

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

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

SCHEDULE E-1.1
PAGE 1 of 2
Witness Responsible: JE. Salsar

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	<u>\$44,246,522</u>	<u>\$0</u>	<u>\$44,246,522</u>
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	2,528,313	0	2,528,313
9	State Income Taxes - Current	308,428	0	308,428
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before FIT	<u>30,375,664</u>	<u>0</u>	<u>30,375,664</u>
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	<u>(10,690,766)</u>	<u>0</u>	<u>(10,690,766)</u>
33				
34	Federal Taxable Income	3,180,092	0	3,180,092
35				
36	Federal Income Tax Rate	<u>35.00%</u>	<u>35.00%</u>	<u>35.00%</u>
37	Federal Income Tax Liability	1,113,032	0	1,113,032
38	Adjustment of Prior Year	<u>146,521</u>	<u>0</u>	<u>146,521</u>
39				
40	Federal Income Taxes - Current	<u>\$966,511</u>	<u>\$0</u>	<u>\$966,511</u>
41				
42				
43	The Company uses an effective tax rate for budgeting income taxes. The full detail			
44	for the base period reconciling items will not be available until the Company provides			
45	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 FORECASTED 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. Salsar

Line No.	Description	At Current Rates		
		Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred Income Taxes:			
4	Def FIT Regulatory Asset/Liability	\$36,030	\$0	\$36,030
5	Def FIT Other	1,810,199	0	1,810,199
6	Def FIT Prior Year Adj.	142,253	0	142,253
7		1,988,482	0	1,988,482
8	Amort Deferred ITC	(79,820)	0	(79,820)
9				
10	Total Deferred Federal Income Taxes	\$1,908,662	\$0	\$1,908,662
11				
12	Total Federal Income Taxes	\$2,875,173	\$0	\$2,875,173
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TOTAL COMPANY

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

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

Line No	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	<u>\$44,246,522</u>	<u>\$0</u>	<u>\$44,246,522</u>
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	0	0	0
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before SIT	<u>30,067,236</u>	<u>0</u>	<u>30,067,236</u>
13				
14	Operating Income before State income Taxes	14,179,286		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	<u>(10,440,766)</u>	<u>0</u>	<u>(10,440,766)</u>
33				
34	State Taxable Income	3,738,520		3,738,520
35				
36	State Income Tax Rate	<u>8.25%</u>	<u>8.25%</u>	<u>8.25%</u>
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		303,553
40	Less: Prior Year Adjustment	45,854		45,854
41		<u>\$262,574</u>	<u>\$0</u>	<u>\$267,699</u>
42				
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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
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31,2004
TOTAL COMPANY

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

SCHEDULEE-1.2
PAGE 2 of 2
WITNESS RESPONSIBLE: J.E. Salsor

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Asset/Liability	19,038	0	19,038
5	Def SIT other	194,682	0	194,682
6	Def SIT Prior Year Adj	46,370	0	46,370
7		260,090	0	260,090
8	Amort Deferred ITC	0	0	0
9				
10	Total Deferred State income Taxes	\$ 260,090	\$ -	\$ 260,090
11				
12	Total State Income Taxes	\$ 522,664	\$ -	\$ 517,789
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KENTUCKY-AMERICANWATER 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: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-6

SCHEDULEE-1.3
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	\$43,336,002	\$0	\$43,336,002	\$7,418,793	550,754,795
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	21,910,724	0	21,910,724	37,600	21,948,324
6	Depreciation & Amortization	7,762,685	0	7,762,685	0	7,762,685
7	Taxes other than Income	2,710,557	0	2,710,557	13,865	2,724,422
8	State Income Taxes - Current	506,198	0	506,198	607,804	1,114,002
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	32,890,164	0	32,890,164	659,269	33,549,433
12						
13	Operating Income before Federal Income Taxes	10,445,838	0	10,445,838	6,759,524	17,205,362
14	Reconciling Items;					
15	Interest Charges	(5,352,521)	0	(5,352,521)	0	(5,352,521)
16	Book Depreciation	7,067,531	0	7,067,531	0	7,067,531
17	Tax Depreciation	(9,563,983)	0	(9,563,983)	0	(9,563,983)
18	Non-Deductible Meals	20,762	0	20,762	0	20,762
19	Additional Taxable AFUDC	(223,073)	0	(223,073)	0	(223,073)
20	Deferred Debits	1,260,636	0	1,260,636	0	1,260,636
21	Amortization of UPAA	29,976	0	29,976	0	29,976
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 Advances and CIAC	838,315	0	838,315	0	838,315
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	(4,757,202)	0	(4,757,202)	0	(4,757,202)
32						
33	Federal Taxable Income	5,688,636		5,688,636	6,759,524	12,448,160
34						
35	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
36						
37	Federal Income Tax Liability	1,991,023	0	1,991,023	2,365,833	4,356,856
38						
39	Investment Tax Credits	0	0	0	0	0
40						
41	Federal Income Taxes - Current	\$ 1,991,023	\$ -	\$ 1,991,023	\$ 2,365,833	\$ 4,356,856
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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: ___X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULEE-1.3
PAGE 2 of 2
WITNESS RESPONSIBLE: J.E. Salsler

