

SCHEDULE E

INCOME TAXES

KENTUCKY-AMERICAN WATER COMPANY

CASE NO: 2004-00103

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

Base Period Update: FOR THE TWELVE MONTHS ENDED: JULY 2004

<u>Schedule</u>	<u>Description</u>
E-1.1	Federal Income Tax Calculation
E-1.2	State Income Tax Calculation

For electronic version, see KAW_SAPP_EX37E_091504.pdf

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

SCHEDULE E-1.1
PAGE 1 of 2
Witness Responsible: J.E. Saiser

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1	Operating Revenues	\$43,563,299	\$0	\$43,563,299
2	Operating Expenses			
3	Operation & Maintenance Expenses	21,792,643	0	21,792,643
4	Depreciation & Amortization	7,151,305	0	7,151,305
5	Taxes other than Income	2,820,024	0	2,820,024
6	State Income Taxes - Current	66,908	0	66,908
7	Federal Income Taxes	0	0	0
8	Total Operating Expenses before FIT	31,830,880	0	31,830,880
9	Operating Income before Federal Income Taxes	11,732,419	0	11,732,419
10	Reconciling Items:			
11	Interest Charges	(4,894,915)	0	(4,894,915)
12	Book Depreciation	6,450,993	0	6,450,993
13	Tax Depreciation	(9,130,791)	0	(9,130,791)
14	Taxable Customer Adv and CIAC	131,621	0	131,621
15	Other Net	(2,017,707)	0	(2,017,707)
16	Reserved	0	0	0
17	Reserved	0	0	0
18	Reserved	0	0	0
19	Reserved	0	0	0
20	Reserved	0	0	0
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	Total Reconciling Items	(9,460,809)	0	(9,460,809)
32	Federal Taxable Income	2,271,610	0	2,271,610
33	Federal Income Tax Rate	35.00%	35.00%	35.00%
34	Federal Income Tax Liability	795,064	0	795,064
35	Adjustment of Prior Year	146,521	0	146,521
36	Federal Income Taxes - Current	\$648,543	\$0	\$648,543

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
TOTAL COMPANY

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

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

Line No.	Description	At Current Rates	
		Unadjusted	Adjustments
1			Adjusted
2			
3			
4	Deferred Income Taxes:		
5	Def FIT Regulatory Asset/Liability	\$72,060	\$72,060
6	Def FIT Other	1,734,502	1,734,502
7	Def FIT Prior Year Adj.	142,254	142,254
8	Amort Deferred ITC	1,948,816	1,948,816
9		(95,594)	(95,594)
10	Total Deferred Federal Income Taxes	\$1,853,222	\$1,853,222
11		\$0	\$0
12	Total Federal Income Taxes	\$2,501,765	\$2,501,765
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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

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$43,563,299	\$0	\$43,563,299
3				
4				
5	Operating Expenses	21,792,643	0	21,792,643
6	Operation & Maintenance Expenses	7,151,305	0	7,151,305
7	Depreciation & Amortization	2,820,024	0	2,820,024
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	31,763,972	0	31,763,972
13				
14	Operating Income before State Income Taxes	11,799,327	0	11,799,327
15	Reconciling Items:			
16	Interest Charges	(4,894,915)	0	(4,894,915)
17	Book Depreciation	6,450,983	0	6,450,983
18	Tax Depreciation	(9,130,791)	0	(9,130,791)
19	Taxable Customer Adv and CIAC	131,621	0	131,621
20	Other Net	(3,545,219)	0	(3,545,219)
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	(10,988,321)	0	(10,988,321)
33				
34	State Taxable Income	811,006	0	811,006
35				
36	State Income Tax Rate	8.25%		8.25%
37	State Income Tax Liability	66,908	0	66,908
38	Less: Surtax Credit	0	0	4,875
39	State Income Taxes - Current	66,908	0	62,033
40	Less: Prior Year Adjustment	45,855	0	45,855
41		\$21,053	\$0	\$16,178
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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
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TOTAL COMPANY

