the Jacobson Reservoir L.S. pumps, 1, 2, and 3. Also connected into the 24-inch line is a 30-inch raw water line from the Kentucky River.

The Lake Ellerslie Reservoir intake has two (2) 24-inch lines leaving the intake to feed the suction of L.S. pumps No. 4 and 5. From the discharge side two (2) lines go to the chemical feed vault, a 12-inch and 20-inch. Potassium permanganate is added to the raw water at the intake for taste and odor control.

E. INFLUENT RAW WATER VAULT

The 30-inch, 20-inch and 16-inch raw water mains from Jacobson Reservoir combine into one (1) 24-inch main inside the plant property. The 24-inch main goes through a vault which has a flow controller.

Treatment chemicals are added at the influent of each sedimentation basin.

F. RAPID MIX FLOCCULATORS AND SEDIMENTATION BASINS

There are two (2) - 1.5 MG concrete settling basins each equipped with rapid mix at the point of application and eight (8) flocculators in each chamber passage directly in front of the Riffle plate aerators. Water is carried to these basins by a 30-inch and 24-inch main. Water departs these basins in a 30-inch main which splits into two 24-inch mains which loop the filter building. At the rapid mix, aluminum sulfate, caustic, ferric chloride, carbon, cationic polymer, and chlorine are applied.

G. FILTERS

A total of 16 filters rated at 1.56 MGD each, 20' x 17' or 340 sq. ft. each, with Leopold bottoms and air wash backwash. The media consists of 24 inches of granular activated carbon and six inches of sand. Filter aid can be applied to each filter when necessary.

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2003**

G. FILTERS - (Continued)

One wash pump, Allis Chalmers Model C-3. 1000 GPM (1.44 MGD) vs. 90' TH, GE motor, 20 h.p., 440 volts which pumps to a steel 50,000 gallon wash water tank, 24' in diameter by 14' 10 - 1/2 inch high. The filter water gravity drips into a 0.6 MG clearwell under the filter building and flows by gravity through two 30-inch mains to a below-ground concrete clearwell of 0.45 MG capacity. Caustic soda, hydrofluorosilicic acid, ammonia, and zinc orthophosphate are added to the filtered water prior to entering the 0.45m clearwell. Chlorine is added prior to and after the 0.6 MG clearwell.

H. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 8, Ingersoll Rand, 2780 GPM (4.0 MGD) vs. 240' TH, Continental motor, 200 h.p., 460 volts. (Purchased in 1955 under Work Order No. A-452).
- 2) H.S. Pump No. 7, DeLaval, 8333 GPM (12.0 MGD) vs. 240' TH, Continental motor, 500 h.p., 460 volts. (Purchased in 1955 under Work Order No. A-452).
- 3) H.S. Pump No. 6, DeLaval, 4520 GPM (6.5 MGD) vs. 190' TH, Continental motor, 250 h.p., 460 volts. (Purchased in 1953 under Work Order No. A-252).

I. HIGH SERVICE PUMPS WITH STANDBY DIESEL EQUIPMENT

- 1) H.S. diesel driven pump No. 9, Patterson Pump, 4862 GPM (7.0 MGD) VS 235, Cummins diesel 372 HP. (Purchased in 1993 under Work Order No. A-7322).
- 2) H.S. diesel driven pump No. 11, Peeriess, 2800 GPM (4.03 MGD) vs. 220' TH, 180 h.p. diesel driver. (Purchased in 1965 under Work Order No. A-1784).
- 3) H.S. diesel driven pump No. 10, DeLaval, 3850 GPM (5.54 MGD) vs 231' TH, GM diesel, 580 h.p., or electric driven by Continental motor, 250 h.p., 460 volts. (Purchased in 1988 under Work Order No. A-6424 under BP-84-10).

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2003**

J. STANDBY EQUIPMENT

Emergency Generator No. 1 (High Service Pumps) - GM diesel Model 6151E, 440 volt, 115 KW, 144 KVA.

Emergency Generator No. 2 (Chemical Feed Systems) - Onan Model 250 ODFM17R/3028N, 250 KW, 312.5 KVA, 390 h.p. (Purchased in 1988 under Work Order No. A-6218).

