

SCHEDULE E

INCOME TAXES

KENTUCKY-AMERICAN WATER COMPANY

CASE NO: **2004-00103**

Forecasted Test Period: FOR THE TWELVE MONTHS ENDED: NOVEMBER 2005

Base Period: FOR THE TWELVE MONTHS ENDED: JULY 2004

Schedule	Description
E-1.1	Federal Income Tax Calculation
E-1.2	State Income Tax Calculation
E-1.3	Federal Income Tax Calculation
E-1.4	State Income Tax Calculation
E-1.5	Summary of Income Tax Adjustment
E-2	Development of Jurisdictional Income Taxes

For electronic version, see KAW_APP_EX37E_043004.pdf

KENTUCKY-AMERICAN WATER WMPANY
CASE NO: **2004-00103**
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TOTAL COMPANY

DATA: X BASE IOD FC PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKP. INCE NO(S): WIP-6

SCHEDULEE-1.1

PAGE 1 of 2

Witness Responsible: JE. Salsar

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	\$44,246,522	\$0	\$44,246,522
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	20,663,011	0	20,663,011
7	Depreciation & Amortization	6,775,912	0	6,775,912
8	Taxes other than Income	2,628,313	0	2,628,313
9	State Income Taxes - Current	308,428	0	308,428
10	Federal Income Taxes	0	0	0
11				
12	Total operating Expenses before FIT	30,375,664	0	30,375,664
13				
14	operating Income before Federal Income Taxes	13,870,858	0	13,870,858
15	Reconciling Items;			
16	Interest Charges	(4,961,409)	0	(4,961,409)
17	Book Depreciation	6,095,369	0	6,095,369
18	Tax Depreciation	(10,553,970)	0	(10,553,970)
19	Taxable Customer Adv and CIAC	(305,860)	0	(305,860)
20	Other Net	(964,896)	0	(964,896)
21	Reserved	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31				
32	Total Reconciling Items	(10,690,766)	0	(10,690,766)
33				
34	Federal Taxable Income	3,180,092	0	3,180,092
35				
36	Federal Income Tax Rate	35.00%	35.00%	35.00%
37	Federal Income Tax Liability	1,113,032	0	1,113,032
38	Adjustment of Prior Year	146,521	0	146,521
39				
40	Federal Income Taxes - Current	\$966,511	\$0	\$966,511
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43				
44	The Company uses an effective tax rate for budgeting income taxes. The full detail			
45	for the base period reconciling items will not be available until the Company provides			
46	the update to the base period data.			
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TOTAL COMPANY

DATA: BASE PERIOD FORECAST PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.1
PAGE 2 of 2
Witness Responsible: J.E. Salsler

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred Income Taxes:			
4	Def FIT Regulatory Asset/Liability	\$36,031	\$0	\$36,031
5	Def FIT Other	1,810,199	0	1,810,199
6	Def FIT Prior Year Adj.	<u>142,254</u>	<u>0</u>	<u>142,254</u>
7		1,988,484	0	1,988,484
8	Amort Deferred ITC	<u>(79,820)</u>	<u>0</u>	<u>(79,820)</u>
9				
10	Total Deferred Federal Income Taxes	<u>\$1,908,654</u>	<u>0</u>	<u>\$1,908,654</u>
11				
12	Total Federal Income Taxes	<u>\$2,875,175</u>	<u>\$0</u>	<u>\$2,875,175</u>
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KENTUCKY-AMERICAN WATERCOMPANY
CASE NO: **2004-00103**
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: **JULY 31, 2004**
TOTAL COMPANY

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED RE
WORKPAPER REFERENCE NO(S): **WP-6**

SCHEDULE E-1,2
PAGE 1 of 2
WITNESS RESPONSIBLE: **J.E. Salsler**

Line No	Description	At current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	\$44,246,522	\$0	\$44,246,522
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	20,663,011	0	20,663,011
7	Depreciation & Amortization	6,775,912	0	6,775,912
8	Taxes other than Income	2,626,313	0	2,628,313
9	State Income Taxes - Current	0	0	0
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before SIT	30,067,236	0	30,067,236
13				
14	Operating Income before State Income Taxes	14,179,286	0	14,179,286
15	Reconciling Items;			
16	Interest Charges	(4,961,409)	0	(4,961,409)
17	Book Depreciation	6,095,369	0	6,095,369
18	Tax Depreciation	(10,553,970)	0	(10,553,970)
19	Taxable Customer Adv and CIAC	(305,860)	0	(305,860)
20	Other Net	(714,896)	0	(714,896)
21	Reserved	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Total Reconciling Items	(10,440,766)	0	(10,440,766)
33				
34	State Taxable Income	3,738,520	0	3,738,520
35				
36	State Income Tax Rate	8.25%	8.25%	8.25%
37	State Income Tax Liability	308,428	0	308,428
38	Less: Surtax Credit	0	0	4,875
39	State Income Taxes - Current	308,428	0	303,553
40	Less: Prior Year Adjustment	45,854	0	45,854
41		\$262,574	\$0	\$257,699
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICANWATERCOMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2005
TOTAL COMPANY

DATA: ___ BASE PERIOD ___ X FORECASTED PERIOD
TYPE OF FILING: ___ X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.3
PAGE 1 of 2

WITNESS RESPONSIBLE: J.E. Salsner

Line No	Description	At Current Rates Unadjusted		At Proposed Rates Adjustments		Adjusted
1						
2	Operating Revenues	\$43,369,662	\$0	\$43,369,662	\$7,297,443	\$50,667,105
4	Operating Expenses					
5	Operation & Maintenance Expenses	21,910,724	0	21,910,724	36,985	21,947,709
6	Depreciation & Amortization	7,760,916	0	7,760,916	0	7,760,916
7	Taxes other than income	2,712,460	0	2,712,460	13,638	2,726,098
8	State Income Taxes - Current	492,887	0	492,887	587,853	1,080,740
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	32,876,987	0	32,876,987	648,486	33,525,473
12						
13	Operating Income before Federal Income Taxes	10,512,675	0	10,512,675	6,648,957	17,161,632
14	Reconciling items:					
15	Interest charges	(5,325,120)	0	(5,325,120)	0	(5,325,120)
16	Book Depreciation	7,065,762	0	7,065,762	0	7,065,762
17	Tax Depreciation	(9,678,540)	0	(9,678,540)	0	(9,678,540)
18	Non-Deductible Meals	20,760	0	20,760	0	20,760
19	Additional Taxable AFUDC	(256,108)	0	(256,108)	0	(256,108)
20	Deferred Debits	1,260,636	0	1,260,636	0	1,260,636
21	Amortization of UPAA	21,612	0	21,612	0	21,612
22	Deferred Maintenance	483,249	0	483,249	0	483,249
23	Property Losses	656,178	0	656,178	0	656,178
24	Amort Regulatory Assets / Liabilities	25,728	0	25,728	0	25,728
25	Taxable Advancer and CIAC	753,772	0	753,772	0	753,772
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling Items	(4,972,071)	0	(4,972,071)	0	(4,972,071)
32						
33	Federal Taxable Income	5,540,604	0	5,540,604	6,648,957	12,189,561
34						
35	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
36						
37	Federal Income Tax Liability	1,939,212	0	1,939,212	2,327,135	4,266,346
38						
39	Investment Tax Credits	0	0	0	0	0
40						
41	Federal Income Taxes - Current	\$ 1,939,212	\$	\$ 1,939,212	\$ 2,327,135	\$ 4,266,346
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: **NOVEMBER 30, 2005**
TOTAL COMPANY

