

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

**NOTICE OF ADJUSTMENT OF THE RATES OF
KENTUCKY-AMERICAN WATER COMPANY
EFFECTIVE ON AND AFTER MAY 30, 2007**

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CASE NO. 2007-00143

DIRECT TESTIMONY OF JOHN J. SPANOS

April 30, 2007

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1 **INTRODUCTION**

2 **1. Q. Please state your name and address.**

3 A. John J. Spanos. My business address is 207 Senate Avenue, Camp Hill,
4 Pennsylvania.

5 **2. Q. With what firm are you associated?**

6 A. I am associated with the firm of Gannett Fleming, Inc.

7 **3. Q. How long have you been associated with Gannett Fleming?**

8 A. I have been associated with the firm since college graduation in June 1986.

9 **4. Q. What is your position in the firm?**

10 A. I am Vice President of the Valuation and Rate Division.

11 **5. Q. What is your educational background?**

12 A. I have Bachelor of Science degrees in Industrial Management and
13 Mathematics from Carnegie-Mellon University and a Master of Business
14 Administration from York College of Pennsylvania.

15 **6. Q. Are you a member of any professional societies?**

16 A. Yes. I am a member of the Society of Depreciation Professionals
17 and the American Gas Association/Edison Electric Institute Industry
18 Accounting Committee.

19 **7. Q. Have you taken the certification examination for depreciation
20 professionals?**

21 A. Yes. I passed the certification examination of the Society of
22 Depreciation Professionals in September 1997 and was recertified in August
23 2003.

24 **8. Q. Will you outline your experience in the field of depreciation?**

1 A. In June 1986, I was employed by Gannett Fleming Valuation and Rate
2 Consultants, Inc. as a Depreciation Analyst. During the period from June
3 1986 to December 1995, I took part in the preparation of numerous
4 depreciation and original cost studies for utility companies in various
5 industries. Depreciation studies of telephone companies were performed for
6 United Telephone of Pennsylvania, United Telephone of New Jersey and
7 Anchorage Telephone Utility. My work in the railroad industry included
8 depreciation studies for Union Pacific Railroad, Burlington Northern Railroad
9 and Wisconsin Central Transportation Corporation.

10 Assignments in the electric industry included depreciation studies for
11 Chugach Electric Association, The Cincinnati Gas and Electric Company, The
12 Union Light, Heat & Power Company, Northwest Territories Power
13 Corporation and the City of Calgary - Electric System. Pipeline industry
14 assignments included studies for TransCanada Pipelines Limited, Trans
15 Mountain Pipe Line Company Ltd., Interprovincial Pipe Line Inc., Nova Gas
16 Transmission Limited and Lakehead Pipeline Company.

17 My work for the gas industry included depreciation studies for
18 Columbia Gas of Pennsylvania, Columbia Gas of Maryland, The Peoples
19 Natural Gas Company, T. W. Phillips Gas & Oil Company, The Cincinnati Gas
20 and Electric Company, The Union Light, Heat & Power Company,
21 Lawrenceburg Gas Company and Penn Fuel Gas, Inc. Assignments in the
22 water industry included depreciation studies for Indiana-American Water
23 Company, Consumers Pennsylvania Water Company and The York Water
24 Company; and depreciation and original cost studies for Philadelphia

1 Suburban Water Company and Pennsylvania-American Water Company.

2 My participation in each of the above studies included assembly
3 and analysis of historical and simulated data, field reviews, the development
4 of preliminary estimates of service life and net salvage, calculations of annual
5 depreciation, and the preparation of reports for submission to state or
6 provincial public utility commissions or federal regulatory agencies. I
7 performed these studies under the general direction of William M. Stout, P.E.,
8 the President of Gannett Fleming Valuation and Rate Consultants, Inc.

9 In January 1996, I was assigned to the position of Supervisor of
10 Depreciation Studies. In July 1999, I was promoted to the position of
11 Manager, Depreciation and Valuation Studies. In December 2000, I was
12 promoted to my current position as Vice President of Gannett Fleming
13 Valuation and Rate Consultants, Inc., now the Valuation and Rate Division of
14 Gannett Fleming, Inc. I am responsible for all depreciation, valuation and
15 original cost studies, including the preparation of final exhibits and responses
16 to data requests for submission to the appropriate regulatory body.

17 Since January 1996, I have conducted depreciation studies similar
18 to those previously listed, including assignments for Hampton Water Works
19 Company, Omaha Public Power District, Enbridge Pipe Line Company, Inc.,
20 Columbia Gas of Virginia, Inc., Virginia Natural Gas Company, National Fuel
21 Gas Distribution Corporation - New York and Pennsylvania Divisions, The
22 City of Bethlehem - Bureau of Water, The City of Coatesville Authority, The
23 City of Lancaster - Bureau of Water, Peoples Energy Corporation, The York
24 Water Company, Public Service Company of Colorado, Reliant Energy-HLP,

1 Massachusetts-American Water Company, St. Louis County Water Company,
2 Missouri-American Water Company, Chugach Electric Association, Alliant
3 Energy, Oklahoma Gas and Electric Company, Nevada Power Company,
4 Dominion Virginia Power, NUI-Virginia Gas Companies, PSI Energy, NUI -
5 Elizabethtown Gas Company, Cinergy Corporation – CG&E, Cinergy
6 Corporation – ULH&P, Columbia Gas of Kentucky, SCANA, Inc., Idaho Power
7 Company, El Paso Electric Company, Central Hudson Gas & Electric,
8 Centennial Pipeline Company, CenterPoint Energy-Arkansas, CenterPoint
9 Energy – Oklahoma, CenterPoint Energy – Entex, CenterPoint Energy -
10 Louisiana, NSTAR – Boston Edison Company, Westar Energy, Inc., South
11 Jersey Gas Company, Duquesne Light Company, MidAmerican Energy
12 Company, Laclede Gas, Duke Energy Corporation, Bonneville Power
13 Administration, NSTAR Electric and Gas Company, EPCOR Distribution, Inc.
14 and B. C. Gas Utility, Ltd.

15 **9. Q. Have you submitted testimony to any state utility commissions on the**
16 **subject of utility plant depreciation?**

17 A. Yes. I have submitted testimony to the Pennsylvania Public Utility
18 Commission, the Commonwealth of Kentucky Public Service Commission,
19 the Public Utilities Commission of Ohio, the Nevada Public Utility
20 Commission, the Public Utilities Board of New Jersey, the Missouri Public
21 Service Commission and the Massachusetts Department of
22 Telecommunications and Energy, the Alberta Energy & Utility Board, the
23 Idaho Public Utility Commission, the Louisiana Public Service Commission,
24 the State Corporation Commission of Kansas, the Oklahoma Corporate

1 Commission, The Public Service Commission of South Carolina, Railroad
2 Commission of Texas – Gas Services Division, the New York Public Service
3 Commission, Illinois Commerce Commission, the Indiana Utility Regulatory
4 Commission, the California Public Utilities Commission, The Federal Energy
5 Regulatory Commission (“FERC”), the Arkansas Public Service Commission,
6 the Public Utility Commission of Texas, the Regulatory Commission of
7 Alaska, and the North Carolina Utilities Commission.

8 **10. Q. What is the extent of your formal instruction with respect to utility plant**
9 **depreciation?**

10 A. I have completed the “Techniques of Life Analysis”, “Techniques of Salvage
11 and Depreciation Analysis”, “Forecasting Life and Salvage”, “Modeling and
12 Life Analysis Using Simulation” and “Managing a Depreciation Study”
13 programs conducted by Depreciation Programs, Inc. Also, I have completed
14 the “Introduction to Public Utility Accounting” program conducted by the
15 American Gas Association.

16 **11. Q. What is the purpose of your testimony?**

17 A. My testimony is in support of the depreciation study conducted under my
18 direction and supervision for Kentucky American Water Company (the
19 “Company”). Based upon that study, I am recommending that new
20 depreciation accrual rates be adopted by the Company.

1 **OVERVIEW**

2 **12. Q. Please describe what you mean by the term “depreciation”.**

3 A. “Depreciation” refers to the loss in service value not restored by current
4 maintenance, incurred in connection with the consumption or prospective
5 retirement of utility plant in the course of service from causes which can be
6 reasonably anticipated or contemplated, against which the Company is not
7 protected by insurance. Among the causes to be given consideration are
8 wear and tear, decay, action of the elements, inadequacy, obsolescence,
9 changes in the art, changes in demand, and the requirements of public
10 authorities. Depreciation accrual rates are used to allocate, for accounting
11 purposes, the cost of assets over their service lives.

12 In the study that I performed and that is the basis for my testimony, I
13 used the straight line whole life method of depreciation, with the average
14 service life procedure to develop recommended depreciation accrual rates. In
15 addition, I calculated the amount required to amortize the variance between
16 the book depreciation reserve and the calculated accrued depreciation. The
17 total annual depreciation is based on a system of depreciation accounting
18 which aims to distribute the cost of fixed capital assets over the estimated
19 useful life of the unit, or group of assets, in a systematic and rational manner.

20 For General Plant Accounts 340.1, 340.21, 340.22, 340.23, 340.3,
21 340.32. 340.33, 340.5, 342, 343, 344, 346.1, 347 and 348; I used the straight
22 line method of amortization. The annual amortization is based on
23 amortization accounting which distributes the unrecovered cost of fixed
24 capital assets over the remaining amortization period selected for each

1 account and vintage.

2 **13. Q. Have you prepared an exhibit presenting the results of your study?**

3 A. Yes. The report titled, "Depreciation Study – Calculated Annual Depreciation
4 Accruals Related to Utility Plant as of December 31, 2006" which has been
5 marked Exhibit No. JJS-1 sets forth the results of my study.

6 **14. Q. How did you determine the recommended annual depreciation accrual
7 rates?**

8 A. The determination of annual depreciation accrual rates consists of two
9 phases. In the first phase, service life and net salvage characteristics are
10 estimated for each depreciable group, that is, each plant account or
11 subaccount identified as having similar characteristics. In the second phase,
12 the annual depreciation accrual rates are calculated based on the service life
13 and net salvage estimates determined in the first phase.

14 **ESTIMATION OF SERVICE LIFE AND NET SALVAGE**

15 **15. Q. Please describe the first phase of the study, that is, the manner in which
16 you estimated the service life and net salvage characteristics for each
17 depreciable group.**

18 A. The service life and net salvage study consisted of compiling historical data
19 from records related to the Company's plant; analyzing these data to obtain
20 historical trends of survivor and salvage characteristics; obtaining
21 supplementary information from management and operating personnel
22 concerning the Company's practices and plans as they relate to plant
23 operations; and interpreting the above data to form judgments of average
24 service life and net salvage characteristics.

1 **16. Q. What historical data did you analyze for the purpose of estimating the**
2 **service life characteristics of the Company's plant?**

3 A. The data consisted of the entries made by the Company to record plant
4 transactions from 1995 through 2006. The transactions included additions,
5 retirements, transfers and the related balances. The Company, in
6 accordance with my instructions, classified the data by depreciable group,
7 type of transaction, the year in which the transaction took place, and the year
8 in which the plant was installed. The data included surviving plant balances
9 as of December 31, 1994.

10 **17. Q. What method did you use to analyze this service life data?**

11 A. I used the retirement rate method. That method is the most appropriate when
12 aged retirement data are available, because it develops the average rates of
13 retirement actually experienced during the period of study. Other methods of
14 life analysis infer the rates of retirement based on a selected type survivor
15 curve.

16 **18. Q. Please describe the results of your use of the retirement rate method.**

17 A. Each retirement rate analysis resulted in a life table which, when plotted,
18 formed an original survivor curve. Each original survivor curve as plotted
19 from the life table represents the average survivor pattern experienced by the
20 several vintage groups during the experience band studied. Inasmuch as this
21 survivor pattern does not necessarily describe the life characteristics of the
22 property group, interpretation of the original curves is required in order to use
23 them as valid considerations in service life estimation. Iowa type survivor
24 curves were used in these interpretations.

1 **19. Q. Please explain briefly what an “Iowa-type survivor curve” is and how**
2 **you use it in estimating service life characteristics for each depreciable**
3 **group.**

4 A. The range of survivor characteristics usually experienced by utility and
5 industrial properties is encompassed by a system of generalized survivor
6 curves known as the Iowa type curves. The Iowa curves were developed at
7 the Iowa State College Engineering Experiment Station through an extensive
8 process of observation and classification of the ages at which industrial
9 property had been retired.

10 Iowa type curves are used to smooth and extrapolate original
11 survivor curves determined by the retirement rate method. The Iowa curves
12 and truncated Iowa curves were used in this study to describe the forecasted
13 rates of retirement based on the observed rates of retirement and the outlook
14 for future retirements.

15 The estimated survivor curve designations for each depreciable
16 group indicate the average service life, the family within the Iowa system and
17 the relative height of the mode. For example, the Iowa 65-R3 indicates an
18 average service life of sixty-five years; a right-moded, or R, type curve (the
19 mode occurs after average life for right-moded curves); and a moderate
20 height, 3, for the mode (possible modes for R type curves range from 1 to 5).

21 **20. Q. What historical data did you analyze for the purpose of estimating net**
22 **salvage characteristics?**

23 A. The data consisted of the entries made by the Company to record
24 retirements, cost of removal and gross salvage during the period 1980

1 through 2006.

2 **21. Q. What method did you use to analyze this net salvage data?**

3 A. The net salvage data were analyzed by expressing the net salvage and its
4 two components, cost of removal and gross salvage, as percents of the
5 original cost retired on annual, three-year moving average and most recent
6 five-year average bases. The use of averages smooth the annual fluctuations
7 and assists in identifying underlying trends.

8 **22. Q. Please describe the manner in which you used the analyses of net
9 salvage to estimate net salvage percents.**

10 A. The results of the net salvage analyses provided indications of historical net
11 salvage levels. The judgments of net salvage incorporated these historical
12 indications and consideration of estimates made for other water companies.

13

14

CALCULATION OF DEPRECIATION

15 **23. Q. Please describe the second phase of the process that you used, that is,
16 the calculation of annual depreciation accrual rates.**

17 A. After I estimated the service life and net salvage characteristics for each
18 depreciable group, I calculated annual depreciation accrual rates for each
19 group in accordance with the straight line remaining life method, using the
20 average service life procedure.

21 **24. Q. What group procedure is being used in this proceeding for depreciable
22 accounts?**

23 A. The average service life procedure is used in the current proceeding for all
24 depreciable accounts and installation years. The average service procedure

1 also was used in the Company's last rate proceeding.

2 **25. Q. Please describe briefly the amortization of certain General Plant**
3 **accounts.**

4 A. General Plant Accounts 340.1, 340.21, 340.22, 340.23, 340.3, 340.32,
5 340.33, 340.5, 342, 343, 344, 346.1, 347 and 348 include a very large
6 number of units, but represent less than five percent of depreciable utility
7 plant. Depreciation accounting is difficult for these assets, inasmuch as
8 periodic inventories are required to properly reflect plant in service. In
9 amortization accounting, units of property are capitalized in the same manner
10 as they are in depreciation accounting. However, retirements are recorded
11 when a vintage is fully amortized rather than as the units are removed from
12 service. That is, there is no dispersion of retirement. All units are retired
13 when the age of the vintage reaches the amortization period.

14 **DESCRIPTION OF REPORT**

15 **26. Q. Please outline the contents of your report.**

16 A. My report is presented in three parts. Introduction includes statements
17 related to the scope and basis of the depreciation study. Methods Used in
18 the Estimation of Depreciation includes descriptions of the estimation of
19 survivor curves and net salvage and the calculation of annual depreciation
20 accrual rates.

21 Results of Study presents a description of the results, summaries of
22 the depreciation calculations, graphs and tables which relate to the service
23 life and net salvage studies, and the detailed depreciation calculations.

24 The table on pages III-4 and III-5 presents the estimated survivor

1 curve, the net salvage percent, the original cost as of December 31, 2006, the
2 calculated annual depreciation accrual amount and rate, book reserve, future
3 accruals and the composite remaining life for each account or subaccount.
4 The section beginning on page III-7 presents the results of the retirement rate
5 analyses prepared as the historical bases for the service life estimates. The
6 section beginning on page III-71 presents the results of the analyses of
7 historical net salvage data. The section beginning on page III-103 presents
8 the depreciation calculations related to surviving original cost as of December
9 31, 2006.

10 **27. Q. Please use an example to illustrate the manner in which the study is**
11 **presented in the report.**

12 A. I will use Account 331, Mains and Accessories, as my example, inasmuch as
13 it is a large depreciable group and is representative of the presentation.

14 The retirement rate method was used to analyze the survivor
15 characteristics of this group. The life table for the 1995-2006 experience
16 band is presented on pages III-49 and III-50 of the report. The life table, or
17 original survivor curve, is plotted along with the estimated smooth survivor
18 curve, the 75-S2 on page III-48. The net salvage analysis for the period 1980
19 through 2006 is presented on pages III-86 and III-87.

20 The calculation of the annual depreciation accrual rate related to the
21 original cost at December 31, 2006, for each subaccount of utility plant is
22 presented on pages III-123 through III-128. The calculation is based on the
23 75-S2 survivor curve, negative twenty percent net salvage and the attained
24 age. The tabulation sets forth the installation year, the original cost,

1 calculated accrued depreciation, allocated book reserve, future accruals,
2 remaining life and annual accrual amount. The totals are brought forward to
3 the table on page III-4.

4 **RECOMMENDATION**

5 **28. Q. What is your recommendation regarding annual depreciation accrual**
6 **rates for the Company?**

7 A. I recommend that the Company use a composite annual depreciation accrual
8 rate for each account or subaccount. My recommended depreciation accrual
9 rates, based on the depreciation study, are set forth for each account in
10 column 8 of Table 1 on pages III-4 and III-5 of Exhibit JJS-1. In my opinion,
11 these are reasonable and appropriate depreciation accrual rates for the
12 Company.

13 **29. Q. Are your recommended depreciation accrual rates reasonable for plant**
14 **added subsequent to December 31, 2006?**

15 A. Yes. The annual depreciation accrual rates calculated as of December 31,
16 2006, can reasonably be applied to the total balance including new plant
17 additions during the next several years.

18 **30. Does this complete your direct testimony?**

19 A. Yes, it does.

KENTUCKY AMERICAN WATER COMPANY

Lexington, Kentucky

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS

RELATED TO UTILITY PLANT

AT DECEMBER 31, 2006

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION

Harrisburg, Pennsylvania



GANNETT FLEMING, INC.
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April 26, 2007

Kentucky American Water Company
2300 Richmond Road
Lexington, KY 40502

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Attention Mr. Nick O. Rowe, President

Ladies and Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the utility plant of Kentucky American Water Company as of December 31, 2006. The attached report presents a description of the methods used in the estimation of depreciation, the summary of annual and accrued depreciation, the statistical support for the life and net salvage estimates and the detailed tabulations of annual and accrued depreciation.

Respectfully submitted,

GANNETT FLEMING, INC.

A handwritten signature in cursive script that reads 'John J. Spanos'.

JOHN J. SPANOS
Vice President
Valuation and Rate Division

JJS:krm



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PART I. INTRODUCTION

KENTUCKY AMERICAN WATER COMPANY

DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO UTILITY PLANT
AT DECEMBER 31, 2006

PART I. INTRODUCTION

SCOPE

This report presents the results of the depreciation study prepared for the Kentucky American Water Company as applied to utility plant in service as of December 31, 2006. It relates to the concepts, methods, and basic judgments which underlie recommended annual depreciation accrual rates related to current utility plant in service.

The service life and net salvage estimates resulting from the study were based on informed judgment which incorporated analyses of historical plant retirement data as recorded through 2006; a review of Company practice and outlook as they relate to plant operation and retirement; and consideration of current practice in the water industry, including knowledge of service life and salvage estimates used for other water properties.

PLAN OF REPORT

Part I, Introduction, includes brief statements of the scope and basis of the study. Part II presents descriptions of the methods used in the service life and salvage studies and the methods and procedures used in the calculation of depreciation. Part III presents the results of the study, including summary tables, survivor curve charts and life tables resulting from the retirement rate method of analysis, tabular results of the historical net salvage analyses, and detailed tabulations of the calculated remaining lives and annual accruals.

BASIS OF STUDY

Depreciation

For most accounts, the annual depreciation was calculated by the straight line method, using the average service life procedure and the remaining life basis. For certain General Plant accounts, the annual depreciation was based on amortization accounting. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group.

Survivor Curve Estimates

The procedure for estimating survivor curves, which define service lives and remaining lives, consisted of compiling historical service life data for the plant accounts or other depreciable groups, analyzing the historical data base through the use of accepted techniques, and forecasting the survivor characteristics for each depreciable account or group. These forecasts were based on interpretations of the historical data analyses and the probable future. The combination of the historical data and the estimated future trend yields a complete pattern of life characteristics, i.e., a survivor curve, from which the average service life and remaining service life are derived.

The historical data analyzed for life estimation purposes were compiled through 2006 from the Company's plant accounting records. Such data included plant additions, retirements, transfers and other activity recorded by the Company for each of its plant accounts and subaccounts.

The estimates of net salvage incorporated a review of experienced costs of removal and salvage related to plant retirements, and considerations of trends exhibited by the historical data. Each component of net salvage, i.e., cost of removal and salvage was

stated in dollars and as a percent of retirement for purposes of estimating average future levels of the components, as well as of net salvage.

An understanding of the function of the plant and information with respect to the reasons for past retirements and the expected causes of future retirements was obtained through field trips and discussions with operating and management personnel. The supplemental information obtained in this manner was considered in the interpretation and extrapolation of the statistical analyses.

Calculation of Depreciation

The depreciation accrual rates were calculated using the straight line method, the remaining life basis, and the average service life depreciation procedure. The life span technique was used for major structures. In this technique, an average date of final retirement was estimated for each plant location, and the estimated survivor curves applied to each vintage were truncated at ages coinciding with the dates of final retirement.

The change to amortization accounting for certain accounts is recommended because of the disproportionate plant accounting effort required when compared to the minimal original cost of the large number of items in these accounts. An explanation of the calculation of annual and accrued amortization is presented on page II-28 of the report.

PART II. METHODS USED IN
THE ESTIMATION OF DEPRECIATION

II-1

PART II. METHODS USED IN THE ESTIMATION OF DEPRECIATION

DEPRECIATION

Depreciation, in public utility regulation, is the loss in service value not restored by current repairs or covered by insurance.

Depreciation as used in accounting is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing utility service. Normally, the period of time over which the fixed capital cost is allocated to the cost of service is equal to the period of time over which an item renders service, that is, the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the straight line method of depreciation.

The calculation of annual depreciation based on the straight line method requires the estimation of average life and salvage. These subjects are discussed in the sections which follow.

