

**KENTUCKY-AMERICAN WATER COMPANY  
CASE NO. 2007-00143  
FORECASTED TEST PERIOD FILING REQUIREMENTS  
EXHIBIT NO. 17**

**Description of Filing Requirement:**

Financial Forecast (For 2007-2009) Operating Income Statements

**Response:**

Please see attached.

For electronic version, see KAW\_APP\_EX17\_043007.pdf

**PROJECTED ANNUAL INCOME STATEMENT  
KENTUCKY-AMERICAN WATER COMPANY  
(000'S OMITTED)**

Exhibit 17

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Operating Revenues	<u>\$52,081</u>	<u>\$59,483</u>	<u>\$67,231</u>
Operating Expenses			
Operation & Maintenance	27,822	28,243	29,012
Depreciation and Amortization	8,545	9,029	9,490
General Taxes	2,856	2,891	2,927
Income Taxes	<u>2,848</u>	<u>5,642</u>	<u>7,218</u>
Total Operating Expenses	<u>42,070</u>	<u>45,805</u>	<u>48,646</u>
Utility Operating Income	10,010	13,678	18,584
Other Income	<u>681</u>	<u>2,056</u>	<u>2,065</u>
Total Income	<u>10,691</u>	<u>15,734</u>	<u>20,649</u>
Income Deductions	<u>278</u>	<u>262</u>	<u>270</u>
Income Before Interest	10,413	15,472	20,379
Interest Charges	<u>5,800</u>	<u>6,332</u>	<u>8,686</u>
Net Income	4,613	9,141	11,693
Preferred Dividends	<u>460</u>	<u>460</u>	<u>460</u>
<b>Net Income to Common</b>	4,154	8,681	11,233
<b>Common Dividends</b>	3,080	5,693	8,056
<b>Balance for Retained Earnings</b>	1,074	2,988	3,177
<b>Payout ratio</b>	74.15%	65.58%	71.72%
<b>Return on Common Equity - 12/31</b>	5.60%	9.32%	9.74%
<b>Return on Average Equity (13-Month)</b>	5.67%	10.62%	11.29%
<b>Common Equity - 12/31</b>	74,177	93,164	115,341

(000'S OMITTED)

KENTUCKY-AMERICAN

SOURCE AND APPLICATION OF FUNDS

Exhibit 19

Year	SOURCE OF FUNDS				APPLICATION OF FUNDS										
	Increase in Capital				Reductions in Capital										
	Debt	Preferred	Common	Security Sales	Ret Earnings	Change YE Bank Loans	Adv and CIAC	Depr and Amort	Deferred Taxes	Other	Total	Gross Constr.	Maturities & Sinking Funds		Total
													Debt	Preferred	
2007	49,500	0	0	0	1,074	2,843	6,000	7,285	1,135	3,794	71,630	30,530	41,100	0	71,630
2008	24,000	0	16,000	0	2,988	2,675	6,000	7,709	1,647	4,223	65,241	62,141	3,100	0	65,241
2009	28,000	0	19,000	0	3,177	9,199	6,500	8,110	1,564	799	76,349	73,249	3,100	0	76,349

**Kentucky-American  
FINANCING PROJECTIONS**

**Increments of New Capital  
(000'S OMITTED)**

Exhibit 23

<u>Calendar Year</u>	<u>Bank Loans</u>	<u>Debt</u>	<u>Preferred</u>	<u>Common</u>
2007	2,843	49,500	0	0
2008	2,675	24,000	0	16,000
2009	9,199	28,000	0	19,000

**Total Capitalization**

<u>As of December 31,</u>	<u>Bank Loans</u>	<u>Debt</u>	<u>Preferred</u>	<u>Common</u>
2007	2,843	94,400	5,967	74,177
2008	5,517	115,300	5,967	93,164
2009	11,874	140,200	5,967	115,341

**Capitalization Ratios**

<u>As of December 31,</u>	<u>Bank Loans</u>	<u>Debt</u>	<u>Preferred</u>	<u>Common</u>
2007	1.60%	53.22%	3.36%	41.82%
2008	2.51%	52.42%	2.71%	42.36%
2009	4.34%	51.28%	2.18%	42.19%

<u>As of December 31,</u>	<u>Total Debt Ratio</u>	<u>Total Equity Ratio</u>
2007	55%	45%
2008	55%	45%
2009	56%	44%