DATA: ___ BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.3
PAGE 2 of 2
WITNESS RESPONSIBLE: J.E. Salsner

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjustments	Adjusted
1						
2	Deferred Income Taxes					
3	Def FIT Regulatory Asset/Liability	\$88,344	\$0	\$88,344	\$0	588,344
	Def FIT UPIS	558,842	0	558,842	0	558,842
	Def FIT Deferred Maintenance	(155,184)	0	(155,184)	0	(155,184)
	Def FIT Deferred Debits	(405,672)	0	(405,672)	0	(405,672)
7	Def FIT Property Losses	(210,715)	0	(210,715)	0	(210,715)
8	Def FIT Community Education Costs	0	0	0	0	0
		<u>(124,385)</u>	<u>0</u>	<u>(124,385)</u>	<u>0</u>	<u>(124,385)</u>
	Amort Deferred ITC	(84,797)	0	184,797	0	(84,797)
12						
13	Total Deferred Federal Income Taxes	<u>(209,182)</u>	<u>0</u>	<u>(209,182)</u>	<u>0</u>	<u>(209,182)</u>
14						
15	Total Federal Income Taxes	<u>\$1,730,030</u>	<u>\$0</u>	<u>\$1,730,030</u>	<u>\$2,327,135</u>	<u>\$4,057,164</u>
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KENTUCKY-AMERICAN WATERWMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2005
TOTAL COMPANY

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE(S): W.P-6

SCHEDULE E-1.4
PAGE 1 of 2
WITNESS RESPONSIBLE: JE Salsner

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$ 43,389,662	\$	\$ 43,389,662	\$ 7,297,443	\$ 50,667,105
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 21,910,724	\$	\$ 21,910,724	\$ 36,985	\$ 21,947,709
6	Depreciation & Amortization	7,760,916	0	7,760,816	0	7,760,916
7	Taxes other than Income	2,712,460	0	2,712,450	13,638	2,726,098
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 32,384,100	\$	\$ 32,384,100	\$ 50,623	\$ 32,434,723
12						
13	Operating income before Federal Income Taxes	\$ 11,005,562	\$	\$ 11,005,562	\$ 7,246,820	\$ 18,252,382
14	Reconciling Items:					
15	Interest Charges	(5,325,120)	0	(5,325,120)	0	(5,325,120)
16	Book Depreciation	7,065,762	0	7,065,762	0	7,065,762
17	Tax Depreciation	(9,678,540)	0	(9,678,540)	0	(9,678,540)
18	Non-Deductible Meals	20,760	0	20,760	0	20,760
19	Additional Taxable AFUDC	(256,108)	0	(256,108)	0	(256,108)
20	Deferred Debits	1,260,636	0	1,260,636	0	1,260,636
21	Amortization of UPAA	21,612	0	21,612	0	21,612
22	Deferred Maintenance	483,249	0	483,249	0	483,249
23	Property Losses	656,178	0	656,178	0	656,178
24	Amort Regulatory Assets / Liabilities	25,728	0	25,728	0	25,728
25	Community Education Costs	753,772	0	753,772	0	753,772
26	Taxable Advances and CIAC	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling Items	\$ (4,972,071)	\$	\$ (4,972,071)	\$ -	\$ (4,972,071)
32						
33	State Taxable Income	\$ 6,033,491	\$	\$ 6,033,491	\$ 7,246,820	\$ 13,280,311
34						
35	State Income Tax Rate	8.25%	8.25%	8.25%	8.25%	8.25%
36						
37	State Income Tax Liability	\$ 497,763	\$ -	\$ 497,763	\$ 597,863	\$ 1,095,626
38	Less: Surtax Credit	4,876		4,876	0	4,876
39						
40	State Income Taxes - Current	\$ 492,887	\$	\$ 492,887	\$ 597,863	\$ 1,090,750
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KENTUCKY-AMERICAN WATERCOMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2005
TOTAL COMPANY

SCHEDULE E-1.4
PAGE 2 of 2

DATA: ___ BASE ___ MOD ___ X FORECASTED PERIOD
TYPE OF FILING ___ X ORIGINAL ___)
WORKPAPER REFERENCE NO(S): W/P-6 REVISID

WITNESS RESPONSIBLE: JE. Salsler

Line No	Description	At Current Rates Unadjusted	Adjustments	Adjusted	ΔLP Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$45,017	\$0	\$45,017	\$0	\$45,017
4	Def SIT UPLS	143,572	0	143,572	0	143,572
5	Def SIT Deferred Maintenance	(39,870)	0	(39,870)	0	(39,870)
6	Def SIT Deferred Debits	(104,220)	0	(104,220)	0	(104,220)
7	Def SIT Property Losses	(54,135)	0	(54,135)	0	(54,135)
8						
9						
10		<u>(9,636)</u>	<u>0</u>	<u>(9,636)</u>	<u>0</u>	<u>(9,636)</u>
11	Amort Deferred ITC	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12						
13	Total Deferred State Income Taxes	<u>(9,636)</u>	<u>0</u>	<u>(9,636)</u>	<u>0</u>	<u>(9,636)</u>
14						
15	Total Sale Income Taxes	<u>5463,251</u>	<u>\$0</u>	<u>\$483,251</u>	<u>\$597,863</u>	<u>\$1,081,114</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
SUMMARY OF INCOME TAX ADJUSTMENTS
TOTAL COMPANY

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.5
PAGE 1 of 1
WITNESS RESPONSIBLE: J.E. Salsner

Line No.	Reference Base Period	Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3						
4			State Income Taxes			
5	Sch E-1.2	Sch E-1.4	Current	\$262,574	\$ 492,887	\$ 230,313
6	Sch E-1.2	Sch E-1.4	Deferred	260,091	(9,636)	(269,727)
7			Resewed	0	0	0
8			Reserved	0	0	0
9						
10			Total State Income Taxes	<u>\$ 522,665</u>	<u>\$ 483,251</u>	<u>\$ (39,414)</u>
11						
12			Federal Income Taxes			
13	Sch E-1.1	Sch E-1.3	current	\$966,511	\$ 1,939,212	\$ 972,701
14	Sch E-1.1	Sch E-1.3	Deferred	1,988,484	(124,385)	(2,112,869)
15	Sch E-1.1	Sch E-1.3	Deferred - ITC	(79,820)	(84,797)	(4,977)
16			Reserved	0	0	0
17			Reserved	0	0	0
18						
19			Total Federal Income Taxes	<u>\$ 2,875,175</u>	<u>\$ 1,730,030</u>	<u>\$ (1,145,145)</u>
20						
21						
22			Total Income Taxes	<u>\$ 3,397,840</u>	<u>\$ 2,213,281</u>	<u>\$ (1,184,559)</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES
 FOR THE MLVE MONTHS ENDED: NOVEMBER 30, 2005
 TOTAL COMPANY