SERVICE LIFE AND NET SALVAGE ESTIMATION

Average Service Life

The use of an average service life for a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units, or by constructing a survivor curve by plotting the number of units which survive at successive ages. A discussion of the general concept of survivor curves is presented. Also, the Iowa type survivor curves are reviewed.

Survivor Curves

The survivor curve graphically depicts the amount of property existing at each age throughout the life of an original group. From the survivor curve, the average life of the group, the remaining life expectancy, the probable life, and the frequency curve can be calculated. In Figure 1 a typical smooth survivor curve and the derived curves are illustrated. The average life is obtained by calculating the area under the survivor curve, from age zero to the maximum age, and dividing this area by the ordinate at age zero. The remaining life expectancy at any age can be calculated by obtaining the area under the curve, from the observation age to the maximum age, and dividing this area by the percent surviving at the observation age. For example, in Figure 1 the remaining life at age 30 years is equal to the crosshatched area under the survivor curve divided by 29.5 percent surviving at age 30. The probable life at any age is developed by adding the age and remaining life. If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve presents the number of units retired in each age interval and is derived by obtaining the differences between the amount of property surviving at the beginning and at the end of each interval.

Iowa Type Curves. The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. There are four families in the Iowa system, labeled in accordance with the location of the modes of the retirements in relationship to the average life and the relative height of the modes. The left moded curves, presented in Figure 2, are those in which the greatest frequency of retirement occurs to the left of, or prior to, average service life. The symmetrical moded curves, presented in Figure 3, are those in which the greatest frequency of retirement occurs at average service life. The right moded curves,

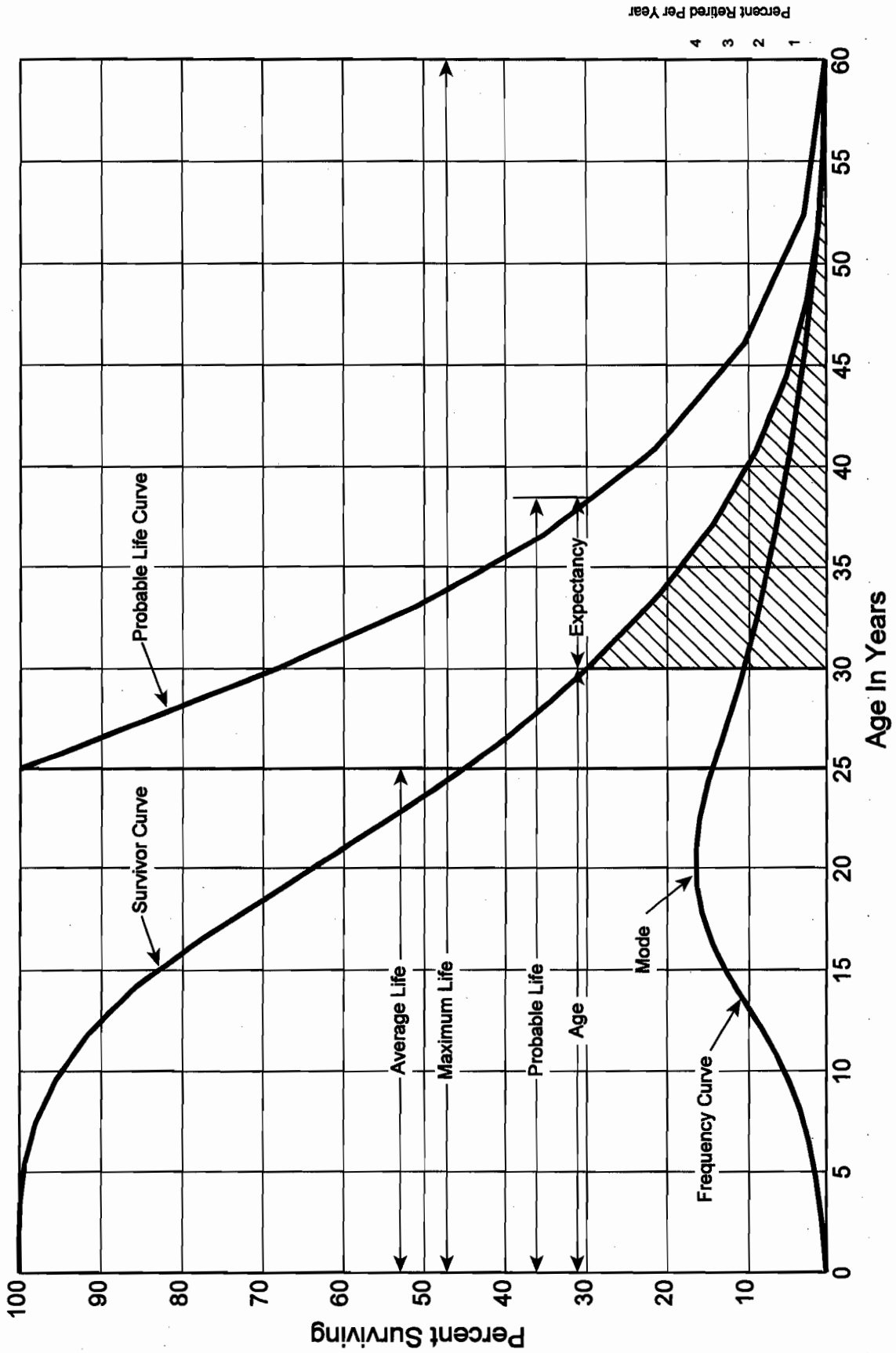


Figure 1. A Typical Survivor Curve and Derived Curves

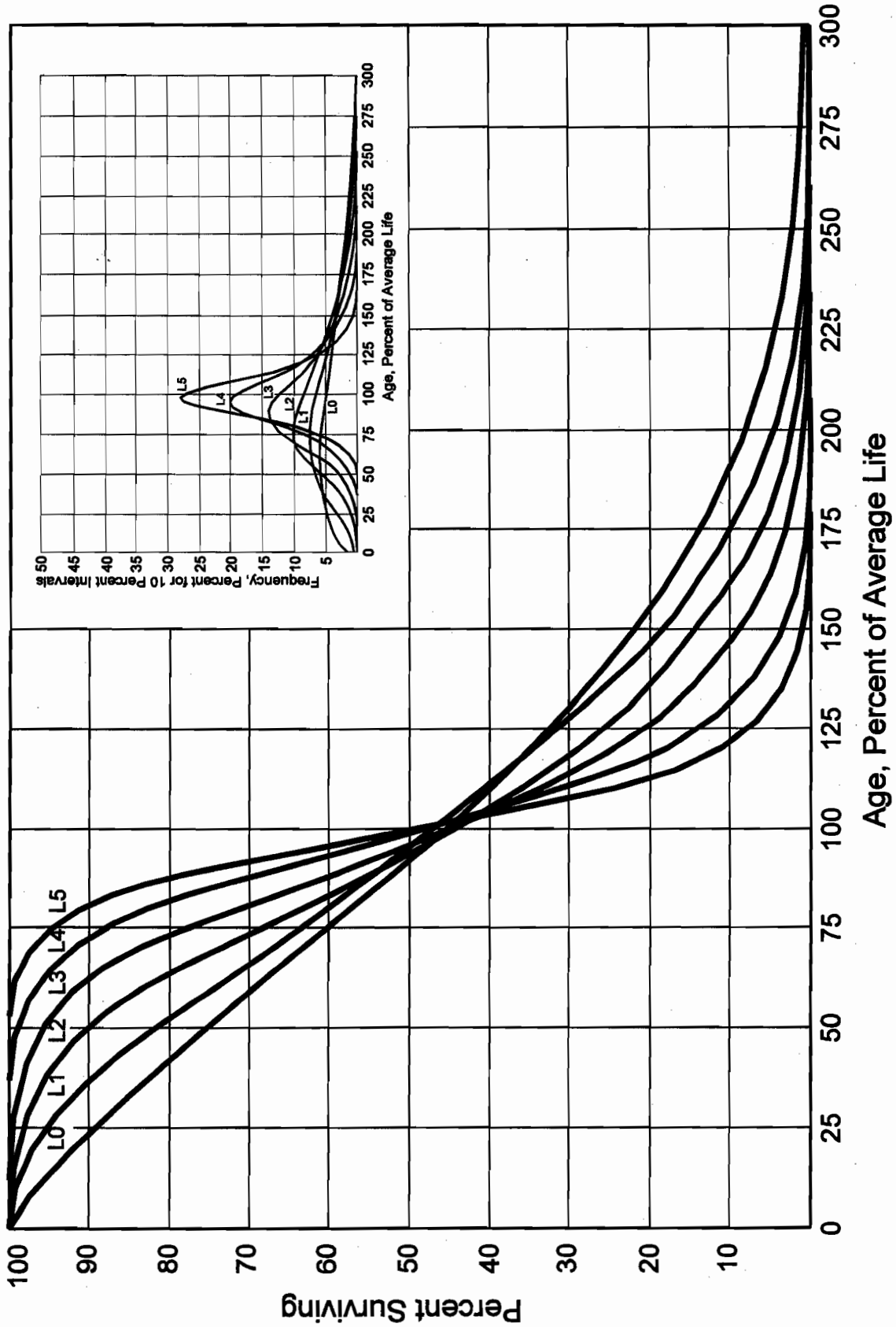


Figure 2. Left Modal or "L" Iowa Type Survivor Curves

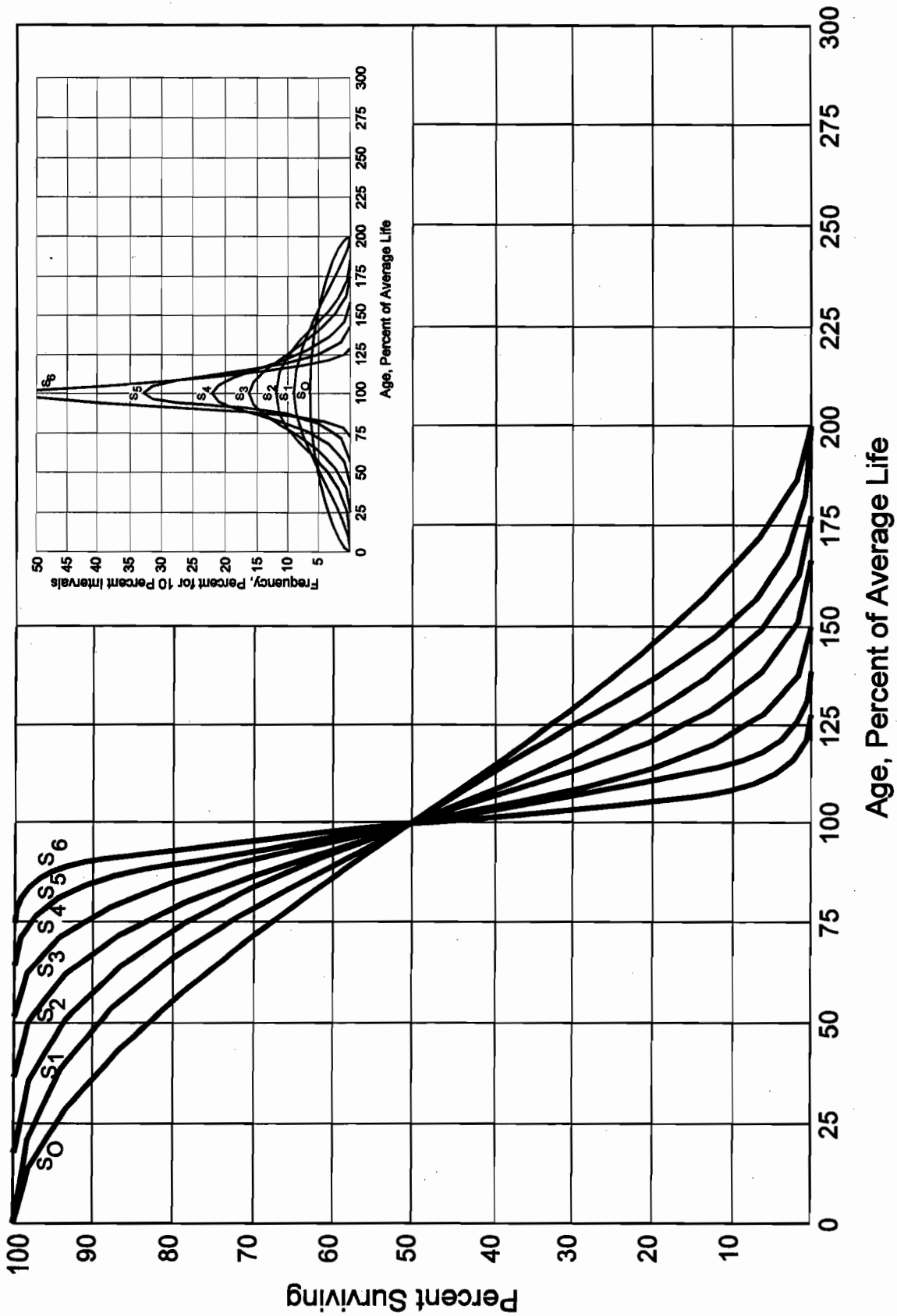


Figure 3. Symmetrical or "S" Iowa Type Survivor Curves

presented in Figure 4, are those in which the greatest frequency occurs to the right of, or after, average service life. The origin moded curves, presented in Figure 5, are those in which the greatest frequency of retirement occurs at the origin, or immediately after age zero. The letter designation of each family of curves (L, S, R or O) represents the location of the mode of the associated frequency curve with respect to the average service life. The numbers represent the relative heights of the modes of the frequency curves within each family.

The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. A report of the study which resulted in the classification of property survivor characteristics into 18 type curves, which constitute three of the four families, was published in 1935 in the form of the Experiment Station's Bulletin 125.¹ These type curves have also been presented in subsequent Experiment Station bulletins and in the text, "Engineering Valuation and Depreciation."² In 1957, Frank V. B. Couch, Jr., an Iowa State College graduate student, submitted a thesis³ presenting his development of the fourth family consisting of the four O type survivor curves.

Retirement Rate Method of Analysis

The retirement rate method is an actuarial method of deriving survivor curves using the average rates at which property of each age group is retired. The method relates to

¹Winfrey, Robley. Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

²Marston, Anson, Robley Winfrey and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

³Couch, Frank V. B., Jr. "Classification of Type O Retirement Characteristics of Industrial Property." Unpublished M.S. thesis (Engineering Valuation). Library, Iowa State College, Ames, Iowa. 1957.

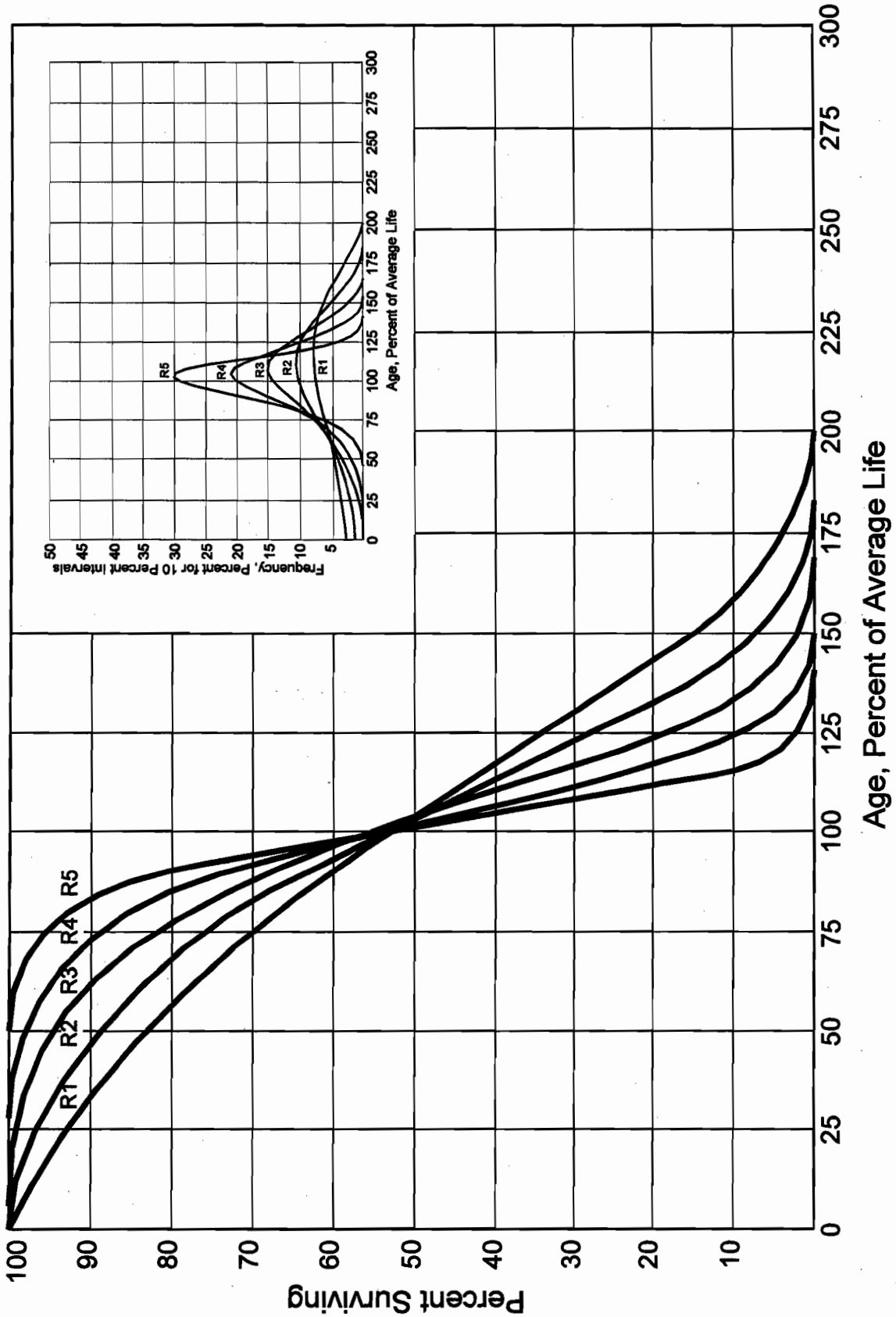


Figure 4. Right Modal or "R" Iowa Type Survivor Curves

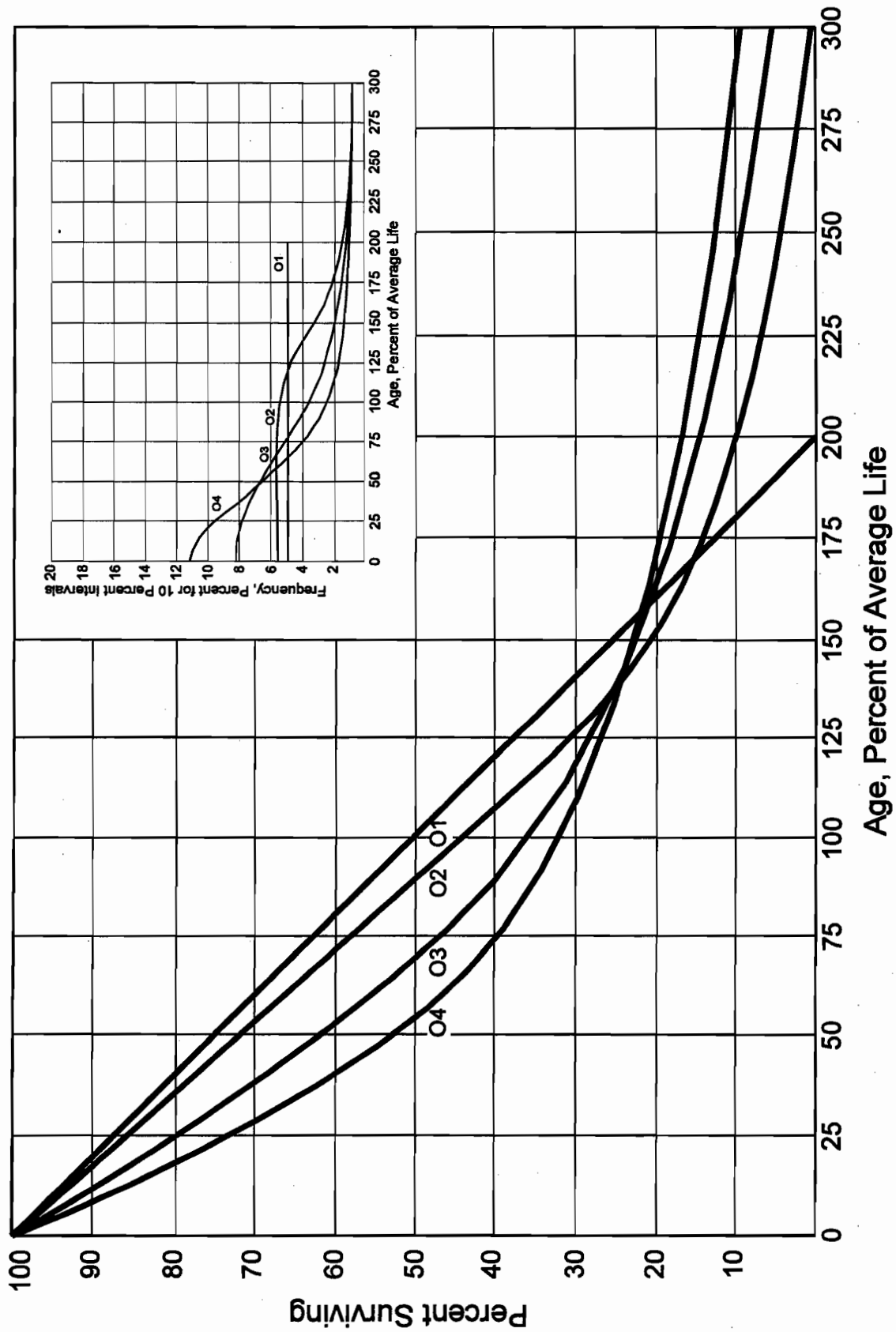


Figure 5. Origin Modal or "O" Iowa Type Survivor Curves

property groups for which aged accounting experience is available or for which aged accounting experience is developed by statistically aging unaged amounts and is the method used to develop the original stub survivor curves in this study. The method (also known as the annual rate method) is illustrated through the use of an example in the following text, and is also explained in several publications, including "Statistical Analyses of Industrial Property Retirements,"⁴ "Engineering Valuation and Depreciation,"⁵ and "Depreciation Systems."⁶

The average rate of retirement used in the calculation of the percent surviving for the survivor curve (life table) requires two sets of data: first, the property retired during a period of observation, identified by the property's age at retirement; and second, the property exposed to retirement at the beginnings of the age intervals during the same period. The period of observation is referred to as the experience band, and the band of years which represent the installation dates of the property exposed to retirement during the experience band is referred to as the placement band. An example of the calculations used in the development of a life table follows. The example includes schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table, and illustrations of smoothing the stub survivor curve.

