

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, 2002

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	agrees with	8	40			X	Interest Accrued during year is reported by Water Utility.
6	Interest Accrued During Year-Other	agrees with	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		

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

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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 _____

136

, Part time: _____

1 (Water)

PRINCIPAL OFFICERS

Title	Name	Official Address	Annual Salary and/or Fee
President	Roy W. Mundy II	2300 Richmond Road, Lexington Ky 40502	165,893
Vice President - Operations	Nick O. Rowe	2301 Richmond Road, Lexington Ky 40502	133,919
Vice President, Comptroller	Thomas Bailey	1325 Virginia Street, Charleston WV 25301	ALLOCATED
VP and Asssistant 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	57,008
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 2 3	UTILITY PLANT		
4	Utility Plant (101 - 109)	249,931,919	261,177,248
5	Less: Accum. Prov. For Depr. And Amort.		
6	of Utility Plant (110)	48,780,792	54,242,814
7	Net Utility Plant	201,151,127	206,934,434
8 9 10	OTHER PROPERTY AND INVESTMENTS		
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 21 22	CURRENT AND ACCRUED ASSETS		
23	Cash and Working Funds (131)	1,453,181	698,520
24	Temporary Cash Investments (132)		
25	Notes Receivable (141)		
26	Customer Accounts Receivable (142)	1,567,978	1,799,485
27	Other Accounts Receivable (143)	114,437	722,958
28	Accum. Prov. For Uncollectible Accts. - Cr. (144)	(58,142)	(66,969)
29	Notes Receivable from Associated Companies (145)		
30	Accounts Receivable from Associated Companies (146)		
31	Materials and Supplies (150)	361,445	464,909
32	Prepayments (166)	113,848	116,809
33	Other Current and Accrued Assets (170)	281,676	349,804
34	Accrued Utility Revenues	2,136,488	2,117,835
35			
36			
37	Total Current and Accrued Assets (170)	5,970,911	6,203,351
38 39 40	DEFERRED DEBITS		
41	Unamortized Debt Discount and Expenses (181)	871,132	785,873
42	Extraordinary Property Losses (182)		
43	Other Deferred Debits (183)	8,995,101	11,046,080
44	Preliminary Survey & Investigation Charges	1,790,463	1,604,520
45	Reg-Asset-Inc Tax Recoverable thru Rates	4,522,846	4,696,734
46			
47	Total Deferred Debits	16,179,541	18,133,207
48			
49			
50	TOTAL ASSETS AND OTHER DEBITS	223,551,317	231,520,730

BALANCE SHEET

Line No.	LIABILITIES AND OTHER CREDITS	Balance First of Year	Balance Last of Year
1			
2			
3	EQUITY CAPITAL		
4	Common Capital Stock (201)	36,568,776	36,568,776
5	Preferred Capital Stock (204)	6,950,000	6,910,000
6	Other Paid In Capital (207)	21,329	21,329
7	Discount of Capital Stock (213)		
8	Capital Stock Expense (214)		
9	Appropriated Retained Earnings (215)		
10	Unappropriated Retained Earnings (216)	24,407,285	25,177,597
11	Non-Corporate Proprietorship (218)		
12	Total Equity Capita	67,947,390	68,677,702
13			
14	LONG TERM DEBT		
15			
16	Bonds (221)	44,500,000	68,500,000
17	Advances from Associated Companies (223)		
18	Other Long Term Debt (224)		
19	Total Long Term Debt	44,500,000	68,500,000
20			
21	CURRENT AND ACCRUED LIABILITIES		
22			
23	Notes Payable /Long Term Debt (current portion)(231)	37,667,794	14,648,828
24	Accounts Payable (232)	997,843	421,477
25	Notes Payable to Associated Companies (233)		
26	Accounts Payable to Associated Companies (234)	(30,905)	102,361
27	Customer Deposits (235)	43,449	6,910
28	Taxes Accrued (237)	260,586	99,584
29	Interest Accrued (237)	852,579	1,456,725
30	Other Current and Accrued Liabilities (238)	2,459,814	2,015,797
31	Total Current And Accrued Liabilities	42,251,160	18,751,682
32			
33	DEFERRED CREDITS		
34			
35	Advances for Construction (252)	9,365,736	11,047,336
36	Other Deferred Credits (253)	2,051,767	2,513,873
37	Accum. Deferred Investment Tax Credits (255)	1,726,473	1,641,676
38	Total Deferred Credits	13,143,976	15,202,884
39			
40	Operating Reserves (261-265)		
41			
42	Contributions in Aid of Construction (271)	27,516,895	29,137,192
43			
44	ACCUMULATED DEFERRED INCOME TAXES		
45			
46	Accum. Def. Income Taxes - Accel. Amort. (281)		
47	Accum. Def. Income Taxes - Lib. Depr. (282)		
48	Accum. Def. Income Taxes - Other (283)	28,191,897	31,251,269
49	Total Accum. Def. Income Taxes	28,191,897	31,251,269
50	TOTAL EQUITY CAPITAL AND LIABILITIES	223,551,317	231,520,730

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)	47,157
16			
17		NET UTILITY PLANT (to pg. 2, line 7)	3,678

ACCUM. PROV. FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Line No.	Item	Amount
1	Balance Beginning of Year	44,615
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	47,157

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	Retire-ments	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	69,100	6,910,000

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%	859,192
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%	740,693
Total			68,500,000		4,690,735

(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				14,648,828
Total				14,648,828

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)	794,140	4,690,735	4,028,150	1,456,725
Bank Debt (237.2)	58,439	266,073	324,512	(0)
Total	852,579	4,956,808	4,352,662	1,456,725