DATA: BASE PERIOD FORECASTED PERIOD
 TYPE OF FILING: ORIGINAL UPDATED REVISED
 WORKPAPER REFERENCE NO(S):

SCHEDULE E-2
 PAGE 1 of 1
 WITNESS RESPONSIBLE: J.E. Salsler

Line No	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.
 100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: **2004-00103**
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: **JULY 31, 2004**
CENTRAL DIVISION

DATA: BASE PERIOD FIC DASTED PI D
TYPE OF FILING: ORIGINAL UPDATED REVISED
(1) REFERENCE NO(S): W/P-6

SCHEDULE **E-1.1C**
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsler

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	\$43,416,080	\$0	\$43,416,080
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	20,117,049	0	20,117,049
7	Depreciation & Amortization	6,733,572	0	6,733,572
8	Taxes other than Income	2,622,067	0	2,622,067
9	State Income Taxes - Current	301,547	0	301,547
10	Federal income Taxes	0	0	0
11				
12	Total Operating Expenses before FIT	29,774,235	0	29,774,235
13				
14	Operating Income before Federal Income Taxes	13,641,845	0	13,641,845
15	Reconciling Items,			
16	Interest Charges	(4,864,661)	0	(4,864,661)
17	Book Depreciation	6,045,715	0	6,045,715
18	Tax Depreciation	(10,468,483)	0	(10,468,483)
19	Taxable Customer Adv and CIAC	(299,896)	0	(299,896)
20	Other Net	(946,081)	0	(946,081)
21	Reserved	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31				
32	Total Reconciling Items	(10,533,406)	0	(10,533,406)
33				
34	Federal Taxable Income	3,108,439	0	3,108,439
35				
36	Federal Income Tax Rate	35.00%	35.00%	35.00%
37	Federal Income Tax Liability	1,087,954	0	1,087,954
38	Adjustment of Prior Year	143,664	0	143,664
39				
40	Federal Income Taxes - Current	\$944,290	\$0	\$944,290
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: **2004-00103**
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED RE
WORKPAPER REFERENCE NO(S): WP-6

SCHEDULE E-1.1C
PAGE 2 of 2
WITNESS RESPONSIBLE: JE Salsler

Line No.	Description	At Current Rates unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred Income Taxes:			
4	Def FIT Regulatory Asset/Liability	\$35,328	\$0	\$35,328
5	Def FIT Other	1,774,900	0	1,774,900
6	Def FIT Prior Year	<u>139,480</u>	<u>0</u>	<u>139,480</u>
7		1,949,708	0	1,949,708
8	Amort Deferred ITC	<u>(79,820)</u>	<u>0</u>	<u>(79,820)</u>
9				
10	Total Deferred Federal Income Taxes	<u>\$1,869,888</u>	<u>\$0</u>	<u>\$1,869,888</u>
11				
12	Total Federal Income Taxes	<u>\$2,814,178</u>	<u>\$0</u>	<u>\$2,814,178</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2004-00103
STATE INCOME TAX CALCULATION
FORTHETWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.2C
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsar

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	operating Revenues	<u>\$43,416,060</u>	<u>\$0</u>	<u>\$43,416,060</u>
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	20,117,049	0	20,117,049
7	Depreciation & Amortization	6,733,572	0	6,733,572
8	Taxes other than income	2,622,067	0	2,622,067
9	State Income Taxes - Current	0	0	0
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before SIT	<u>29,472,686</u>	<u>0</u>	<u>29,472,668</u>
13				
14	Operating Income before State Income Taxes	13,943,392	0	13,943,392
15	Reconciling Items;			
16	Interest Charges	(4,864,661)	0	(4,864,661)
17	Book Depreciation	6,045,715	0	6,045,715
18	Tax Depreciation	(10,468,483)	0	(10,468,483)
19	Taxable Customer Adv and CIAC	(299,896)	0	(299,896)
20	Other Net	(700,956)	0	(700,956)
21	Reserved	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Total Reconciling items	<u>(10,288,281)</u>	<u>0</u>	<u>(10,288,281)</u>
33				
34	State Taxable income	3,655,111	0	3,655,111
35				
36	state Income Tax Rate	8.25%	8.25%	8.25%
37	state Income Tax Liability	301,547	0	301,547
38	Less: Surtax Credit	0	0	4,875
39	State Income Taxes - Current	301,547	0	296,672
40	Less: Prior Year adjustment	44,960	0	44,960
41		<u>\$256,587</u>	<u>\$0</u>	<u>\$251,712</u>
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43				
44	The Company uses an effective tax rate for budgeting income taxes. The full detail			
45	for the base period reconciling items will not be available until the Company provides			
46	the update to the base period data.			
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KENTUCKY-AMERICAN WATERCOMPANY
CASE NO: **2004-00103**
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

BASE PERIOD FORECASTED PERIOD
 OF FILING: ORIGINAL UPDATED REV. SED
KPAPER REFERENCE NO(S): W/P-6

SCHEDULEE-1.2C
PAGE 2 of 2
WITNESS RESPONSIBLE: JE. Salsler

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Asset/Liability	\$18,667	\$ -	\$ 18,667
5	Def SIT Other	190,886	0	190,886
6	Def SIT Prior Year Adj	45,466	0	45,466
7		<u>255,019</u>	<u>0</u>	<u>255,019</u>
8	Amort Deferred ITC	0	0	0
9		<u>0</u>	<u>0</u>	<u>0</u>
10	Total Deferred State Income Taxes	<u>\$ 255,019</u>	<u>\$ -</u>	<u>\$ 255,019</u>
11				
12	Total State Income Taxes	<u>\$ 511,606</u>	<u>\$ -</u>	<u>\$ 506,731</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-8

