

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

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

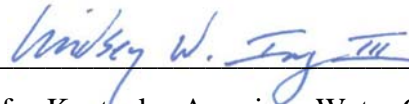
**NOTICE OF CONDITION 34 REPORTS – ANNUAL REPORTS**

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 Condition 34 of the Commission’s Order dated December 20, 2002, in Case No. 2002-00317, herewith give notice of the 2008 Annual Report of RWE AG, which is available at [www.rwe.com](http://www.rwe.com) and attached.

Attached hereto electronically are the Consolidated Cash Flow Statement, Consolidated Balance Sheet and Consolidated Income Statement for RWE AG in euros and dollars. The conversion of these statements to dollars is made pursuant to Condition 27 of the Commission’s Order dated December 20, 2002, in Case No. 2002-00317, and the converted statements should not be used for any other purpose.

Respectfully submitted,

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BY:  \_\_\_\_\_

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Thames Water Aqua Holdings GmbH, Thames  
Water Aqua US Holdings, Inc., RWE AG and  
American Water Works Company, Inc.

**CERTIFICATION**

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. 2002-00317 by electronic mail on March 31, 2009 that the electronic version of this pleading has been transmitted to the Commission and that a paper copy has been served by mail upon:

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Lexington, Kentucky 40507

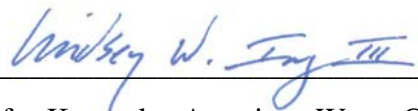
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and that the original and three paper copies have been filed with the Public Service Commission on the 1<sup>st</sup> day of April, 2009.

BY: 

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

**RWE AG, ESSEN, GERMANY**  
**CONSOLIDATED INCOME STATEMENT OF THE RWE GROUP <sup>(1)</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

Exchange rates 1.3917 1.4721 <sup>(2)</sup>

	Euros in millions (except for per share data)		U.S. dollars in millions (except for per share data)	
	December 31 2008	2007	December 31 2008	2007
<b>Revenue (including natural gas tax / electricity tax)</b>	<b>48,950</b>	<b>42,507</b>	<b>68,124</b>	<b>62,575</b>
Natural gas tax / electricity tax	-1,450	-1,454	-2,018	-2,141
<b>Revenue</b>	<b>47,500</b>	<b>41,053</b>	<b>66,106</b>	<b>60,434</b>
Changes in finished goods and work in progress / other own work capitalized	204	128	284	188
Cost of materials	-32,686	-26,533	-45,489	-39,059
Staff costs	-4,415	-3,951	-6,145	-5,816
Depreciation, amortization, and impairment losses	-2,246	-2,257	-3,126	-3,323
Other operating result	-2,470	-2,653	-3,437	-3,905
<b>Income from operating activities of continuing operations</b>	<b>5,887</b>	<b>5,787</b>	<b>8,193</b>	<b>8,519</b>
Income from investments accounted for using the equity method	372	447	518	658
Other income from investments	82	150	114	221
Financial income	1,862	2,430	2,591	3,577
Finance costs	-3,337	-3,568	-4,644	-5,252
<b>Income from continuing operations before tax</b>	<b>4,866</b>	<b>5,246</b>	<b>6,772</b>	<b>7,723</b>
Taxes on income	-1,423	-2,081	-1,980	-3,064
<b>Income from continuing operations</b>	<b>3,443</b>	<b>3,165</b>	<b>4,792</b>	<b>4,659</b>
Income from discontinued operations	-567	-274	-789	-403
<b>Income</b>	<b>2,876</b>	<b>2,891</b>	<b>4,003</b>	<b>4,256</b>
Minority interest	-318	-224	-443	-330
<b>Net income / income attributable to RWE AG shareholders</b>	<b>2,558</b>	<b>2,667</b>	<b>3,560</b>	<b>3,926</b>
	<b>Euros</b>	<b>Euros</b>	<b>U.S. dollars</b>	<b>U.S. dollars</b>
<b>Basic and diluted earnings per common and preferred share</b>	<b>4.75</b>	<b>4.74</b>	<b>6.61</b>	<b>6.98</b>
of which: from continuing operations	5.96	5.23	(8.29)	7.70
of which: from discontinued operations	-1.21	-0.49	-(1.68)	-0.72

(1) Prior-year figures adjusted.

(2) As required by the order all numbers were converted to U.S. dollars using the exchange rates existing at the end of the period.

**RWE AG, ESSEN, GERMANY**  
**CONSOLIDATED BALANCE SHEET OF THE RWE GROUP <sup>(1)</sup>**  
**AS OF DECEMBER 31, 2008**