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	\$88,344
4	Def FIT UPIS	468,005	0	488,005	0	468,005
5	Def FIT Deferred Maintenance	(155,184)	0	(155,184)	0	(155,184)
6	Def FIT Deferred Debits	(405,744)	0	(405,744)	0	(405,744)
7	Def FIT Property Losses	(210,715)	0	(210,715)	0	(210,715)
8	Def FIT Community Education Costs	0	0	0	0	0
9						
10		<u>(215,294)</u>	<u>0</u>	<u>(215,294)</u>	<u>0</u>	<u>(215,294)</u>
11	Amort Deferred ITC	<u>(84,797)</u>	<u>0</u>	<u>(84,797)</u>	<u>0</u>	<u>(84,797)</u>
12						
13	Total Deferred Federal Income Taxes	<u>(300,091)</u>	<u>0</u>	<u>(300,091)</u>	<u>0</u>	<u>(300,091)</u>
14						
15	Total Federal Income Taxes	<u>\$1,690,932</u>	<u>\$0</u>	<u>\$1,690,932</u>	<u>\$2,365,833</u>	<u>\$4,056,765</u>
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
STATE 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

SCHEDULEE-1.4
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsar

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$ 43,336,002	\$	\$ 43,336,002	5 7,418,793	\$ 50,754,795
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 21,910,724	\$ -	\$ 21,910,724	\$ 37,600	\$ 21,948,324
6	Depreciation & Amortization	7,762,685	0	7,762,685	0	7,762,685
7	Taxes other than Income	2,710,557	0	2,710,557	13,865	2,724,422
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 32,383,966	\$	\$ 32,383,966	\$ 51,465	\$ 32,435,431
12						
13	Operating Income before Federal Income Taxes	\$ 10,952,036	\$	\$ 10,952,036	\$ 7,367,328	\$ 18,319,364
14	Reconciling Items;					
15	Interest Charges	(5,352,521)	0	(5,352,521)	0	(5,352,521)
16	Book Depreciation	7,067,531	0	7,067,531	0	7,067,531
17	Tax Depreciation	(9,563,983)	0	(9,563,983)	0	(9,563,983)
18	Non-Deductible Meals	20,762	0	20,762	0	20,762
19	Additional Taxable AFUDC	(223,073)	0	(223,073)	0	(223,073)
20	Deferred Debits	1,260,636	0	1,260,636	0	1,260,636
21	Amortization of UPAA	29,976	0	29,976	0	29,976
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	838,315	0	838,315	0	838,315
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	\$ (4,757,202)	\$ -	\$ (4,757,202)	\$ -	\$ (4,757,202)
32						
33	State Taxable Income	\$ 6,194,834	\$ -	\$ 6,194,834	\$ 7,367,328	\$ 13,562,162
34						
35	State income Tax Rate	8.25%	8.25%	8.25%	8.25%	8.25%
36						
37	State Income Tax Liability	\$ 511,074	\$ -	\$ 511,074	\$ 607,805	\$ 1,118,878
38	Less Surtax Credit	4,876		4,876	0	4,876
39						
40	State Income Taxes - Current	\$ 506,198	\$	\$ 506,198	\$ 607,805	\$ 1,114,002
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
STATE 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** ___ REVISIED
WORKPAPER REFERENCE NO(S): **W/P-8**

SCHEDULEE-14
PAGE 2 of 2
WITNESS RESPONSIBLE: J.E. Salsler

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	\$45,017	\$0	\$45,017	\$0	\$45,017
4	Def SIT UPIS	120,236	0	120,236	0	120,236
5	Def SIT Deferred Maintenance	(39,870)	0	(39,870)	0	(39,870)
6	Def SIT Deferred Debits	(104,232)	0	(104,232)	0	(104,232)
7	Def SIT Property Losses	(54,135)	0	(54,135)	0	(54,135)
8						
9						
10		(32,984)	0	(32,984)	0	(32,984)
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred State Income Taxes	(32,984)	0	(32,984)	0	(32,984)
14						
15	Total State Income Taxes	\$473,214	\$0	\$473,214	\$607,805	\$1,081,018
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
SUMMARY OF INCOME TAX ADJUSTMENTS
TOTAL COMPANY

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

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

Line No.	Reference Base Period	Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3			State Income Taxes			
4	Sch E-1.2	Sch E-1.4	Current	\$262,574	\$ 506,198	\$ 243,624
5	Sch E-1.2	Sch E-1.4	Deferred	260,090	(32,984)	(293,074)
6			Reserved	0	0	0
7			Reserved	0	0	0
8						
9			Total State Income Taxes	<u>\$ 522,664</u>	<u>\$ 473,214</u>	<u>\$ (49,450)</u>
10						
11			Federal Income Taxes			
12			Current	\$966,511	\$ 1,991,023	\$ 1,024,512
13	Sch E-1.1	Sch E-1.3	Deferred	7,988,482	(215,294)	(2,203,776)
14	Sch E-1.1	Sch E-1.3	Deferred - ITC	(79,820)	(84,797)	(4,977)
15	Sch E-1.1	Sch E-1.3	Reserved	0	0	0
16			Reserved	0	0	0
17						
18			Total Federal Income Taxes	<u>\$ 2,875,173</u>	<u>\$ 1,690,932</u>	<u>\$ (1,184,241)</u>
19						
20			Total Income Taxes	<u>\$ 3,397,837</u>	<u>\$ 2,164,146</u>	<u>\$ (1,233,691)</u>
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: **2004-00103**
DNELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOMETAXES
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30,2005
TOTAL COMPANY