SCHEDULE E-1.3C
 PAGE 1 of 2
 WITNESS RESPONSIBLE: JE Salsier

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$42,471,355	\$0	\$42,471,355	\$6,919,910	\$49,391,265
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	21,199,295	0	21,199,295	35,072	21,234,367
6	Depreciation & Amortization	7,646,128	0	7,646,128	0	7,646,128
7	Taxes other than Income	2,652,009	0	2,652,009	12,933	2,664,942
6	State Income Taxes - Current	498,331	0	498,331	566,932	1,065,263
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	31,995,763	0	31,995,763	614,937	32,610,700
12						
13	Operating Income before Federal Income Taxes	10,475,592	0	10,475,592	6,304,973	16,780,565
14	Reconciling items:					
15	Interest charges	(5,213,460)	0	(5,213,460)	0	(5,213,460)
16	Book Depreciation	6,950,974	0	6,950,974	0	6,950,974
17	Tax Depreciation	(9,521,263)	0	(9,521,263)	0	(9,521,263)
18	Non-Deductible Meals	24324	0	20,324	0	20,324
19	Additional Taxable AFUDC	(249,219)	0	(249,219)	0	(249,219)
20	Deferred Debits	1,252,272	0	1,252,272	0	1,252,272
21	Amortization of UPAA	13,248	0	13,246	0	13,246
22	Deferred Maintenance	473,916	0	473,916	0	473,916
23	Property Losses	658,178	0	656,178	0	656,178
24	Amort Regulatory Assets / Liabilities	25,728	0	25,728	0	25,728
25	Taxable Advances and CIAC	715,612	0	715,612	0	715,612
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
26	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling Items	(4,875,690)	0	(4,875,690)	0	(4,875,690)
32						
33	Federal Taxable Income	5,599,902	0	5,599,902	6,304,973	11,904,875
34						
35	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
36						
37	Federal Income Tax Liability	1,959,966	0	1,959,966	2,206,741	4,166,706
36						
39	Investment Tax Credits	0	0	0	0	0
40						
41	Federal Income Taxes - Current	\$ 1,959,966	\$	\$ 1,959,966	\$ 2,206,741	\$ 4,166,706
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: **2004-00103**
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

DATA: _____ BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL _____ UPDATED _____ RE
WORKPAPER REFERENCE NO(S): **W/P-6**

SCHEDULE E-1.3C
PAGE 2 of 2
WKNNESS RESPONSIBLE: JE. Salsler

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjustments	Adjusted
	Deferred Income Taxes:					
	Def FIT Regulatory Asset/Liability	\$88,908	\$0	\$86,908	\$0	\$86,908
	Def FIT UPIS	549,761	0	549,761	0	549,761
	Def FIT Deferred Maintenance	(152,184)	0	(152,184)	0	(152,184)
	Def FIT Deferred Debits	(402,984)	0	(402,984)	0	(402,984)
	Def FIT Property Losses	(210,715)	0	(210,715)	0	(210,715)
8						
9						
10		(129,214)	0	(129,214)	0	(129,214)
11	Amort Deferred ITC	(84,797)	0	(84,797)	0	(84,797)
12						
13	Total Deferred Federal Income Taxes	<u>(214,011)</u>	<u>0</u>	<u>(214,011)</u>	<u>0</u>	<u>(214,011)</u>
14						
15	Total Federal Income Taxes	<u>51,745,955</u>	<u>\$0</u>	<u>\$1,745,955</u>	<u>\$2,206,741</u>	
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

__BASE PERIOD __X__ FORECASTED PERIOD
FILING: __X__ ORIGINAL __ __ UPDATED __ __ REVISED
(REFER REFERENCE NO(S)): W/P-6

SCHEDULE E-1.4C
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsler

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$ 42,471,355	\$ -	\$ 42,471,355	\$ 6,919,910	\$ 49,391,265
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 21,199,295	\$ -	\$ 21,199,295	\$ 35,072	\$ 21,234,367
6	Depreciation & Amortization	7,646,128	0	7,646,128	0	7,646,128
7	Taxes other than Income	2,652,009	0	2,652,009	12,933	2,664,942
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 31,497,432	\$ -	\$ 31,497,432	\$ 48,005	\$ 31,545,437
12						
13	Operating Income before Federal Income Taxes	\$ 10,973,923	\$ -	\$ 10,973,923	\$ 6,871,905	\$ 17,845,828
14	Reconciling Items,					
15	Interest Charges	(5,213,480)	0	(5,213,480)	0	(5,213,480)
16	Book Depreciation	6,950,974	0	6,950,974	0	6,950,974
17	Tax Depreciation	(9,521,263)	0	(9,521,263)	0	(9,521,263)
18	Non-Deductible Meals	20,324	0	20,324	0	20,324
19	Additional Taxable AFUDC	(249,219)	0	(249,219)	0	(249,219)
20	Deferred Debits	1,252,272	0	1,252,272	0	1,252,272
21	Amortization of UPAA	13,248	0	13,248	0	13,248
22	Deferred Maintenance	473,916	0	473,916	0	473,916
23	Property Losses	656,178	0	656,178	0	656,178
24	Amort Regulatory Assets / Liabilities	25,728	0	25,728	0	25,728
25	Taxable Advances and CIAC	715,612	0	715,612	0	715,612
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling Items	\$ (4,875,690)	\$ -	\$ (4,875,690)	\$ -	\$ (4,875,690)
32						
33	State Taxable Income	\$ 6,098,233	\$ -	\$ 6,098,233	\$ 6,871,905	\$ 12,970,138
34						
35	State Income Tax Rate	8.25%	8.25%	8.25%	8.25%	8.25%
36						
37	State Income Tax Liability	\$ 503,104	\$ -	\$ 503,104	\$ 566,932	\$ 1,070,036
38	Less: Surtax Credit	4,773		4,773	0	4,773
39						
40	State Income Taxes - Current	\$ 498,331	\$ -	\$ 498,331	\$ 566,932	\$ 1,065,263
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KENTUCKY-AMERICAN WATERCOMPANY
CASE NO: **2004-00103**
STATE INCOME TAX CALCULATION
FORTHETWELVE MONTHS ENDED: JULY 31,2004
CENTRAL DIVISION

DATA: **BASE PERIOD** X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): **W/P-6**

SCHEDULE **E-1.4C**
PAGE 2 of 2
WITNESS RESPONSIBLE: J.E. **Salsler**

Line No.	Description	At Current Rates Unadjusted		At Proposed Rates Adjustments	Adjusted
1					
2	Deferred Income Taxes'				
3	Def SIT Regulatory Asset/Liability	\$44,285	\$0	\$44,285	\$0
4	Def SIT UPIS	141,239	0	141,239	141,239
5	Def SIT Deferred Maintenance	(39,102)	0	(39,102)	(39,102)
6	Def SIT Deferred Debits	(103,536)	0	(103,536)	(103,536)
7	Def SIT Property Losses	(54,135)	0	(54,135)	(54,135)
8					0
		(11,249)	0	(11,249)	(11,249)
	Amort Deferred ITC	0	0	0	0
	Total Deferred State Income Taxes	(11,249)	0	(11,249)	(11,249)
	Total State Income Taxes	5487,082	\$0	\$487,082	\$5,974,324
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
SUMMARY OF INCOME TAX ADJUSTMENTS
CENTRAL DIVISION

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULEE-1.5C
PAGE 1 of 1
WITNESS RESPONSIBLE: J.E. Salsler