Schedules of Annual Transactions in Plant Records. The property group used to illustrate the retirement rate method is observed for the experience band 1997-2006 during which there were placements during the years 1992-2006. In order to illustrate the summation of the aged data by age interval, the data were compiled in the manner

⁴Winfrey, Robley, Supra Note 1.

⁵Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 2.

⁶Wolf, Frank K. and W. Chester Fitch. Depreciation Systems. Iowa State University Press. 1994

presented in Tables 1 and 2 on pages II-12 and II-13. In Table 1, the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, \$10,000 of the dollars invested in 1992 were retired in 1997. The \$10,000 retirement occurred during the age interval between 4½ and 5½ years on the basis that approximately one-half of the amount of property was installed prior to and subsequent to July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age interval. For example, the total of \$143,000 retired for age interval 4½-5½ is the sum of the retirements entered on Table 1 immediately above the staircase line drawn on the table beginning with the 1997 retirements of 1992 installations and ending with the 2006 retirements of the 2001 installations. Thus, the total amount of 143 for age interval 4½-5½ equals the sum of:

$$10 + 12 + 13 + 11 + 13 + 13 + 15 + 17 + 19 + 20.$$

In Table 2, other transactions which affect the group are recorded in a similar manner. The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are

TABLE 1. RETIREMENTS FOR EACH YEAR 1997 -2006
SUMMARIZED BY AGE INTERVAL

Year Placed (1)	Retirements, Thousands of Dollars										Total During Age Interval (12)	Age Interval (13)
	1997 (2)	1998 (3)	1999 (4)	2000 (5)	2001 (6)	2002 (7)	2003 (8)	2004 (9)	2005 (10)	2006 (11)		
1992	10	11	12	13	14	16	23	24	25	26	26	13½-14½
1993	11	12	13	15	16	18	20	21	22	19	44	12½-13½
1994	11	12	13	14	16	17	19	21	22	18	64	11½-12½
1995	8	9	10	11	11	13	14	15	16	17	83	10½-11½
1996	9	10	11	12	13	14	16	17	19	20	93	9½-10½
1997	4	9	10	11	12	13	14	15	16	20	105	8½-9½
1998	5	5	11	12	13	14	15	16	18	20	113	7½-8½
1999	6	6	6	12	13	15	16	17	19	19	124	6½-7½
2000	6	6	6	6	13	15	16	17	19	19	131	5½-6½
2001	7	7	7	7	13	14	16	17	19	20	143	4½-5½
2002	8	8	8	8	8	8	18	20	22	23	146	3½-4½
2003	9	9	9	9	9	9	9	20	22	25	150	2½-3½
2004	11	11	11	11	11	11	11	11	23	25	151	1½-2½
2005	11	11	11	11	11	11	11	11	11	24	153	½-1½
2006	13	13	13	13	13	13	13	13	13	13	80	0-½
Total	53	68	86	106	128	157	196	231	273	308	1,606	

Experience Band 1997-2006

Placement Band 1992-2006

TABLE 2. OTHER TRANSACTIONS FOR EACH YEAR 1997-2006

Year Placed (1)	SUMMARIZED BY AGE INTERVAL											Total During Age Interval (12)	Age Interval (13)	
	1997 (2)	1998 (3)	1999 (4)	2000 (5)	2001 (6)	2002 (7)	2003 (8)	2004 (9)	2005 (10)	2006 (11)	Placement Band 1992-2006			
Acquisitions, Transfers and Sales, Thousands of Dollars														
1992	-	-	-	-	-	-	60 ^a	-	-	-	-	-	-	13½-14½
1993	-	-	-	-	-	-	-	-	-	-	-	-	-	12½-13½
1994	-	-	-	-	-	-	-	-	-	-	-	-	-	11½-12½
1995	-	-	-	-	-	-	-	(5) ^b	-	-	-	60	-	10½-11½
1996	-	-	-	-	-	-	-	6 ^a	-	-	-	-	-	9½-10½
1997	-	-	-	-	-	-	-	-	-	-	-	(5)	-	8½-9½
1998	-	-	-	-	-	-	-	-	-	-	-	6	-	7½-8½
1999	-	-	-	-	-	-	-	-	-	-	-	-	-	6½-7½
2000	-	-	-	-	-	-	-	(12) ^b	-	-	-	-	-	5½-6½
2001	-	-	-	-	-	-	-	-	22 ^a	-	-	-	-	4½-5½
2002	-	-	-	-	-	-	-	(19) ^b	-	-	-	10	-	3½-4½
2003	-	-	-	-	-	-	-	-	-	-	-	-	-	2½-3½
2004	-	-	-	-	-	-	-	-	-	(102) ^c	-	(121)	-	1½-2½
2005	-	-	-	-	-	-	-	-	-	-	-	-	-	½-1½
2006	-	-	-	-	-	-	-	-	-	-	-	-	-	0-½
Total	=	=	=	=	=	=	60	(30)	22	(102)	(50)	(50)		

^a Transfer Affecting Exposures at Beginning of Year

^b Transfer Affecting Exposures at End of Year

^c Sale with Continued Use

Parentheses denote Credit amount.

not totaled with the retirements but are used in developing the exposures at the beginning of each age interval.

Schedule of Plant Exposed to Retirement. The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Table 3 on page II-15.

The surviving plant at the beginning of each year from 1997 through 2006 is recorded by year in the portion of the table headed "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Table 3 for each successive year following the beginning balance or addition are obtained by adding or subtracting the net entries shown on Tables 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the following year. Thus, the amounts of plant shown at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2002 are calculated in the following manner:

Exposures at age 0 = amount of addition	= \$750,000
Exposures at age ½ = \$750,000 - \$ 8,000	= \$742,000
Exposures at age 1½ = \$742,000 - \$18,000	= \$724,000
Exposures at age 2½ = \$724,000 - \$20,000 - \$19,000	= \$685,000
Exposures at age 3½ = \$685,000 - \$22,000	= \$663,000

For the entire experience band 1997-2006, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing

TABLE 3. PLANT EXPOSED TO RETIREMENT
 JANUARY 1 OF EACH YEAR 1997-2006
 SUMMARIZED BY AGE INTERVAL

Year Placed	Exposures, Thousands of Dollars											Total at Beginning of Age Interval	Age Interval
	1997 (2)	1998 (3)	1999 (4)	2000 (5)	2001 (6)	2002 (7)	2003 (8)	2004 (9)	2005 (10)	2006 (11)	(12)		
1992	255	245	234	222	209	195	239	216	192	167	167	13½-14½	
1993	279	268	256	243	228	212	194	174	153	131	323	12½-13½	
1994	307	296	284	271	257	241	224	205	184	162	531	11½-12½	
1995	338	330	321	311	300	289	276	262	242	226	823	10½-11½	
1996	376	367	357	346	334	321	307	297	280	261	1,097	9½-10½	
1997	420 ^a	416	407	397	386	374	361	347	332	316	1,503	8½-9½	
1998		460 ^a	455	444	432	419	405	390	374	356	1,952	7½-8½	
1999			510 ^a	504	492	479	464	448	431	412	2,463	6½-7½	
2000				580 ^a	574	561	546	530	501	482	3,057	5½-6½	
2001					660 ^a	653	639	623	628	609	3,789	4½-5½	
2002						750 ^a	742	724	685	663	4,332	3½-4½	
2003							850 ^a	841	821	799	4,955	2½-3½	
2004								960 ^a	949	926	5,719	1½-2½	
2005									1,080 ^a	1,069	6,579	½-1½	
2006										1,220 ^a	7,490	0-½	
Total	1,975	2,382	2,824	3,318	3,872	4,494	5,247	6,017	6,852	7,799	44,780		

^a Additions during the year.

of the retirements during an age interval (Table 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

$$255 + 268 + 284 + 311 + 334 + 374 + 405 + 448 + 501 + 609.$$

Original Life Table. The original life table, illustrated in Table 4 on page II-17, is developed from the totals shown on the schedules of retirements and exposures, Tables 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios, each of which equals one minus the retirement ratio. The percent surviving is developed by starting with 100% at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

Percent surviving at age 4½	=	88.15	
Exposures at age 4½	=	3,789,000	
Retirements from age 4½ to 5½	=	143,000	
Retirement Ratio	=	$143,000 \div 3,789,000$	= 0.0377
Survivor Ratio	=	$1.000 - 0.0377$	= 0.9623
Percent surviving at age 5½	=	$(88.15) \times (0.9623)$	= 84.83

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Tables 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless.

TABLE 4. ORIGINAL LIFE TABLE
CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 1997-2006

Placement Band 1992-2006

(Exposure and Retirement Amounts are in Thousands of Dollars)

<u>Age at Beginning of Interval</u> (1)	<u>Exposures at Beginning of Age Interval</u> (2)	<u>Retirements During Age Interval</u> (3)	<u>Retirement Ratio</u> (4)	<u>Survivor Ratio</u> (5)	<u>Percent Surviving at Beginning of Age Interval</u> (6)
0.0	7,490	80	0.0107	0.9893	100.00
0.5	6,579	153	0.0233	0.9767	98.93
1.5	5,719	151	0.0264	0.9736	96.62
2.5	4,955	150	0.0303	0.9697	94.07
3.5	4,332	146	0.0337	0.9663	91.22
4.5	3,789	143	0.0377	0.9623	88.15
5.5	3,057	131	0.0429	0.9571	84.83
6.5	2,463	124	0.0503	0.9497	81.19
7.5	1,952	113	0.0579	0.9421	77.11
8.5	1,503	105	0.0699	0.9301	72.65
9.5	1,097	93	0.0848	0.9152	67.57
10.5	823	83	0.1009	0.8991	61.84
11.5	531	64	0.1205	0.8795	55.60
12.5	323	44	0.1362	0.8638	48.90
13.5	<u>167</u>	<u>26</u>	0.1557	0.8443	42.24
					35.66
Total	<u>44,780</u>	<u>1,606</u>			

Column 2 from Table 3, Column 12, Plant Exposed to Retirement.

Column 3 from Table 1, Column 12, Retirements for Each Year.

Column 4 = Column 3 divided by Column 2.

Column 5 = 1.0000 minus Column 4.

Column 6 = Column 5 multiplied by Column 6 as of the Preceding Age Interval.

The original survivor curve is plotted from the original life table (column 6, Table 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.

Smoothing the Original Survivor Curve. The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100% to zero percent, it is desirable to eliminate any irregularities as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The Iowa type curves are used in this study to smooth those original stub curves which are expressed as percents surviving at ages in years. Each original survivor curve was compared to the Iowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8 the original curve developed in Table 4 is compared with the L, S, and R Iowa type curves which most nearly fit the original survivor curve. In Figure 6 the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7 the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8 the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0. In Figure 9 the three fittings, 12-L1, 12-S0, and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 Iowa curve would be selected as the most representative of the plotted survivor characteristics of the group, assuming no contrary relevant factors external to the analysis of historical data.

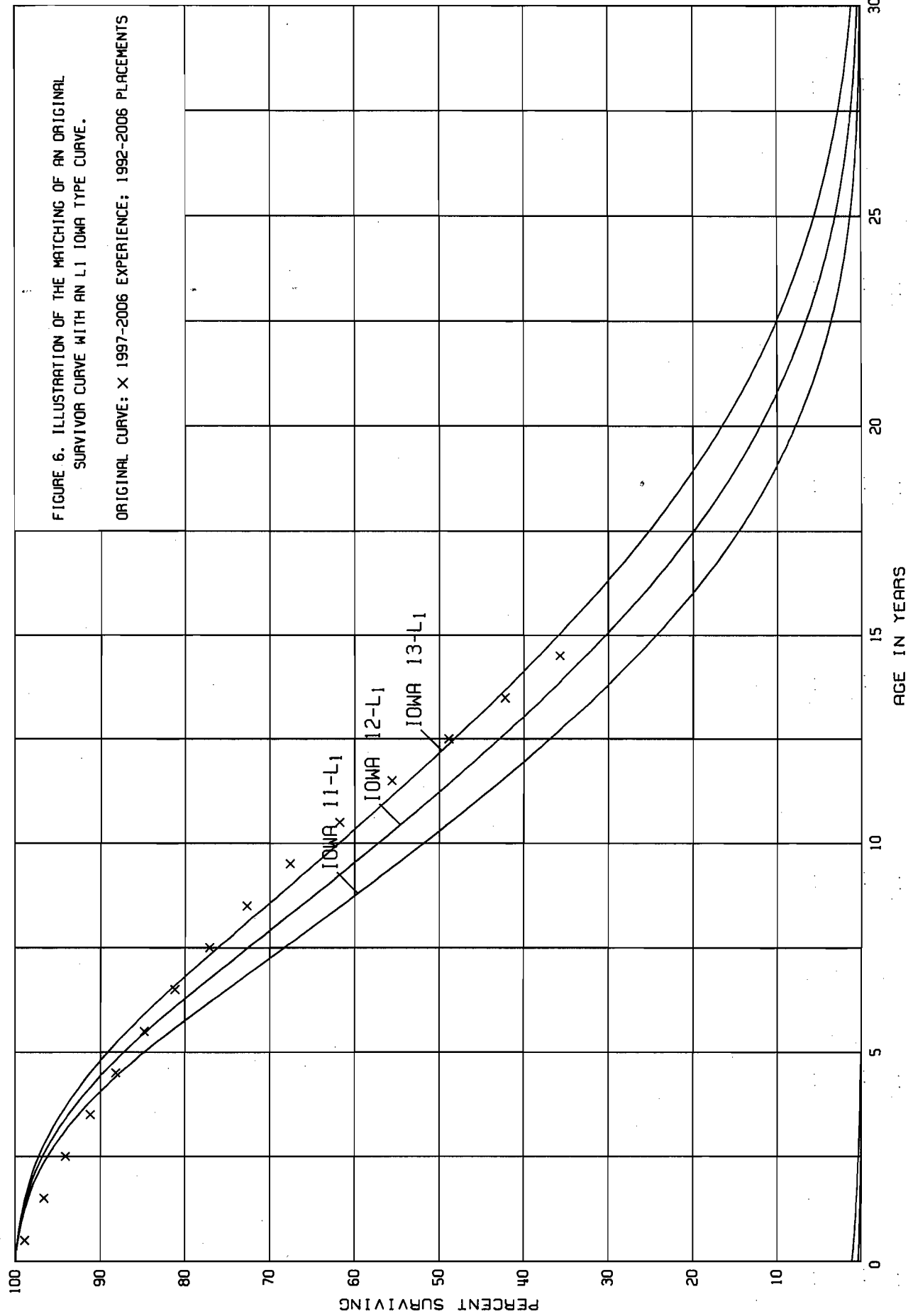


FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE.

ORIGINAL CURVE: X 1997-2006 EXPERIENCE; 1992-2006 PLACEMENTS

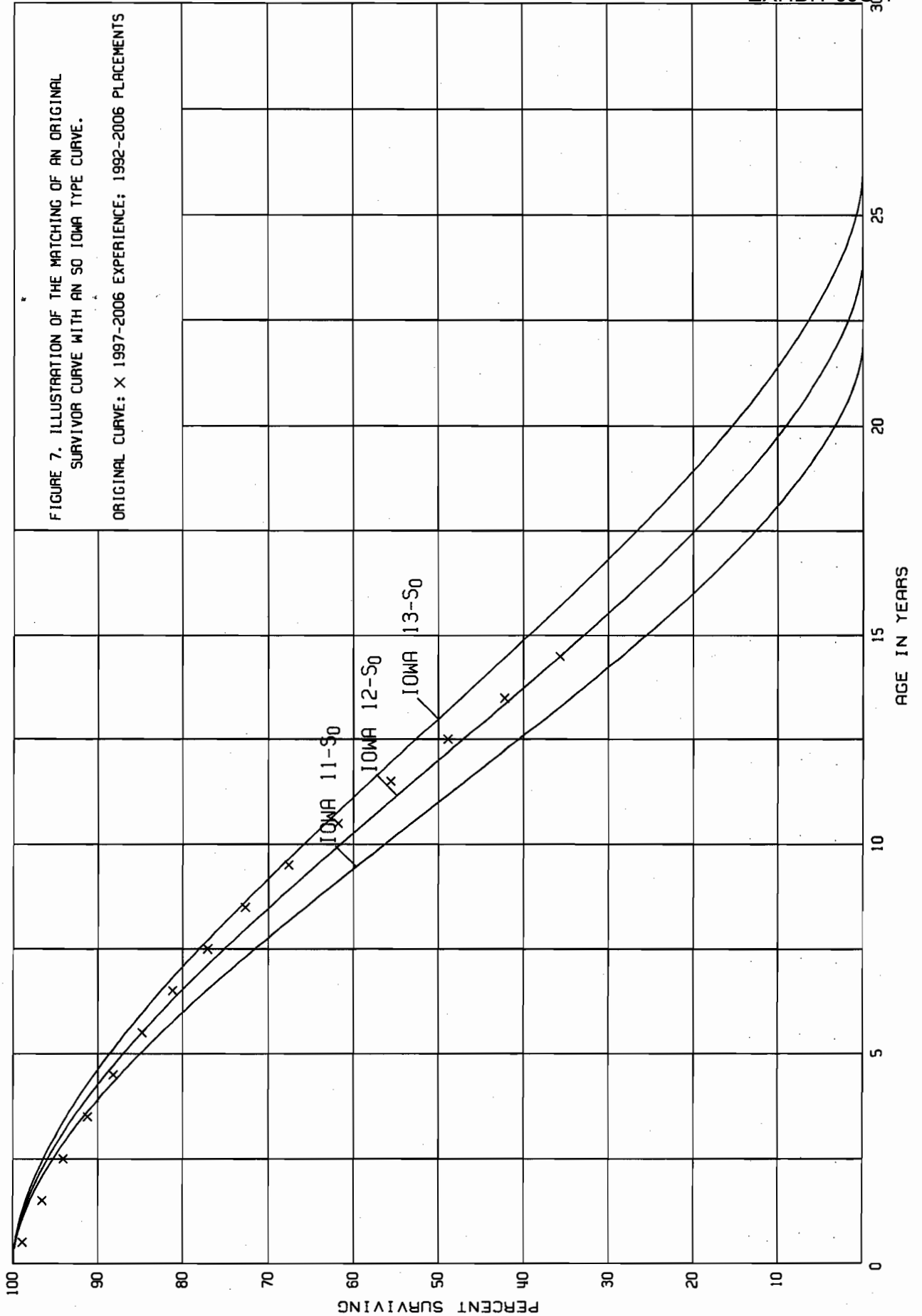
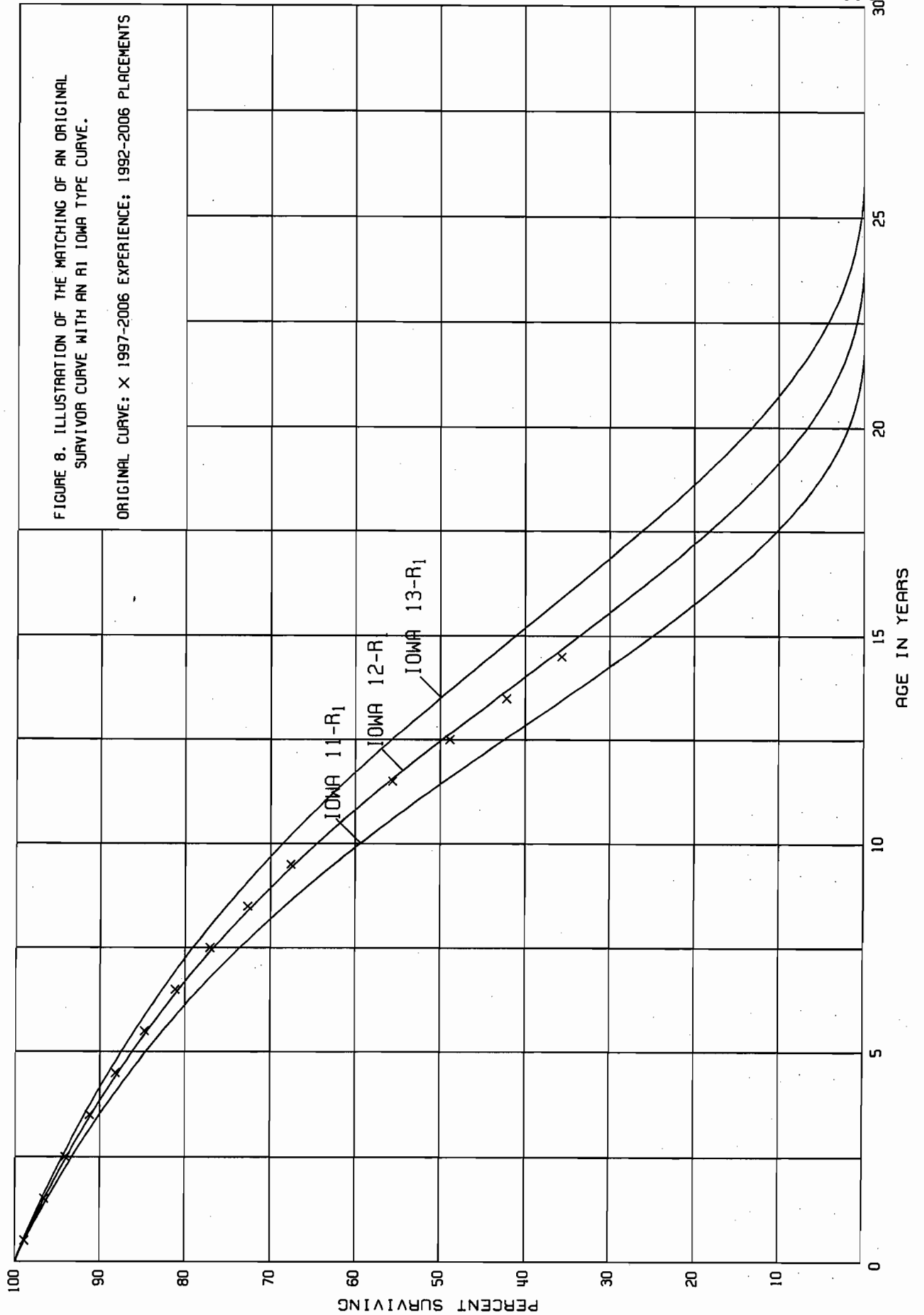
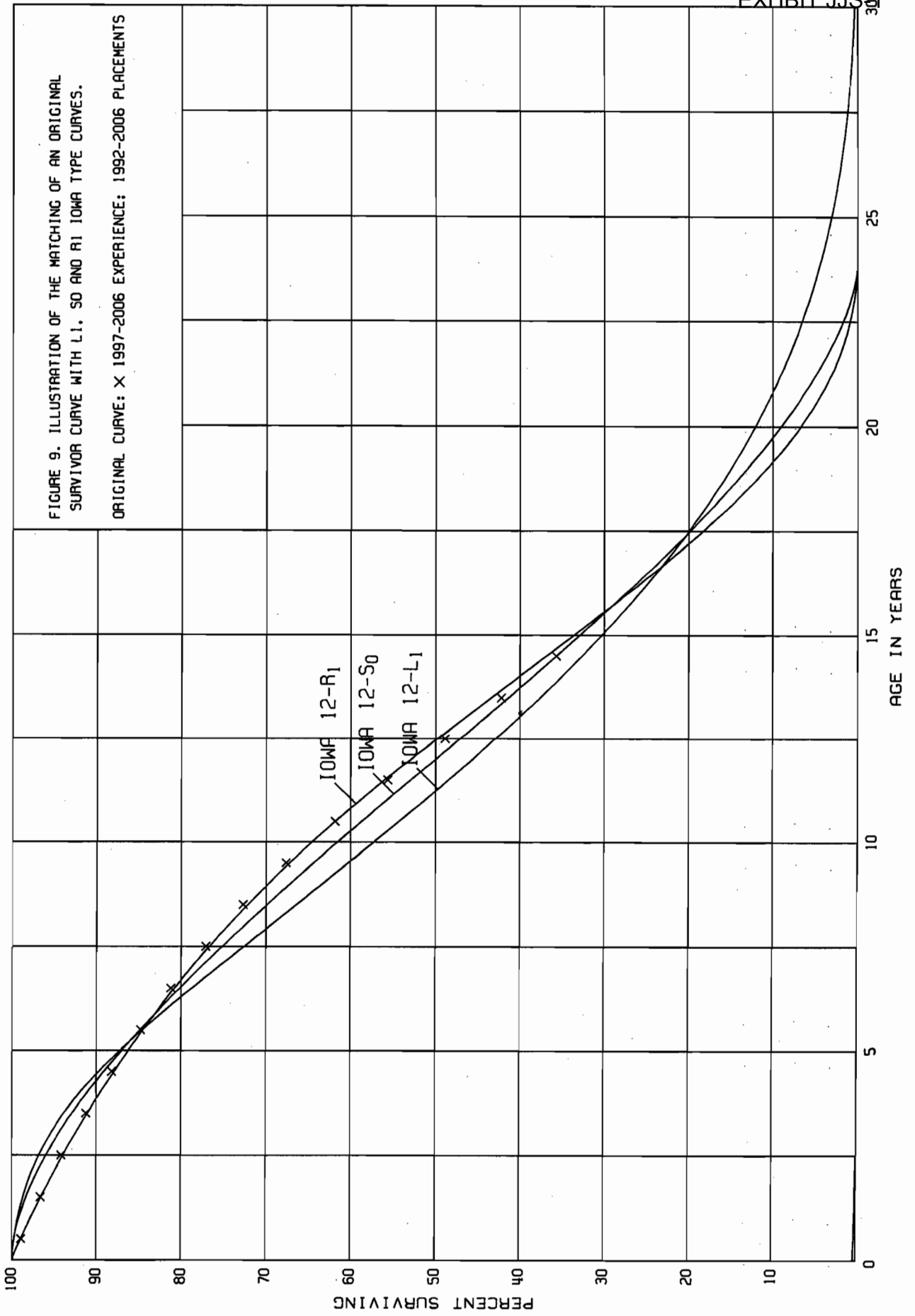


FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN SO IOWA TYPE CURVE.

ORIGINAL CURVE: X 1997-2006 EXPERIENCE; 1992-2006 PLACEMENTS





Service Life Considerations

The service life estimates were based on judgment which considered a number of factors. The primary factors were the statistical analyses of data; current company policies and outlook as determined during field reviews of the property and other conversations with management; and the survivor curve estimates from previous studies of this company and other water companies.

For most of the mass plant accounts and subaccounts, the statistical analyses resulted in good to excellent indications of significant survivor patterns. These accounts represent 67 percent of depreciable plant. Generally, the information external to the statistics led to no significant departure from the indicated survivor curves for the accounts listed below.

<u>Account No.</u>	<u>Account Description</u>
304.2 & 304.3	Structures and Improvements
311.2, 311.3 & 311.4	Pumping Equipment
320	Purification System - Equipment
331	Mains and Accessories - All Mains
335	Fire Hydrants
341.1	Transportation Equipment - Light Duty Trucks
341.2	Transportation Equipment - Heavy Duty Trucks
341.3	Transportation Equipment - Autos
341.4	Transportation Equipment - Other

Accounts 331, Mains and Accessories, is used to illustrate the manner in which the study was conducted for the accounts in the preceding list. Aged plant accounting data have been compiled for the years through 2006. These data have been coded according to account or property group, type of transaction, year in which the transaction took place, and year in which the utility plant was placed in service. The retirements, other plant transactions and plant additions were analyzed by the retirement rate method.

The survivor curve estimate for this account is the 75-S2 and is based on the statistical indication for the period 1995 through 2006. The 75-S2 is a good fit of the significant portion of the original survivor curve as set forth on page III-48, is consistent with management outlook for a continuation of the historical experience and is within the typical service life range of 75 to 100 years for water mains.

Amortization accounting is proposed for certain General Plant accounts that represent numerous units of property, but a small portion of the depreciable plant in service. These accounts represent approximately 4 percent of total utility plant. A discussion of the basis for the amortization periods is presented in the section "Calculation of Annual and Accrued Amortization".

Generally, the estimates for the remaining accounts which comprise 29 percent of the total depreciable plant in service were based on judgments which considered the nature of the plant and equipment, the previous estimate for this company and a general knowledge of service lives for similar equipment in other water companies.

Salvage Analysis

The estimates of net salvage were based in part on historical data compiled for the years 1980 through 2006. Cost of removal and salvage were expressed as percents of the original cost of plant retired, both on annual and three-year moving average bases. The most recent five-year average also was calculated for consideration. The net salvage estimates are expressed as a percent of the original cost of plant retired.

Net Salvage Considerations

The estimates of salvage were based primarily on judgment which considered a number of factors. The primary factors were the analyses of historical data; a knowledge of management's plans and operating policies; and net salvage estimates from previous studies of this company and other water companies. The accounts for which the historical

analyses were representative of expectations for future net salvage levels represent 78 percent of the depreciable plant balance and are presented below:

304.6	Structures and Improvements - Office Buildings
309	Supply Mains
311.2, 311.3 & 311.4	Pumping Equipment
320	Purification System - Equipment
330.1	Distribution Reservoirs and Standpipes
331	Mains and Accessories - All Mains
334.1, 334.11, 334.12, 334.13, 334.2	Meters and Meter Installations
335	Fire Hydrants
341.1	Transportation Equipment - Light Duty Trucks
341.2	Transportation Equipment - Heavy Duty Trucks
341.3	Transportation Equipment - Autos
345	Power Operated Equipment

Account 335, Fire Hydrants, is used to illustrate the manner in which the study was conducted for the accounts in the preceding list. Depreciation reserve accounting data were compiled for the years 1980 through 2006. These data include the retirements, cost of removal and gross salvage.

The net salvage estimate for this account is negative 25 percent and is based on the trends in cost of removal and salvage percents as shown in the tabulation on pages III-92 and III-93. Cost of removal as a percent of the original cost retired has fluctuated during the experience and most recently decreased as a percentage of plant retired. The overall and most recent five-year bands averaged 59 and 6 percent removal cost, respectively. Gross salvage has been sporadic, averaging 30 percent for the 27-year period, but trending to 0 percent in recent years. The negative 25 percent net salvage estimate is based primarily on the overall cost of removal and gross salvage percent.

The net salvage estimate for Account 333, Services, represents a significant modification of the statistical indications based on previous studies for this and other water companies. This account represents 11 percent of depreciable plant.

For this account, the experienced removal cost during the last six years is several times the typical level for similar assets in other water utilities. These amounts were discounted in developing the net salvage estimates and future entries will be reviewed in order to determine the significance of recorded cost of removal in the future.

Amortization accounting is proposed for certain General Plant accounts which represent 4 percent of depreciable property. Future gross salvage and removal cost for these accounts will be recorded against the oldest vintage being retired. Inasmuch as there will be minimal to no depreciation reserve entries related to salvage, the estimate of net salvage for accounts subject to amortization is zero percent.

Generally, the net salvage estimates for the remaining accounts, which comprise 7 percent of the total depreciable plant in service, were based on judgments which considered the nature of the plant and equipment, reviews of available historical data, and a general knowledge of net salvage percents for similar equipment in other water companies.

CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION

After the survivor curve and salvage are estimated, the annual depreciation accrual rate can be calculated. In the average service life procedure, the annual accrual rate is computed by the following equation:

$$\text{Annual Accrual Rate, Percent} = \frac{(100\% \text{ Net Salvage, Percent})}{\text{Average Service Life}}$$

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which will not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as a basis for straight line depreciation accounting.

The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and the estimated survivor curve. The accrued depreciation ratios are calculated as follows:

$$\text{Ratio} = \left(1 - \frac{\text{Average Remaining Life Expectancy}}{\text{Average Service Life}} \right) (1 - \text{Net Salvage, Percent}).$$

The application of these procedures is described for a single unit of property and a group of property units. Salvage is omitted from the description for ease of application.

Single Unit of Property

The calculation of straight line depreciation for a single unit of property is straightforward. For example, if a \$1,000 unit of property attains an age of four years and has a life expectancy of six years, the annual accrual over the total life is:

$$\frac{\$1,000}{(4 + 6)} = \$100 \text{ per year.}$$

The accrued depreciation is:

$$\$1,000 \left(1 - \frac{6}{10} \right) = \$400.$$

Group Depreciation Procedures

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, average service life and equal life group.

Remaining Life Annual Accruals. For the purpose of calculating remaining life accruals as of December 31, 2006, the depreciation reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account. Explanations of remaining life accruals and calculated accrued depreciation follow. The detailed calculations as of December 31, 2006, are set forth in the Results of Study section of the report.

Average Service Life Procedure. In the average service life procedure, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life of the vintage. The average remaining life is a directly weighted average derived from the estimated future survivor curve in accordance with the average service life procedure.

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which would not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as the basis for such accruals. The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and service life. The straight line accrued depreciation ratios are calculated as follows for the average service life procedure:

$$\text{Ratio} = 1 - \frac{\text{Average Remaining Life}}{\text{Average Service Life}}$$

CALCULATION OF ANNUAL AND ACCRUED AMORTIZATION

Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which

it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most of their service, the amortization period and service lives used by other utilities, and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is proposed for certain General Plant accounts that represent numerous units of property, but a very small portion of depreciable utility plant in service. The accounts and their amortization periods are as follows:

<u>Account</u>	<u>Amortization Period, Years</u>
Office Furniture and Equipment	
340.10 Furniture	20
340.21 Mainframe	5
340.22 Personal Computers	5
340.33 Peripheral - Other	5
340.30 Computer Software	5
340.32 Computer Software - Personal	5
340.23 Computer Software - Other	5
340.50 Other	15
342.00 Stores Equipment	25
343.00 Tools, Shop & Garage Equipment	20
344.00 Laboratory Equipment	15
346.10 Communication Equip. - Non-Telephone	15
347.00 Miscellaneous Equipment	20
348.00 Other Tangible Property	20

The calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization period. The annual amortization amount is determined by dividing the original cost by the period of amortization for the account.

III-1

PART III. RESULTS OF STUDY

PART III. RESULTS OF STUDY

QUALIFICATION OF RESULTS

The calculated annual depreciation accrual rates are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage and for the change of the composition of property in service. The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation using the average service life procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

The annual depreciation accrual rates are applicable specifically to the water plant in service as of December 31, 2006. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to December 31, 2006, is reasonable for a period of three to five years.

DESCRIPTION OF STATISTICAL SUPPORT

The service life and salvage estimates were based on judgment which incorporated statistical analyses of retirement data, discussions with management and consideration of estimates made for other water utility companies. The results of the statistical analyses of service life are presented in the section titled "Service Life Statistics".

The estimated survivor curves for each account are presented in graphical form. The charts depict the estimated smooth survivor curve and original survivor curve(s), when

applicable, related to each specific group. For groups where the original survivor curve was plotted, the calculation of the original life table is also presented.

The analyses of salvage data are presented in the section titled, "Net Salvage Statistics". The tabulations present annual cost of removal and salvage data, three-year moving averages and the most recent five-year average. Data are shown in dollars and as percentages of original costs retired.

DESCRIPTION OF DEPRECIATION TABULATIONS

A summary of the results of the study, as applied to the original cost of utility plant at December 31, 2006, is presented on pages III-4 and III-5 of this report. The schedule sets forth the original cost, the book depreciation reserve, future accruals, the calculated annual depreciation rate and amount, and the composite remaining life related to utility plant.

The tables of the calculated annual depreciation accruals are presented in account sequence in the section titled "Depreciation Calculations." The tables indicate the estimated survivor curve and salvage percent for the account and set forth for each installation year the original cost, the calculated accrued depreciation, the allocated book reserve, future accruals, the remaining life and the calculated annual accrual amount.

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2006

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2006 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
STRUCTURES & IMPROVEMENTS								
304.10	SOURCE OF SUPPLY	(5)	2,568,387.51	158,923	2,537,883	78,544	3.06	32.3
304.20	POWER & PUMPING STRUCTURES	(20)	4,800,062.05	1,145,426	4,614,647	96,524	2.01	47.8
304.30	WATER TREATMENT	(20)	8,962,557.44	1,848,786	9,106,284	175,941	1.96	51.8
304.40	TRANSMISSION & DISTRIBUTION	0	825,967.62	263,010	562,957	38,221	4.63	14.7
304.60	OFFICE BUILDINGS	(5)	3,991,281.60	935,732	3,255,115	83,641	2.10	38.9
304.70	STORE, SHOP & GARAGE STRUCTURES	(5)	1,018,770.93	219,469	799,301	24,654	2.42	32.4
304.80	MISCELLANEOUS STRUCTURES	0	1,563,838.35	156,151	1,407,688	68,419	4.38	20.6
	TOTAL ACCOUNT 304		23,730,865.50	4,527,497	22,283,875	565,944	2.38	39.4
COLLECTING AND IMPOUNDING RESERVOIRS								
305.00	LAKE, RIVER AND OTHER INTAKES	0	1,016,553.24	269,139	747,414	16,953	1.67	44.1
306.00	SUPPLY MAINS	(10)	561,429.96	185,569	375,861	14,154	2.52	26.6
310.10	OTHER POWER GENERATION EQUIPMENT	0	572,453.97	197,115	4,135,632	98,337	1.93	42.1
					375,339	19,491	3.40	19.3
PUMPING EQUIPMENT								
311.20	ELECTRIC	(15)	9,600,980.00	2,650,989	8,390,143	247,395	2.58	33.9
311.30	DIESEL	(15)	724,441.60	213,189	619,920	18,953	2.62	32.7
311.40	HYDRAULIC	(15)	61,581.87	1,296	69,523	1,423	2.31	48.9
	TOTAL ACCOUNT 311		10,387,003.47	2,865,474	9,079,586	267,771	2.58	33.9
PURIFICATION SYSTEM - EQUIPMENT								
320.10	DISTRIBUTION RESERVOIRS AND STANDPIPES	(15)	26,461,236.62	7,405,542	23,024,883	611,570	2.31	37.6
330.10	MAINS & ACCESSORIES	(30)	11,813,469.44	2,110,694	13,246,815	273,730	2.32	48.4
331.00	SERVICES	(20)	151,503,649.02	29,466,254	152,338,127	2,579,371	1.70	59.1
333.00		(120)	35,325,950.03	10,998,914	66,718,175	1,171,749	3.32	56.9
METERS								
334.10	METERS	(10)	90,962.25	7,634	92,424	2,558	2.81	36.1
334.11	BRONZE CASE	(10)	45,063.51	6,992	42,578	1,326	2.94	32.1
334.12	PLASTIC CASE	(10)	1,444,409.44	335,934	1,252,917	42,804	2.96	29.3
334.13	OTHER	(10)	6,870,500.64	845,260	6,712,291	195,846	2.85	34.3
	TOTAL ACCOUNT 334.1		8,450,935.84	1,195,820	8,100,210	242,534	2.87	33.4
METER INSTALLATIONS								
334.20	FIRE HYDRANTS	(10)	15,249,739.68	3,730,238	13,044,479	467,522	3.07	27.9
335.00	OTHER SOURCE OF SUPPLY PLANT	(25)	10,147,784.89	1,978,660	10,706,074	179,209	1.77	59.7
339.10		0	3,838.00	2,758	1,080	1,080	28.14	1.0
OFFICE FURNITURE & EQUIPMENT								
340.10	FURNITURE	0	701,103.19	404,660	296,444	73,102	10.43	4.1
340.21	MAINFRAME	0	50,239.84	28,793	21,447	4,766	9.49	4.5
340.22	PERSONAL COMPUTERS	0	1,509,960.66	1,088,965	420,997	216,115	14.31	1.9

KENTUCKY AMERICAN WATER COMPANY

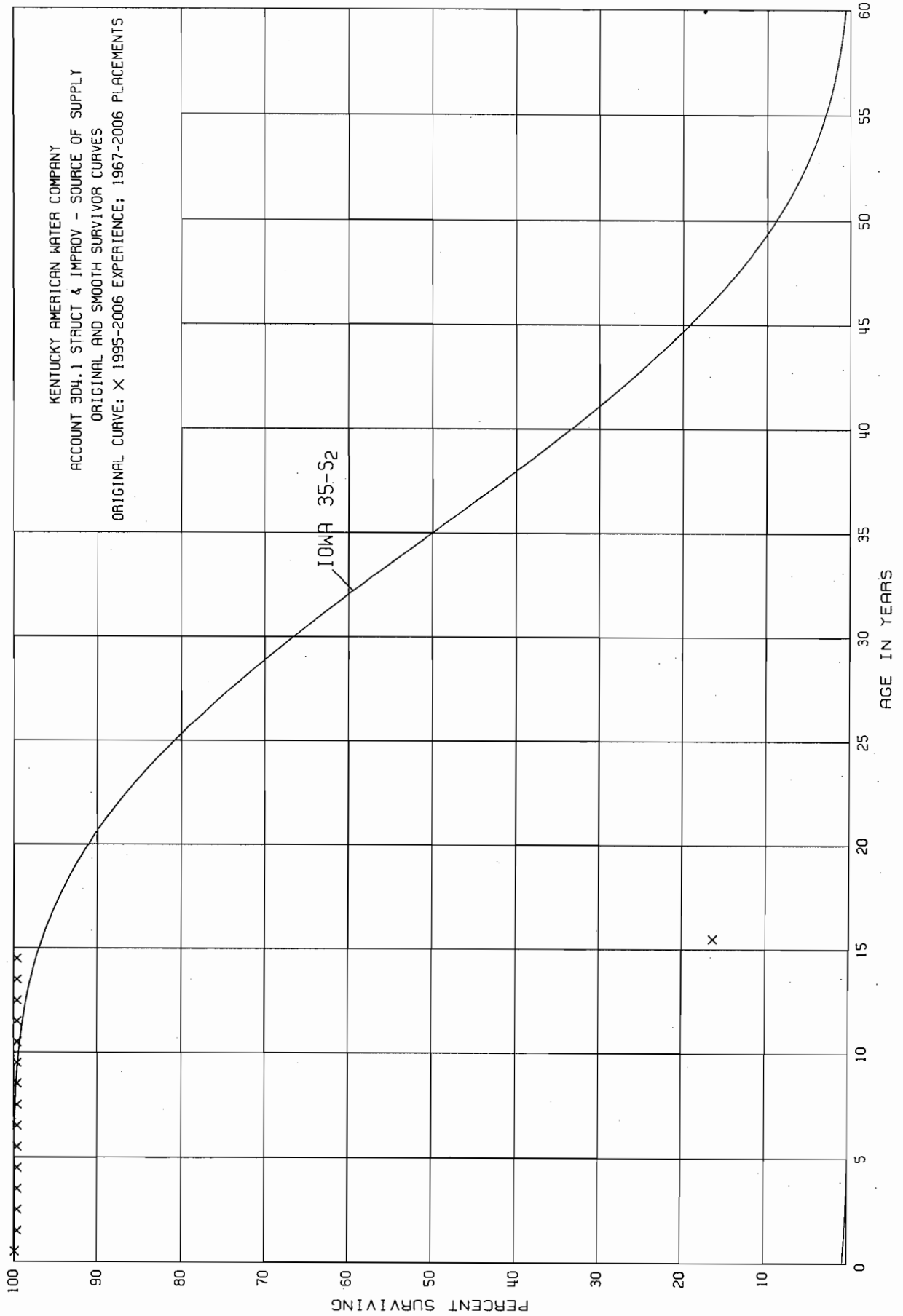
ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2006

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2006 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
340.23 PERIPHERAL-OTHER	5-SQ	0	497,999.21	354,769	143,229	126,447	25.39	1.1
340.30 COMPUTER SOFTWARE	5-SQ	0	4,551,309.57	3,386,491	1,164,819	470,320	10.33	2.5
340.32 COMPUTER SOFTWARE-PERSONAL	5-SQ	0	638,669.14	638,669	0	0	-	-
340.33 COMPUTER SOFTWARE-OTHER	5-SQ	0	528,219.88	388,859	139,361	139,361	26.38	1.0
340.50 OTHER	15-SQ	0	178,703.11	101,898	76,805	17,466	9.77	4.4
TOTAL ACCOUNT 340			8,656,204.60	6,393,104	2,263,102	1,047,577	12.10	2.2
TRANSPORTATION EQUIPMENT								
341.10 LIGHT DUTY TRUCKS	13-S2.5	20	1,718,376.55	448,274	926,427	139,251	8.10	6.7
341.20 HEAVY DUTY TRUCKS	15-S2.5	15	783,375.60	229,926	435,943	56,191	7.17	7.8
341.30 AUTOS	10-R4	15	180,201.94	81,728	71,444	24,469	13.58	2.9
341.40 OTHER	16-L2.5	0	135,681.17	15,127	120,555	8,827	6.51	13.7
TOTAL ACCOUNT 341			2,817,635.26	775,055	1,554,369	228,738	8.12	6.8
342.00 STORES EQUIPMENT	25-SQ	0	35,546.95	22,656	12,891	2,314	6.51	5.6
343.00 TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	0	1,421,289.04	392,902	1,028,385	91,405	6.43	11.3
344.00 LABORATORY EQUIPMENT	15-SQ	0	843,098.99	357,103	485,996	67,924	8.06	7.2
345.00 POWER OPERATED EQUIPMENT	18-L2.5	25	1,589,910.84	274,367	917,993	74,460	4.68	12.3
346.10 COMMUNICATION EQUIPMENT - NON-TELEPHONE	15-SQ	0	1,931,144.48	912,722	1,018,422	133,505	6.91	7.6
347.00 MISCELLANEOUS EQUIPMENT	20-SQ	0	1,262,276.87	259,545	1,002,731	70,817	5.61	14.2
348.00 OTHER TANGIBLE PROPERTY	20-SQ	0	138,484.58	50,116	88,369	8,306	6.00	10.6
TOTAL DEPRECIABLE PLANT			319,004,743.41	75,828,389	332,549,808	8,234,461	2.58	
NONDEPRECIABLE PLANT								
301.00 ORGANIZATION			31,640.33					
302.00 FRANCHISES AND CONSENTS			70,260.82					
303.20 LAND - SOURCE OF SUPPLY			355,966.67					
303.30 LAND - PUMPING			91,826.50					
303.40 LAND - WATER TREATMENT			68,163.99					
303.50 LAND - TRANSMISSION & DISTRIBUTION			4,019,854.04					
TOTAL NONDEPRECIABLE PLANT			4,637,712.35					
TOTAL PLANT			323,642,455.76	75,828,389	332,549,808	8,234,461		