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

SCHEDULE E-2

WITNESS RESPONSIBLE J.E. Salsar

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

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

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

SCHEDULEE-1,1C
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsor

Line No	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	<u>\$43,416,080</u>	<u>\$0</u>	<u>\$43,416,080</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	301,201	0	301,201
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before FIT	<u>29,773,889</u>	<u>0</u>	<u>29,773,889</u>
13				
14	Operating Income before Federal Income Taxes	13,642,191	0	13,642,191
15	Reconciling Items:			
16	Interest Charges	(4,868,134)	0	(4,868,134)
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	(300,110)	0	(300,110)
20	Other Net	(946,756)	0	(946,756)
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	<u>(10,537,768)</u>	<u>0</u>	<u>(10,537,768)</u>
33				
34	Federal Taxable Income			2,104,423
35				
36	Federal Income Tax Rate	<u>35.00%</u>	<u>35.00%</u>	<u>35.00%</u>
37	Federal Income Tax Liability	<u>1,086,548</u>	<u>0</u>	<u>1,086,548</u>
38	Adjustment of Prior Year	<u>143,767</u>	<u>0</u>	<u>143,767</u>
39				
40	Federal Income Taxes - Current	<u>\$942,781</u>	<u>\$0</u>	<u>\$942,781</u>
41				
42				
43	The Company uses an effective tax rate for budgeting income taxes. The full detail			
44	for the base period reconciling items will not be available until the Company provides			
45	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
CENTRAL DIVISION

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

SCHEDULEE-1.1C
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	\$35,353	\$0	\$35,353
5	Def FIT Other	1,776,167	0	1,776,167
6	Def FIT Prior Year	<u>139,579</u>	<u>0</u>	<u>139,579</u>
7		1,951,099	0	1,951,099
8	Amort Deferred ITC	<u>(79,820)</u>	<u>0</u>	<u>(79,820)</u>
9				
10	Total Deferred Federal Income Taxes	<u>\$1,871,279</u>	<u>\$0</u>	<u>\$1,871,279</u>
11				
12	Total Federal Income Taxes	<u>\$2,814,060</u>	<u>\$0</u>	<u>\$2,814,060</u>
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVEMONTHSENDED: JULY 31,2004
CENTRAL DIVISION

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	<u>\$43,416,080</u>	<u>\$0</u>	<u>\$43,416,080</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>29,472,688</u>	<u>0</u>	<u>29,472,688</u>
13				
14	Operating Income before State Income Taxes	13,943,392	0	13,943,392
15	Reconciling Items;			
16	Interest Charges	(4,868,134)	0	(4,868,134)
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	(300,110)	0	(300,110)
20	Other Net	(701,456)	0	(701,456)
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>(10,292,468)</u>	<u>0</u>	<u>(10,292,468)</u>
33				
34	State Taxable Income	3,650,924	0	3,650,924
35				
36	State Income Tax Rate	8.25%	8.25%	8.25%
37	State Income Tax Liability	301,201	0	301,201
38	Less: Surtax Credit	0	0	4,875
39	State Income Taxes - Current	301,201		296,326
40	Less: Prior Year Adjustment	44,992		44,992
41		<u>\$256,209</u>	<u>\$0</u>	<u>\$251,334</u>
42				
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-AMERICANWATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

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

SCHEDULE E-1.2C
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	\$18,680	\$	\$ 18,680
5	Def SIT Other	191,022	0	191,022
6	Def SIT Prior Year Adj	<u>45,498</u>	<u>0</u>	<u>45,498</u>
7		255,200	0	255,200
8	Amort Deferred ITC	<u>0</u>	<u>0</u>	<u>0</u>
9				
10	Total Deferred State Income Taxes	<u>\$ 255,200</u>	<u>\$</u>	<u>\$ 255,200</u>
11				
12	Total State Income Taxes	<u>\$ 511,409</u>	<u>\$</u>	<u>\$ 506,534</u>
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
CENTRAL DIVISION