Line NO.	Reference Base Period	Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3						
4			State Income Taxes			
5	Sch E-1.2	Sch E-1.4	Current	\$256,587	\$498,331	\$241,744
6	Sch E-1.2	Sch E-1.4	Deferred	255,019	(11,249)	(266,268)
7			Reserved	0	0	0
8			Reserved	0	0	0
9			Total State Income Taxes	\$ 511,606	\$ 487,082	\$ (24,524)
10						
11						
12			Federal Income Taxes			
13	Sch E-1.1	Sch E-1.3	current	\$944,290	\$1,959,966	\$1,015,676
14	Sch E-1.1	Sch E-1.3	Deferred	1,949,708	(129,214)	(2,078,922)
15	Sch E-1.1	Sch E-1.3	Deferred - ITC	(79,820)	(84,797)	(4,977)
16			Reserved	0	0	0
17			Reserved	0	0	0
18			Total Federal Income Taxes	\$ 2,814,178	\$ 1,745,955	\$ (1,068,223)
19						
20						
21			Total Income Taxes	\$ 3,325,784	\$ 2,233,037	\$ (1,092,747)
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: **2004-00103**
DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE **INCOME TAXES**
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED RE
WORKPAPER REFERENCE NO(S):

SCHEDULE E- 2C
PAGE 1 of 1
WITNESS RESPONSIBLE: J.E. Salsler

Line No	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.
100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATERCOMPANY
CASE NO: **2004-00103**
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: **JULY 31, 2004**
TRJVILLAGE

DATA: BASE PERIOD IS PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): **WP-6**

SCHEDULE E-1.1T
PAGE 1 of 2
WITNESS RESPONSIBLE: **JE Salsler**

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2				
3	Operating Revenues	\$785,938	\$0	\$785,938
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	501,978	0	501,978
7	Depreciation & Amortization	42,340	0	42,340
8	Taxes other than income	6,246	0	6,246
9	State Income Taxes - Current	7,527	0	7,527
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before FIT	558,091	0	558,091
13				
14	Operating Income before Federal income Taxes	227,847	0	227,847
15	Reconciling Items;			
16	Interest Charges	(94,267)	0	(94,267)
17	Book Depreciation	42,340	0	42,340
18	Tax Depreciation	(72,822)	0	(72,822)
19	Taxable Customer Adv and CIAC	(5,811)	0	(5,811)
20	Other Net	(18,333)	0	(18,333)
21	Reserved	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31				
32	Total Reconciling Items	(148,893)	0	(148,893)
33				
34	Federal Taxable Income	78,954	0	78,954
35				
36	Federal Income Tax Rate	35.00%	35.00%	35.00%
37	Federal Income Tax Liability	27,634	0	27,634
38	Adjustment of Prior Year	2,784	0	2,784
39				
40	Federal Income Taxes - Current	24,850	\$0	\$24,850
41				

The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: **2004-00103**
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

TA: **BASE PERIOD** — **FORECASTED PERIOD**
 PEO FILING: **ORIGINAL** **UPDATED** **REVISED**
 WK PAPER REFERENCE NO(S): **W/P-6**

SCHEDULE **E-1.1T**
PAGE 2 of 2
 WITNESS RESPONSIBLE: **J.E. Salsler**

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred Income Taxes			
4	Def FIT Regulatory Asset/Liability	\$685	\$0	\$685
5	Def FIT Other	34,394	0	34,394
6	Def FIT Prior Year Adj	2,703	0	2,703
7		<u>37,782</u>	<u>0</u>	<u>37,782</u>
8	Amort Deferred ITC	<u>0</u>	<u>0</u>	<u>0</u>
	Total Deferred Federal Income Taxes	<u>\$37,782</u>	<u>\$0</u>	<u>\$37,782</u>
	Total Federal Income Taxes	<u>\$62,632</u>	<u>\$0</u>	<u>\$62,632</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): WP-6

SCHEDULE E-1.2T
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsler

Line No.	Description	At Current Rates unadjusted	Adjustments	Adjusted
2				
3	Operating Revenues	5785,938	<u>\$0</u>	<u>\$785,938</u>
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	501,978	0	501,978
7	Depreciation & Amortization	42,340	0	42,340
8	Taxes other than Income	6,246	0	6,246
9	State Income Taxes - Current	0	0	0
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before SIT	<u>550,564</u>	<u>0</u>	<u>550,564</u>
13				
14	Operating Income before state Income Taxes	235,374	0	235,374
15	Reconciling Items;			
16	Interest Charges	(94,267)	0	(94,267)
17	Book Depreciation	42,340	0	42,340
18	Tax Depreciation	(72,822)	0	(72,822)
19	Taxable Customer Adv and CIAC	(5,811)	0	(5,811)
20	Other Net	(13,583)	0	(13,583)
21	Resewed	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Total Reconciling Items	<u>(144,143)</u>	<u>0</u>	<u>(144,143)</u>
33				
34	State Taxable Income	91,231	0	91,231
35				
36	State Income Tax Rate	8.25%	8.25%	8.25%
37	state Income Tax Liability	7,527	0	7,527
38	Less: Surtax Credit	0	0	0
39	State income Taxes - Current	7,527	0	7,527
40	Less: Prior Year Adjustment	871	0	871
41		<u>\$6,656</u>	<u>\$0</u>	<u>\$6,656</u>
42				
43				
44	The Company uses an effective tax rate for budgeting income taxes. The full detail			
45	for the base period reconciling item will not be available until the Company provides			
46	the update to the base period data.			
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KENTUCKY-AMERICAN WATERCOMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

DATA: BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REV. SED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.2T
PAGE 2 of 2
WITNESS RESPONSIBLE: J.E. Salser

Line No.	Description	At current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred State Income Taxes:			
5	Def SIT Regulatory Asset/Liability	\$362	\$	\$ 382
6	Def SIT Other	3,688	0	3,689
7	Def SIT Prior Year Adj	881	0	881
8		<u>4,842</u>	<u>0</u>	<u>4,942</u>
9	Amort Deferred ITC	0	0	0
10		<u>\$ 4,842</u>	<u>\$</u>	<u>\$ 4,042</u>
11				
12	Total Deferred State Income Taxes	<u>\$ 4,842</u>	<u>\$</u>	<u>\$ 4,042</u>
13				
14	Total State Income Taxes	<u>\$ 11,598</u>	<u>\$</u>	<u>\$ 11,598</u>
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KENTUCKY-AMERICAN WATERCOMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

DATA: ___ BASE PERIOD ___ F CASTED PERIOD
TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.3T
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsler

Line NO.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$625,050	\$0	5625,059	\$338,208	\$1,163,267
3						
4	operating Expenses					
5	Operation & Maintenance Expenses	615,510	0	615,510	1,714	617,224
6	Depreciation & Amortization	107,474	0	107,474	0	107,474
7	Taxes other than income	54,286	0	54,286	632	54,916
8	State Income Taxes - Current	(3,811)	0	(3,811)	27,706	23,807
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	<u>773,459</u>	<u>0</u>	<u>773,459</u>	<u>30,054</u>	<u>803,513</u>
12						
13	Operating Income before Federal Income Taxes	51,600	0	51,600	306,154	359,754
14	Reconciling Items;					
15	Interest charges	(105,442)	0	(105,442)	0	(105,442)
16	Book Depreciation	107,474	0	107,474	0	107,474
17	Tax Depreciation	(147,211)	0	(147,211)	0	(147,211)
18	Non-Deductible Meals	411	0	411	0	411
19	Additional Taxable AFUDC	(6,669)	0	(6,669)	0	(6,669)
20	Deferred Debits	5,676	0	5,676	0	5,676
21	Amortization of UPAA	5,676	0	5,676	0	5,676
22	Deferred Maintenance	9,333	0	9,333	0	9,333
23	Property Losses	0	0	0	0	0
24	Amort Regulatory Assets / Liabilities	0	0	0	0	0
25	Taxable Advances and CIAC	36,160	0	36,160	0	36,160
26	Resewed	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling Items	<u>(92,612)</u>	<u>0</u>	<u>(92,612)</u>	<u>0</u>	<u>(82,812)</u>
32						
33	Federal Taxable Income	(41,211)	0	(41,211)	306,154	266,943
34						
35	Federal Income Tax Rate	<u>35.00%</u>	<u>3500%</u>	<u>35.00%</u>	<u>35.00%</u>	<u>35.00%</u>
36						
37	Federal income Tax Liability	(14,424)	0	(14,424)	107,854	93,430
38						
39	Investment Tax credits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
40						
41	Federal income Taxes - Current	<u>\$ (14,424)</u>	<u>\$</u>	<u>\$ (14,424)</u>	<u>\$ 107,854</u>	<u>\$ 93,430</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

DATA: ___ BASE PERIOD X FORECASTED PERIOD
N P E OF FILING: X ORIGINAL ___ UPDATED ___ REVISIED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.3T
PAGE 2 of 2
WITNESS RESPONSIBLE: JE. Salsner

Line No	Description	At Current Rates			At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$1,344	\$0	\$1,344	\$0	\$1,344
4	Def FIT UPIs	8,500	0	8,500	0	8,500
5	Def FIT Deferred Maintenance	(3,000)	0	(3,000)	0	(3,000)
6	Def FIT Deferred Debits	(1,824)	0	(1,824)	0	(1,824)
7	Def FIT Property Losses	0	0	0	0	0
8						
		5,020	0	5,020	0	5,020
	Amort Deferred ITC	0	0	0	0	0
		5,020	0	5,020	0	5,020
14	Total Deferred Federal Income Taxes					
15		5,020	0	5,020	0	5,020
16	Total Federal Income Taxes	(\$9,404)	\$0	(\$9,404)	\$107,854	\$98,450
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-6

SCHEDULE E-1.4T
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salser

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$825,059	\$0	\$825,059	\$338,208	\$1,163,267
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	615,510	0	615,510	1,714	617,224
6	Depreciation & Amortization	107,474	0	107,474	0	107,474
7	Taxes other than Income	54,286	0	54,286	632	54,918
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	777,270	0	777,270	2,346	779,616
12						
13	Operating income before Federal Income Taxes	47,789	0	47,789	335,862	383,651
14	Reconciling Items;					
15	Interest Charges	(105,442)	0	(105,442)	0	(105,442)
16	Book Depreciation	107,474	0	107,474	0	107,474
17	Tax Depreciation	(147,211)	0	(147,211)	0	(147,211)
18	Non-Deductible Meals	411	0	411	0	411
19	Additional Taxable AFUDC	(6,889)	0	(6,889)	0	(6,889)
20	Deferred Debits	5,676	0	5,676	0	5,676
21	Amortization of UPAA	5,676	0	5,676	0	5,676
22	Deferred Maintenance	9,333	0	9,333	0	9,333
23	Property Losses	0	0	0	0	0
24	Amort Regulatory Assets / Liabilities	0	0	0	0	0
25	Taxable Advances and CIAC	38,160	0	38,160	0	38,160
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling Items	\$ (92,812)	\$ -	\$ (92,812)	\$ -	\$ (92,812)
32						
33	State Taxable Income	\$ (45,022)	\$ -	\$ (45,022)	\$ 335,862	\$ 290,840
34						
35	State Income Tax Rate	8.25%	8.25%	8.25%	8.25%	8.25%
36						
37	State Income Tax Liability	\$ (3,714)	\$ -	\$ (3,714)	\$ 27,709	\$ 23,994
38	Less: Surtax Credit	97	-	97	0	97
39						
40	State Income Taxes - Current	\$ (3,811)	\$ -	\$ (3,811)	\$ 27,709	\$ 23,897
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

DATA: BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.4T
PAGE 2 of 2
WITNESS RESPONSIBLE: JE Salsar

Line No	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$685	\$0	\$685	\$0	\$685
4	Def SIT UPIS	2,184	0	2,184	0	2,184
5	Def SIT Deferred Maintenance	(768)	0	(768)	0	(768)
6	Def SIT Deferred Debits	(468)	0	(468)	0	(468)
7	Def SIT Property Losses	0	0	0	0	0
8						
9						
10		<u>1,633</u>	<u>0</u>	<u>1,633</u>	<u>0</u>	<u>1,633</u>
11	Amort Deferred ITC	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12						
13	Total Deferred State Income Taxes	<u>1,633</u>	<u>0</u>	<u>1,633</u>	<u>0</u>	<u>1,633</u>
14						
15	Total State Income Taxes	<u>(\$2,178)</u>	<u>\$0</u>	<u>(\$2,178)</u>	<u>\$27,709</u>	<u>\$25,530</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
SUMMARY OF INCOME TAX ADJUSTMENTS
TRI VILLAGE

A: BASE PERIOD FORI D
TYPE OF FILING: ORIGINAL UPDATED REVISED
K REFERENCE(S): W/P-6

SCHEDULE E-1.5T
PAGE 1 of 1
WITNESS RESPONSIBLE: J.E. Salser

Line NO.	Reference Base Period	Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3						
4	Sch E-1.2	Sch E-1.4	State Income Taxes			
5	Sch E-1.2	Sch E-1.4	Current	\$ 6,656	\$ (3,811)	\$ (10,467)
6			Deferred	4,942	1,633	(3,309)
7			Reserved	0	0	0
8			Reserved	0	0	0
9			Total State Income Taxes	\$ 11,598	\$ (2,178)	\$ (13,776)
10						
11						
12			Federal Income Taxes			
13	Sch E-1.1	Sch E-1.3	Current	\$ 24,850	\$ (14,424)	\$ (39,274)
14	Sch E-1.1	Sch E-1.3	Deferred	37,762	5,020	(32,762)
15	Sch E-1.1	Sch E-1.3	Deferred - ITC	0	0	0
16			Reserved	0	0	0
17			Reserved	0	0	0
18			Total Federal Income Taxes	\$ 62,632	\$ (9,404)	\$ (72,036)
19						
20			Total Income Taxes	\$ 74,230	\$ (11,582)	\$ (85,812)
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

