

**KENTUCKY-AMERICAN WATER COMPANY**  
**CASE NO. 2004-00103**  
**PUBLIC SERVICE COMMISSION DATA REQUEST No. 1**  
**ITEMS 1 – 34**

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Witness Responsible:

M. Miller

7. Provide a rate base, capital structure, and statement of income for Kentucky-American for the most recent actual 12-month period at the time of the Company's application for rate adjustment and for the base period used in the Company's application. Provide detailed explanations necessary to reconcile this information with the filed base period revenue requirement information.

Response:

Please see attached schedules.

For electronic version, refer to [KAW\\_R\\_PSCDR1#7\\_052004.pdf](#)

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 RATE BASE  
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Rate Base Components	Actual 413012004	Base Period Amount	Difference	
Utility Plant in Service	\$272,730,320	\$277,600,888	\$4,870,568	Increase due to increased UPIS Investment
Property Held for Future Use			0	
Utility Plant Acquisition Adjustments	420,937	409,508	(11,429)	
Accumulated Depreciation	(61,667,822)	(63,083,665)	(1,415,843)	Change due to additional depreciation expense for 3 months.
Accumulated Amortization	(7,674)	(7,674)	0	
<b>Net Utility Plant in Service</b>	<b>\$211,475,761</b>	<b>\$214,919,057</b>	<b>\$3,443,296</b>	
Construction Work in Progress	4,743,199	3,589,650	(1,153,549)	Change due to fluctuation in account from month to month.
Working Capital Allowance	11,852	2,191,000	2,179,148	April balance does not reflect lead/lag study
Other Working Capital Allowance	460,318	462,149	1,831	Difference due to fluctuation in account from month to month.
Contributions in Aid of Construction	(31,492,596)	(32,502,293)	(1,009,697)	Difference due to receipts/refunds of contributions.
Customer Advances	(12,864,155)	(13,630,037)	(765,882)	Difference due to receipts/refunds of advances.
Deferred Income Taxes	(24,991,914)	(25,205,397)	(213,483)	Difference due to increases in deferred taxes due to Accelerated Depreciation and due to Customer Advances/Contributions.
Deferred Investment Tax Credits	(129,555)	(128,406)	1,149	Difference due to additional 3 months of amortization.
Deferred Maintenance	2,280,745	2,289,499	8,754	Difference due to additional deferred maintenance projects (net of Amtz.)
Deferred Debits	6,815,049	6,939,459	124,410	Difference due to additional deferred charges net of 3 months amortizations
Other Rate Base Elements	(1,578,529)	(1,797,015)	(218,486)	Difference due to account fluctuation for six items deducted from Rate Base
			0	
			0	
			0	
			0	
			0	
			0	
<b>Total Rate Base</b>	<b>\$154,730,175</b>	<b>\$157,127,666</b>	<b>\$2,397,491</b>	

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 CAPITAL STRUCTURE  
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Class of Capital	Amount Outstanding 4/30/2004 (1)	Issuance Expense (2)	Net (3)	Percent To Total (4)	JDITC 3131100 (5)	Total Cols. (3) + (5) (6)	Base Period Adjusted Capital (7)	Difference (8)
Short-Term Debt	\$1,438,732	\$0	\$1,438,732	0.950%	\$13,256	\$1,451,988	\$6,822,197	\$5,370,209
Long-Term Debt	82,500,000	640,642	81,859,358	54.070%	754,226	82,613,584	82,594,085	(19,499)
Preferred Stock	6,052,800	25,118	6,027,682	3.981%	55,537	6,083,219	6,080,524	(2,695)
Common Equity	62,068,943	0	62,068,943	40.998%	571,884	62,640,827	64,279,244	1,638,417
<b>Total Capital</b>	<b>\$152,060,475</b>	<b>\$665,760</b>	<b>\$151,394,715</b>	<b>100.000%</b>	<b>\$1,394,904</b>	<b>\$152,789,618</b>	<b>\$159,776,050</b>	<b>\$6,986,432</b>
Differences as a Percent of Base Period								4.37%

The difference is due to additional Retained Earnings for Capital Stock, additional amortization of Issuance Expense for preferred stock and long term debt, dividend payments, additional amortization of JDITC, and the net change in JDITC being allocated to Capital components. In addition the Company is behind schedule on its Capex spending primarily related to several DOT projects lagging, elevated storage, and electrical reliability which will increase ST debt once the construction expenditures (timing) catch up to Plan,

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 INCOME STATEMENT  
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	Twelve Months 413012004	Base Period 713112004	Differences	
Operating Revenues	\$42,754,439	\$44,246,522	\$1,492,083	Difference due to water sales from customer growth. Base period has not been adjusted for normalizations sponsored by Dr. Spitznagel.
Operating Expenses:				
Operation & Maintenance	21,833,117	20,663,011	(1,170,106)	Primarily related to condemnation expenses eliminated from base period.
Depreciation	6,219,090	6,088,055	(131,035)	Base period budget does not include depreciation on ORCOM.
Amortization	701,771	687,857	(13,914)	Reflects 3 months additional amortization.
Taxes Other	2,722,798	2,628,313	(94,485)	Base period budget does not include increase in property taxes
State Income Taxes	606,654	517,790	(88,864)	See above.
Federal Income Taxes	2,238,614	2,875,175	636,561	See above.
Total Operating Expenses	<u>34,322,044</u>	<u>33,460,201</u>	<u>(861,843)</u>	
Utility Operating Income	<u>\$8,432,395</u>	<u>\$10,786,321</u>	<u>\$2,353,926</u>	
Other Income / Net	278,979	284,964	5,985	Primarily related to AFUDC on additional investment.
Income Before Deductions	<u>\$8,711,374</u>	<u>\$11,071,285</u>	<u>\$2,359,911</u>	
Income Deductions				
Interest on LTD	4,641,362	4,807,612	166,250	Due to interest expense on 4.75% series issued March 1, 2004.
Amortization of Debt Expense	77,842	78,986	1,144	Increase due to debt costs associated with estimated financing
Interest on Bank Debt	164,610	82,846	(81,764)	Decrease due to LT financing of 4.75% series issued on March 1, 2004
Other Interest	440	440	0	
Total Income Deductions	<u>4,884,254</u>	<u>4,969,884</u>	<u>85,630</u>	
Net Income	<u><u>\$3,827,120</u></u>	<u><u>\$6,101,401</u></u>	<u><u>\$2,274,281</u></u>	