Emergency Generator No. 3 (Sludge Processing Systems) - Onan Model 500, ODFY-4xR/30285E, 500 KW, 625 KVA, 760 h.p. (purchased in 1988 under Work Order No. A-6218).

J. IN-PLANT MONITORING EQUIPMENT

Level	- Jacobson Reservoir
Chemtrac Streaming Current Monitor	- Treated Water
pH	- Treated Water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters (16)	- Filtered Water (each filter)
Chlorine residual analyzers (3)	- Settled Water
	- Entrance to Clearwell
	- Distributed Water
Turbidity	- Jacobson Reservoir
	- Distributed Water
SCADA	- Intake Pumps
	- Raw Water Flow Control
	- Filter Operation
Particle Counts	- Distributed Water
	- Filter Backwash Water handling
	- Distributed Water Venturis
Fluoride	- Distributed Water
	- Chemical Feed Systems
	- Distributed Water @ RRS
	- Distribution System Operation

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2003**

K. SYSTEM STORAGE

Twenty-one (21) storage tanks ranging in size from 100,000 gallons to 3,000,000 gallons with a total storage capacity of 17,860,000 gallons (does not include clearwell storage).

TANK	MG	YEAR
Greater Fayette System		
Tates Creek Road Elevated	0.50	
Cox Street Elevated	1.00	1955
Cox Street Ground	1.00	1948
York Street Ground	1.00	1948
Mercer Road Elevated	2.00	
Parkers Mill Road Ground	3.00	
Sadieville Standpipe	0.38	1975
Hall Standpipe	0.21	
Muddy Ford Standpipe	0.75	1988
Hume Road Ground	3.00	1987
Briar Hill Tank	0.75	1999
Clays Mill Tank	3.00	1996
Owen County System		
Long Ridge	0.10	
Brombley	0.18	
Sparta	0.05	
Glencoe	0.10	
New Wheatley	0.17	
Hesler	0.23	
Monterey	0.12	
Elk Lake	0.10	
New Columbus	0.23	2002
TOTAL TANK STORAGE	17.86	
CLEARWELLS		
Clearwells - KY River Station	1.00	
Clearwells - Richmond Road Station	1.00	
Clearwells - Storage Tank KRS	2.00	
TOTAL TANK/CLEARWELL STORAGE	21.86	

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 10 THROUGH 14)
AS OF DECEMBER 31, 2003**

10) Quantity of Fuel Used:

Coal:	-
Gas:	-
Electricity:	46,066,236 kWh

11) Description of Sizable Plant Additions/Retirements:

No projects started in 2003.

12) Clear Well Capacities:

Kentucky River Station

Clearwell No. 1 - Concrete structure under control building	485,000	Gallons
Clearwell No. 2 - Concrete structure under and adjacent to building	490,000	Gallons
Clearwell No. 3 - Steel above ground reservoir	2,000,000	Gallons

Richmond Road Station

Clearwell No. 1 - Concrete structure underneath filters	600,000	Gallons
Clearwell No. 2 - Concrete structure adjacent to pumping station	450,000	Gallons

13) Peak Month of Water Sold:

September was the peak month for water sold with sales of 1,415,540 gallons. The peak month of system delivery was September with 1,619,181 gallons.

14) Peak Day of Water Sold:

Based on our peak day delivery of 71,820,000 gallons on August 5, 2002 and using an 87.9 % sales/delivery ratio, our estimated peak day sales would be 61,693,380 gallons.

OATH

Commonwealth of Kentucky)
)
County of Fayette)

Michael A. Miller makes oath and says
(Insert here the name of the affiant)

that he is Vice President & Treasurer and Comptroller of
(Insert here the official title of the affiant)

Kentucky-American Water Company
(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from

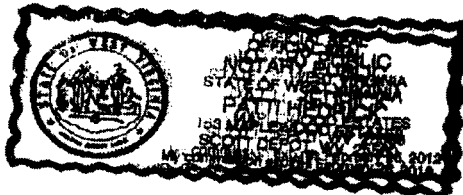
January 1, 20 03, to and including December 31, 20 03

Michael A. Miller
(Signature of official)

Subscribed and sworn to before me, Notary Public, in and for the
State and County above named, this 26 day of March, 20 04

(APPLY SEAL HERE)

My commission expires February 26, 2012



Patti Hedrick
(Signature of officer authorized to administer oaths)