A: _BASE D _FC **PERIOD**
E OF FILING: _ORIGINAL _UPDATED _REVISED
PKPAPER REFERENCE NO(S):

SCHEDULEE- 2T
PAGE 1 of 1
WITNESS RESPONSIBLE: JE. Salsar

Line No	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
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NOT APPLICABLE TO **KENTUCKY-AMERICAN WATERCOMPANY**.
100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATERCOMPANY.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: **2004-00103**
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
ELK LAKE

DATA: **BASE PERIOD** — FORECASTED PERIOD
TYPE OF FILING: **ORIGINAL** **UPDATED** **REVISED**
WORKPAPER REFERENCE NO(S): **W/P-6**

SCHEDULE E-1.1E
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsler

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	\$44,504	\$0	\$44,504
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	43,984	0	43,984
7	Depreciation & Amortization	0	0	0
8	Taxes other than Income	0	0	0
9	State Income Taxes - Current	(645)	0	(645)
10	Federal Income Taxes			
11				
12	Total Operating Expenses before FIT	43,339	0	43,339
13				
14	Operating Income before Federal Income Taxes	1,165	0	1,165
15	Reconciling Items;			
16	Interest Charges	(2,481)	0	(2,481)
17	Book Depreciation	7,314	0	7,314
18	Tax Depreciation	(12,665)	0	(12,665)
19	Taxable Customer Adv and CIAC	(153)	0	(153)
20	Other Net	(482)	0	(482)
21	Resewed	0	0	0
22	Reserved	0	0	0
23	Resewed	0	0	0
24	Resewed	0	0	0
25	Resewed	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Resewed	0	0	0
31				
32	Total Reconciling Items	(8,467)	0	(8,467)
33				
34	Federal Taxable Income	(7,302)	0	(7,302)
35				
36	Federal Income Tax Rate	35.00%	35.00%	35.00%
37	Federal Income Tax Liability	(2,558)	0	(2,558)
38	Adjustment of Prior Year	73	0	73
39				
40	Federal Income Taxes - Current	(\$2,629)	\$0	(\$2,629)
41				
42				
43				
44				
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46				
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
I. INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31 2004
ELK LAKE

DATA: X_BASE 00__ FORECASTED PERIOD
TYPE OF FIUNG: X_ ORIGINAL UPDATED REVISED
WORKPAPER NCE NO(S): W/P-6

SCHEDULE E-1.1E
PAGE 2 of 2
WITNESS RESPONSIBLE: J.E. Salsler

Line No	Description	At Current Rate Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred Income Taxes:			
4	Def FIT Regulatory Asset/Liability	\$18	\$0	\$18
5	Def FIT Other	905	0	905
6	Def FIT Prior Year Adj	71	0	71
7		<u>994</u>	<u>0</u>	<u>994</u>
8	Amort Deferred/ITC	0	0	0
9		<u>0</u>	<u>0</u>	<u>0</u>
10	Total Deferred Federal Income Taxes	<u>\$994</u>	<u>\$0</u>	<u>\$994</u>
11				
12	Total Federal Income Taxes	<u>(51,6351)</u>	<u>\$0</u>	<u>(51,6351)</u>
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KENTUCKY-AMERICAN WATER COMPAW
CASE NO: **2004-00103**
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
ELK LAKE

DATA: BASE PERIOD — FORECASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): **W/P-6**

SCHEDULE E-1.2E
PAGE **1** of **2**
WITNESS RESPONSIBLE: J.E. Salsler

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	\$44,504	\$0	\$44,504
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	43,984	0	43,984
7	Depreciation & Amortization	0	0	0
8	Taxes other than Income	0	0	0
9	State income Taxes - Current	0	0	0
10	Federal income Taxes	0	0	0
11				
12	Total Operating Expenses before SIF	43,984	0	43,984
13				
14	Operating income before state Income Taxes	520	0	520
15	Reconciling terms:			
16	Interest Charges	(2,481)	0	(2,481)
17	Book Depreciation	7,314	0	7,314
18	Tax Depreciation	(12,665)	0	(12,665)
19	Taxable Customer Adv and CIAC	(153)	0	(153)
20	Other Net	(357)	0	(357)
21	Reserved	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Total Reconciling items	(8,342)	0	(8,342)
33				
34	State Taxable Income	(7,822)	0	(7,822)
35				
36	State Income Tax Rate	8.25%	8.25%	8.25%
37	State income Tax Liability	(645)	0	(645)
38	Less: Surtax Credit	0	0	0
39	State income Taxes - Current	(645)	0	(645)
40	Less: Prior Year Adjustment	23	0	23
41		(668)	\$0	(\$668)
42				
43				
44				
45				
46				
47				
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49				
50				

The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling item will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
ELK LAKE

DATA: X B A S E PERIOD ___ FORECASTED PENOD
 N P E O F FILING: X ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.2E
 PAGE 2 of 2
 WITNESS RESPONSIBLE: J.E. Salsler

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Asset/Liability	\$10	0	10
5	Def SIT Other	97	0	97
6	Def SIT Prior Year Adj	23	0	23
7		<u>130</u>	<u>0</u>	<u>130</u>
8	Amort Deferred ITC	0	0	0
9				
10	Total Deferred State Income Taxes	<u>\$130</u>	<u>0</u>	<u>130</u>
11				
12	Total State Income Taxes	<u>(\$538)</u>	<u>0</u>	<u>(538)</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
 FEDERAL INCOME TAX CALCULATION
 FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
 ELK LAKE

DATA: ___ BASE PERIOD X FORECASTED PERIOD
 N P E OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): **WP-6**

SCHEDULE E-1.3E
 PAGE 1 of 2

WITNESS RESPONSIBLE: J.E. Salsor

Line No.	Description	At Current Rates unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	593,248	\$0	593,248	\$39,325	5132,573
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	95,920	0	95,920	199	96,119
6	Depredation & Amortization	7,314	0	7,314	0	7,314
7	Taxes other than Income	6,165	0	6,165	73	6,238
8	State income Tax - Current	(1,633)	0	(1,633)	3,222	1,589
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	107,766	0	107,766	3,494	111,260
12						
	Operating Income before Federal Income Taxes	(14,518)	0	(14,518)	35,831	21,313
	Reconciling Items;					
	Interest Charges	(6,218)	0	(6,218)	0	(6,218)
	BOOK Depreciation	7,314	0	7,314	0	7,314
	Tax Depreciation	(10,066)	0	(10,066)	0	(10,066)
	Non-Deductible Meals	25	0	25	0	25
	Additional Taxable AFUDC	0	0	0	0	0
	Deferred Debits	2,688	0	2,688	0	2,688
21	Amortization of UPAA	2,688	0	2,688	0	2,688
22	Deferred Maintenance	0	0	0	0	0
23	Property Losses	0	0	0	0	0
24	Amort Regulatory Assets / Liabilities	0	0	0	0	0
25	Taxable Advances and CIAC	0	0	0	0	0
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Resewed	0	0	0	0	0
29	Resewed	0	0	0	0	0
30						
31	Total Reconciling Items	(3,569)	0	(3,569)	0	(3,569)
32						
33	Federal Taxable income	(18,087)	0	(18,087)	35,831	17,744
34						
35	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
36						
37	Federal Income Tax Liability	(6,330)	-	(6,330)	-	-
38						
39	Investment Tax Credits	0	0	0	0	0
40						
41	Federal income Taxes - Current	\$ (6,330)	\$ -	\$ (6,330)	\$ 12,541	\$ 6,211
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED JULY 31, 2004
ELK LAKE