Exchange rates 1.3917 1.4721 <sup>(2)</sup>

**ASSETS**

	Euros in millions		U.S. dollars in millions	
	December 31 2008	December 31 2007	December 31 2008	December 31 2007
<b>Non-current assets</b>				
Intangible assets	11,202	11,882	15,590	17,492
Property, plant and equipment	21,762	20,038	30,286	29,498
Investment property	180	153	251	225
Investments accounted for using the equity method	3,268	2,421	4,548	3,564
Other non-current financial assets	681	1,011	948	1,488
Accounts receivable and other assets	3,061	3,353	4,260	4,936
Deferred taxes	1,609	2,502	2,239	3,683
	<b>41,763</b>	<b>41,360</b>	<b>58,122</b>	<b>60,886</b>
<b>Current assets</b>				
Inventories	2,540	2,352	3,535	3,462
Trade accounts receivable	10,415	8,816	14,494	12,978
Accounts receivable and other assets	21,018	9,493	29,251	13,975
Marketable securities	7,735	10,858	10,765	15,984
Cash and cash equivalents	1,249	1,922	1,738	2,829
Assets held for sale	8,710	8,619	12,122	12,689
	<b>51,667</b>	<b>42,060</b>	<b>71,905</b>	<b>61,917</b>
	<b>93,430</b>	<b>83,420</b>	<b>130,027</b>	<b>122,803</b>

**EQUITY AND LIABILITIES**

	Euros in millions		U.S. dollars in millions	
	December 31 2008	December 31 2007	December 31 2008	December 31 2007
<b>Equity</b>				
RWE Group interest	11,587	13,925	16,126	20,499
Minority interest	1,553	734	2,161	1,081
	<b>13,140</b>	<b>14,659</b>	<b>18,287</b>	<b>21,580</b>
<b>Non-current liabilities</b>				
Provisions	21,072	21,281	29,326	31,328
Financial liabilities	11,154	10,046	15,523	14,789
Other liabilities	2,984	3,584	4,153	5,276
Deferred taxes	1,583	1,885	2,203	2,774
	<b>36,793</b>	<b>36,796</b>	<b>51,205</b>	<b>54,167</b>
<b>Current liabilities</b>				
Provisions	5,685	5,713	7,912	8,410
Financial liabilities	2,329	3,239	3,241	4,768
Trade accounts payable	11,031	8,054	15,352	11,856
Other liabilities	17,738	9,062	24,686	13,340
Liabilities held for sale	6,714	5,897	9,344	8,682
	<b>43,497</b>	<b>31,965</b>	<b>60,535</b>	<b>47,056</b>
	<b>93,430</b>	<b>83,420</b>	<b>130,027</b>	<b>122,803</b>

(1) Prior-year figures adjusted.

(2) As required by the order all numbers were converted to U.S. dollars using the exchange rates existing at the end of the period.

**RWE AG, ESSEN, GERMANY**  
**CONSOLIDATED CASH FLOW STATEMENT OF THE RWE GROUP <sup>(1)</sup>**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

Exchange rates			1.3917	1.4721 <sup>(2)</sup>
	<b>Euros in millions</b>		<b>U.S. dollars in millions</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Income	2,876	2,891	4,002	4,256
Depreciation, amortization, impairment losses, write-backs	2,381	2,512	3,314	3,698
Changes in provisions	794	425	1,105	625
Changes in deferred taxes / income from disposal of non-current assets and marketable securities/ other non-cash income and expenses	1,115	479	1,552	705
Changes in working capital	1,687	-222	2,348	-327
<b>Cash flows from operating activities of continuing operations</b>	<b>8,853</b>	<b>6,085</b>	<b>12,321</b>	<b>8,957</b>
Cash flows from operating activities of discontinued operations	473		658	
<b>Cash flows from operating activities</b>	<b>9,326</b>	<b>6,085</b>	<b>12,979</b>	<b>8,957</b>
Capital expenditure on non-current assets	-5,609	-4,220	-7,806	-6,212
Proceeds from disposal of non-current assets	1,177	877	1,638	1,291
Changes in marketable securities and cash investments	2,179	-1,140	3,032	-1,678
<b>Cash flows from investing activities of continuing operations (before transfer to contractual trust arrangements)</b>	<b>-2,253</b>	<b>-4,483</b>	<b>-3,136</b>	<b>-6,599</b>
Transfer to contractual trust arrangements	-1,331		-1,853	
<b>Cash flows from investing activities of continuing operations (after transfer to contractual trust arrangements)</b>	<b>-3,584</b>	<b>-4,483</b>	<b>-4,989</b>	<b>-6,599</b>
Cash flows from investing activities of discontinued operations	-767		-1,067	
<b>Cash flows from investing activities</b>	<b>-4,351</b>	<b>-4,483</b>	<b>-6,056</b>	<b>-6,599</b>
<b>Cash flows from financing activities of continuing operations</b>	<b>-5,907</b>	<b>-2,458</b>	<b>-8,221</b>	<b>-3,618</b>
Cash flows from financing activities of discontinued operations	290		404	
<b>Cash flows from financing activities</b>	<b>-5,617</b>	<b>-2,458</b>	<b>-7,817</b>	<b>-3,618</b>
Net cash change in cash and cash equivalents	-642	-856	-894	-1,260
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	-35	-16	-49	-24
Net cash change in cash and cash equivalents from discontinued operations	4		6	
<b>Net change in cash and cash equivalents</b>	<b>-673</b>	<b>-872</b>	<b>-937</b>	<b>-1,284</b>
Cash and cash equivalents at beginning of the reporting period	1,922	2,794	2,675	4,113
<b>Cash and cash equivalents at end of the reporting period</b>	<b>1,249</b>	<b>1,922</b>	<b>1,738</b>	<b>2,829</b>

(1) Prior-year figures adjusted.

(2) As required by the order all numbers were converted to U.S. dollars using the exchange rates existing at the end of the period.