SCHEDULE E-1.3C
PAGE 1 of 2

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

WITNESS RESPONSIBLE: J.E. Salsner

Line No.	Description	At Current Rates		At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjusted
1					
2	Operating Revenues	\$42,417,695	\$0	\$42,417,695	\$7,047,718
3					
4	Operating Expenses				
5	Operation & Maintenance Expenses	21,199,493	0	21,199,493	35,720
6	Depreciation & Amortization	7,648,855	0	7,648,855	0
7	Taxes other than Income	2,650,306	0	2,650,306	13,172
8	State Income Taxes - Current	511,076	0	511,076	577,403
9	Federal Income Taxes				
10					
11	Total Operating Expenses before FIT	32,009,730	0	32,009,730	626,295
12					
13	Operating Income before Federal Income Taxes	10,407,965	0	10,407,965	6,421,423
14	Reconciling Items:				
15	Interest Charges	(5,242,189)	0	(5,242,189)	0
16	Book Depreciation	6,953,701	0	6,953,701	0
17	Tax Depreciation	(9,409,907)	0	(9,409,907)	0
18	Non-Deductible Meals	20,332	0	20,332	0
19	Additional Taxable AFUDC	(216,024)	0	(216,024)	0
20	Deferred Debits	1,252,272	0	1,252,272	0
21	Amortization of UPAA	21,612	0	21,612	0
22	Deferred Maintenance	473,916	0	473,916	0
23	Property Losses	656,178	0	656,178	0
24	Amort Regulatory Assets / Liabilities	25,728	0	25,728	0
25	Taxable Advances and CIAC	798,079	0	798,079	0
26	Reserved	0	0	0	0
27	Reserved	0	0	0	0
28	Reserved	0	0	0	0
29	Reserved	0	0	0	0
30					
31	Total Reconciling Items	(4,666,302)	0	(4,666,302)	0
32					
33	Federal Taxable Income	5,741,663	0	5,741,663	6,421,423
34					
35	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%
36					
37	Federal Income Tax Liability	2,009,582	0	2,009,582	2,247,498
38					
39	Investment Tax Credits	0	0	0	0
40					
41	Federal Income Taxes - Current	\$ 2,009,582	\$	\$ 2,009,582	\$ 2,247,498
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KENTUCKY-AMERICANWATER 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 ___ REVISIED
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$86,921	\$0	\$86,921	\$0	\$86,921
4	Def FIT UPIS	460,465	0	460,465	0	460,465
5	Def FIT Deferred Maintenance	(152,184)	0	(152,184)	0	(152,184)
6	Def FIT Deferred Debits	(403,056)	0	(403,056)	0	(403,056)
7	Def FIT Property Losses	(210,715)	0	(210,715)	0	(210,715)
8						
9						
10		(218,569)	0	(218,569)	0	(218,569)
11	Amort Deferred ITC	(84,797)	0	(84,797)	0	(84,797)
12						
13	Total Deferred Federal income Taxes	<u>(303,366)</u>	<u>0</u>	<u>(303,366)</u>	<u>0</u>	<u>(303,366)</u>
14						
15	Total Federal Income Taxes	<u>\$1,706,216</u>	<u>\$0</u>	<u>\$1,706,216</u>	<u>\$2,247,498</u>	<u>\$3,953,714</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

DATA: ___BASE PERIOD _X_FORECASTED PERIOD
N P E OF FILING: _X_ORIGINAL ___UPDATED ___REVISED
WORKPAPER REFERENCE(S): W/P-6

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

Line No.	Description	At Current Rates	Adjustments	Adjusted	At Proposed Rates	Adjusted
		Unadjusted			Adjustments	
1						
2	Operating Revenues	\$ 42,417,695	\$	\$ 42,417,695	\$ 7,047,718	\$ 49,465,413
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 21,199,493	\$	\$ 21,199,493	\$ 35,720	\$ 21,235,213
6	Depreciation & Amortization	7,648,855	0	7,648,855	0	7,648,855
7	Taxes other than Income	2,650,306	0	2,650,306	13,172	2,663,478
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 31,498,654	\$	\$ 31,498,654	\$ 48,892	\$ 31,547,546
12						
13	Operating income before Federal Income Taxes	\$ 10,919,041	\$	\$ 10,919,041	\$ 6,998,826	\$ 17,917,867
14	Reconciling Items;					
15	Interest Charges	(5,242,189)	0	(5,242,189)	0	(5,242,189)
16	Book Depreciation	6,953,701	0	6,953,701	0	6,953,701
17	Tax Depreciation	(9,409,907)	0	(9,409,907)	0	(9,409,907)
18	Non-Deductible Meals	20,332	0	20,332	0	20,332
19	Additional Taxable AFUDC	(216,024)	0	(216,024)	0	(216,024)
20	Deferred Debits	1,252,272	0	1,252,272	0	1,252,272
21	Amortization of UPAA	21,612	0	21,612	0	21,612
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	25,928	0	25,728
25	Taxable Advances and CIAC	798,079	0	798,079	0	798,079
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	\$ (4,666,302)	\$	\$ (4,666,302)	\$	\$ (4,666,302)
32						
33	State Taxable Income	\$ 6,252,739	\$	\$ 6,252,739	\$ 6,998,826	\$ 13,251,565
34						
35	State Income Tax Rate	8.25%	8.25%	8.25%	8.25%	8.25%
36						
37	State Income Tax Liability	\$ 515,851	\$	\$ 515,851	\$ 577,403	\$ 1,093,254
38	Less: Surtax Credit	4,775		4,775	0	4,775
39						
40	State Income Taxes - Current	\$ 511,076	\$	\$ 511,076	\$ 577,403	\$ 1,088,479
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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

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. 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	\$44,292	\$0	\$44,292	\$0	\$44,292
4	Def SIT UPIS	118,299	0	118,299	0	118,299
5	Def SIT Deferred Maintenance	(39,102)	0	(39,102)	0	(39,102)
6	Def SIT Deferred Debits	(103,548)	0	(103,548)	0	(103,548)
7	Def SIT Property Losses	(54,135)	0	(54,135)	0	(54,135)
8						0
9						
10		(34,194)	0	(34,194)	0	(34,194)
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred State Income Taxes	(34,194)	0	(34,194)	0	(34,194)
14						
15	Total State Income Taxes	\$476,882	\$0	\$476,882	\$577,403	\$1,054,285
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
SUMMARY OF INCOME TAX ADJUSTMENTS
CENTRAL DIVISION

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

SCHEDULE E-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			State Income Taxes			
4	Sch E-1.2	Sch E-1.4	Current	\$256,209	\$511,076	\$254,867
5	Sch E-1.2	Sch E-1.4	Deferred	255,200	(34,194)	(289,394)
6			Reserved	0	0	0
7			Reserved	0	0	0
8						
9			Total State Income Taxes	\$ 511,409	\$ 476,882	\$ (34,527)
10						
11			Federal Income Taxes			
12			Current	\$942,781	\$2,009,582	\$1,066,801
13	Sch E-1.1	Sch E-1.3	Deferred	1,951,099	(218,569)	(2,169,668)
14	Sch E-1.1	Sch E-1.3	Deferred- ITC	(79,820)	(84,797)	(4,977)
15	Sch E-1.1	Sch E-1.3	Reserved	0	0	0
16			Reserved	0	0	0
17						
18			Total Federal Income Taxes	\$ 2,814,060	\$ 1,706,216	\$ (1,107,844)
19						
20			Total Income Taxes	\$ 3,325,469	\$ 2,183,098	\$ (1,142,371)
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KENTUCKY-AMERICANWATER COMPANY
 CASE NO: 2004-00103
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES
 FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
 CENTRAL DIVISION

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

SCHEDULEE-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-AMERICANWATER COMPANY.
 100% JURISDICTIONAL FOR KENTUCKY-AMERICANWATER COMPANY.

KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
FEDERAL 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): W/P-8

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	<u>\$785,938</u>	<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	7,872	0	7,872
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before FIT	<u>558,436</u>	<u>0</u>	<u>558,436</u>
13				
14	Operating Income before Federal Income Taxes	227,502	0	227,502
15	Reconciling items.			
16	Interest Charges	(90,794)	0	(90,794)
17	Book Depreciation	42,340	0	42,340
18	Tax Depreciation	(72,822)	0	(72,822)
19	Taxable Customer Adv and CIAC	(5,597)	0	(5,597)
20	Other Net	(17,658)	0	(17,658)
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	<u>(144,531)</u>	<u>0</u>	<u>(144,531)</u>
33				
34	Federal Taxable Income		0	82,971
35				
36	Federal Income Tax Rate	<u>35.00%</u>	<u>35.00%</u>	<u>35.00%</u>
37	Federal Income Tax Liability	<u>29,040</u>	<u>0</u>	<u>29,040</u>
38	Adjustment of Prior Year	<u>2,681</u>	<u>0</u>	<u>2,681</u>
39				
40	Federal Income Taxes - Current	<u>26,359</u>	<u>\$0</u>	<u>\$26,359</u>
41				
42				
43	The Company uses an effective tax rate for budgeting income taxes. The full detail			
44	for the base period reconciling items will not be available until the Company provides			
45	the update to the base period data			
46				
47				
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31,2004
TRI VILLAGE

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

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

Line No	Description	At Current Rates		Adjusted
		Unadjusted	Adjustments	
1				
2				
3	Deferred Income Taxes:			
4	Def FIT Regulatory Asset/Liability	\$659	\$0	\$659
5	Def FIT Other	33,127	0	33,127
6	Def FIT Prior Year Adj	<u>2,603</u>	<u>0</u>	<u>2,603</u>
7		36,389	0	36,389
8	Amort Deferred ITC	<u>0</u>	<u>0</u>	<u>0</u>
9				
10	Total Deferred Federal Income Taxes	<u>\$36,389</u>	<u>\$0</u>	<u>\$36,389</u>
11				
12	Total Federal Income Taxes	<u>\$62,748</u>	<u>\$0</u>	<u>\$62,748</u>
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31,2004
TRIVILLAGE

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	operating Revenues	<u>\$785,938</u>	<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	(90,794)	0	(90,794)
17	Book Depreciation	42,340	0	42,340
18	Tax Depreciation	(72,822)	0	(72,822)
19	Taxable Customer Adv and CIAC	(5,597)	0	(5,597)
20	Other Net	(13,083)	0	(13,083)
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>(139,956)</u>	<u>0</u>	<u>(139,956)</u>
33				
34	State Taxable Income	95,418	0	95,418
35				
36	State Income Tax Rate	<u>8.25%</u>	<u>8.25%</u>	<u>8.25%</u>
37	State Income Tax Liability	7,872	0	7,872
38	Less: Surtax Credit	<u>0</u>	<u>0</u>	<u>0</u>
39	State income Taxes - Current	7,872		7,872
40	Less: Prior Year Adjustment	<u>839</u>		<u>839</u>
41		<u>\$7,033</u>	<u>\$0</u>	<u>\$7,033</u>
42				
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-AMERICANWATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