* The accrual rate for new additions in Account 340.32 will be 20%

III-6

SERVICE LIFE STATISTICS

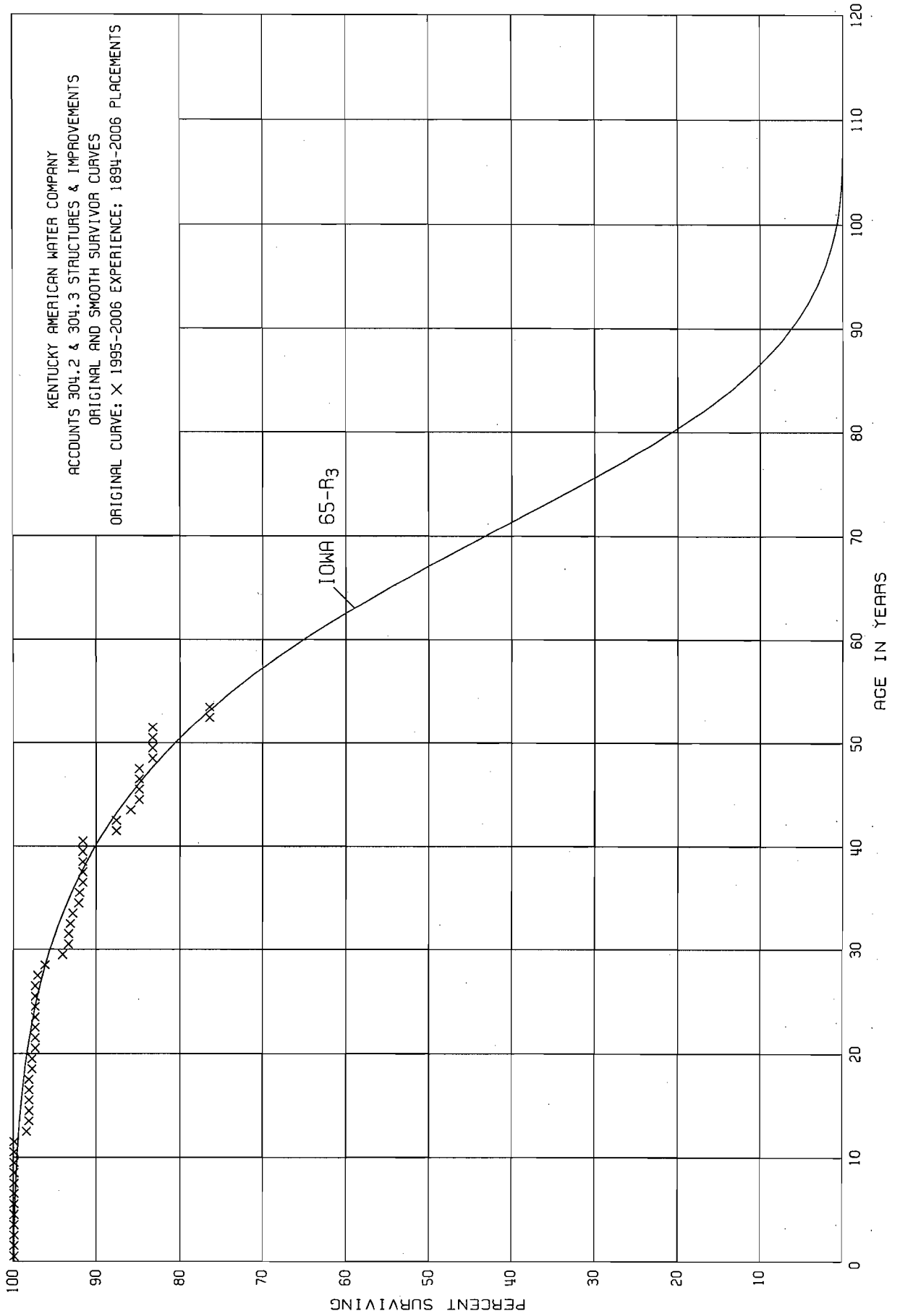


KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.1 STRUCT & IMPROV - SOURCE OF SUPPLY

ORIGINAL LIFE TABLE

PLACEMENT BAND 1967-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,556,199		0.0000	1.0000	100.00
0.5	2,537,921	9,152	0.0036	0.9964	100.00
1.5	868,810		0.0000	1.0000	99.64
2.5	810,839		0.0000	1.0000	99.64
3.5	335,294		0.0000	1.0000	99.64
4.5	230,837		0.0000	1.0000	99.64
5.5	62,609		0.0000	1.0000	99.64
6.5	82,952		0.0000	1.0000	99.64
7.5	82,952		0.0000	1.0000	99.64
8.5	75,209		0.0000	1.0000	99.64
9.5	75,209		0.0000	1.0000	99.64
10.5	78,409		0.0000	1.0000	99.64
11.5	64,726		0.0000	1.0000	99.64
12.5	64,726		0.0000	1.0000	99.64
13.5	64,726		0.0000	1.0000	99.64
14.5	64,726	54,118	0.8361	0.1639	99.64
15.5	10,608		0.0000	1.0000	16.33
16.5	10,608		0.0000	1.0000	16.33
17.5	8,348		0.0000	1.0000	16.33
18.5	3,334		0.0000	1.0000	16.33
19.5	3,334		0.0000	1.0000	16.33
20.5	3,556		0.0000	1.0000	16.33
21.5	3,556		0.0000	1.0000	16.33
22.5	356		0.0000	1.0000	16.33
23.5	356		0.0000	1.0000	16.33
24.5	356		0.0000	1.0000	16.33
25.5	356		0.0000	1.0000	16.33
26.5	356		0.0000	1.0000	16.33
27.5	11,833		0.0000	1.0000	16.33
28.5	11,833		0.0000	1.0000	16.33
29.5	11,833		0.0000	1.0000	16.33
30.5	11,699		0.0000	1.0000	16.33
31.5	11,699		0.0000	1.0000	16.33
32.5	11,477		0.0000	1.0000	16.33
33.5	11,477		0.0000	1.0000	16.33
34.5	11,477		0.0000	1.0000	16.33
35.5	11,477		0.0000	1.0000	16.33
36.5	11,477		0.0000	1.0000	16.33
37.5	11,477		0.0000	1.0000	16.33
38.5	11,477	1,100	0.0958	0.9042	16.33
39.5					14.77



KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 304.2 & 304.3 STRUCTURES & IMPROVEMENTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1894-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	7,436,987		0.0000	1.0000	100.00
0.5	6,770,958		0.0000	1.0000	100.00
1.5	6,372,282		0.0000	1.0000	100.00
2.5	8,085,185		0.0000	1.0000	100.00
3.5	8,209,665		0.0000	1.0000	100.00
4.5	8,271,348		0.0000	1.0000	100.00
5.5	8,400,307		0.0000	1.0000	100.00
6.5	9,727,838		0.0000	1.0000	100.00
7.5	8,853,517		0.0000	1.0000	100.00
8.5	8,869,704	1,898	0.0002	0.9998	100.00
9.5	8,868,329		0.0000	1.0000	99.98
10.5	8,081,952		0.0000	1.0000	99.98
11.5	4,899,746	79,093	0.0161	0.9839	99.98
12.5	4,963,456	11,584	0.0023	0.9977	98.37
13.5	4,918,391		0.0000	1.0000	98.14
14.5	2,927,702		0.0000	1.0000	98.14
15.5	2,760,733		0.0000	1.0000	98.14
16.5	2,691,642		0.0000	1.0000	98.14
17.5	2,224,925	11,200	0.0050	0.9950	98.14
18.5	727,529		0.0000	1.0000	97.65
19.5	354,131	1,142	0.0032	0.9968	97.65
20.5	366,146		0.0000	1.0000	97.34
21.5	484,565		0.0000	1.0000	97.34
22.5	833,178		0.0000	1.0000	97.34
23.5	886,043		0.0000	1.0000	97.34
24.5	838,850		0.0000	1.0000	97.34
25.5	839,278		0.0000	1.0000	97.34
26.5	858,244	3,152	0.0037	0.9963	97.34
27.5	929,521	8,597	0.0092	0.9908	96.98
28.5	950,772	20,971	0.0221	0.9779	96.09
29.5	817,507	6,110	0.0075	0.9925	93.97
30.5	808,856		0.0000	1.0000	93.27
31.5	782,870	1,142	0.0015	0.9985	93.27
32.5	760,323	2,826	0.0037	0.9963	93.13
33.5	653,162	4,800	0.0073	0.9927	92.79
34.5	306,508	480	0.0016	0.9984	92.11
35.5	299,077	1,142	0.0038	0.9962	91.96
36.5	422,496	105	0.0002	0.9998	91.61
37.5	492,899		0.0000	1.0000	91.59
38.5	473,309	24	0.0001	0.9999	91.59

KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 304.2 & 304.3 STRUCTURES & IMPROVEMENTS

ORIGINAL LIFE TABLE, CONT.

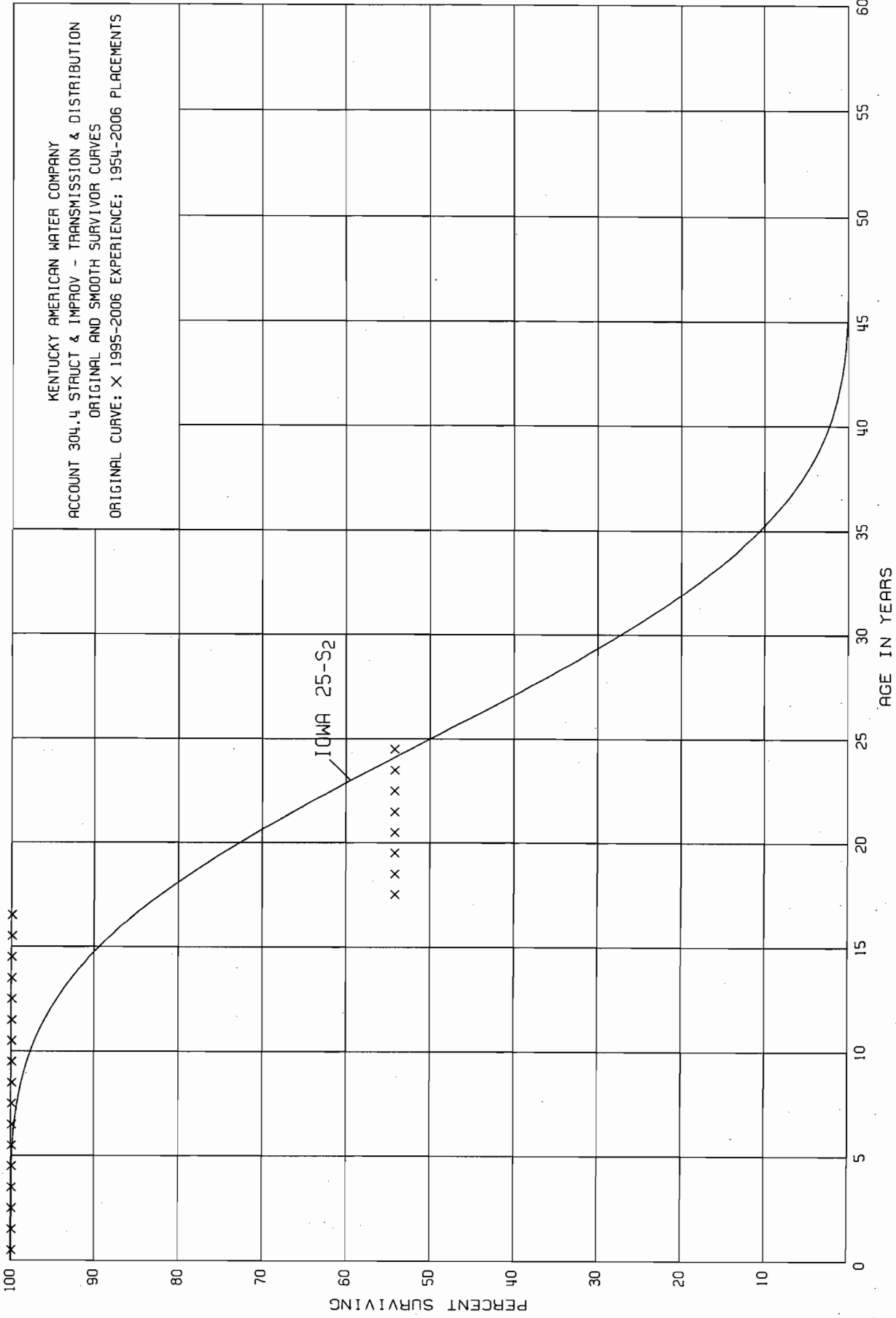
PLACEMENT BAND 1894-2006			EXPERIENCE BAND 1995-2006			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	405,060		0.0000	1.0000	91.58	
40.5	395,595	17,195	0.0435	0.9565	91.58	
41.5	378,400		0.0000	1.0000	87.60	
42.5	378,261	7,158	0.0189	0.9811	87.60	
43.5	376,852	4,639	0.0123	0.9877	85.94	
44.5	365,241		0.0000	1.0000	84.88	
45.5	364,723		0.0000	1.0000	84.88	
46.5	363,631		0.0000	1.0000	84.88	
47.5	307,304	5,900	0.0192	0.9808	84.88	
48.5	106,146		0.0000	1.0000	83.25	
49.5	37,565		0.0000	1.0000	83.25	
50.5	37,565		0.0000	1.0000	83.25	
51.5	31,361	2,600	0.0829	0.9171	83.25	
52.5	12,351		0.0000	1.0000	76.35	
53.5	13,146		0.0000	1.0000	76.35	
54.5	13,146		0.0000	1.0000	76.35	
55.5	8,489		0.0000	1.0000	76.35	
56.5	17,214		0.0000	1.0000	76.35	
57.5	16,757		0.0000	1.0000	76.35	
58.5	12,693		0.0000	1.0000	76.35	
59.5	10,714		0.0000	1.0000	76.35	
60.5	45,375		0.0000	1.0000	76.35	
61.5	45,375		0.0000	1.0000	76.35	
62.5	45,375		0.0000	1.0000	76.35	
63.5	45,375		0.0000	1.0000	76.35	
64.5	45,272		0.0000	1.0000	76.35	
65.5	45,048		0.0000	1.0000	76.35	
66.5	45,048	283	0.0063	0.9937	76.35	
67.5	43,674		0.0000	1.0000	75.87	
68.5	36,889		0.0000	1.0000	75.87	
69.5	55,978		0.0000	1.0000	75.87	
70.5	55,978		0.0000	1.0000	75.87	
71.5	55,978		0.0000	1.0000	75.87	
72.5	21,600		0.0000	1.0000	75.87	
73.5	24,302		0.0000	1.0000	75.87	
74.5	24,302		0.0000	1.0000	75.87	
75.5	24,302		0.0000	1.0000	75.87	
76.5	24,302		0.0000	1.0000	75.87	
77.5	23,731		0.0000	1.0000	75.87	
78.5	23,731		0.0000	1.0000	75.87	

KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 304.2 & 304.3 STRUCTURES & IMPROVEMENTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1894-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	23,731		0.0000	1.0000	75.87
80.5	21,791		0.0000	1.0000	75.87
81.5	2,702		0.0000	1.0000	75.87
82.5	15,968		0.0000	1.0000	75.87
83.5	15,968		0.0000	1.0000	75.87
84.5	15,968		0.0000	1.0000	75.87
85.5	13,266		0.0000	1.0000	75.87
86.5	13,266		0.0000	1.0000	75.87
87.5	13,266		0.0000	1.0000	75.87
88.5	13,266		0.0000	1.0000	75.87
89.5	13,266		0.0000	1.0000	75.87
90.5	13,266		0.0000	1.0000	75.87
91.5	13,266		0.0000	1.0000	75.87
92.5	13,266	843	0.0635	0.9365	75.87
93.5	12,423		0.0000	1.0000	71.05
94.5					71.05
95.5					
96.5					
97.5					
98.5					
99.5					
100.5	6,923		0.0000		
101.5	6,923		0.0000		
102.5	6,923		0.0000		
103.5	6,923		0.0000		
104.5	6,923		0.0000		
105.5	6,923		0.0000		
106.5	6,923		0.0000		
107.5	6,923		0.0000		
108.5	6,923		0.0000		
109.5	6,923		0.0000		
110.5	6,923		0.0000		
111.5	6,923		0.0000		
112.5					



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.4 STRUCT & IMPROV - TRANSMISSION & DISTRIBUTION

ORIGINAL LIFE TABLE

PLACEMENT BAND 1954-2006

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	357,389		0.0000	1.0000	100.00
0.5	267,789		0.0000	1.0000	100.00
1.5	255,511		0.0000	1.0000	100.00
2.5	678,473		0.0000	1.0000	100.00
3.5	722,670		0.0000	1.0000	100.00
4.5	719,848		0.0000	1.0000	100.00
5.5	721,048		0.0000	1.0000	100.00
6.5	691,605		0.0000	1.0000	100.00
7.5	629,270		0.0000	1.0000	100.00
8.5	470,164		0.0000	1.0000	100.00
9.5	468,359		0.0000	1.0000	100.00
10.5	468,359		0.0000	1.0000	100.00
11.5	468,359		0.0000	1.0000	100.00
12.5	469,779		0.0000	1.0000	100.00
13.5	469,779		0.0000	1.0000	100.00
14.5	46,817		0.0000	1.0000	100.00
15.5	2,620		0.0000	1.0000	100.00
16.5	2,620	1,200	0.4580	0.5420	100.00
17.5	1,420		0.0000	1.0000	54.20
18.5	1,420		0.0000	1.0000	54.20
19.5	1,420		0.0000	1.0000	54.20
20.5	1,420		0.0000	1.0000	54.20
21.5	1,420		0.0000	1.0000	54.20
22.5	1,420		0.0000	1.0000	54.20
23.5	1,420		0.0000	1.0000	54.20
24.5					54.20
25.5					
26.5					
27.5					
28.5					
29.5					
30.5					
31.5					
32.5					
33.5					
34.5					
35.5					
36.5					
37.5					
38.5					

KENTUCKY AMERICAN WATER COMPANY

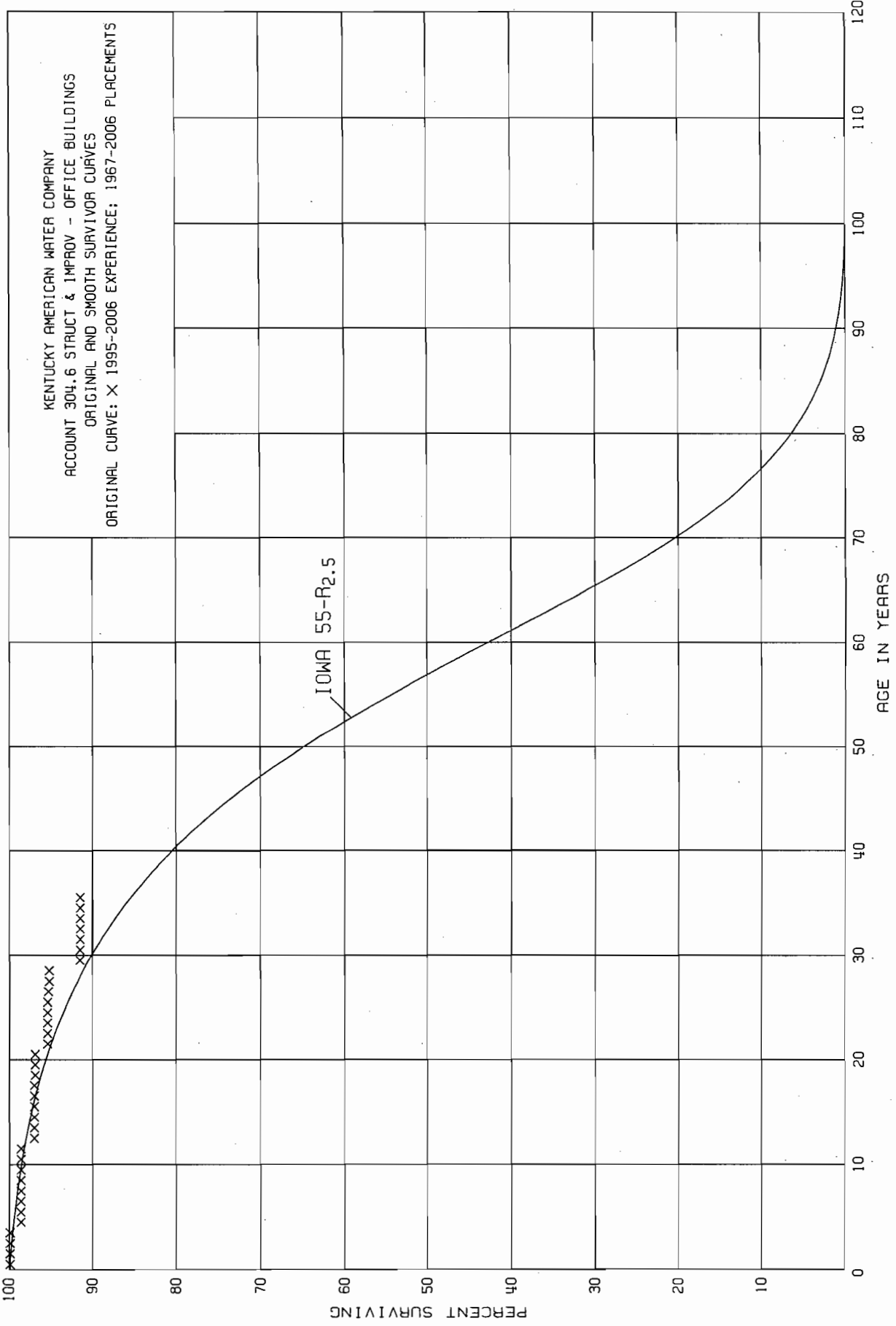
ACCOUNT 304.4 STRUCT & IMPROV - TRANSMISSION & DISTRIBUTION