DATA: _____ BASE PERIOD ORIGINAL _____ UPDATED _____ R
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.3E
PAGE 2 of 2
WITNESS RESPONSIBLE: JE. Salsler

LINE	Description	At Current Rates			At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$92	\$0	\$92	\$0	\$92
4	Def FIT UPIS	581	0	581	0	581
5	Def FIT Deferred Maintenance	0	0	0	0	0
6	Def FIT Deferred Debits	(864)	0	(864)	0	(864)
7	Def FIT Property Losses	0	0	0	0	0
8						
9						
10		<u>(191)</u>	<u>0</u>	<u>(191)</u>	<u>0</u>	<u>(191)</u>
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred Federal Income Taxes	<u>(191)</u>	<u>0</u>	<u>(191)</u>	<u>0</u>	<u>(191)</u>
14						
15	Total Federal Income Taxes	<u>(\$6,521)</u>	<u>\$0</u>	<u>(\$6,521)</u>	<u>\$12,541</u>	<u>\$6,020</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
ELK LAKE

DATA: BASE PERIOD FORECASTED IOD
TYPE OF FILING: ORIGINAL UP RI
WORKPAPER REFERENCE NO(S): W/P-8

SCHEDULE E-1.4E
PAGE 1 of 2
WITNESS RESWNSIBLE: JE Salsler

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
2	Operating Revenues	\$ 93,248	\$ -	\$ 93,248	\$ 39,325	\$ 132,573
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 95,920	\$ -	\$ 95,920	\$ 199	\$ 96,119
6	Depreciation & Amortization	7,314	0	7,314	0	7,314
7	Taxes other than Income	6,165	0	6,165	73	6,238
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 109,399	\$ -	\$ 109,399	\$ 272	\$ 109,671
12						
13	Operating Income before Federal income Taxes	\$ (18,151)	\$ -	\$ (18,151)	\$ 39,053	\$ 22,902
14	Reconciling Items:					
15	Interest Charges	(6,218)	0	(6,218)	0	(6,218)
16	Book Depreciation	7,314	0	7,314	0	7,314
17	Tax Depreciation	(10,066)	0	(10,066)	0	(10,066)
18	Non-Deductible Meals	25	0	25	0	25
19	Additional Taxable AFUDC	0	0	0	0	0
20	Deferred Debits	2,888	0	2,888	0	2,888
21	Amortization of UPAA	2,888	0	2,888	0	2,888
22	Deferred Maintenance	0	0	0	0	0
23	Property Losses	0	0	0	0	0
24	Amort Regulatory Assets / Liabilities	0	0	0	0	0
25	Taxable Advancer and CIAC	0	0	0	0	0
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling items	\$ (3,569)	\$ -	\$ (3,569)	\$ -	\$ (3,569)
32						
33	State Taxable Income	\$ (19,720)	\$ -	\$ (19,720)	\$ 39,053	\$ 19,333
34						
35	State Income Tax Rate	8.25%	8.25%	8.25%	8.25%	8.25%
36						
37	State Income Tax Liability	\$ (1,627)	\$ -	\$ (1,627)	\$ 3,222	\$ 1,595
38	Less: Surtax Credit	6		6	0	6
39						
40	State Income Taxes - Current	\$ (1,633)	\$ -	\$ (1,633)	\$ 3,222	\$ 1,589
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
 STATE INCOME TAX CALCULATION
 FORTHE TWELVE MONTHS ENDED: JULY 31, 2004
 ELK LAKE

A: BASE PERIOD CA: PEWOD
 E OF FILING: ORIGINAL UP REVISED
 K PAPER REFERENCE NO(S): WP-6

SCHEDULE E-1.4E
 PAGE 2 of 2
 WITNESS RESPONSIBLE: JE Salsar

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$47	\$0	\$47	\$0	\$47
4	Def SIT UP/S	149	0	149	0	149
5	Def SIT Deferred Maintenance	0	0	0	0	0
6	Def SIT Deferred Debits	(216)	0	(216)	0	(216)
7	Def SIT Property Losses	0	0	0	0	0
8						
9						
10		(20)	0	(20)	0	(20)
11	ferred ITC	0	0	0	0	0
12						
13	ferred State Income Taxes	(20)	0	(20)	0	(20)
14						
15	e Income Taxes	(\$1,653)	\$0	(\$1,653)	\$3,222	\$1,569
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
SUMMARY OF INCOME TAX ADJUSTMENTS
ELK LAKE

DATA: X B A S E PERIOD X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE(S): W/P-6

SCHEDULE E-1.5E
PAGE 1 of 1
WITNESS RESPONSIBLE: J.E. Salsler

Line No.	Reference Base Period	Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3						
			State Income Taxes			
	Sch E-1.2	Sch E-1.4	Current	(\$668)	\$ (1,633)	\$ (965)
	Sch E-1.2	Sch E-1.4	Deferred	130	(20)	(150)
			Reserved	0	0	0
			Resewed	0	0	0
			Total State income Taxes	\$ (538)	\$ (1,653)	\$ (1,115)
			Federal income Tares			
	Sch E-1.1	Sch E-1.3	current	(2,629)	(6,330)	(3,701)
	Sch E-1.1	Sch E-1.3	Deferred	994	(191)	(1,185)
	Sch E-1.1	Sch E-1.3	Deferred-ITC	0	0	0
			Reserved	0	0	0
			Reserved	0	0	0
			Total Federal Income Taxes	\$ (1,635)	\$ (6,521)	\$ (4,886)
			Total Income Taxes	\$ (2,173)	\$ (8,174)	\$ (6,001)

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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES
FOR THE TWELVE MONTHS ENDED: J 31, 2004
ELK LAKE

DATA: BASIS PERIOD FORCASTED PERIOD
TYPE OF FILING: ORIGINAL UPDATE REVISED
WORKPAPER REFERENCE NO(S):

SCHEDULE E- 2E
PAGE 1 of 1
WITNESS RESPONSIBLE: J.E. Salsler

Line No.	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.
100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY