

**SCHEDULE E**

**INCOME TAXES**

**KENTUCKY-AMERICAN WATER COMPANY**

**CASE NO: 2007-00143**

Forecasted Test Period: FOR THE TWELVE MONTHS ENDED: NOVEMBER 2008

Base Period: FOR THE TWELVE MONTHS ENDED: JULY 2007

<u>Schedule</u>	<u>Description</u>
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\_043007 pdf

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TOTAL COMPANY

SCHEDULE E-1.1  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X, BASE PERIOD, FORECASTED PERIOD  
TYPE OF FILING: X, ORIGINAL, UPDATED, REVISED  
WORKPAPER REFERENCE NO(S): WIP-8

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$49,644,899	\$0	\$49,644,899
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4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	27,551,992	0	27,551,992
7	Depreciation & Amortization	8,429,251	0	8,429,251
8	Taxes other than Income	2,972,209	0	2,972,209
9	State Income Taxes - Current	(207,881)	0	(207,881)
10	Federal Income Taxes	0	0	0
11	Net below the line income (loss)	47,725	(47,725)	0
12	Total Operating Expenses before FIT	38,793,296	0	38,745,571
13				
14	Operating Income before Federal Income Taxes	10,851,592	0	10,899,317
15	Reconciling Items:			
16	Interest Charges	(5,982,792)	0	(5,982,792)
17	Permanent Differences			
18	Taxable Meals/Lobbying	9,714	0	9,714
19	Non-deductible donations	234,221	0	234,221
20	Medicare Subsidy	(245,767)	0	(245,767)
21		(1,832)		(1,832)
22	Book Depreciation	7,938,958	0	7,938,958
23	Tax Depreciation	(7,652,802)	0	(7,652,802)
24	Additional Depreciation	(1,153,669)	0	(1,153,669)
25	Other Amortizations	430,902	0	430,902
26	Tax AFUDC	352,714	0	352,714
27	Deferred Maintenance	106,047	0	106,047
28	Abandonment Losses	(722,011)	0	(722,011)
29	Misc Deferred Debits	313,778	0	313,778
30	Uncollectible	176,135	0	176,135
31	Vacation Pay	127,996	0	127,996
32	All other	(10,400,686)	0	(10,400,686)
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36				
37	Total Reconciling Items	(10,482,638)	0	(10,482,638)
38				
39	Federal Taxable Income	(5,215,670)	0	(5,215,670)
40				
41	Federal Income Tax Rate	35.00%	35.00%	35.00%
42	Federal Income Tax Liability	(1,825,485)	0	(1,825,485)
43	Adjustment of Prior Year	862,233	(862,233)	0
44				
45	Federal Income Taxes - Current	(863,252)	\$862,233	(1,825,485)
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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: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TOTAL COMPANY

SCHEDULE E-1.1  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2				
3				
4	Deferred Income Taxes:			
5	Def FIT Regulatory Asset/Liability	\$134,161	\$0	\$134,161
6	Def FIT Other	\$3,433,071	\$0	3,433,071
7	Def FIT Prior Year Adj.	(\$1,001,946)	\$1,001,946	0
8	Amort Deferred ITC	2,565,286	1,001,946	3,567,232
9		(64,792)	0	(64,792)
10	Total Deferred Federal Income Taxes	\$2,460,494	\$1,001,946	\$3,462,440
11				
12	Total Federal Income Taxes	\$1,517,242	\$1,001,946	\$1,656,955
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TOTAL COMPANY

SCHEDULE E-1.2  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X\_BASE PERIOD \_\_\_\_ FORECASTED PERIOD \_\_\_\_  
TYPE OF FILING: X\_ORIGINAL \_\_\_\_ UPDATED \_\_\_\_ REVISED \_\_\_\_  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$49,644,888	\$0	\$49,644,888
3				
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	27,551,992	0	27,551,992
7	Depreciation & Amortization	8,429,251	0	8,429,251
8	Taxes other than income	2,924,484	0	2,924,484
9	State Income Taxes - Current	0	0	(47,725)
10	Federal Income Taxes	0	0	0
11	Net below the line income (loss)	47,725	(47,725)	0
12	Total Operating Expenses before SIT	39,981,177	(47,725)	39,933,452
13				
14	Operating Income before State Income Taxes	10,643,711	0	10,643,711
15	Reconciling Items:			
16	Interest Charges	(5,562,792)	0	(5,562,792)
17	Permanent differences	0	0	0
18	Taxable meals/lobbying	9,714	0	9,714
19	Nondeductible donations	234,221	0	234,221
20	Medicare Subsidy	(245,767)	0	(245,767)
21		(1,632)	0	(1,632)
22	Book Depreciation	7,938,958	0	7,938,958
23	Tax Depreciation	(7,552,802)	0	(7,552,802)
24	Additional depreciation	(1,153,669)	0	(1,153,669)
25	Other Amortizations	430,902	0	430,902
26	Tax AFUDC	352,714	0	352,714
27	Deferred Maintenance	106,047	0	106,047
28	Abandonment losses	(722,011)	0	(722,011)
29	Misc Deferred Debits	313,778	0	313,778
30	Uncollectible	176,135	0	176,135
31	Vacation Pay	127,986	0	127,986
32	All other	(10,400,666)	0	(10,400,666)
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	(10,482,639)	0	(10,482,639)
38				
39	State Taxable Income	(5,423,551)	0	(5,423,551)
40	State Depr in Excess of Federal	1,950,071	0	1,950,071
41	State Income Tax Rate	6.00%	6.00%	6.00%
42	State Income Tax Liability	(207,809)	0	(207,809)
43				
44	State Income Taxes - Current	(207,809)	0	(207,809)
45	Less: Prior Year Adjustment	(140,109)	140,109	0
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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: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TOTAL COMPANY

SCHEDULE E-1.2  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2				
3				
4	Deferred State Income Taxes:			
5	Def SIT Regulatory Asset/Liability	26,363	0	26,363
6	Def SIT Other	579,629	0	579,629
7	Def SIT Prior Year Adj	128,077	(128,077)	0
8	Amort/Deferred ITC	734,069	(128,077)	605,992
9		0	0	0
10	Total Deferred State Income Taxes	\$ 734,069	\$ (128,077)	\$ 605,992
11				
12	Total State Income Taxes	\$ 386,152	\$ 12,031	\$ 398,183
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2009  
TOTAL COMPANY

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

SCHEDULE E-1.3  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$52,550,157	\$0	\$52,550,157	\$13,188,806	\$65,739,063
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	27,682,562	0	27,682,562	116,162	27,798,724
6	Depreciation & Amortization	8,489,624	0	8,489,624	0	8,489,624
7	Taxes other than Income	3,627,161	0	3,627,161	22,157	3,649,318
8	State Income Taxes - Current	223,209	0	223,209	783,036	1,006,245
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	40,022,556	0	40,022,556	921,355	40,943,911
12						
13	Operating Income before Federal Income Taxes	12,527,601	0	12,527,601	12,267,551	24,795,152
14	Reconciling Items:					
15	Interest Charges	(7,383,870)	0	(7,383,870)	0	(7,383,870)
16						
17	Permanent Differences					
18	Taxable meals/lobbying	9,714	0	9,714	0	9,714
19	Nondeductible donations	0	0	0	0	0
20	Medicare Subsidy	0	0	0	0	0
21		9,714	0	9,714	0	9,714
22						
23	Book depreciation	8,038,653	0	8,038,653	0	8,038,653
24	Tax Depreciation	(11,905,476)	0	(11,905,476)	0	(11,905,476)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(555,950)	0	(555,950)	0	(555,950)
27	Deferred Debits	425,244	0	425,244	0	425,244
28	Amortization of UFPA	13,051	0	13,051	0	13,051
29	Deferred Maintenance	293,441	0	293,441	0	293,441
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	30,578	0	30,578	0	30,578
32	Taxable Advances and CIAC	2,003,960	0	2,003,960	0	2,003,960
33	Reserved	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	(1,656,489)	0	(1,656,489)	0	(1,656,489)
39						
40	Federal Taxable Income	3,486,946	0	3,486,946	12,267,551	15,764,497
41						
42	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
43						
44	Federal Income Tax Liability	1,223,931	0	1,223,931	4,293,643	5,517,574
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008  
TOTAL COMPANY

SCHEDULE E-1.3  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$167,547	\$0	\$167,547	\$0	\$167,547
4	Def FIT UPIS	\$974,063	\$0	\$974,063	\$0	\$974,063
5	Def FIT Deferred Maintenance	(\$94,239)	\$0	(\$94,239)	\$0	(\$94,239)
6	Def FIT Deferred Debits	(\$139,908)	\$0	(\$139,908)	\$0	(\$139,908)
7	Def FIT Property Losses	\$0	\$0	\$0	\$0	\$0
8	Def FIT Community Education Costs	\$0	\$0	\$0	\$0	\$0
10		<u>907,483</u>	<u>0</u>	<u>907,483</u>	<u>0</u>	<u>907,483</u>
11	Amort Deferred ITC	<u>(84,797)</u>	<u>0</u>	<u>(84,797)</u>	<u>0</u>	<u>(84,797)</u>
13	Total Deferred Federal Income Taxes	<u>822,686</u>	<u>0</u>	<u>822,686</u>	<u>0</u>	<u>822,686</u>
15	Total Federal Income Taxes	<u>2,046,617</u>		<u>2,046,617</u>	<u>4,253,643</u>	<u>6,340,260</u>

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008  
TOTAL COMPANY

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

SCHEDULE E-1.4  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$ 52,550,157	\$ -	\$ 52,550,157	\$ 13,168,906	\$ 65,739,063
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 27,682,562	\$ -	\$ 27,682,562	\$ 116,162	\$ 27,798,724
6	Depreciation & Amortization	8,489,624	0	8,489,624	0	8,489,624
7	Taxes other than Income	3,627,161	0	3,627,161	22,157	3,649,318
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 39,799,347		\$ 39,799,347	\$ 138,319	\$ 39,937,666
12						
13	Operating Income before Federal Income Taxes	\$ 12,750,810	\$ -	\$ 12,750,810	\$ 13,050,597	\$ 25,801,397
14	Reconciling Items:					
15	Interest Charges	(7,383,870)	0	(7,383,870)	0	(7,383,870)
16						
17	Permanent Differences					
18	Taxable meals/lobbying	9,714	0	9,714	0	9,714
19	Non-deductible donations/lobbying	0	0	0	0	0
20	Medicare Subsidy	0	0	0	0	0
21		9,714	0	9,714	0	9,714
22						
23	Book Depreciation	8,038,653	0	8,038,653	0	8,038,653
24	Tax Depreciation	(11,905,476)	0	(11,905,476)	0	(11,905,476)
25	Non-Deductible Meals	0	0	0	0	0
26	Additional Taxable AFUDC	(555,950)	0	(555,950)	0	(555,950)
27	Deferred Debits	425,244	0	425,244	0	425,244
28	Amortization of UPAA	13,051	0	13,051	0	13,051
29	Deferred Maintenance	293,441	0	293,441	0	293,441
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	30,578	0	30,578	0	30,578
32	Community Education Costs	2,003,960	0	2,003,960	0	2,003,960
33	Taxable Advances and CIAC	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	\$ (1,656,499)		\$ (1,656,499)		\$ (1,656,499)
39						
40	State Taxable Income	\$ 3,720,155	\$ -	\$ 3,720,155	\$ 13,050,597	\$ 16,770,742
41						
42	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
43						
44	State Income Tax Liability	\$ 223,209	\$ -	\$ 223,209	\$ 783,035	\$ 1,006,245
45						
46						
47	State Income Taxes - Current	\$ 223,209	\$ -	\$ 223,209	\$ 783,035	\$ 1,006,245
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008  
TOTAL COMPANY

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

SCHEDULE E-1.4  
PAGE 2 of 2  
Witness Responsibility: M.A. Miller

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$47,127	\$0	\$47,127	\$0	\$47,127
4	Def SIT UPIS	\$177,643	\$0	177,643	0	177,643
5	Def SIT Deferred Maintenance	(\$24,204)	\$0	(24,204)	0	(24,204)
6	Def SIT Deferred Debits	(\$25,512)	\$0	(25,512)	0	(25,512)
7	Def SIT Property Losses	\$0	\$0	0	0	0
9						
10	Amort Deferred ITC	175,054	0	175,054	0	175,054
11		0	0	0	0	0
12						
13	Total Deferred State Income Taxes	175,054	0	175,054	0	175,054
14						
15	Total State Income Taxes	\$398,263	\$0	\$398,263	\$783,035	\$1,181,298
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF INCOME TAX ADJUSTMENTS  
TOTAL COMPANY

SCHEDULE E-1.5  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

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

Line No.	Reference Base Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
2					
3					
4	Sch E-1.2	State Income Taxes			
5	Sch E-1.4	Current	(5207,609)	\$ 223,209	\$ 431,018
6	Sch E-1.4	Deferred	734,069	175,054	(659,015)
7		Reserved	0	0	0
8		Reserved	0	0	0
9		Total State Income Taxes	\$ 526,260	\$ 398,263	\$ (127,997)
10					
11					
12					
13		Federal Income Taxes			
14	Sch E-1.1	Current	(983,252)	\$ 1,223,931	\$ 2,187,183
15	Sch E-1.3	Deferred	2,565,286	907,483	(1,657,803)
16	Sch E-1.3	Deferred - ITC	(84,792)	(84,797)	(5)
17		Reserved	0	0	0
18		Reserved	0	0	0
19		Total Federal Income Taxes	\$ 1,517,242	\$ 2,046,617	\$ 529,375
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2009  
TOTAL COMPANY

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

SCHEDULE E-2  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

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: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1,1C  
PAGE 1 of 2  
Witness Responsible: M.A. Millor

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$47,881,538	\$0	\$47,881,538
3	Operating Expenses			
4	Operation & Maintenance Expenses	26,105,058	0	26,105,058
5	Depreciation & Amortization	8,342,406	0	8,342,406
6	Taxes other than income	2,948,630	0	2,948,630
7	State Income Taxes - Current	(209,213)	0	(209,213)
8	Federal Income Taxes	0	0	0
9	Net below the line income (loss)	47,725	-47,725	0
10	Total Operating Expenses before FIT	37,235,506	0	37,187,681
11	Operating income before Federal Income Taxes	10,645,932	0	10,693,657
12	Reconciling items:			
13	Interest Charges	(5,396,327)	0	(5,396,327)
14	Permanent differences			
15	Taxable Meals/lobbying	9,714	0	9,714
16	Nondeductible donations	234,221	0	234,221
17	Medicare Subsidy	(245,767)	0	(245,767)
18	Book Depreciation	(1,832)	0	(1,832)
19	Tax Depreciation	7,843,488	0	7,843,488
20	Additional depreciation	(7,560,203)	0	(7,560,203)
21	Other Amortizations	(1,153,669)	0	(1,153,669)
22	Tax AFUDC	430,902	0	430,902
23	Deferred Maintenance	352,714	0	352,714
24	Abandonment losses	106,047	0	106,047
25	Misc Deferred Dabils	(722,011)	0	(722,011)
26	Uncollectible	313,778	0	313,778
27	Vacation Pay	176,135	0	176,135
28	All other	127,996	0	127,996
29	Reserved	(10,400,886)	0	(10,400,886)
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Reserved	0	0	0
33	Total Reconciling Items	(10,485,509)	0	(10,485,509)
34	Federal Taxable Income	(5,237,736)	0	(5,237,736)
35	Federal Income Tax Rate	35.00%	35.00%	35.00%
36	Federal Income Tax Liability	(1,833,208)	0	(1,833,208)
37	Adjustment of Prior Year	633,435	(633,435)	0
38	Federal Income Taxes - Current	(999,773)	966,338	(166,338)

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: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1,1C  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted
1	Deferred Income Taxes:			
2				
3				
4				
5	Def FIT Regulatory Asset/Liability	129,661	\$0	\$129,661
6	Def FIT Other	3,318,406	0	3,318,406
7	Def FIT Prior Year	(968,480)	968,480	0
8	Amort Deferred ITC	2,479,607	568,480	3,448,087
9		(84,792)	0	(84,792)
10	Total Deferred Federal Income Taxes	\$2,394,815	\$968,480	\$3,363,295
11				
12	Total Federal Income Taxes	\$1,395,042	\$1,801,915	\$3,196,957
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1,2C  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$47,881,538	\$0	\$47,881,538
3	Operating Expenses			
4	Operation & Maintenance Expenses	26,105,058	0	26,105,058
5	Depreciation & Amortization	8,342,406	0	8,342,406
6	Taxes other than income	2,949,630	0	2,949,630
7	State Income Taxes - Current	0	0	(47,725)
8	Federal Income Taxes	0	0	0
9	Net below the line income (loss)	47,725	(47,725)	0
10	Total Operating Expenses before SIT	37,444,819	(47,725)	37,301,644
11	Operating income before State Income Taxes	10,436,719	0	10,579,894
12	Reconciling Items:			
13	Interest Charges	(5,396,327)	0	(5,396,327)
14	Permanent differences	9,714	0	9,714
15	Taxable Meals/lobbying	234,221	0	234,221
16	Nondeductible donations	(245,767)	0	(245,767)
17	Medicare Subsidy	(1,832)	0	(1,832)
18	Book Depreciation	7,843,488	0	7,843,488
19	Tax Depreciation	(7,560,203)	0	(7,560,203)
20	Additional depreciation	(1,153,669)	0	(1,153,669)
21	Other Amortizations	430,902	0	430,902
22	Tax AFUDC	352,714	0	352,714
23	Deferred Maintenance	106,047	0	106,047
24	Abandonment losses	(722,011)	0	(722,011)
25	Misc Deferred Debits	313,778	0	313,778
26	Uncollectible	176,135	0	176,135
27	Vacation Pay	127,986	0	127,986
28	All other	(10,400,686)	0	(10,400,686)
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	(10,485,509)	0	(10,485,509)
38	State Taxable Income	(5,446,949)	0	(5,446,949)
39	State Depr in excess of Federal	1,960,071	0	1,960,071
40	State Income Tax Rate	6.00%	6.00%	6.00%
41	State Income Tax Liability	(209,213)	0	(209,213)
42	State Income Taxes - Current	(209,213)	0	(209,213)
43	Less: Prior Year Adjustment	135,429	0	135,429
44		(\$344,642)	\$135,429	(\$209,213)
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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: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1,2C  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Assmt/Liability	525,483	\$	\$ 25,483
5	Def SIT Other	560,269	0	560,269
6	Def SIT Prior Year Adj	123,799	(123,799)	0
7		709,551	(123,799)	585,752
8	Amount Deferred ITC	0	0	0
9				
10	Total Deferred State Income Taxes	\$ 709,551	\$ (123,799)	\$ 585,752
11				
12	Total State Income Taxes	\$ 364,909	\$ 11,630	\$ 376,539
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1-13C  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1	Operating Revenues	\$50,686,739	\$0	\$50,686,739	\$11,670,749	\$62,357,488
2	Operating Expenses					
3	Operation & Maintenance Expenses	25,578,545	0	25,578,545	102,791	25,681,336
4	Depreciation & Amortization	8,220,996	0	8,220,996	0	8,220,996
5	Taxes other than Income	3,463,928	0	3,463,928	19,607	3,483,535
6	State Income Taxes - Current	279,595	0	279,595	662,901	942,496
7	Federal Income Taxes					
8	Total Operating Expenses before FIT	37,543,064	0	37,543,064	815,299	38,358,363
9	Operating Income before Federal Income Taxes	13,143,675	0	13,143,675	10,855,450	23,999,125
10	Reconciling Items:					
11	Interest Charges	(7,146,119)	0	(7,146,119)	0	(7,146,119)
12	Permanent Differences					
13	Taxable meals/lobbying	9,714	0	9,714	0	9,714
14	Nondeductible donations	0	0	0	0	0
15	Medicare Subsidy	0	0	0	0	0
16	Total Reconciling Items	9,714	0	9,714	0	9,714
17	Book Depreciation	7,770,025	0	7,770,025	0	7,770,025
18	Tax Depreciation	(11,507,595)	0	(11,507,595)	0	(11,507,595)
19	Non-Deductible Meals/lobbying	0	0	0	0	0
20	Additional Taxable AFUDC	(654,965)	0	(654,965)	0	(654,965)
21	Deferred Debits	425,244	0	425,244	0	425,244
22	Amortization of UPAA	13,051	0	13,051	0	13,051
23	Deferred Maintenance	235,764	0	235,764	0	235,764
24	Property Losses	0	0	0	0	0
25	Amort Regulatory Assets / Liabilities	25,728	0	25,728	0	25,728
26	Taxable Advances and CIAC	1,965,800	0	1,965,800	0	1,965,800
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Reserved	0	0	0	0	0
31	Reserved	0	0	0	0	0
32	Total Reconciling Items	(1,626,948)	0	(1,626,948)	0	(1,626,948)
33	Federal Taxable Income	4,380,322	0	4,380,322	10,855,450	15,235,772
34	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
35	Federal Income Tax -Current	1,533,113	0	1,533,113	3,799,408	5,332,520



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1,3C  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD X\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-4

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$161,947	\$0	\$161,947	\$0	\$161,947
4	Def FIT UPIS	941,529	0	941,529	0	941,529
5	Def FIT Deferred Maintenance	(75,711)	0	(75,711)	0	(75,711)
6	Def FIT Deferred Debits	(139,908)	0	(139,908)	0	(139,908)
7	Def FIT Property Losses	0	0	0	0	0
10	Amount Deferred ITC	887,857	0	887,857	0	887,857
11		(84,797)	0	(84,797)	0	(84,797)
13	Total Deferred Federal Income Taxes	803,050	0	803,050	0	803,050
15	Total Federal Income Taxes	\$2,336,173	\$0	\$2,336,173	\$3,799,408	\$6,135,580

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

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

SCHEDULE E-14C  
PAGE 1 of 2  
Witness Responsible: M.A. Millor

Line No.	Description	At Current Rates		At Proposed Rates	
		Unadjusted	Adjusted	Unadjusted	Adjusted
1					
2	Operating Revenues	\$ 50,686,739	\$ 50,686,739	\$ 11,670,149	\$ 62,357,488
3					
4	Operating Expenses				
5	Operation & Maintenance Expenses	\$ 25,578,545	\$ 25,578,545	\$ 102,791	\$ 25,681,336
6	Depreciation & Amortization	8,220,996	8,220,996	0	8,220,996
7	Taxes other than income	3,463,928	3,463,928	19,607	3,483,535
8	State Income Taxes - Current				
9	Federal Income Taxes				
10					
11	Total Operating Expenses before FIT	\$ 37,263,469	\$ 37,263,469	\$ 122,398	\$ 37,385,867
12					
13	Operating Income before Federal Income Taxes	\$ 13,423,270	\$ 13,423,270	\$ 11,548,351	\$ 24,871,621
14	Reconciling Items:				
15	Interest Charges	(7,146,119)	(7,146,119)	0	(7,146,119)
16					
17	Permanent differences				
18	Taxable meals/lobbying	9,714	9,714	0	9,714
19	Non-deductible donations	0	0	0	0
20	Medicare Subsidy	0	0	0	0
21		9,714	9,714	0	9,714
22					
23	Book Depreciation	7,770,025	7,770,025	0	7,770,025
24	Tax Depreciation	(11,507,595)	(11,507,595)	0	(11,507,595)
25	Non-Deductible Meals/lobbying	0	0	0	0
26	Additional Taxable AFUDC	(554,965)	(554,965)	0	(554,965)
27	Deferred Debits	425,244	425,244	0	425,244
28	Amortization of UPAA	13,051	13,051	0	13,051
29	Deferred Maintenance	235,764	235,764	0	235,764
30	Property Losses	0	0	0	0
31	Amort Regulatory Assets / Liabilities	25,728	25,728	0	25,728
32	Taxable Advances and CIAC	1,965,800	1,965,800	0	1,965,800
33	Reserved	0	0	0	0
34	Reserved	0	0	0	0
35	Reserved	0	0	0	0
36	Reserved	0	0	0	0
37					
38	Total Reconciling Items	\$ (1,626,948)	\$ (1,626,948)		\$ (1,626,948)
39					
40	State Taxable Income	\$ 4,659,917	\$ 4,659,917	\$ 11,548,351	\$ 16,208,268
41					
42	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%
43					
44	State Income Tax Liability	\$ 279,595	\$ 279,595	\$ 692,901	\$ 972,496
45					
46	State Income Taxes - Current	\$ 279,595	\$ 279,595	\$ 692,901	\$ 972,496
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

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

SCHEDULE E-1.4C  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Del SIT Regulatory Asset/Liability	\$45,551	\$0	\$45,551	\$0	\$45,551
4	Del SIT UPLIS	171,706	0	171,706	0	171,706
5	Del SIT Deferred Maintenance	(19,452)	0	(19,452)	0	(19,452)
6	Del SIT Deferred Debts	(25,512)	0	(25,512)	0	(25,512)
7	Del SIT Property Losses	0	0	0	0	0
8						0
9						
10		172,293	0	172,293	0	172,293
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred State Income Taxes	172,293	0	172,293	0	172,293
14						
15	Total State Income Taxes	\$451,888	\$0	\$451,888	\$692,901	\$1,144,789
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
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: M.A. Miller

Line No.	Description	Reference Base Period	Forecasted Period	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3						
4	State Income Taxes					
5	Current	Sch E-1.2	Sch E-1.4	(\$209,213)	\$ 279,595	\$488,808
6	Deferred	Sch E-1.2	Sch E-1.4	585,752	172,283	(413,459)
7	Reserved			0	0	0
8	Reserved			0	0	0
9	Total State Income Taxes			\$ 376,539	\$ 451,878	\$ 75,349
10						
11						
12	Federal Income Taxes					
13	Current	Sch E-1.1	Sch E-1.3	(166,336)	\$ 1,533,113	\$1,699,451
14	Deferred	Sch E-1.1	Sch E-1.3	3,448,087	887,857	(2,560,230)
15	Deferred - ITC	Sch E-1.1	Sch E-1.3	(84,782)	(84,797)	(5)
16	Reserved			0	0	0
17	Reserved			0	0	0
18	Total Federal Income Taxes			\$ 3,196,957	\$ 2,335,173	\$ (860,784)
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	Total Income Taxes			\$ 3,573,495	\$ 2,788,061	\$ (785,435)

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

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

SCHEDULE E-2C  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

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: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

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

SCHEDULE E-1.1T  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$883,950	\$0	\$883,950
3	Operating Expenses			
4	Operation & Maintenance Expenses	883,555	0	883,555
5	Depreciation & Amortization	38,653	0	38,653
6	Taxes other than Income	7,901	0	7,901
7	State Income Taxes - Current	(6,854)	0	(6,854)
8	Federal Income Taxes	0	0	0
9	Total Operating Expenses before FIT	921,257	0	921,257
10	Operating Income before Federal Income Taxes	(37,307)	0	(37,307)
11	Reconciling Items:			
12	Interest Charges	(110,539)	0	(110,539)
13	Permanent Differences	0	0	0
14	Taxable Meals/ lobbying	0	0	0
15	Nondeductible donations	0	0	0
16	Medicare Subsidy	0	0	0
17	Book Depreciation	38,653	0	38,653
18	Tax Depreciation	(37,499)	0	(37,499)
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	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Total Reconciling Items	1,154	0	1,154
37	Federal Taxable Income	(146,692)	0	(146,692)
38	Federal Income Tax Rate	35.00%	35.00%	35.00%
39	Federal Income Tax Liability	(51,342)	0	(51,342)
40	Adjustment of Prior Year	17,072	(17,072)	0
41	Federal Income Taxes - Current	(34,270)	-\$17,072	(\$51,342)

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: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.1T  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2				
3				
4	Deferred Income Taxes:			
5	Def FIT Regulatory Asset/Liability	\$2,656	50	\$2,656
6	Def FIT Other	67,975	0	67,975
7	Def FIT Prior Year Adj	(19,839)	19,839	0
8	Amort Deferred ITC	50,792	19,839	70,631
9		0	0	0
10	Total Deferred Federal Income Taxes	\$50,792	\$19,839	\$70,631
11				
12	Total Federal Income Taxes	\$16,522	\$2,767	\$19,289
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15				
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.2T  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$683,950	\$0	\$683,950
3	Operating Expenses			
4	Operation & Maintenance Expenses	883,555	0	883,555
5	Depreciation & Amortization	38,653	0	38,653
6	Taxes other than Income	7,901	0	7,901
7	State Income Taxes - Current	0	0	0
8	Federal Income Taxes	0	0	0
9	Total Operating Expenses before SIT	930,111	0	930,111
10	Operating Income before State Income Taxes	(46,161)	0	(46,161)
11	Reconciling Items:			
12	Interest Charges	(110,539)	0	(110,539)
13	Permanent Differences	0	0	0
14	Taxable Meals/ lobbying	0	0	0
15	Nondeductible donations	0	0	0
16	Medicare Subsidy	0	0	0
17	Book Depreciation	38,653	0	38,653
18	Tax Depreciation	(37,499)	0	(37,499)
19	Taxable Customer Adv and CIAC	0	0	0
20	Other Net	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	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	1,154	0	1,154
38	State Taxable Income	(155,546)	0	(155,546)
39	State Income Tax Rate	6.00%	6.00%	6.00%
40	State Income Tax Liability	(8,854)	0	(8,851)
41	State Income Taxes - Current	(8,854)	2,774	(8,851)
42	Less: Prior Year Adjustment	(511,628)	\$2,774	0
43				(58,851)

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: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.2T  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2				
3				
4	Deferred State Income Taxes:			
5	Def SIT Regulatory Asset/Liability	\$522	\$	\$ 522
6	Def SIT Other	11,477	0	11,477
7	Def SIT Prior Year Adj	2,535	(2,535)	0
8	Amort Deferred ITC	14,535	(2,535)	11,999
9		0	0	0
10	Total Deferred State Income Taxes	\$ 14,535	\$ (2,535)	\$ 11,999
11				
12	Total State Income Taxes	\$ 2,907	\$ 239	\$ 3,146
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1,3T  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
2	Operating Revenues	\$1,164,229	\$0	\$1,164,229	\$736,553	\$1,900,782
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	1,150,191	0	1,150,191	6,487	1,156,678
6	Depreciation & Amortization	181,593	0	181,593	0	181,593
7	Taxes other than Income	86,289	0	86,289	1,237	87,526
8	State Income Taxes - Current	(25,094)	0	(25,094)	43,729	18,635
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	1,392,979	0	1,392,979	51,453	1,444,432
12						
13	Operating Income before Federal Income Taxes	(228,750)	(0)	(228,750)	665,100	436,350
14	Reconciling Items:					
15	Interest Charges	(133,587)	0	(133,587)	0	(133,587)
16						
17	Permanent differences	0	0	0	0	0
18	Taxable meals/lobbying	0	0	0	0	0
19	Nondeductible donations	0	0	0	0	0
20	Medicare Subsidy	0	0	0	0	0
21						
22						
23	Book Depreciation	181,593	0	181,593	0	181,593
24	Tax Depreciation	(266,945)	0	(266,945)	0	(266,945)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	0	0	0	0	0
27	Deferred Debits	0	0	0	0	0
28	Amortization of UPAA	18,384	0	18,384	0	18,384
29	Deferred Maintenance	0	0	0	0	0
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	0	0	0	0	0
32	Taxable Advances and CIAC	38,160	0	38,160	0	38,160
33	Reserved	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	(30,609)	0	(30,609)	0	(30,609)
39						
40	Federal Taxable Income	(393,146)	(0)	(393,146)	665,100	291,954
41						
42	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
43						
44	Federal Income Tax -Current	(137,601)	0	(137,601)	239,785	102,184
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1,3T  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_\_ BASE PERIOD X FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_\_\_ UPDATED \_\_\_\_\_ REVISED \_\_\_\_\_  
WORKPAPER REFERENCE NO(S): WIP-5

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
2	Defered Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$3,785	\$0	\$3,785	\$0	\$3,785
4	Def FIT UPIS	22,005	0	22,005	0	22,005
5	Def FIT Deferred Maintenance	(5,904)	0	(5,904)	0	(5,904)
6	Def FIT Deferred Debits	0	0	0	0	0
7	Def FIT Property Losses	0	0	0	0	0
9		<u>19,886</u>	<u>0</u>	<u>19,886</u>	<u>0</u>	<u>19,886</u>
10		0	0	0	0	0
11	Amort Deferred ITC	0	0	0	0	0
12		<u>19,886</u>	<u>0</u>	<u>19,886</u>	<u>0</u>	<u>19,886</u>
13	Total Defered Federal Income Taxes	<u>19,886</u>	<u>0</u>	<u>19,886</u>	<u>0</u>	<u>19,886</u>
14		<u>(\$117,715)</u>	<u>\$0</u>	<u>(\$117,715)</u>	<u>\$239,785</u>	<u>\$122,070</u>
15	Total Federal Income Taxes	<u>(\$117,715)</u>	<u>\$0</u>	<u>(\$117,715)</u>	<u>\$239,785</u>	<u>\$122,070</u>

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.4T  
PAGE 1 of 2  
Witness Responsibility: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1	Operating Revenues	\$1,164,229	\$0	\$1,164,229	\$736,653	\$1,900,782
2	Operating Expenses					
3	Operation & Maintenance Expenses	1,150,191	0	1,150,191	6,487	1,156,678
4	Depreciation & Amortization	181,593	0	181,593	0	181,593
5	Taxes other than Income	66,289	0	66,289	1,237	87,526
6	State Income Taxes - Current					
7	Federal Income Taxes					
8	Total Operating Expenses before FIT	1,418,073	0	1,418,073	7,724	1,425,797
9	Operating Income before Federal Income Taxes	(253,844)	0	(253,844)	728,029	474,985
10	Reconciling Items:					
11	Interest Charges	(133,587)	0	(133,587)	0	(133,587)
12	Permanent differences					
13	Taxable meals/lobbying	0	0	0	0	0
14	Nondeductible donations	0	0	0	0	0
15	Medicare Subsidy	0	0	0	0	0
16	Book Depreciation	181,593	0	181,593	0	181,593
17	Tax Depreciation	(268,945)	0	(268,945)	0	(268,945)
18	Non-Deductible Meals/Lobbying	0	0	0	0	0
19	Additional Taxable AFUDC	0	0	0	0	0
20	Deferred Debits	0	0	0	0	0
21	Amortization of UPAA	0	0	0	0	0
22	Deferred Maintenance	18,384	0	18,384	0	18,384
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	Total Reconciling Items	(30,808)		(30,808)		(30,808)
31	State Taxable Income	(418,240)		(418,240)	728,029	310,569
32	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
33	State Income Tax Liability	(25,094)		(25,094)	43,730	18,635
34	State Income Taxes - Current	(25,094)		(25,094)	43,730	18,635

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.4T  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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	All Proposed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$1,065	\$0	\$1,065	\$0	\$1,065
4	Def SIT UPIS	4,013	0	4,013	0	4,013
5	Def SIT Deferred Maintenance	(1,512)	0	(1,512)	0	(1,512)
6	Def SIT Deferred Debits	0	0	0	0	0
7	Def SIT Property Losses	0	0	0	0	0
9		<u>3,566</u>	<u>0</u>	<u>3,566</u>	<u>0</u>	<u>3,566</u>
10	Amort/Deferred ITC	0	0	0	0	0
11		<u>3,566</u>	<u>0</u>	<u>3,566</u>	<u>0</u>	<u>3,566</u>
12	Total Deferred State Income Taxes	<u>3,566</u>	<u>0</u>	<u>3,566</u>	<u>0</u>	<u>3,566</u>
13		<u>3,566</u>	<u>0</u>	<u>3,566</u>	<u>0</u>	<u>3,566</u>
14	Total State Income Taxes	<u>(\$21,528)</u>	<u>\$0</u>	<u>(\$21,528)</u>	<u>\$43,730</u>	<u>\$22,201</u>
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF INCOME TAX ADJUSTMENTS  
TRI VILLAGE

SCHEDULE E-1.5T  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

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

Line No.	Reference		Description	At Current Rates		Present Rates		Adjustment
	Base Period	Forecasted Period		Base Period	Forecasted Period			
2								
3								
4	Sch E-1.2	Sch E-1.4	Slate Income Taxes					
5	Sch E-1.2	Sch E-1.4	Current	(\$8,851)	\$ (25,094)	\$ (16,243)		\$ (16,243)
6			Deferred	11,999	3,566	(8,433)		(8,433)
7			Reserved	0	0	0		0
8			Reserved	0	0	0		0
9			Total Slate Income Taxes	\$ 3,148	\$ (21,528)	\$ (24,676)		\$ (24,676)
10								
11								
12								
13	Sch E-1.1	Sch E-1.3	Federal Income Taxes					
14	Sch E-1.1	Sch E-1.3	Current	(\$1,342)	\$ (137,601)	\$ (86,259)		\$ (86,259)
15	Sch E-1.1	Sch E-1.3	Deferred	70,631	19,866	(50,745)		(50,745)
16	Sch E-1.1	Sch E-1.3	Deferred - ITC	0	0	0		0
17			Reserved	0	0	0		0
18			Reserved	0	0	0		0
19			Total Federal Income Taxes	\$ 19,289	\$ (117,715)	\$ (137,004)		\$ (137,004)
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			Total Income Taxes	\$ 22,437	\$ (139,243)	\$ (161,680)		\$ (161,680)

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-2T  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

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

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: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.1E  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$81,756	50	\$81,756
5	Operating Expenses			
6	Operation & Maintenance Expenses	87,428	0	87,428
7	Depreciation & Amortization	0	0	0
8	Taxes other than Income	1,039	0	1,039
9	State Income Taxes - Current	(688)	0	(688)
10	Federal Income Taxes			
11	Total Operating Expenses before FIT	87,779	0	87,779
12				
13				
14	Operating Income before Federal Income Taxes	(6,023)	0	(6,023)
15	Reconciling Items:			
16	Interest Charges	(5,583)	0	(5,583)
17	Permanent Differences	0	0	0
18	Taxable meals/lobbying	0	0	0
19	Nondeductible donations	0	0	0
20	Medicare Subsidy	0	0	0
21		0	0	0
22	Book Depreciation	8,627	0	8,627
23	Tax Depreciation	(8,418)	0	(8,418)
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	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36				
37	Total Reconciling Items	209	0	209
38				
39	Federal Taxable Income	(11,397)	0	(11,397)
40				
41	Federal Income Tax Rate	35.00%	35.00%	35.00%
42	Federal Income Tax Liability	(3,989)	0	(3,989)
43	Adjustment of Prior Year	862	(862)	0
44				
45	Federal Income Taxes - Current	(3,127)	-\$862	(\$3,989)
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50				

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: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.1E  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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
2				
3				
4	Deferred Income Taxes:			
5	Def FIT Regulatory Asset/Liability	\$134	\$0	\$134
6	Def FIT Other	3,433	0	3,433
7	Def FIT Prior Year Adj	(1,002)	1,002	0
8	Amort Deferred ITC	2,565	1,002	3,567
9		0	0	0
10	Total Deferred Federal Income Taxes	\$2,565	\$1,002	\$3,567
11				
12	Total Federal Income Taxes	(\$562)	\$140	(\$422)
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1,2E  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$81,755	\$0	\$81,755
3	Operating Expenses			
4	Operation & Maintenance Expenses	87,428	0	87,428
5	Depreciation & Amortization	0	0	0
6	Taxes other than Income	1,039	0	1,039
7	State Income Taxes - Current	0	0	0
8	Federal Income Taxes	0	0	0
9	Total Operating Expenses before SIT	\$88,467	0	\$88,467
10	Operating Income before State Income Taxes	(6,711)	0	(6,711)
11	Reconciling Items:			
12	Interest Charges	(5,583)	0	(5,583)
13	Permanent differences	0	0	0
14	Taxable meals/lobbying	0	0	0
15	Nondeductible donations	0	0	0
16	Medicare Subsidy	0	0	0
17	Book Depreciation	8,627	0	8,627
18	Tax Depreciation	(8,418)	0	(8,418)
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	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	209	0	209
38	State Taxable Income	(12,085)	0	(12,085)
39	State Income Tax Rate	6.00%	6.00%	6.00%
40	State Income Tax Liability	(688)	0	(688)
41	State Income Taxes - Current	(688)	0	(688)
42	Less: Prior Year Adjustment	140	140	0
43		\$140	\$140	0
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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: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.2E  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred State Income Taxes:			
5	Def SIT Regulatory Asset/Liability	\$26	0	26
6	Def SIT Other	580	0	580
7	Def SIT Prior Year Adj	128	(128)	0
8	Amort Deferred ITC	734	(128)	606
9		0	0	0
10				
11	Total Deferred State Income Taxes	\$734	(120)	606
12				
13	Total State Income Taxes	(594)	12	(62)
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-13E  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$93,639	\$0	\$93,639	\$53,413	\$147,051
3	Operating Expenses					
4	Operation & Maintenance Expenses	109,161	0	109,161	470	109,631
5	Depreciation & Amortization	7,442	0	7,442	0	7,442
6	Taxes other than income	6,272	0	6,272	90	6,362
7	State Income Taxes - Current	(2,315)	0	(2,315)	3,171	856
8	Federal Income Taxes					
9	Total Operating Expenses before FIT	120,560	0	120,560	3,731	124,291
10						
11	Operating Income before Federal Income Taxes	(26,922)	(0)	(26,922)	49,682	22,760
12	Reconciling Items:					
13	Interest Charges	(6,784)	0	(6,784)	0	(6,784)
14	Permanent differences	0	0	0	0	0
15	Taxable meals/lobbying	0	0	0	0	0
16	Nondeductible donations	0	0	0	0	0
17	Medicare Subsidy	0	0	0	0	0
18	Book Depreciation	7,442	0	7,442	0	7,442
19	Tax Depreciation	(11,072)	0	(11,072)	0	(11,072)
20	Non-Deductible Meals/Lobbying	0	0	0	0	0
21	Additional Taxable AFUDC	0	0	0	0	0
22	Deferred Debits	0	0	0	0	0
23	Amortization of UPAA	0	0	0	0	0
24	Deferred Maintenance	0	0	0	0	0
25	Property Losses	0	0	0	0	0
26	Amort Regulatory Assets / Liabilities	1,065	0	1,065	0	1,065
27	Taxable Advances and CIAC	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Reserved	0	0	0	0	0
31	Reserved	0	0	0	0	0
32	Total Reconciling Items	(2,565)	0	(2,565)	0	(2,565)
33	Federal Taxable Income	(36,271)	(0)	(36,271)	49,682	13,411
34	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
35	Federal Income Tax -Current	(12,695)	0	(12,695)	17,389	4,694
36						
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

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

SCHEDULE E-1.3E  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$156	\$0	\$156	\$0	\$156
4	Def FIT UPIS	906	0	906	0	906
5	Def FIT Deferred Maintenance	0	0	0	0	0
6	Def FIT Deferred Debits	0	0	0	0	0
7	Def FIT Property Losses	0	0	0	0	0
8						
9						
10		1,062	0	1,062	0	1,062
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred Federal Income Taxes	1,062	0	1,062	0	1,062
14						
15	Total Federal Income Taxes	(\$11,633)	\$0	(\$11,633)	\$17,369	\$5,755
16						
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

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

SCHEDULE E-1,4E  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
2	Operating Revenues	\$ 93,638	\$ -	\$ 93,638	\$ 53,413	\$ 147,051
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 109,161	\$ -	\$ 109,161	\$ 470	\$ 109,631
6	Depreciation & Amortization	7,442	0	7,442	0	7,442
7	Taxes other than income	6,272	0	6,272	90	6,362
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 122,875	\$ -	\$ 122,875	\$ 560	\$ 123,435
12						
13	Operating Income before Federal Income Taxes	\$ (29,237)	\$ -	\$ (29,237)	\$ 52,853	\$ 23,616
14	Reconciling Items:					
15	Interest Charges	(6,784)	0	(6,784)	0	(6,784)
16						
17	Permanent differences					
18	Taxable meals/lobbying	0	0	0	0	0
19	Nondeductible donations	0	0	0	0	0
20	Medicare Subsidy	0	0	0	0	0
21		0	0	0	0	0
22						
23	Book Depreciation	7,442	0	7,442	0	7,442
24	Tax Depreciation	(11,072)	0	(11,072)	0	(11,072)
25	Non-Deductible Meals/Lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	0	0	0	0	0
27	Deferred Debits	0	0	0	0	0
28	Amortization of UPAA	0	0	0	0	0
29	Deferred Maintenance	0	0	0	0	0
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	1,065	0	1,065	0	1,065
32	Taxable Advances and CIAC	0	0	0	0	0
33	Reserved	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	\$ (2,565)	\$ -	\$ (2,565)	\$ -	\$ (2,565)
39						
40	State Taxable Income	\$ (38,586)	\$ -	\$ (38,586)	\$ 52,853	\$ 14,267
41						
42	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
43						
44	State Income Tax Liability	\$ (2,315)	\$ -	\$ (2,315)	\$ 3,171	\$ 856
45						
46	State Income Taxes - Current	\$ (2,315)	\$ -	\$ (2,315)	\$ 3,171	\$ 856
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

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

SCHEDULE E-1,4E  
PAGE 2 of 2  
Witness Responsible: R.A. Miller

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
2	Defered Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$44	\$0	\$44	\$0	\$44
4	Def SIT UPIS	165	0	165	0	165
5	Def SIT Deferred Maintenance	0	0	0	0	0
6	Def SIT Deferred Debts	0	0	0	0	0
7	Def SIT Property Losses	0	0	0	0	0
8						
9						
10		209	0	209	0	209
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred State Income Taxes	209	0	209	0	209
14						
15	Total State Income Taxes	(\$2,105)	\$0	(\$2,105)	(\$3,171)	\$1,065
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF INCOME TAX ADJUSTMENTS  
ELK LAKE

SCHEDULE E-15E  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

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

Line No.	Reference Base Period	Description	Forecasted Period	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
3	Sch E-1.2	State Income Taxes				
4	Sch E-1.4	Current	Sch E-1.4	(\$688)	\$ (2,315)	\$ (1,627)
5	Sch E-1.2	Deferred	Sch E-1.4	606	209	(397)
6		Reserved		0	0	0
7		Reserved		0	0	0
8		Total State Income Taxes		\$ (82)	\$ (2,106)	\$ (2,024)
13	Sch E-1.1	Federal Income Taxes				
14	Sch E-1.1	Current	Sch E-1.3	(3,989)	(12,695)	(8,706)
15	Sch E-1.1	Deferred - ITC	Sch E-1.3	3,567	1,082	(2,505)
16	Sch E-1.1	Reserved	Sch E-1.3	0	0	0
17		Reserved		0	0	0
18		Total Federal Income Taxes		\$ (422)	\$ (11,613)	\$ (11,211)
21		Total Income Taxes		\$ (504)	\$ (13,739)	\$ (13,235)



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

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

SCHEDULE E-ZE  
PAGE 1 of 1  
Witness Responsible: M.A. Millar

Line No.	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
1					
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.  
100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

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

SCHEDULE E-1.10  
PAGE 1 of 2  
Witness Responsible: M.A. Millor

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$797,644	\$0	\$797,644
3	Operating Expenses			
4	Operation & Maintenance Expenses	475,951	0	475,951
5	Depreciation & Amortization	48,190	0	48,190
6	Taxes other than Income	13,639	0	13,639
7	State Income Taxes - Current	10,874	0	10,874
8	Federal Income Taxes			
9	Total Operating Expenses before FIT	548,654	0	548,654
10	Operating Income before Federal Income Taxes	248,990	0	248,990
11	Reconciling Items:			
12	Interest Charges	(70,343)	0	(70,343)
13	Permanent Differences	0	0	0
14	Taxable revaluations	0	0	0
15	Nondeductible donations	0	0	0
16	Medicare Subsidy	0	0	0
17	Book Depreciation	48,190	0	48,190
18	Tax Depreciation	(46,682)	0	(46,682)
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	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	1,508	0	1,508
38	Federal Taxable Income	180,155	0	180,155
39	Federal Income Tax Rate	35.00%	35.00%	35.00%
40	Federal Income Tax Liability	63,054	0	63,054
41	Adjustment of Prior Year	10,864	(10,864)	0
42	Federal Income Taxes - Current	\$73,918	-\$10,864	\$63,054

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: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

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

SCHEDULE E-1.10  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred Income Taxes:			
5	Def FIT Regulatory Asset/Liability	\$1,690	\$0	\$1,690
6	Def FIT Other	43,257	0	43,257
7	Def FIT Prior Year Adj	(12,625)	12,625	0
8		32,322	12,625	44,947
9	Amort Deferred ITC	0	0	0
10	Total Deferred Federal Income Taxes	\$32,322	\$12,625	\$44,947
11				
12	Total Federal Income Taxes	\$106,240	\$1,761	\$108,001
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

SCHEDULE E-1.20  
PAGE 1 of 2  
Witness Responsible: M.A. Millor

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$797,644	\$0	\$797,644
3	Operating Expenses			
4	Operation & Maintenance Expenses	475,951	0	475,951
5	Depreciation & Amortization	48,190	0	48,190
6	Taxes other than Income	13,639	0	13,639
7	State Income Taxes - Current	0	0	0
8	Federal Income Taxes	0	0	0
9	Total Operating Expenses before SIT	537,780	0	537,780
10	Operating Income before State Income Taxes	259,864	0	259,864
11	Reconciling Items:			
12	Interest Charges	(70,343)	0	(70,343)
13	Permanent Differences	0	0	0
14	Taxable meal/entertainment	0	0	0
15	Nondeductible donations	0	0	0
16	Medicare Subsidy	0	0	0
17	Book Depreciation	48,190	0	48,190
18	Tax Depreciation	(46,662)	0	(46,662)
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	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Reserved	0	0	0
38	Total Reconciling Items	1,508	0	1,508
39	State Taxable Income	191,029	0	191,029
40	State Income Tax Rate	6.00%	6.00%	6.00%
41	State Income Tax Liability	10,874	0	10,874
42	State Income Taxes - Current	10,874	0	10,874
43	Less: Prior Year Adjustment	(1,765)	1,765	0
44		\$9,109	\$1,765	\$10,874
45				
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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: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

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

SCHEDULE E-1.20  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred State Income Taxes:			
5	Def SIT Regulatory Asset/Liability	\$332	0	332
6	Def SIT Other	7,303	0	7,303
7	Def SIT Prior Year Adj	1,614	(1,614)	0
8	Amort Deferred ITC	9,249	(1,614)	7,635
9		0	0	0
10	Total Deferred State Income Taxes	\$9,249	(1,614)	7,635
11				
12	Total State Income Taxes	\$18,358	151	18,509
13				
14				
15				
16				
17				
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

DATA: \_\_\_\_\_ BASE PERIOD \_\_\_X\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_\_\_ ORIGINAL \_\_\_UPDATED\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

SCHEDULE E-1,30  
PAGE 1 of 2  
Witness Responsible: M.A. Millor

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$605,551	\$0	\$605,551	\$728,191	\$1,333,742
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	844,665	0	844,665	6,414	851,079
6	Depreciation & Amortization	79,593	0	79,593	0	79,593
7	Taxes other than income	70,672	0	70,672	1,223	71,895
8	State Income Taxes - Current	(28,976)	0	(28,976)	43,233	14,257
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	965,954	0	965,954	50,870	1,016,824
12						
13	Operating Income before Federal Income Taxes	(360,403)	(0)	(360,403)	677,321	316,918
14	Reconciling items:					
15	Interest Charges	(97,380)	0	(97,380)	0	(97,380)
16						
17	Permanent differences	0	0	0	0	0
18	Taxable meals/lobbying	0	0	0	0	0
19	Nondeductible donations	0	0	0	0	0
20	Medicare subsidy	0	0	0	0	0
21						
22						
23	Book Depreciation	79,593	0	79,593	0	79,593
24	Tax Depreciation	(117,864)	0	(117,864)	0	(117,864)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(985)	0	(985)	0	(985)
27	Deferred Debits	0	0	0	0	0
28	Amortization of UPAA	0	0	0	0	0
29	Deferred Maintenance	39,293	0	39,293	0	39,293
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	3,785	0	3,785	0	3,785
32	Taxable Advances and CIAG	0	0	0	0	0
33	Reserved	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	3,822	0	3,822	0	3,822
39						
40	Federal Taxable Income	(453,950)	(0)	(453,950)	677,321	223,361
41						
42	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
43						
44	Federal Income Tax Liability	(158,886)	0	(158,886)	237,062	78,176
45						
46	Investment Tax Credits	0	0	0	0	0
47						
48	Federal Income Taxes - Current	(158,886)	0	(158,886)	237,062	78,176
49						
50						

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

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

SCHEDULE E-1.30  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$1,659	\$0	\$1,659	\$0	\$1,659
4	Def FIT UPIIS	9,643	0	9,643	0	9,643
5	Def FIT Deferred Maintenance	(12,624)	0	(12,624)	0	(12,624)
6	Def FIT Deferred Debits	0	0	0	0	0
7	Def FIT Property Losses	0	0	0	0	0
10		(1,322)	0	(1,322)	0	(1,322)
11	Amort Deferred ITC	0	0	0	0	0
12		0	0	0	0	0
13	Total Deferred Federal Income Taxes	(1,322)	0	(1,322)	0	(1,322)
14		(\$160,209)	\$0	(\$160,209)	\$237,052	\$76,854
15	Total Federal Income Taxes	(\$160,209)	\$0	(\$160,209)	\$237,052	\$76,854

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

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

SCHEDULE E-1.40  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
2	Operating Revenues	\$ 605,551	\$ -	\$ 605,551	\$ 729,191	\$ 1,333,742
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 844,665	\$ -	\$ 844,665	\$ 6,414	\$ 851,079
6	Depreciation & Amortization	79,593	0	79,593	0	79,593
7	Taxes other than income	70,672	0	70,672	1,223	71,895
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 994,930	\$ -	\$ 994,930	\$ 7,637	\$ 1,002,567
12						
13	Operating Income before Federal Income Taxes	\$ (389,379)	\$ -	\$ (389,379)	\$ 720,554	\$ 331,175
14	Reconciling Items:					
15	Interest Charges	(97,360)	0	(97,360)	0	(97,360)
16						
17	Permanent differences	0	0	0	0	0
18	Taxable meals/lobbying	0	0	0	0	0
19	Nondeductible donations	0	0	0	0	0
20	Medicare subsidy	0	0	0	0	0
21						
22						
23	Book Depreciation	79,593	0	79,593	0	79,593
24	Tax Depreciation	(117,864)	0	(117,864)	0	(117,864)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(985)	0	(985)	0	(985)
27	Deferred Debits	0	0	0	0	0
28	Amortization of UPAA	0	0	0	0	0
29	Deferred Maintenance	39,293	0	39,293	0	39,293
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	3,785	0	3,785	0	3,785
32	Taxable Advances and CIAC	0	0	0	0	0
33	Reserved	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	\$ 3,822	\$ -	\$ 3,822	\$ -	\$ 3,822
39						
40	State Taxable Income	\$ (482,936)	\$ -	\$ (482,936)	\$ 720,554	\$ 237,618
41						
42	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
43						
44	State Income Tax Liability	\$ (28,976)	\$ -	\$ (28,976)	\$ 43,233	\$ 14,257
45						
46						
47	State Income Taxes - Current	\$ (28,976)	\$ -	\$ (28,976)	\$ 43,233	\$ 14,257
48						
49						
50						



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

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

SCHEDULE E-1.40  
PAGE 2 of 2  
Witness Responsible: M.A. Millier

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	All Proposed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$467	\$0	\$467	\$0	\$467
4	Def SIT UPIS	1,759	0	1,759	0	1,759
5	Def SIT Deferred Maintenance	(3,240)	0	(3,240)	0	(3,240)
6	Def SIT Deferred Debits	0	0	0	0	0
7	Def SIT Property Losses	0	0	0	0	0
10		<u>(1,014)</u>	<u>0</u>	<u>(1,014)</u>	<u>0</u>	<u>(1,014)</u>
11	Amort Deferred ITC	0	0	0	0	0
12		<u>(1,014)</u>	<u>0</u>	<u>(1,014)</u>	<u>0</u>	<u>(1,014)</u>
13	Total Deferred State Income Taxes	<u>(1,014)</u>	<u>0</u>	<u>(1,014)</u>	<u>0</u>	<u>(1,014)</u>
14		<u>(\$29,990)</u>	<u>\$0</u>	<u>(\$29,990)</u>	<u>\$43,233</u>	<u>\$13,243</u>
15	Total State Income Taxes	<u>(\$29,990)</u>	<u>\$0</u>	<u>(\$29,990)</u>	<u>\$43,233</u>	<u>\$13,243</u>

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF INCOME TAX ADJUSTMENTS  
OWENTON

SCHEDULE E-1.50  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD X\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-5

Line No.	Reference Base Period	Description	Forecasted Period	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
3	Sch E-1.2	State Income Taxes				
4	Sch E-1.4	Current	Sch E-1.4	\$10,874	\$ (28,976)	\$ (39,850)
5	Sch E-1.4	Deferred	Sch E-1.4	7,635	(1,014)	(8,649)
6		Reserved		0	0	0
7		Reserved		0	0	0
9		Total State Income Taxes		\$ 18,509	\$ (29,990)	\$ (48,499)
13		Federal Income Taxes				
14	Sch E-1.1	Current	Sch E-1.3	63,054	(158,886)	(221,940)
15	Sch E-1.1	Deferred - ITC	Sch E-1.3	44,947	(1,322)	(46,269)
16	Sch E-1.1	Reserved	Sch E-1.3	0	0	0
17		Reserved		0	0	0
18		Reserved		0	0	0
19		Total Federal Income Taxes		\$ 108,001	\$ (160,208)	\$ (256,209)
21		Total Income Taxes		\$ 126,510	\$ (190,198)	\$ (316,708)

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

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

SCHEDULE E-20  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

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.