OTHER CURRENT AND ACCRUED LIABILITIES

Line No.	Sub-Account and Description	Amount
1	Refer to Detail on Attachment 1	2,015,797
2		
3		
4		
5		
6		
7		
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9		
10		
11		
12		
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14		
15		
16		
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18		
19		
20		
21	Total (Must agree with page 3. Line 30, Acct. No. 238)	2,015,797

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

Item (a)	This Year (b)	Last Year (c)
Balance Beginning of Year	24,407,285	22,730,060
Balance Transferred From Income (435) Water	6,023,111	7,038,201
Appropriations of Retained Earnings (436):	(1,337)	(27,982)
Dividends Declared-Preferred Stock (437)	(533,615)	(536,778)
Dividends Declared-Common Stock (438)	(4,717,847)	(4,796,216)
Adjustments to Retained Earnings (439):		
Balance End of Year	25,177,597	24,407,285

**OTHER CURRENT AND ACCRUED LIABILITIES
(DETAIL FOR SCHEDULE ON PAGE 7)**

Line No.	Sub-Account and Description	Amount
1	ACCRUED WATER	35,225
2	ACCRUED POWER	22,743
3	ACCRUED WAGES	141,738
4	ACCRUED INSURANCE	0
5	ACCRUED RENTS	16,600
6	ACCRUED PREFERRED DIVIDEND REQUIREMENTS	30,976
7	ACCRUED BANK FEES	14,578
8	ACCRUED CREDIT LINE FEES	0
9	ACCRUED VACATION PAYABLE	320,326
10	WITHHELD PR-HOSPITAL PREMIUM	0
11	WITHHELD PR-UNION DUES	21
12	WITHHELD PR-SAVINGS BONDS	200
13	WITHHELD PR-CHARITY CONT	0
14	WITHHELD PR-SAVINGS ACCT	0
15	WITHHELD PR-CREDIT UNION	0
16	WITHHELD PR-MISCELLANEOUS	(260)
17	WITHHELD PR-FSA	4,693
18	WITHHELD PR-COLL PAY FIT	6,847
19	CONSTRUCTION COSTS PAYABLE	33,848
20	UNCLAIMED CREDITS	15,220
21	UNCLAIMED EXTENSION DEPOSIT REFUNDS	12,158
22	CONTRACT LIA PROP PURCHASES	0
23	WITHHELD PR-401 K	36,491
24	ACCRUED 401K EXPENSE	8,324
25	BANK CLEARING	599,878
26	ACCRUED UNBILLED ITEMS	8,054
27	UNBILLED STOCK C	71,197
28	UNBILLED STOCK E	67,046
29	ACCRUED ESOP CONTRIBUTION	6,796
30	WITHHELD PR-ESOP	4,808
31	WITHHELD PR-GARNISHMENT	362
32	WITHHELD PR-TAX COLL PAY LIT	491
33	CFO-MGMT CONTRACTS	45,453
34	CFO-SALES TAX	22,698
35	CFO-GROSS RECEIPTS TAX	102,667
36	CFO-MUN TAX	189,450
37	DIVIDENDS DECLARED - PREFERRED	34,759
38	OTHER CURRENT LIABILITIES ANALYZED	162,410
39		2,015,797

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)	79	20,591
10	Commercial Revenues (522.2)	4	5,418
11	Industrial Revenues (522.3)	1	5,425
12	Revenues from Public Authorities (522.4)		
13	Total (522)	84	31,434
14	Revenues from Public Authorities (523)		
15	Revenues from Other Systems (524)		
16	Miscellaneous Sewage Revenues (526)		
17	Total Sewage Service Revenues	84	31,434
18	OTHER OPERATING REVENUES		
19	Customers Forfeited Discounts (532)		
20	Miscellaneous Operating Revenues (536)		
21	Total Other Operating Revenues		0
22	Total Operating Revenues		31,434
23	OPERATING EXPENSES		
24	Total Sewer Operation & Maint. Exp. (from pg. 9. Line 52)		30,229
25	Depreciation Expense (403)		2,542
26	Amortization Expense (404-407 / from pg. 10)		0
27	Taxes Other Than Income Taxes (408.1 / from pg. 10)		0
28	Total Income Taxes - Utility Operating Income (from pg. 10)		0
29	Total Sewage Operating Expenses		32,771
30	Net Operating Income		(1,337)
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		(1,337)

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)	155
7	Pumping System - Labor, Mat'ls. & Expenses (701-B)	
8	Treatment System (701-C):	
9	Sludge Hauling	1,181
10	Utility Service - Water Cost	
11	Other - Labor, Mat'ls. & Expenses (701-A) Testing Fees	5,063
12	Rents (702)	
13	Fuel and Power Purchased for Pumping & Treatment (703)	3,383
14	Chemicals (704)	2,259
15	Miscellaneous Supplies and Expenses (705):	94
16	Collection System (705-A)	
17	Pumping System (705-B)	
18	Treatment and Disposal (705-C)	15,890
19	Total Operation Expenses	28,025
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)	1,177
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	1,177
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)	1,027
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	1,027
51	TOTAL SEWER OPERATION & MAINT. EXP. (to pg. 8. line 24)	30,229
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	
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)	0

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 2002**
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? **5,041,000**
2. Total received on maximum day? **30,000**
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 **2,000 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	79		79
Apartments / Condominiums		Monthly	0
Commercial	4	Monthly	4
Industrial	1	Monthly	1
Other (Specify):			
Total	84		84

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 dully authorized to administer oaths, there personally appeared Nick Rowe
(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 02 to _____ to December 31, 20 02 .

(Signature of affiant)

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

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

(SEAL)