DATA: _X_ BASE PERIOD _FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL _UPDATED _REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULEE-1.2T
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	\$348	\$	\$ 348
5	Def SIT Other	3,563	0	3,563
6	Def SIT Prior Year Adj	849	0	849
7		4,760	0	4,760
8	Amort Deferred ITC	0	0	0
9				
10	Total Deferred state Income Taxes	\$ 4,760	\$	\$ 4,760
11				
12	Total State Income Taxes	\$ 11,793	\$	\$ 11,793
13				
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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
TYPE OF FILING: ___X_ ORIGINAL ___UPDATED___ REVISIED
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjustments	Adjusted
1						
2	Operating Revenues	\$825,059	\$0	\$825,059	\$331,928	\$1,156,987
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	615,317	0	615,317	1,682	616,999
6	Depreciation & Amortization	106,577	0	106,577	0	106,577
7	Taxes other than Income	54,088	0	54,088	620	54,708
8	State Income Taxes - Current	(3,264)	0	(3,264)	27,194	23,930
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	772,718	0	772,718	29,496	802,214
12						
13	Operating Income before Federal Income Taxes	52,341	0	52,341	302,432	354,773
14	Reconciling Items;					
15	interest Charges	(104,114)	0	(104,114)	0	(104,114)
16	Book Depreciation	106,577	0	106,577	0	106,577
17	Tax Depreciation	(144,225)	0	(144,225)	0	(144,225)
18	Non-Deductible Meals	405	0	405	0	405
19	Additional Taxable AFUDC	(7,049)	0	(7,049)	0	(7,049)
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	40,236	0	40,236	0	40,236
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	(87,485)	0	(87,485)	0	(87,485)
32						
33	Federal Taxable income	(35,144)	0	(35,144)	302,432	267,288
34						
35	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
36						
37	Federal Income Tax Liability	(12,300)	0	(12,300)	105,851	93,551
38						
39	Investment Tax Credits	0	0	0	0	0
40						
41	Federal Income Taxes - Current	\$ (12,300)	\$ -	\$ (12,300)	\$ 105,851	\$ 93,551
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KENTUCKY-AMERICANWATER 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
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$1,332	\$0	\$1,332	\$0	\$1,332
4	Def FIT UPIS	7,058	0	7,058	0	7,058
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						
9						
10		<u>3,566</u>	<u>0</u>	<u>3,566</u>	<u>0</u>	<u>3,566</u>
11	Amort Deferred ITC	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12						
13	Total Deferred Federal income Taxes	<u>3,566</u>	<u>0</u>	<u>3,566</u>	<u>0</u>	<u>3,566</u>
14						
15	Total Federal Income Taxes	<u>(\$8,734)</u>	<u>\$0</u>	<u>(\$8,734)</u>	<u>\$105,851</u>	<u>\$97,117</u>
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KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-00103
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRIVILLAGE

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

SCHEDULEE-1.4T
PAGE 1 of 2
WITNESS RESPONSIBLE: J.E. Salsner

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$825,059	\$0	\$825,059	\$331,928	\$1,156,987
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	615,317	0	615,317	1,682	616,999
6	Depreciation & Amortization	106,577	0	106,577	0	106,577
7	Taxes other than Income	54,088	0	54,088	620	54,708
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	775,982	0	775,982	2,302	778,284
12						
13	Operating Income before Federal Income Taxes	49,077	0	49,077	329,626	378,703
14	Reconciling Items:					
15	Interest Charges	(104,114)	0	(104,114)	0	(104,114)
16	Book Depreciation	106,577	0	106,577	0	106,577
17	Tax Depreciation	(144,225)	0	(144,225)	0	(144,225)
18	Non-Deductible Meals	405	0	405	0	405
19	Additional Taxable AFUDC	(7,049)	0	(7,049)	0	(7,049)
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	40,236	0	40,236	0	40,236
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	\$ (87,485)	\$	\$ (87,485)	\$	\$ (87,485)
32						
33	State Taxable Income	\$ (38,408)	\$	\$ (38,408)	\$ 329,626	\$ 291,218
34						
35	State Income Tax Rate	8.25%	8.25%	8.25%	8.25%	8.25%
36						
37	State Income Tax Liability	\$ (3,169)	\$	\$ (3,169)	\$ 27,194	\$ 24,025
38	Less: Surtax Credit	95		95	0	95
39						
40	State Income Taxes - Current	\$ (3,264)	\$	\$ (3,264)	\$ 27,194	\$ 23,930
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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. Salsler

Line No	Description	At Current Rates			At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjusted	Adjusted
1						
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$679	\$0	\$679	\$0	\$679
4	Def SIT UPIIS	1,813	0	1,813	0	1,813
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>1,256</u>	<u>0</u>	<u>1,256</u>	<u>0</u>	<u>1,256</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>1,256</u>	<u>0</u>	<u>1,256</u>	<u>0</u>	<u>1,256</u>
14						
15	Total State Income Taxes	<u>(\$2,008)</u>	<u>\$0</u>	<u>(\$2,008)</u>	<u>\$27,194</u>	<u>\$25,186</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
SUMMARY OF INCOME TAX ADJUSTMENTS
TRIVILLAGE