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

DATA: X_BASE PERIOD ___ FORECASTED PERIOD ___
TYPE OF FILING: ORIGINAL X_UPDATED ___ REVISED ___
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Der SIT Regulatory Asset/Liability	38,076	0	38,076
5	Der SIT Other	223,942	0	223,942
6	Der SIT Prior Year Adj	46,371	0	46,371
7	Amort Deferred ITC	308,389	0	308,389
8		0	0	0
9				
10	Total Deferred State Income Taxes	\$ 308,389	\$ -	\$ 308,389
11				
12	Total State Income Taxes	\$ 329,442	\$ -	\$ 324,567
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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

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$42,712,567	\$0	\$42,712,567
3				
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	21,230,107	0	21,230,107
7	Depreciation & Amortization	7,073,641	0	7,073,641
8	Taxes other than Income	2,807,588	0	2,807,588
9	State Income Taxes - Current	58,976	0	58,976
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before FIT	31,170,312	0	31,170,312
13				
14	Operating Income before Federal Income Taxes	11,542,255	0	11,542,255
15	Reconciling Items:			
16	Interest Charges	(4,855,267)	0	(4,855,267)
17	Book Depreciation	6,366,005	0	6,366,005
18	Tax Depreciation	(9,011,166)	0	(9,011,166)
19	Taxable Customer Adv and CIAC	130,555	0	130,555
20	Other Net	(2,001,364)	0	(2,001,364)
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	(9,371,237)	0	(9,371,237)
33				
34	Federal Taxable Income	2,171,018	0	2,171,018
35				
36	Federal Income Tax Rate	35.00%	35.00%	35.00%
37	Federal Income Tax Liability	759,856	0	759,856
38	Adjustment of Prior Year	145,334	0	145,334
39				
40	Federal Income Taxes - Current	\$614,522	\$0	\$614,522
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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

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred Income Taxes:			
5	Def FIT Regulatory Asset/Liability	\$71,476	\$0	\$71,476
6	Def FIT Other	1,720,453	0	1,720,453
7	Def FIT Prior Year	141,101	0	141,101
8	Amort Deferred ITC	1,933,030	0	1,933,030
9		(95,594)	0	(95,594)
10	Total Deferred Federal Income Taxes	\$1,837,436	\$0	\$1,837,436
11				
12	Total Federal Income Taxes	\$2,451,958	\$0	\$2,451,958
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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

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1	Operating Revenues	\$42,712,567	\$0	\$42,712,567
2	Operating Expenses			
3	Operation & Maintenance Expenses	21,230,107	0	21,230,107
4	Depreciation & Amortization	7,073,641	0	7,073,641
5	Taxes other than Income	2,807,568	0	2,807,568
6	State Income Taxes - Current	0	0	0
7	Federal Income Taxes	0	0	0
8	Total Operating Expenses before SIT	31,111,336	0	31,111,336
9	Operating Income before State Income Taxes	11,601,231	0	11,601,231
10	Reconciling Items:			
11	Interest Charges	(4,855,267)	0	(4,855,267)
12	Book Depreciation	6,366,005	0	6,366,005
13	Tax Depreciation	(9,011,166)	0	(9,011,166)
14	Taxable Customer Adv and CIAC	130,555	0	130,555
15	Other Net	(3,516,502)	0	(3,516,502)
16	Reserved	0	0	0
17	Reserved	0	0	0
18	Reserved	0	0	0
19	Reserved	0	0	0
20	Reserved	0	0	0
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	(10,886,375)	0	(10,886,375)
33	State Taxable Income	714,856	0	714,856
34	State Income Tax Rate	8.25%		8.25%
35	State Income Tax Liability	58,976	0	58,976
36	Less: Surtax Credit	0	0	4,875
37	State Income Taxes - Current	58,976	0	54,101
38	Less: Prior Year Adjustment	45,483	\$0	45,483
39		\$13,493		\$9,618