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

SCHEDULE E-1.5T
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	Sch E-1.2	Sch E-1.4	State Income Taxes			
5	Sch E-1.2	Sch E-1.4	Current	\$7,033	\$ (3,264)	\$ (10,297)
6			Deferred	4,760	1,256	(3,504)
7			Reserved	0	0	0
8			Resewed	0	0	0
9			Total State Income Taxes	\$ 11,793	\$ (2,008)	\$ (13,801)
10						
11						
12			Federal Income Taxes			
13	Sch E-1.1	Sch E-1.3	Current	\$ 26,359	\$ (12,300)	\$ (38,659)
14	Sch E-1.1	Sch E-1.3	Deferred	36,389	3,566	(32,823)
15	Sch E-1.1	Sch E-1.3	Deferred - ITC	0	0	0
16			Resewed	0	0	0
17			Resewed	0	0	0
18			Total Federal Income Taxes	\$ 62,748	\$ (8,734)	\$ (71,482)
19						
20						
21						
22			Total Income Taxes	\$ 74,541	\$ (10,742)	\$ (85,283)
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KENTUCKY-AMERICANWATER COMPANY
 CASE NO: 2004-00103
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES
 FOR THE TWELVE MONTHS ENDED: JULY 31,2004
 TRIVILLAGE

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

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

Line No.	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
1					
2					
3					
4					
5					
6					NOT APPLICABLE TO KENTUCKY-AMERICANWATER COMPANY.
7					
8					100% JURISDICTIONAL FOR KENTUCKY-AMERICANWATER COMPANY.
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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: X BASE PERIOD — FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): **WIP-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	<u>\$44,504</u>	<u>\$0</u>	<u>\$44,504</u>
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	<u>43,339</u>	<u>0</u>	<u>43,339</u>
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	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	<u>(8,467)</u>	<u>0</u>	<u>(8,467)</u>
33				
34	Federal Taxable Income	<u>2,698</u>	<u>0</u>	<u>2,698</u>
35				
36	Federal Income Tax Rate	<u>35.00%</u>	<u>35.00%</u>	<u>35.00%</u>
37	Federal Income Tax Liability	(2,556)	0	(2,556)
38	Adjustment of Prior Year	73	0	73
39				
40	Federal Income Taxes - Current	<u>(\$2,629)</u>	<u>\$0</u>	<u>(\$2,629)</u>
41				
42				
43	The Company uses an effective tax rate for budgeting income taxes. The full detail			
44	for the base period reconciling items will not be available until the Company provides			
45	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
ELK LAKE

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

SCHEDULE E-1.1E
PAGE 2 of 2
WITNESS RESPONSIBLE: JE. Salsor

Line No.	Description	At Current Rates 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				
10	Total Deferred Federal Income Taxes	<u>\$994</u>	<u>\$0</u>	<u>\$994</u>
11				
12	Total Federal Income Taxes	<u>(\$1,635)</u>	<u>\$0</u>	<u>(\$1,635)</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: X BASE PERIOD — FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULEE-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	<u>\$44,504</u>	<u>\$0</u>	<u>\$44,504</u>
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 SIT	<u>43,984</u>	<u>0</u>	<u>43,984</u>
13				
14	Operating Income before State Income Taxes	520	0	520
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	(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	Resewed	0	0	0
27	Resewed	0	0	0
28	Resewed	0	0	0
29	Resewed	0	0	0
30	Resewed	0	0	0
31	Resewed	0	0	0
32	Total Reconciling Items	<u>(8,342)</u>	<u>0</u>	<u>(8,342)</u>
33				
34	State Taxable Income	(7,822)	0	(7,822)
35				
36	State Income Tax Rate	<u>8.25%</u>	<u>8.25%</u>	<u>8.25%</u>
37	State Income Tax Liability	(645)	0	(645)
38	Less: Surtax Credit	0	0	0
39	State Income Taxes - Current	<u>(645)</u>	<u>0</u>	<u>(645)</u>
40	Less: Prior Year Adjustment	<u>23</u>	<u>0</u>	<u>23</u>
41		<u>(\$668)</u>	<u>\$0</u>	<u>(\$668)</u>
42				
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.			
47				
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KENTUCKY-AMERICANWATER COMPANY
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

SCHEDULEE-1.2E
PAGE 2 of 2
WITNESS RESPONSIBLE: J.E. Salsar

Line No.	Description	At Current Rates		Adjusted
		Unadjusted	Adjustments	
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		130	0	130
8	Amort Deferred ITC	0	0	0
9				
10	Total Deferred State Income Taxes	130	0	130
11				
12	Total State Income Taxes	(538)	0	(538)
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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
TYPE OF FILING: X ORIGINAL ___ **UPDATED** ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-6

SCHEDULEE-1,3E
PAGE 1 of 2
WITNESS RESPONSIBLE: JE. **Salsar**

Line No.	Description	At Current Rates	Adjustments	Adjusted	At Proposed Rates	Adjusted
		Unadjusted			Adjustments	
1						
2	operating Revenues	\$93,248	\$0	\$93,248	\$39,147	\$132,395
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	95,914	0	95,914	198	96,112
6	Depreciation & Amortization	7,253	0	7,253	0	7,253
7	Taxes other than Income	6,163	0	6,163	73	6,236
8	State Income Taxes - Current	(1,615)	0	(1,615)	3,208	1,593
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	107,715	0	107,715	3,479	111,194
12						
13	Operating income before Federal Income Taxes	(14,467)	0	(14,467)	35,668	21,201
14	Reconciling Items:					
15	Interest Charges	(6,218)	0	(6,218)	0	(6,218)
16	Book Depreciation	7,253	0	7,253	0	7,253
17	Tax Depreciation	(9,851)	0	(9,851)	0	(9,851)
18	Non-Deductible Meals	25	0	25	0	25
19	Additional Taxable AFUDC	0	0	0	0	0
20	Deferred Debits	2,688	0	2,688	0	2,688
21	Amortization of U P M	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	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling Items	(3,415)	0	(3,415)	0	(3,415)
32						
33	Federal Taxable Income	(17,882)	0	(17,882)	35,668	17,786
34						
35	Federal income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
36						
37	Federal income Tax Liability	(6,259)	0	(6,259)	12,484	6,225
38						
39	Investment Tax Credits	0	0	0	0	0
40						
41	Federal Income Taxes - Current	\$ (6,259)	\$	\$ (6,269)	\$ 12,484	\$ 6,225
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KENTUCKY-AMERICANWATER 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
TYPE OF FILING: _X_ ORIGINAL ____ UPDATED ____ RMSE D
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$91	\$0	\$91	\$0	\$91
4	Def FIT UPIS	482	0	482	0	482
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>(291)</u>	<u>0</u>	<u>(291)</u>	<u>0</u>	<u>(291)</u>
11	Amort Deferred ITC	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
12						
13	Total Deferred Federal Income Taxes	<u>(291)</u>	<u>0</u>	<u>(291)</u>	<u>0</u>	<u>(291)</u>
14						
15	Total Federal Income Taxes	<u>(\$5,550)</u>	<u>\$0</u>	<u>(\$6,550)</u>	<u>\$12,484</u>	<u>\$5,934</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 _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-6

SCHEDULEE-1.4E
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	\$ 93,248	\$	\$ 93,248	\$ 39,147	\$ 132,395
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 95,914	\$	\$ 95,914	\$ 198	\$ 96,112
6	Depreciation & Amortization	7,253	0	7,253	0	7,253
7	Taxes other than Income	6,163	0	6,163	73	6,236
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 109,330	\$	\$ 109,330	\$ 271	\$ 109,601
12						
13	Operating Income before Federal Income Taxes	\$ (16,082)	\$	\$ (16,082)	\$ 38,876	\$ 22,794
14	Reconciling Items;					
15	Interest Charges	(6,218)	0	(6,218)	0	(6,218)
16	Book Depreciation	7,253	0	7,253	0	7,253
17	Tax Depreciation	(9,851)	0	(9,851)	0	(9,851)
18	Non-Deductible Meals	25	0	25	0	25
19	Additional Taxable AFUDC	0	0	0	0	0
20	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	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30						
31	Total Reconciling Items	\$ (3,415)	\$	\$ (3,415)	\$	\$ (3,415)
32						
33	State Taxable Income	\$ (19,497)	\$	\$ (19,497)	\$ 38,876	\$ 19,379
34						
35	State Income Tax Rate	8.25%	8.25%	8.25%	8.25%	8.25%
36						
37	State Income Tax Liability	\$ (1,609)	\$	\$ (1,609)	\$ 3,207	\$ 1,599
38	Less: Surtax Credit	6		6	0	6
39						
40	State Income Taxes - Current	\$ (1,615)	\$	\$ (1,615)	\$ 3,207	\$ 1,593
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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 X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

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WITNESS RESPONSIBLE: J.E. 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	\$46	\$0	\$46	\$0	\$46
4	Def SIT UPLIS	124	0	124	0	124
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		<u>(46)</u>	<u>0</u>	<u>(46)</u>	<u>0</u>	<u>(46)</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>(46)</u>	<u>0</u>	<u>(46)</u>	<u>0</u>	<u>(46)</u>
14						
15	Total State Income Taxes	<u>(\$1,661)</u>	<u>\$0</u>	<u>(\$1,661)</u>	<u>\$3,207</u>	<u>\$1,547</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2004-00103
SUMMARY OF INCOME TAX ADJUSTMENTS
ELK LAKE

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

SCHEDULEE-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						
4	Sch E-1.2	Sch E-1.4	State Income Taxes			
5	Sch E-1.2	Sch E-1.4	Current	(\$668)	\$ (1,615)	\$ (947)
6			Deferred	130	(46)	(176)
7			Reserved	0	0	0
8			Reserved	0	0	0
9			Total State Income Taxes	\$ (538)	\$ (1,661)	\$ (1,123)
10						
11						
12			Federal Income Taxes			
13	Sch E-1.1	Sch E-1.3	Current	(2,629)	(6,259)	(3,630)
14	Sch E-1.1	Sch E-1.3	Deferred	994	(291)	(1,285)
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	\$ (1,635)	\$ (6,550)	\$ (4,915)
19						
20			Total Income Taxes	\$ (2,173)	\$ (8,211)	\$ (6,038)
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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
 ELK LAKE

DATA: X BASE PERIOD X FORECASTED PERIOD
 TYPE OF FILING: X ORIGINAL UPDATED 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.