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
STATE 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): WIP-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Assess/Liability	\$37,768	-	\$ 37,768
5	Def SIT Other	222,128	0	222,128
6	Def SIT Prior Year Adj	45,995	0	45,995
7		305,891	0	305,891
8	Amort Deferred ITC	0	0	0
9				
10	Total Deferred State Income Taxes	\$ 305,891	-	\$ 305,891
11				
12	Total State Income Taxes	\$ 319,384	-	\$ 314,509
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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: X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL X_UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1		\$777,481		\$777,481
2	Operating Revenues		\$0	
3	Operating Expenses	518,756		518,756
4	Operation & Maintenance Expenses	77,664		77,664
5	Depreciation & Amortization	12,436		12,436
6	Taxes other than Income	5,932		5,932
7	State Income Taxes - Current	0		0
8	Federal Income Taxes			
9	Total Operating Expenses before FIT	614,788		614,788
10	Operating Income before Federal Income Taxes	162,693		162,693
11	Reconciling Items:			
12	Interest Charges	(38,180)		(38,180)
13	Book Depreciation	77,664		77,664
14	Tax Depreciation	(109,580)		(109,580)
15	Taxable Customer Adv and CIAC	1,027		1,027
16	Other Net	(15,738)		(15,738)
17	Reserved	0		0
18	Reserved	0		0
19	Reserved	0		0
20	Reserved	0		0
21	Reserved	0		0
22	Reserved	0		0
23	Reserved	0		0
24	Reserved	0		0
25	Reserved	0		0
26	Reserved	0		0
27	Reserved	0		0
28	Reserved	0		0
29	Reserved	0		0
30	Reserved	0		0
31	Total Reconciling Items	(84,807)		(84,807)
32	Federal Taxable Income	77,886		77,886
33	Federal Income Tax Rate	35.00%		35.00%
34	Federal Income Tax Liability	27,260		27,260
35	Adjustment of Prior Year	1,143		1,143
36	Federal Income Taxes - Current	26,117		26,117

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.

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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

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2				
3	Deferred Income Taxes:			
4	Def FIT Regulatory Asset/Liability	\$562	\$0	\$562
5	Def FIT Other	13,529	0	13,529
6	Def FIT Prior Year Adj	1,110	0	1,110
7		15,201	0	15,201
8	Amort Deferred ITC	0	0	0
9				
10	Total Deferred Federal Income Taxes	\$15,201	\$0	\$15,201
11				
12	Total Federal Income Taxes	\$41,318	\$0	\$41,318
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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: X BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: ORIGINAL_X UPDATED REVISED
WORKPAPER REFERENCE NO(S): WIP-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1	Operating Revenues	\$777,481	\$0	\$777,481
2	Operating Expenses			
3	Operation & Maintenance Expenses	518,756		518,756
4	Depreciation & Amortization	77,664		77,664
5	Taxes other than Income	12,436		12,436
6	State Income Taxes - Current	0		0
7	Federal Income Taxes	0		0
8	Total Operating Expenses before SIT	608,856		608,856
9	Operating Income before State Income Taxes	168,625		168,625
10	Reconciling Items:			
11	Interest Charges	(38,180)		(38,180)
12	Book Depreciation	77,664		77,664
13	Tax Depreciation	(109,580)		(109,580)
14	Taxable Customer Adv and CIAC	1,027		1,027
15	Other Net	(27,653)		(27,653)
16	Reserved	0		0
17	Reserved	0		0
18	Reserved	0		0
19	Reserved	0		0
20	Reserved	0		0
21	Reserved	0		0
22	Reserved	0		0
23	Reserved	0		0
24	Reserved	0		0
25	Reserved	0		0
26	Reserved	0		0
27	Reserved	0		0
28	Reserved	0		0
29	Reserved	0		0
30	Reserved	0		0
31	Reserved	0		0
32	Total Reconciling Items	(96,722)		(96,722)
33	State Taxable Income	71,903		71,903
34	State Income Tax Rate	8.25%		8.25%
35	State Income Tax Liability	5,932		5,932
36	Less: Surtax Credit	0		0
37	State Income Taxes - Current	5,932		5,932
38	Less: Prior Year Adjustment	358		358
39		\$5,574	\$0	\$5,574

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
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: JULY 31, 2004
TRI VILLAGE

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Asset/Liability	\$297	-	\$ 297
5	Def SIT Other	1,747	0	1,747
6	Def SIT Prior Year Adj	362	0	362
7		2,406	0	2,406
8	Amort Deferred ITC	0	0	0
9				
10	Total Deferred State Income Taxes	\$ 2,406	-	\$ 2,406
11				
12	Total State Income Taxes	\$ 7,980	-	\$ 7,980
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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

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$73,251	\$0	\$73,251
5	Operating Expenses			
6	Operation & Maintenance Expenses	43,780	0	43,780
7	Depreciation & Amortization	0	0	0
8	Taxes other than Income	0	0	0
9	State Income Taxes - Current	2,000	0	2,000
10	Federal Income Taxes			
11	Total Operating Expenses before FIT	45,780	0	45,780
12	Operating Income before Federal Income Taxes	27,471	0	27,471
13	Reconciling Items:			
14	Interest Charges	(1,468)	0	(1,468)
15	Book Depreciation	7,314	0	7,314
16	Tax Depreciation	(10,045)	0	(10,045)
17	Taxable Customer Adv and CIAC	39	0	39
18	Other Net	(605)	0	(605)
19	Reserved	0	0	0
20	Reserved	0	0	0
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	(4,765)	0	(4,765)
33	Federal Taxable Income	22,706	0	22,706
34	Federal Income Tax Rate	35.00%	35.00%	35.00%
35	Federal Income Tax Liability	7,947	0	7,947
36	Adjustment of Prior Year	44	0	44
37	Federal Income Taxes - Current	\$7,903	\$0	\$7,903
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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

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred Income Taxes:			
5	Def FIT Regulatory Asset/Liability	\$22	\$0	\$22
6	Def FIT Other	520	0	520
7	Def FIT Prior Year Adj	43	0	43
8	Amort Deferred ITC	585	0	585
9		0	0	0
10	Total Deferred Federal Income Taxes	\$585	\$0	\$585
11				
12	Total Federal Income Taxes	\$8,488	\$0	\$8,488
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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

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

DATA: X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: ORIGINAL_X_UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$73,251	\$0	\$73,251
5	Operating Expenses			
6	Operation & Maintenance Expenses	43,780	0	43,780
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	43,780	0	43,780
13				
14	Operating Income before State Income Taxes	29,471	0	29,471
15	Reconciling Items:			
16	Interest Charges	(1,468)	0	(1,468)
17	Book Depreciation	7,314	0	7,314
18	Tax Depreciation	(10,045)	0	(10,045)
19	Taxable Customer Adv and CIAC	39	0	39
20	Other Net	(1,064)	0	(1,064)
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	(5,224)	0	(5,224)
33				
34	State Taxable Income	24,247	0	24,247
35				
36	State Income Tax Rate	8.25%	8.25%	8.25%
37	State Income Tax Liability	2,000	0	2,000
38	Less: Surtax Credit	0	0	0
39	State Income Taxes - Current	2,000	0	2,000
40				
41	Less: Prior Year Adjustment	14	14	14
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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: ___ ORIGINAL X_UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Asset/Liability	\$11	0	11
5	Def SIT Other	67	0	67
6	Def SIT Prior Year Adj	14	0	14
7		92	0	92
8	Amort Deferred TTC	0	0	0
9				
10	Total Deferred State Income Taxes	\$92	0	92
11				
12	Total State Income Taxes	\$2,078	0	2,078
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