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1954-2006

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5					
40.5	1,100		0.0000		
41.5	1,100		0.0000		
42.5	1,100		0.0000		
43.5	1,100		0.0000		
44.5	1,100		0.0000		
45.5	1,100		0.0000		
46.5	1,100		0.0000		
47.5	1,100		0.0000		
48.5	1,100		0.0000		
49.5	1,100		0.0000		
50.5	1,100		0.0000		
51.5	1,100	1,100	1.0000		
52.5					

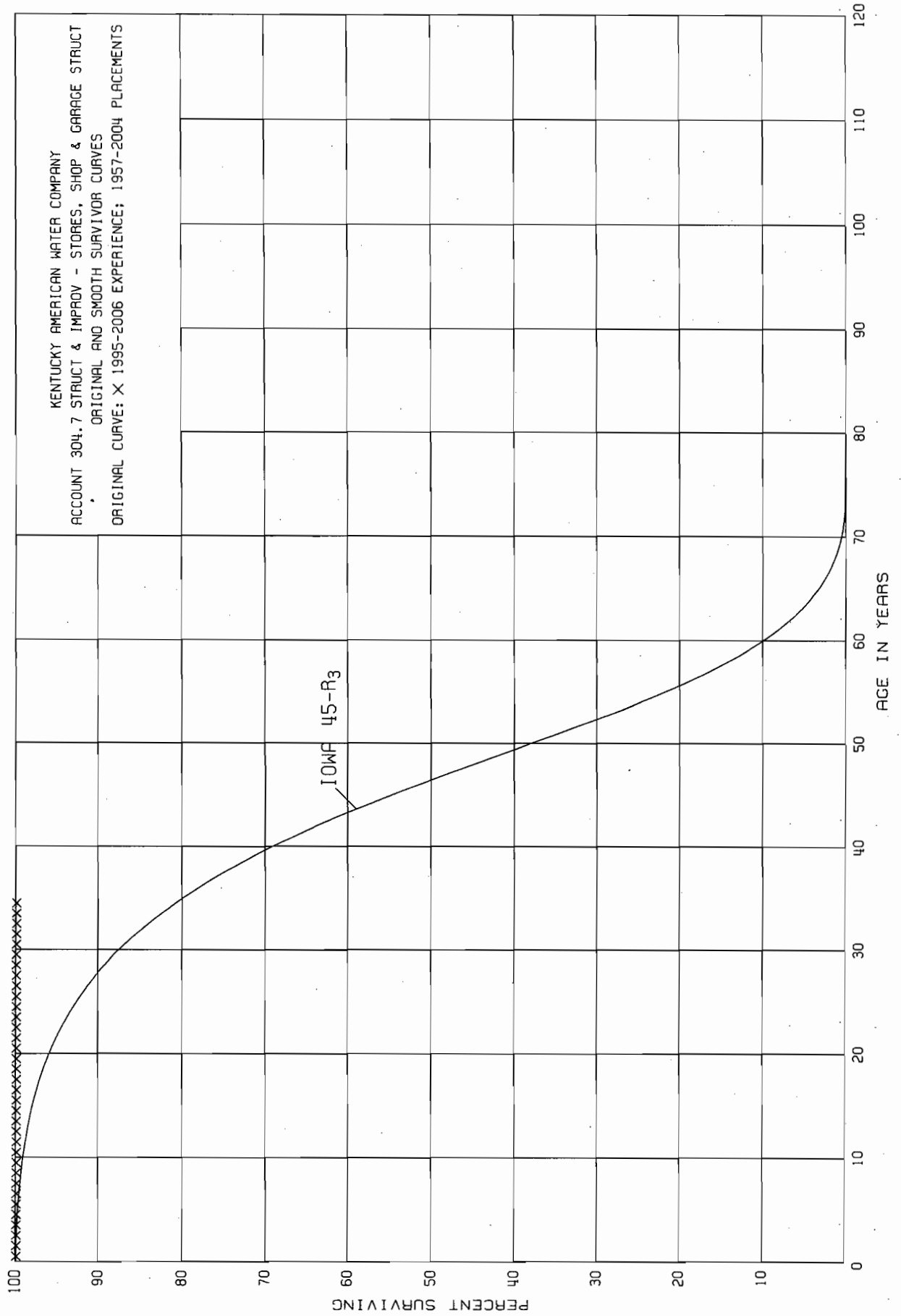


KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.6 STRUCT & IMPROV - OFFICE BUILDINGS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1967-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,562,046		0.0000	1.0000	100.00
0.5	2,578,919		0.0000	1.0000	100.00
1.5	2,546,548		0.0000	1.0000	100.00
2.5	2,540,519		0.0000	1.0000	100.00
3.5	2,475,702	33,675	0.0136	0.9864	100.00
4.5	2,474,680		0.0000	1.0000	98.64
5.5	2,507,926		0.0000	1.0000	98.64
6.5	2,645,354		0.0000	1.0000	98.64
7.5	2,628,953		0.0000	1.0000	98.64
8.5	2,432,041		0.0000	1.0000	98.64
9.5	2,435,014		0.0000	1.0000	98.64
10.5	2,436,900		0.0000	1.0000	98.64
11.5	503,401	8,131	0.0162	0.9838	98.64
12.5	537,255		0.0000	1.0000	97.04
13.5	537,255		0.0000	1.0000	97.04
14.5	515,056		0.0000	1.0000	97.04
15.5	516,889		0.0000	1.0000	97.04
16.5	484,235		0.0000	1.0000	97.04
17.5	400,601	487	0.0012	0.9988	97.04
18.5	262,181		0.0000	1.0000	96.92
19.5	118,742		0.0000	1.0000	96.92
20.5	89,531	1,413	0.0158	0.9842	96.92
21.5	90,153		0.0000	1.0000	95.39
22.5	108,093		0.0000	1.0000	95.39
23.5	113,110		0.0000	1.0000	95.39
24.5	929,608		0.0000	1.0000	95.39
25.5	929,608	937	0.0010	0.9990	95.39
26.5	928,670	814	0.0009	0.9991	95.29
27.5	926,692		0.0000	1.0000	95.20
28.5	926,692	36,134	0.0390	0.9610	95.20
29.5	885,612		0.0000	1.0000	91.49
30.5	884,383		0.0000	1.0000	91.49
31.5	884,383		0.0000	1.0000	91.49
32.5	884,383		0.0000	1.0000	91.49
33.5	880,311		0.0000	1.0000	91.49
34.5	861,299		0.0000	1.0000	91.49
35.5	856,282		0.0000	1.0000	91.49
36.5	2,520		0.0000	1.0000	91.49
37.5	2,520		0.0000	1.0000	91.49
38.5	2,520		0.0000	1.0000	91.49
39.5					91.49



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.7 STRUCT & IMPROV - STORES, SHOP & GARAGE STRUCT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1957-2004

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	333,618		0.0000	1.0000	100.00
0.5	334,084		0.0000	1.0000	100.00
1.5	881,358		0.0000	1.0000	100.00
2.5	878,740		0.0000	1.0000	100.00
3.5	878,740		0.0000	1.0000	100.00
4.5	802,588		0.0000	1.0000	100.00
5.5	787,339		0.0000	1.0000	100.00
6.5	829,864		0.0000	1.0000	100.00
7.5	809,244		0.0000	1.0000	100.00
8.5	809,244		0.0000	1.0000	100.00
9.5	809,244		0.0000	1.0000	100.00
10.5	663,627		0.0000	1.0000	100.00
11.5	663,627		0.0000	1.0000	100.00
12.5	663,161		0.0000	1.0000	100.00
13.5	115,887		0.0000	1.0000	100.00
14.5	115,887		0.0000	1.0000	100.00
15.5	115,887		0.0000	1.0000	100.00
16.5	96,044		0.0000	1.0000	100.00
17.5	101,694		0.0000	1.0000	100.00
18.5	59,169		0.0000	1.0000	100.00
19.5	5,650		0.0000	1.0000	100.00
20.5	5,650		0.0000	1.0000	100.00
21.5	5,650		0.0000	1.0000	100.00
22.5	6,399		0.0000	1.0000	100.00
23.5	7,123		0.0000	1.0000	100.00
24.5	7,123		0.0000	1.0000	100.00
25.5	7,123		0.0000	1.0000	100.00
26.5	7,123		0.0000	1.0000	100.00
27.5	7,123		0.0000	1.0000	100.00
28.5	7,123		0.0000	1.0000	100.00
29.5	1,473		0.0000	1.0000	100.00
30.5	1,473		0.0000	1.0000	100.00
31.5	1,473		0.0000	1.0000	100.00
32.5	1,473		0.0000	1.0000	100.00
33.5	1,473		0.0000	1.0000	100.00
34.5	1,432		0.0000	1.0000	100.00
35.5	708		0.0000	1.0000	100.00
36.5	708		0.0000	1.0000	100.00
37.5	14,402		0.0000	1.0000	100.00
38.5	14,402		0.0000	1.0000	100.00

KENTUCKY AMERICAN WATER COMPANY

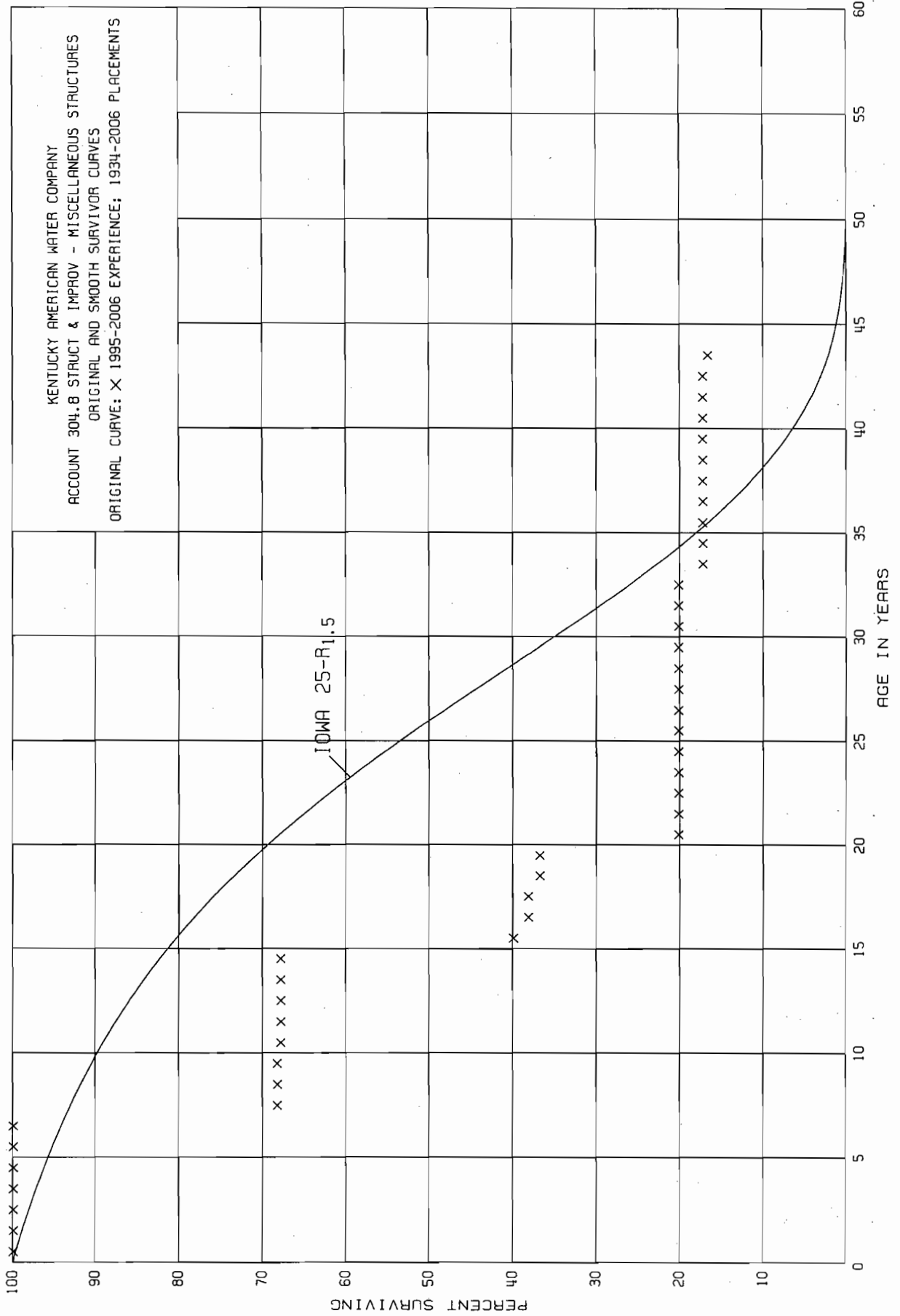
ACCOUNT 304.7 STRUCT & IMPROV - STORES, SHOP & GARAGE STRUCT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1957-2004

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	14,402		0.0000	1.0000	100.00
40.5	14,402		0.0000	1.0000	100.00
41.5	14,402		0.0000	1.0000	100.00
42.5	14,402		0.0000	1.0000	100.00
43.5	14,402		0.0000	1.0000	100.00
44.5	14,402		0.0000	1.0000	100.00
45.5	14,402		0.0000	1.0000	100.00
46.5	13,694		0.0000	1.0000	100.00
47.5	13,694		0.0000	1.0000	100.00
48.5	13,694		0.0000	1.0000	100.00
49.5					100.00



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.8 STRUCT & IMPROV - MISCELLANEOUS STRUCTURES

ORIGINAL LIFE TABLE

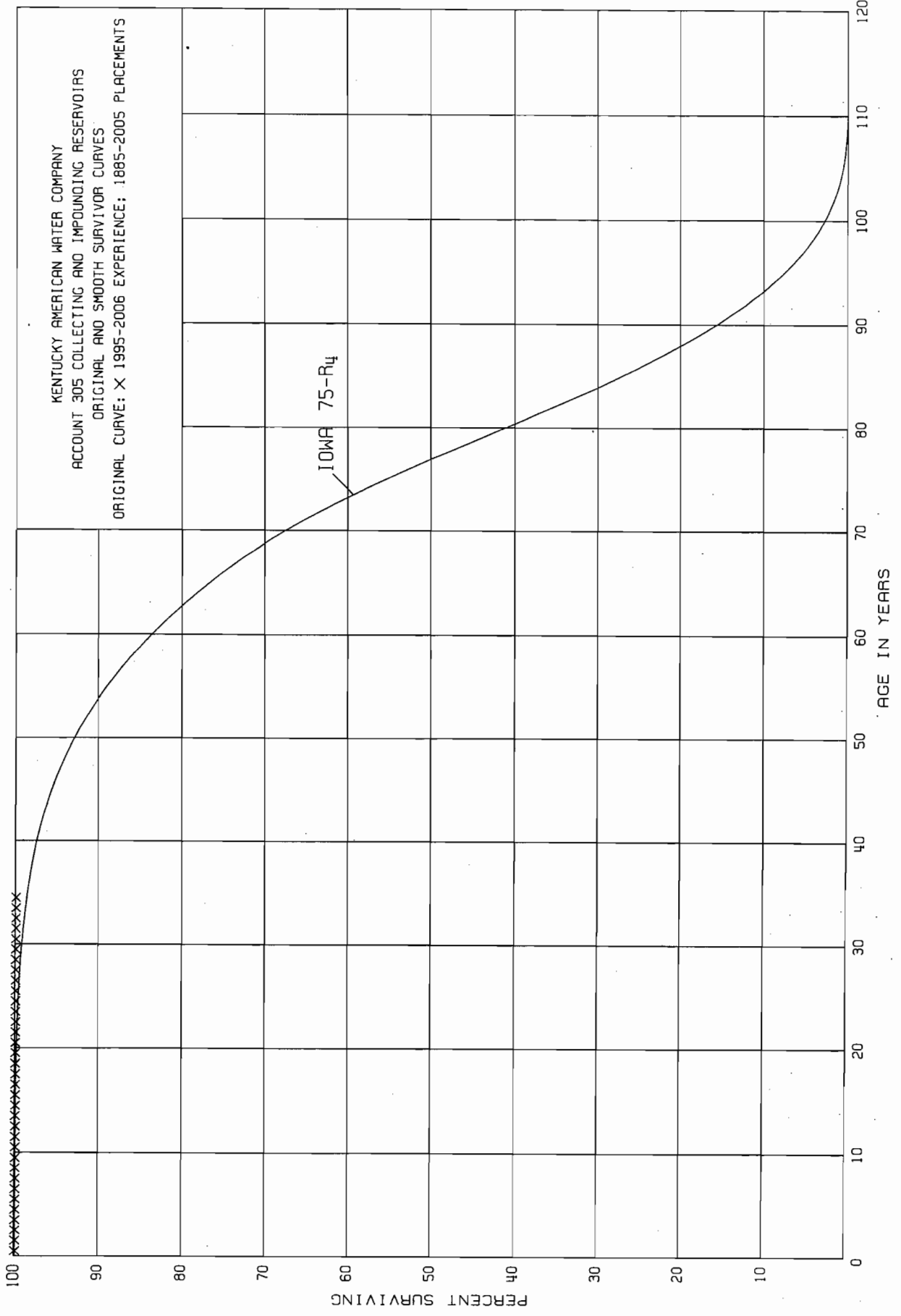
PLACEMENT BAND 1934-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,518,963		0.0000	1.0000	100.00
0.5	1,375,694		0.0000	1.0000	100.00
1.5	931,000		0.0000	1.0000	100.00
2.5	903,549		0.0000	1.0000	100.00
3.5	178,862		0.0000	1.0000	100.00
4.5	152,047		0.0000	1.0000	100.00
5.5	198,504		0.0000	1.0000	100.00
6.5	189,460	60,337	0.3185	0.6815	100.00
7.5	154,153		0.0000	1.0000	68.15
8.5	145,032		0.0000	1.0000	68.15
9.5	144,802	700	0.0048	0.9952	68.15
10.5	144,102		0.0000	1.0000	67.82
11.5	144,102		0.0000	1.0000	67.82
12.5	141,423		0.0000	1.0000	67.82
13.5	138,082	50	0.0004	0.9996	67.82
14.5	136,632	56,276	0.4119	0.5881	67.79
15.5	71,292	3,200	0.0449	0.9551	39.87
16.5	54,783		0.0000	1.0000	38.08
17.5	34,657	1,300	0.0375	0.9625	38.08
18.5	33,357		0.0000	1.0000	36.65
19.5	13,266	6,000	0.4523	0.5477	36.65
20.5	7,266		0.0000	1.0000	20.07
21.5	1,266		0.0000	1.0000	20.07
22.5	1,266		0.0000	1.0000	20.07
23.5	2,200		0.0000	1.0000	20.07
24.5	2,200		0.0000	1.0000	20.07
25.5	2,200		0.0000	1.0000	20.07
26.5	2,200		0.0000	1.0000	20.07
27.5	2,200		0.0000	1.0000	20.07
28.5	3,802		0.0000	1.0000	20.07
29.5	4,148		0.0000	1.0000	20.07
30.5	4,148		0.0000	1.0000	20.07
31.5	4,148		0.0000	1.0000	20.07
32.5	4,148	600	0.1446	0.8554	20.07
33.5	3,548		0.0000	1.0000	17.17
34.5	3,548		0.0000	1.0000	17.17
35.5	3,214		0.0000	1.0000	17.17
36.5	24,913		0.0000	1.0000	17.17
37.5	24,913		0.0000	1.0000	17.17
38.5	24,913		0.0000	1.0000	17.17

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.8 STRUCT & IMPROV - MISCELLANEOUS STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	24,913		0.0000	1.0000	17.17
40.5	22,045		0.0000	1.0000	17.17
41.5	23,278		0.0000	1.0000	17.17
42.5	23,278	721	0.0310	0.9690	17.17
43.5	22,557		0.0000	1.0000	16.64
44.5	22,557		0.0000	1.0000	16.64
45.5	22,557		0.0000	1.0000	16.64
46.5	22,557		0.0000	1.0000	16.64
47.5	22,557		0.0000	1.0000	16.64
48.5	1,579		0.0000	1.0000	16.64
49.5	1,579		0.0000	1.0000	16.64
50.5	1,579		0.0000	1.0000	16.64
51.5	1,579		0.0000	1.0000	16.64
52.5	1,579		0.0000	1.0000	16.64
53.5					16.64
54.5					
55.5					
56.5					
57.5					
58.5					
59.5					
60.5	564		0.0000		
61.5	564		0.0000		
62.5	564		0.0000		
63.5	564		0.0000		
64.5	564		0.0000		
65.5	564		0.0000		
66.5	564		0.0000		
67.5	564		0.0000		
68.5	564		0.0000		
69.5	564		0.0000		
70.5	564		0.0000		
71.5	564		0.0000		
72.5					



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 305 COLLECTING AND IMPOUNDING RESERVOIRS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1885-2005

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	3,282		0.0000	1.0000	100.00
0.5	73,621		0.0000	1.0000	100.00
1.5	73,925		0.0000	1.0000	100.00
2.5	87,172		0.0000	1.0000	100.00
3.5	101,185		0.0000	1.0000	100.00
4.5	101,185		0.0000	1.0000	100.00
5.5	103,469		0.0000	1.0000	100.00
6.5	849,483		0.0000	1.0000	100.00
7.5	849,483		0.0000	1.0000	100.00
8.5	849,483		0.0000	1.0000	100.00
9.5	849,483		0.0000	1.0000	100.00
10.5	849,483		0.0000	1.0000	100.00
11.5	849,483		0.0000	1.0000	100.00
12.5	779,144		0.0000	1.0000	100.00
13.5	775,558		0.0000	1.0000	100.00
14.5	762,311		0.0000	1.0000	100.00
15.5	748,298		0.0000	1.0000	100.00
16.5	748,298		0.0000	1.0000	100.00
17.5	751,166		0.0000	1.0000	100.00
18.5	5,152		0.0000	1.0000	100.00
19.5	5,152		0.0000	1.0000	100.00
20.5	5,152		0.0000	1.0000	100.00
21.5	28,593		0.0000	1.0000	100.00
22.5	33,659		0.0000	1.0000	100.00
23.5	33,659		0.0000	1.0000	100.00
24.5	33,659		0.0000	1.0000	100.00
25.5	33,659		0.0000	1.0000	100.00
26.5	33,659		0.0000	1.0000	100.00
27.5	33,659		0.0000	1.0000	100.00
28.5	33,659		0.0000	1.0000	100.00
29.5	28,507		0.0000	1.0000	100.00
30.5	28,507		0.0000	1.0000	100.00
31.5	28,899		0.0000	1.0000	100.00
32.5	28,899		0.0000	1.0000	100.00
33.5	5,458		0.0000	1.0000	100.00
34.5	392		0.0000	1.0000	100.00
35.5	392		0.0000	1.0000	100.00
36.5	392		0.0000	1.0000	100.00
37.5	392		0.0000	1.0000	100.00
38.5	392		0.0000	1.0000	100.00
39.5	392		0.0000	1.0000	100.00

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 305 COLLECTING AND IMPOUNDING RESERVOIRS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1885-2005			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
40.5	392		0.0000	1.0000	100.00
41.5	574		0.0000	1.0000	100.00
42.5	574		0.0000	1.0000	100.00
43.5	182		0.0000	1.0000	100.00
44.5	182		0.0000	1.0000	100.00
45.5	182		0.0000	1.0000	100.00
46.5	182		0.0000	1.0000	100.00
47.5	182		0.0000	1.0000	100.00
48.5	182		0.0000	1.0000	100.00
49.5	182		0.0000	1.0000	100.00
50.5	182		0.0000	1.0000	100.00
51.5	182		0.0000	1.0000	100.00
52.5	182		0.0000	1.0000	100.00
53.5					100.00
54.5	541		0.0000		
55.5	541		0.0000		
56.5	541		0.0000		
57.5	541		0.0000		
58.5	541		0.0000		
59.5	541		0.0000		
60.5	1,029		0.0000		
61.5	1,029		0.0000		
62.5	1,029		0.0000		
63.5	1,029		0.0000		
64.5	1,029		0.0000		
65.5	1,029		0.0000		
66.5	488		0.0000		
67.5	488		0.0000		
68.5	488		0.0000		
69.5	488		0.0000		
70.5	488		0.0000		
71.5	488		0.0000		
72.5					
73.5	93,214		0.0000		
74.5	93,214		0.0000		
75.5	93,214		0.0000		
76.5	93,214		0.0000		
77.5	93,214		0.0000		
78.5	93,214		0.0000		
79.5	93,214		0.0000		
80.5	93,214		0.0000		

KENTUCKY AMERICAN WATER COMPANY

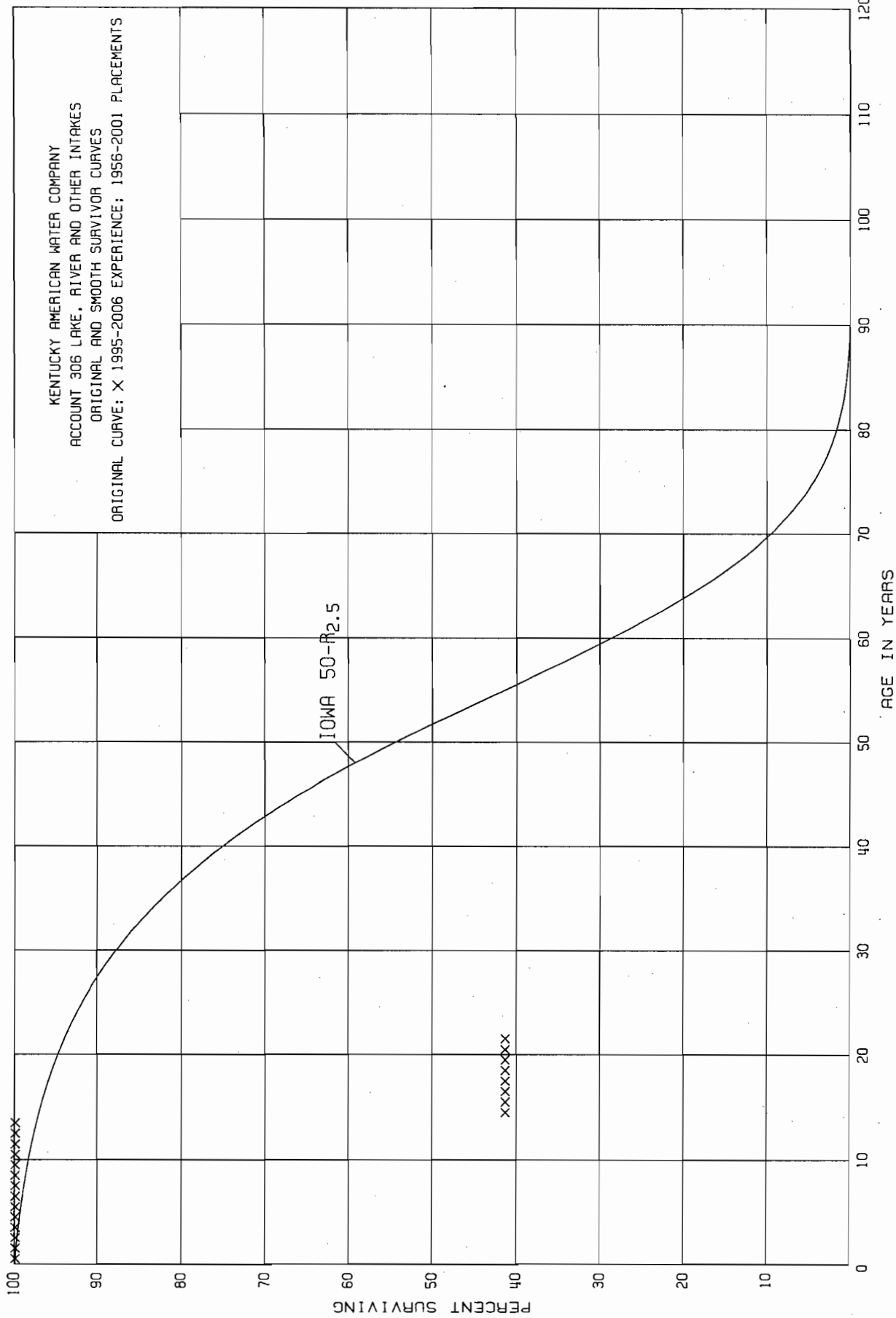
ACCOUNT 305 COLLECTING AND IMPOUNDING RESERVOIRS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1885-2005

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
81.5	93,214		0.0000		
82.5	93,214		0.0000		
83.5	93,214		0.0000		
84.5	93,214		0.0000		
85.5					
86.5					
87.5					
88.5					
89.5					
90.5					
91.5					
92.5					
93.5					
94.5					
95.5					
96.5					
97.5					
98.5					
99.5					
100.5					
101.5	1,337		0.0000		
102.5	1,337		0.0000		
103.5	1,337		0.0000		
104.5	1,337		0.0000		
105.5	1,337		0.0000		
106.5	1,337		0.0000		
107.5	1,337		0.0000		
108.5	1,337		0.0000		
109.5	35,312		0.0000		
110.5	35,312		0.0000		
111.5	35,312		0.0000		
112.5	35,312		0.0000		
113.5	33,975		0.0000		
114.5	33,975		0.0000		
115.5	33,975		0.0000		
116.5	33,975		0.0000		
117.5	33,975		0.0000		
118.5	33,975		0.0000		
119.5	33,975		0.0000		
120.5	33,975		0.0000		
121.5					



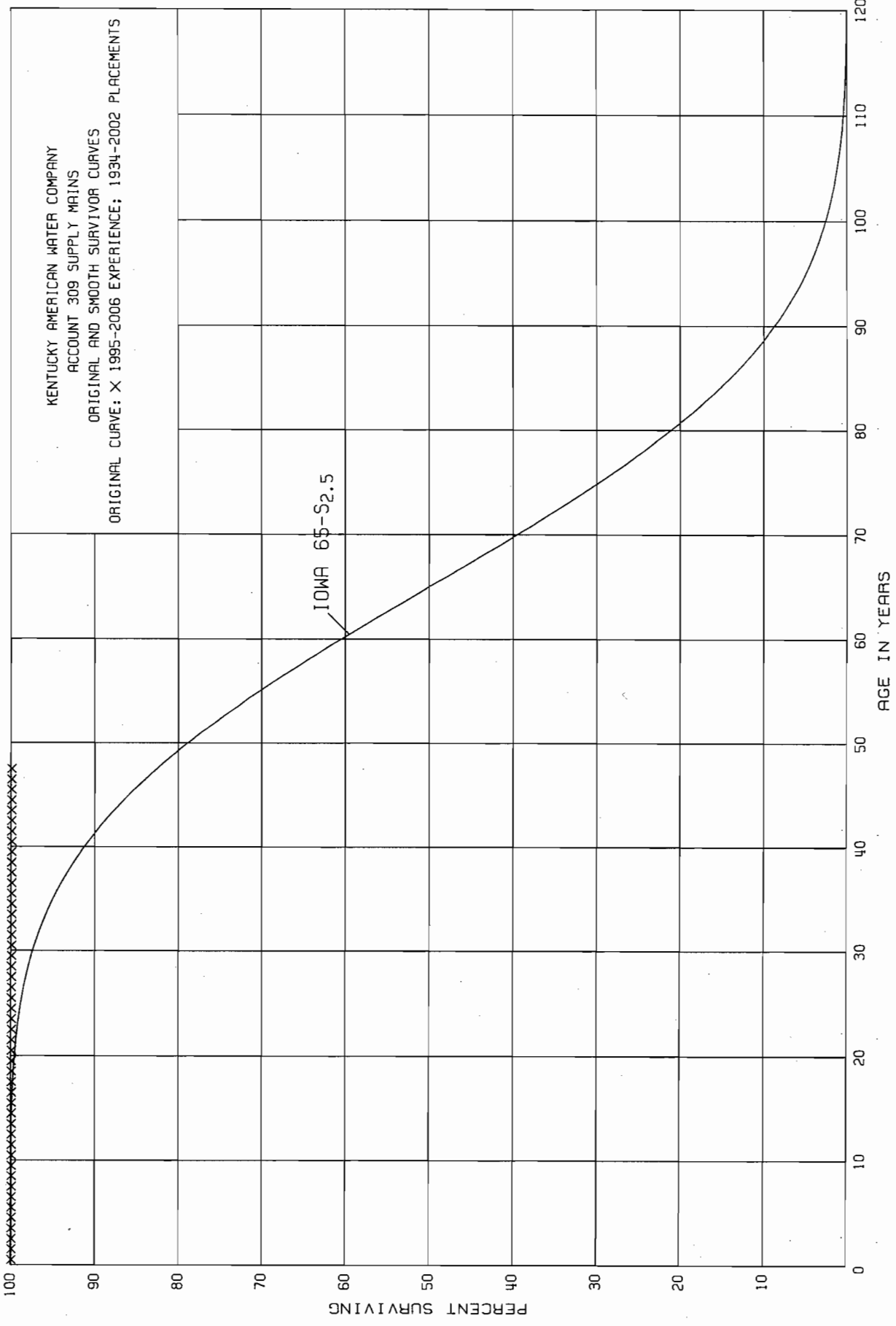
KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 306 LAKE, RIVER AND OTHER INTAKES
ORIGINAL LIFE TABLE

PLACEMENT BAND 1956-2001			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	249,132		0.0000	1.0000	100.00
0.5	249,132		0.0000	1.0000	100.00
1.5	256,117		0.0000	1.0000	100.00
2.5	285,418		0.0000	1.0000	100.00
3.5	285,418		0.0000	1.0000	100.00
4.5	285,418		0.0000	1.0000	100.00
5.5	36,458		0.0000	1.0000	100.00
6.5	36,458		0.0000	1.0000	100.00
7.5	36,458		0.0000	1.0000	100.00
8.5	36,458		0.0000	1.0000	100.00
9.5	42,056		0.0000	1.0000	100.00
10.5	42,056		0.0000	1.0000	100.00
11.5	41,884		0.0000	1.0000	100.00
12.5	41,884		0.0000	1.0000	100.00
13.5	34,899	20,500	0.5874	0.4126	100.00
14.5	5,598		0.0000	1.0000	41.26
15.5	5,598		0.0000	1.0000	41.26
16.5	5,598		0.0000	1.0000	41.26
17.5	5,598		0.0000	1.0000	41.26
18.5	5,598		0.0000	1.0000	41.26
19.5	5,598		0.0000	1.0000	41.26
20.5	5,598		0.0000	1.0000	41.26
21.5					41.26
22.5					
23.5	23,148		0.0000		
24.5	102,281		0.0000		
25.5	102,281		0.0000		
26.5	102,281		0.0000		
27.5	102,281		0.0000		
28.5	127,002		0.0000		
29.5	127,002		0.0000		
30.5	127,002		0.0000		
31.5	127,002		0.0000		
32.5	127,168		0.0000		
33.5	127,617		0.0000		
34.5	127,617		0.0000		
35.5	104,469		0.0000		
36.5	190,456		0.0000		
37.5	190,456		0.0000		
38.5	193,822		0.0000		

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 306 LAKE, RIVER AND OTHER INTAKES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1956-2001			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	193,822		0.0000		
40.5	169,101		0.0000		
41.5	169,101		0.0000		
42.5	169,101		0.0000		
43.5	169,101	5,189	0.0307		
44.5	163,746		0.0000		
45.5	163,297		0.0000		
46.5	163,297		0.0000		
47.5	163,297		0.0000		
48.5	3,366		0.0000		
49.5	3,366		0.0000		
50.5					



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 309 SUPPLY MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1934-2002

EXPERIENCE BAND 1995-2006

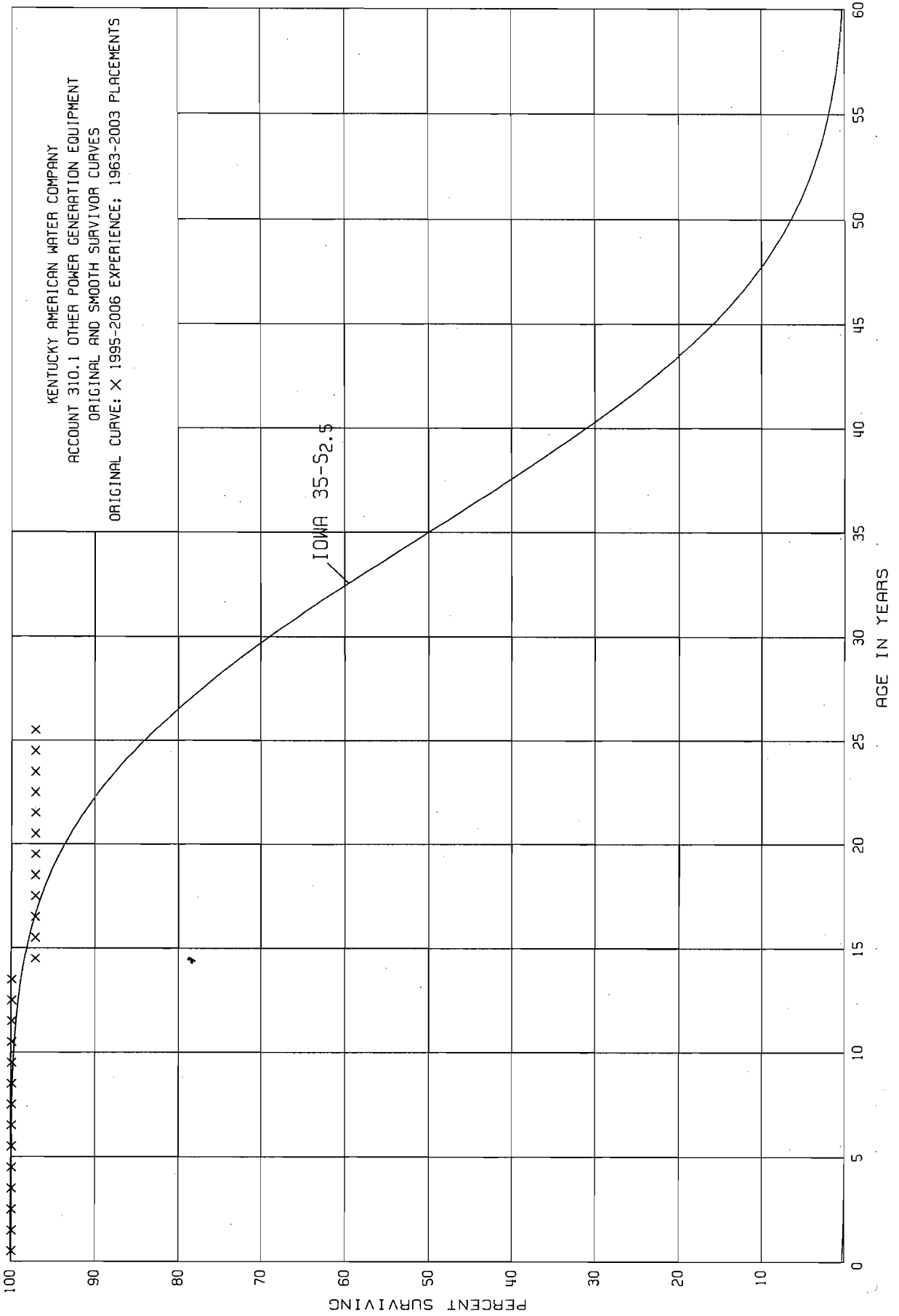
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	39,782		0.0000	1.0000	100.00
0.5	69,109		0.0000	1.0000	100.00
1.5	74,441		0.0000	1.0000	100.00
2.5	1,840,186		0.0000	1.0000	100.00
3.5	1,849,516		0.0000	1.0000	100.00
4.5	1,834,996		0.0000	1.0000	100.00
5.5	3,810,816		0.0000	1.0000	100.00
6.5	3,888,050		0.0000	1.0000	100.00
7.5	3,984,118		0.0000	1.0000	100.00
8.5	3,984,118		0.0000	1.0000	100.00
9.5	3,984,118		0.0000	1.0000	100.00
10.5	3,998,282		0.0000	1.0000	100.00
11.5	3,998,640		0.0000	1.0000	100.00
12.5	4,051,239		0.0000	1.0000	100.00
13.5	4,048,278		0.0000	1.0000	100.00
14.5	2,286,031		0.0000	1.0000	100.00
15.5	2,276,701		0.0000	1.0000	100.00
16.5	2,276,701		0.0000	1.0000	100.00
17.5	300,881		0.0000	1.0000	100.00
18.5	246,719		0.0000	1.0000	100.00
19.5	150,651		0.0000	1.0000	100.00
20.5	150,651		0.0000	1.0000	100.00
21.5	150,651		0.0000	1.0000	100.00
22.5	147,160		0.0000	1.0000	100.00
23.5	146,802		0.0000	1.0000	100.00
24.5	68,102		0.0000	1.0000	100.00
25.5	65,731		0.0000	1.0000	100.00
26.5	68,162		0.0000	1.0000	100.00
27.5	71,038		0.0000	1.0000	100.00
28.5	71,038		0.0000	1.0000	100.00
29.5	482,756		0.0000	1.0000	100.00
30.5	434,422		0.0000	1.0000	100.00
31.5	434,422		0.0000	1.0000	100.00
32.5	434,422		0.0000	1.0000	100.00
33.5	434,422		0.0000	1.0000	100.00
34.5	423,749		0.0000	1.0000	100.00
35.5	533,480		0.0000	1.0000	100.00
36.5	530,254		0.0000	1.0000	100.00
37.5	530,254		0.0000	1.0000	100.00
38.5	584,208		0.0000	1.0000	100.00

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 309 SUPPLY MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2002			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	581,332		0.0000	1.0000	100.00
40.5	581,332		0.0000	1.0000	100.00
41.5	171,509		0.0000	1.0000	100.00
42.5	171,509		0.0000	1.0000	100.00
43.5	171,727		0.0000	1.0000	100.00
44.5	171,727		0.0000	1.0000	100.00
45.5	171,727		0.0000	1.0000	100.00
46.5	171,727		0.0000	1.0000	100.00
47.5	61,996		0.0000	1.0000	100.00
48.5	61,996		0.0000	1.0000	100.00
49.5	61,996		0.0000	1.0000	100.00
50.5	2,155		0.0000	1.0000	100.00
51.5	2,155		0.0000	1.0000	100.00
52.5	2,169		0.0000	1.0000	100.00
53.5	80,158		0.0000	1.0000	100.00
54.5	80,158		0.0000	1.0000	100.00
55.5	79,940		0.0000	1.0000	100.00
56.5	79,940		0.0000	1.0000	100.00
57.5	79,940		0.0000	1.0000	100.00
58.5	79,940		0.0000	1.0000	100.00
59.5	79,940		0.0000	1.0000	100.00
60.5	303,691		0.0000	1.0000	100.00
61.5	303,691		0.0000	1.0000	100.00
62.5	303,649		0.0000	1.0000	100.00
63.5	303,649		0.0000	1.0000	100.00
64.5	303,635		0.0000	1.0000	100.00
65.5	223,751	49	0.0002	0.9998	100.00
66.5	223,702		0.0000	1.0000	99.98
67.5	223,702		0.0000	1.0000	99.98
68.5	223,702		0.0000	1.0000	99.98
69.5	223,702		0.0000	1.0000	99.98
70.5	223,702		0.0000	1.0000	99.98
71.5	223,702		0.0000	1.0000	99.98
72.5					99.98



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 310.1 OTHER POWER GENERATION EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1963-2003

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	240,674		0.0000	1.0000	100.00
0.5	240,674		0.0000	1.0000	100.00
1.5	240,674		0.0000	1.0000	100.00
2.5	240,674		0.0000	1.0000	100.00
3.5	226,563		0.0000	1.0000	100.00
4.5	218,622		0.0000	1.0000	100.00
5.5	285,806		0.0000	1.0000	100.00
6.5	476,776		0.0000	1.0000	100.00
7.5	476,776		0.0000	1.0000	100.00
8.5	476,776		0.0000	1.0000	100.00
9.5	476,776		0.0000	1.0000	100.00
10.5	258,154		0.0000	1.0000	100.00
11.5	258,154		0.0000	1.0000	100.00
12.5	258,154		0.0000	1.0000	100.00
13.5	326,748	9,442	0.0289	0.9711	100.00
14.5	317,306	27	0.0001	0.9999	97.11
15.5	317,279		0.0000	1.0000	97.10
16.5	317,279		0.0000	1.0000	97.10
17.5	250,095		0.0000	1.0000	97.10
18.5	68,594		0.0000	1.0000	97.10
19.5	68,594		0.0000	1.0000	97.10
20.5	68,594		0.0000	1.0000	97.10
21.5	68,594		0.0000	1.0000	97.10
22.5	68,594		0.0000	1.0000	97.10
23.5	68,594		0.0000	1.0000	97.10
24.5	68,594		0.0000	1.0000	97.10
25.5					97.10
26.5					
27.5					
28.5					
29.5					
30.5					
31.5	14,501		0.0000		
32.5	14,501		0.0000		
33.5	14,501		0.0000		
34.5	14,501		0.0000		
35.5	14,501		0.0000		
36.5	14,501		0.0000		
37.5	14,501		0.0000		
38.5	14,501		0.0000		

KENTUCKY AMERICAN WATER COMPANY

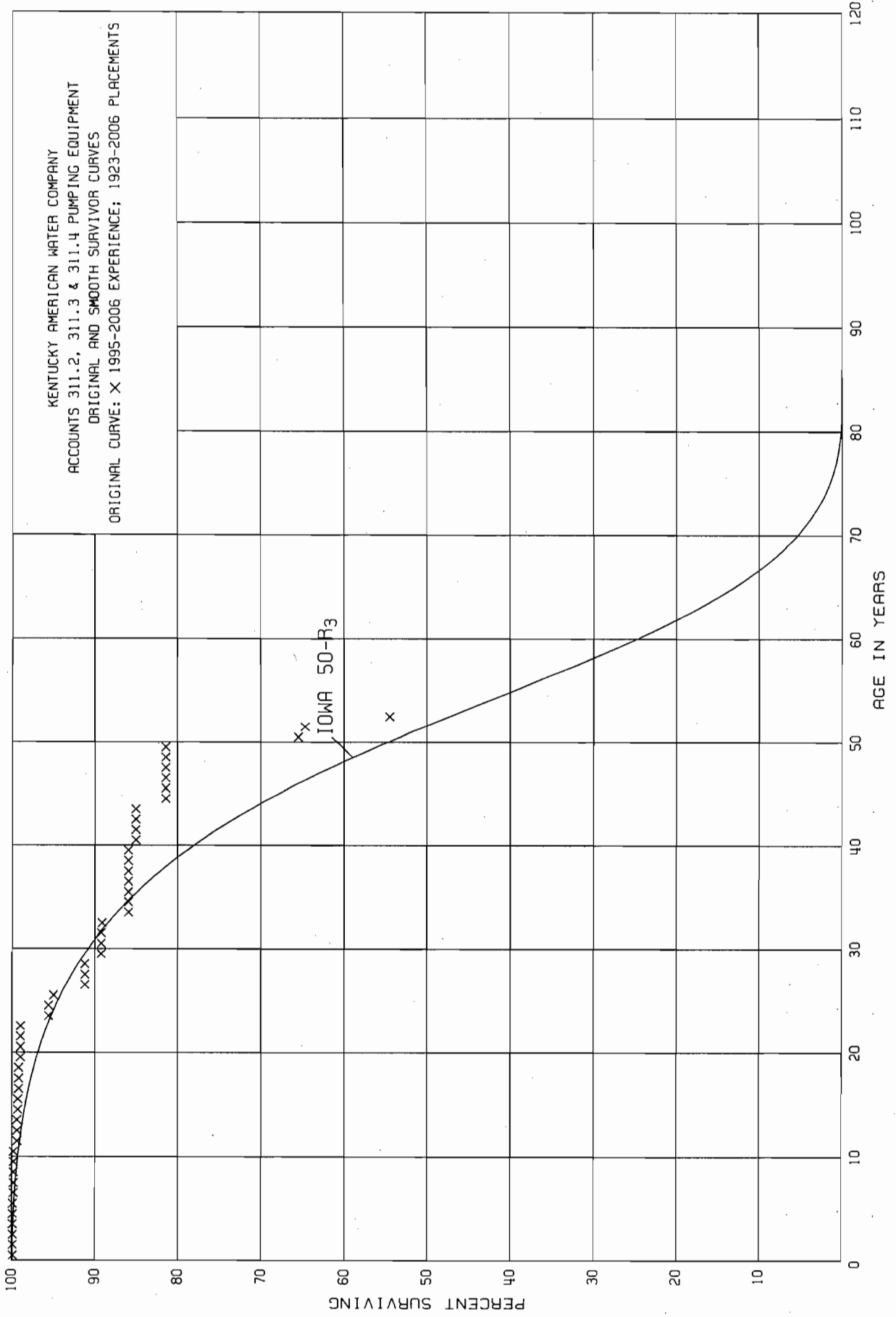
ACCOUNT 310.1 OTHER POWER GENERATION EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1963-2003

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	14,501		0.0000		
40.5	14,501		0.0000		
41.5	14,501		0.0000		
42.5	14,501		0.0000		
43.5					



KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 311.2, 311.3 & 311.4 PUMPING EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1923-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,557,357		0.0000	1.0000	100.00
0.5	2,359,359	500	0.0002	0.9998	100.00
1.5	2,578,650		0.0000	1.0000	99.98
2.5	6,725,329		0.0000	1.0000	99.98
3.5	6,544,421	4,035	0.0006	0.9994	99.98
4.5	6,653,420		0.0000	1.0000	99.92
5.5	7,042,862	10,691	0.0015	0.9985	99.92
6.5	7,469,181	1,000	0.0001	0.9999	99.77
7.5	7,607,759		0.0000	1.0000	99.76
8.5	7,360,427		0.0000	1.0000	99.76
9.5	6,604,563		0.0000	1.0000	99.76
10.5	6,640,439	22,214	0.0033	0.9967	99.76
11.5	6,656,797		0.0000	1.0000	99.43
12.5	6,690,879		0.0000	1.0000	99.43
13.5	6,713,175	9,241	0.0014	0.9986	99.43
14.5	2,568,020		0.0000	1.0000	99.29
15.5	2,550,143	1,500	0.0006	0.9994	99.29
16.5	2,350,007		0.0000	1.0000	99.23
17.5	1,840,474	1,200	0.0007	0.9993	99.23
18.5	1,348,706	2,805	0.0021	0.9979	99.16
19.5	774,698		0.0000	1.0000	98.95
20.5	737,633		0.0000	1.0000	98.95
21.5	646,591		0.0000	1.0000	98.95
22.5	611,718	20,807	0.0340	0.9660	98.95
23.5	558,930		0.0000	1.0000	95.59
24.5	695,361	4,000	0.0058	0.9942	95.59
25.5	428,170	17,353	0.0405	0.9595	95.04
26.5	466,035		0.0000	1.0000	91.19
27.5	531,734		0.0000	1.0000	91.19
28.5	582,541	12,551	0.0215	0.9785	91.19
29.5	600,488		0.0000	1.0000	89.23
30.5	478,218		0.0000	1.0000	89.23
31.5	478,218	944	0.0020	0.9980	89.23
32.5	399,096	14,228	0.0357	0.9643	89.05
33.5	380,154		0.0000	1.0000	85.87
34.5	379,151		0.0000	1.0000	85.87
35.5	430,603		0.0000	1.0000	85.87
36.5	314,744		0.0000	1.0000	85.87
37.5	311,695		0.0000	1.0000	85.87
38.5	286,920		0.0000	1.0000	85.87

KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 311.2, 311.3 & 311.4 PUMPING EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1923-2006			EXPERIENCE BAND 1995-2006			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	348,067	3,435	0.0099	0.9901	85.87	
40.5	282,593		0.0000	1.0000	85.02	
41.5	249,209		0.0000	1.0000	85.02	
42.5	249,209		0.0000	1.0000	85.02	
43.5	298,284	12,589	0.0422	0.9578	85.02	
44.5	286,161		0.0000	1.0000	81.43	
45.5	301,867		0.0000	1.0000	81.43	
46.5	314,211		0.0000	1.0000	81.43	
47.5	263,681		0.0000	1.0000	81.43	
48.5	228,857		0.0000	1.0000	81.43	
49.5	228,826	44,858	0.1960	0.8040	81.43	
50.5	154,470	1,762	0.0114	0.9886	65.47	
51.5	32,644	5,150	0.1578	0.8422	64.72	
52.5	27,282		0.0000	1.0000	54.51	
53.5	26,900		0.0000	1.0000	54.51	
54.5	29,159	196	0.0067	0.9933	54.51	
55.5	44,258		0.0000	1.0000	54.14	
56.5	51,281		0.0000	1.0000	54.14	
57.5	36,222		0.0000	1.0000	54.14	
58.5	25,637		0.0000	1.0000	54.14	
59.5	25,354		0.0000	1.0000	54.14	
60.5	34,991		0.0000	1.0000	54.14	
61.5	34,991		0.0000	1.0000	54.14	
62.5	34,991		0.0000	1.0000	54.14	
63.5	34,991	6,475	0.1850	0.8150	54.14	
64.5	28,516	1,022	0.0358	0.9642	44.12	
65.5	27,182		0.0000	1.0000	42.54	
66.5	24,923		0.0000	1.0000	42.54	
67.5	16,103		0.0000	1.0000	42.54	
68.5	8,615		0.0000	1.0000	42.54	
69.5	8,615		0.0000	1.0000	42.54	
70.5	8,615		0.0000	1.0000	42.54	
71.5	11,894		0.0000	1.0000	42.54	
72.5	3,279		0.0000	1.0000	42.54	
73.5	3,279		0.0000	1.0000	42.54	
74.5	3,279		0.0000	1.0000	42.54	
75.5	3,279	422	0.1287	0.8713	42.54	
76.5	2,857		0.0000	1.0000	37.07	
77.5	2,857		0.0000	1.0000	37.07	
78.5	2,857		0.0000	1.0000	37.07	

KENTUCKY AMERICAN WATER COMPANY

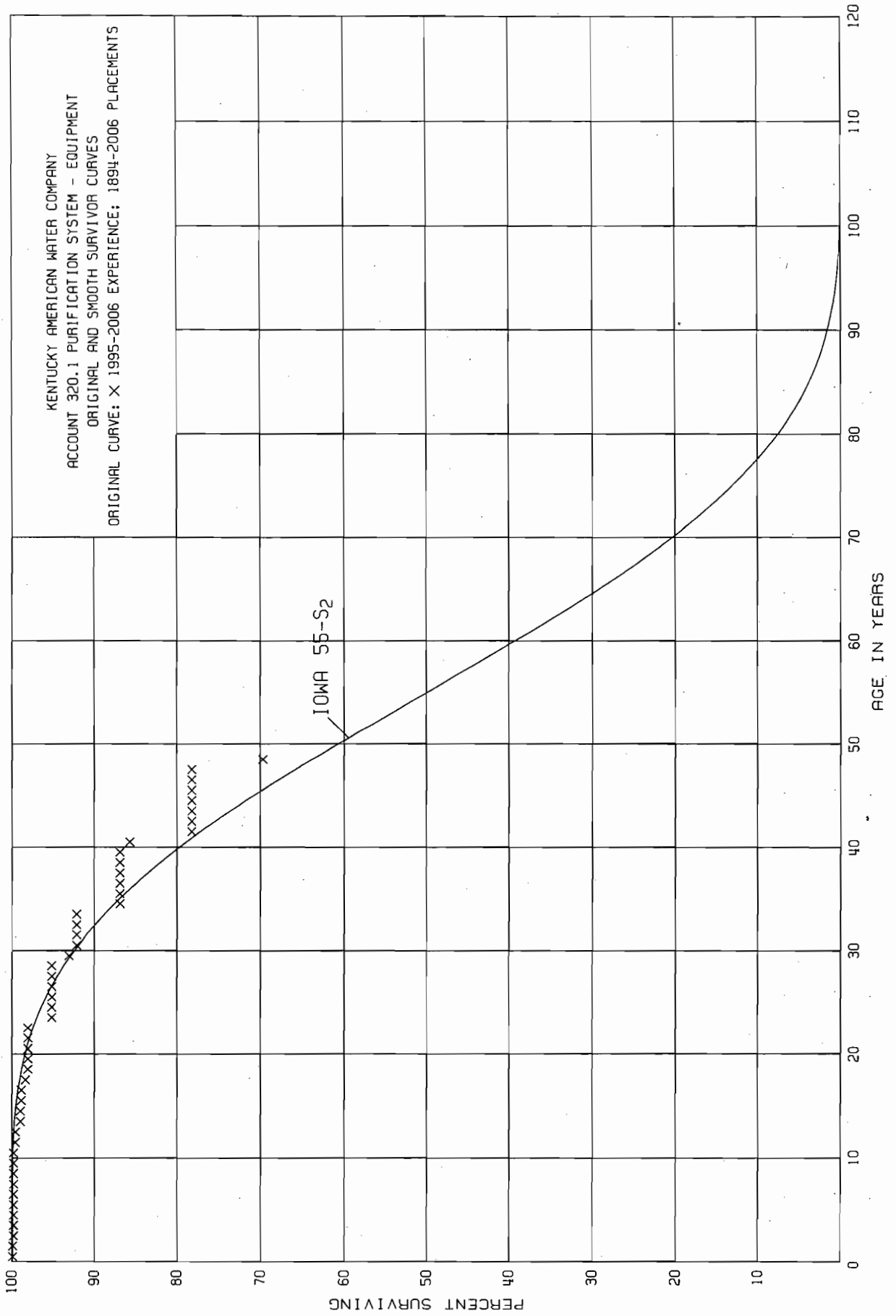
ACCOUNTS 311.2, 311.3 & 311.4 PUMPING EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1923-2006

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	2,857		0.0000	1.0000	37.07
80.5	2,857		0.0000	1.0000	37.07
81.5	2,857		0.0000	1.0000	37.07
82.5	2,857		0.0000	1.0000	37.07
83.5					37.07



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 320.1 PURIFICATION SYSTEM - EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1894-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	7,722,888		0.0000	1.0000	100.00
0.5	7,708,273	2,000	0.0003	0.9997	100.00
1.5	10,603,094	14,500	0.0014	0.9986	99.97
2.5	11,421,429		0.0000	1.0000	99.83
3.5	11,974,997		0.0000	1.0000	99.83
4.5	10,615,277		0.0000	1.0000	99.83
5.5	10,697,165		0.0000	1.0000	99.83
6.5	16,101,491	2,000	0.0001	0.9999	99.83
7.5	15,506,693		0.0000	1.0000	99.82
8.5	15,352,420		0.0000	1.0000	99.82
9.5	15,116,887	7,408	0.0005	0.9995	99.82
10.5	12,855,674	25,182	0.0020	0.9980	99.77
11.5	11,600,054		0.0000	1.0000	99.57
12.5	13,637,349	84,747	0.0062	0.9938	99.57
13.5	13,636,659		0.0000	1.0000	98.95
14.5	12,831,358	2,193	0.0002	0.9998	98.95
15.5	12,170,672	7,278	0.0006	0.9994	98.93
16.5	11,847,383	50,750	0.0043	0.9957	98.87
17.5	12,214,388	36,426	0.0030	0.9970	98.44
18.5	6,331,486		0.0000	1.0000	98.14
19.5	5,885,633		0.0000	1.0000	98.14
20.5	5,826,363		0.0000	1.0000	98.14
21.5	5,863,732		0.0000	1.0000	98.14
22.5	5,860,690	177,119	0.0302	0.9698	98.14
23.5	5,677,247		0.0000	1.0000	95.18
24.5	4,338,295		0.0000	1.0000	95.18
25.5	1,328,639		0.0000	1.0000	95.18
26.5	1,333,299		0.0000	1.0000	95.18
27.5	1,305,841		0.0000	1.0000	95.18
28.5	1,549,474	34,295	0.0221	0.9779	95.18
29.5	1,111,543	10,903	0.0098	0.9902	93.08
30.5	1,080,034		0.0000	1.0000	92.17
31.5	1,080,034		0.0000	1.0000	92.17
32.5	1,077,113		0.0000	1.0000	92.17
33.5	1,012,270	57,748	0.0570	0.9430	92.17
34.5	950,785		0.0000	1.0000	86.92
35.5	1,489,816		0.0000	1.0000	86.92
36.5	933,407		0.0000	1.0000	86.92
37.5	933,407		0.0000	1.0000	86.92
38.5	928,747		0.0000	1.0000	86.92

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 320.1 PURIFICATION SYSTEM - EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1894-2006			EXPERIENCE BAND 1995-2006			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	929,656	13,000	0.0140	0.9860	86.92	
40.5	695,872	60,700	0.0872	0.9128	85.70	
41.5	657,963		0.0000	1.0000	78.23	
42.5	653,623		0.0000	1.0000	78.23	
43.5	653,623		0.0000	1.0000	78.23	
44.5	677,161		0.0000	1.0000	78.23	
45.5	675,819		0.0000	1.0000	78.23	
46.5	676,108		0.0000	1.0000	78.23	
47.5	191,387	21,000	0.1097	0.8903	78.23	
48.5	64,948		0.0000	1.0000	69.65	
49.5	64,948		0.0000	1.0000	69.65	
50.5	64,948		0.0000	1.0000	69.65	
51.5	63,094		0.0000	1.0000	69.65	
52.5	63,094		0.0000	1.0000	69.65	
53.5	40,484		0.0000	1.0000	69.65	
54.5	40,484		0.0000	1.0000	69.65	
55.5	40,665		0.0000	1.0000	69.65	
56.5	13,040		0.0000	1.0000	69.65	
57.5	13,040		0.0000	1.0000	69.65	
58.5	837		0.0000	1.0000	69.65	
59.5	6,926		0.0000	1.0000	69.65	
60.5	11,810		0.0000	1.0000	69.65	
61.5	11,810		0.0000	1.0000	69.65	
62.5	11,810		0.0000	1.0000	69.65	
63.5	11,810		0.0000	1.0000	69.65	
64.5	11,810		0.0000	1.0000	69.65	
65.5	16,619		0.0000	1.0000	69.65	
66.5	16,619		0.0000	1.0000	69.65	
67.5	16,438		0.0000	1.0000	69.65	
68.5	16,305		0.0000	1.0000	69.65	
69.5	16,305		0.0000	1.0000	69.65	
70.5	15,963		0.0000	1.0000	69.65	
71.5	9,874		0.0000	1.0000	69.65	
72.5	4,990		0.0000	1.0000	69.65	
73.5	4,990		0.0000	1.0000	69.65	
74.5	4,990		0.0000	1.0000	69.65	
75.5	4,990		0.0000	1.0000	69.65	
76.5	4,990		0.0000	1.0000	69.65	
77.5					69.65	
78.5					69.65	

KENTUCKY AMERICAN WATER COMPANY

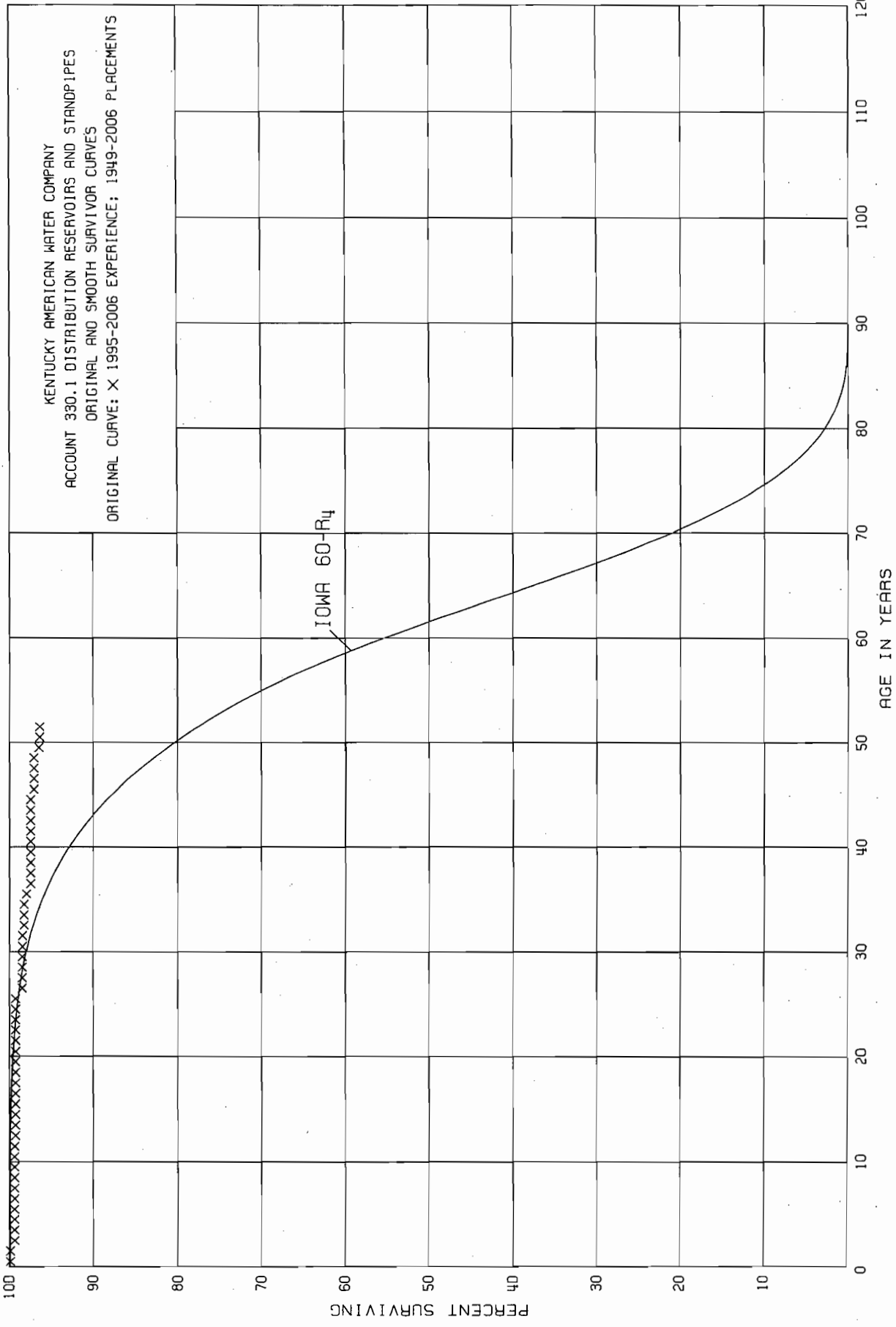
ACCOUNT 320.1 PURIFICATION SYSTEM - EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1894-2006

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	PCT SURV SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5					
80.5					
81.5					
82.5					
83.5					
84.5					
85.5					
86.5					
87.5					
88.5					
89.5					
90.5					
91.5					
92.5					
93.5					
94.5	3,224		0.0000		
95.5	3,224		0.0000		
96.5	3,224		0.0000		
97.5	3,224		0.0000		
98.5	3,224		0.0000		
99.5	3,224		0.0000		
100.5	6,962		0.0000		
101.5	6,962		0.0000		
102.5	6,962		0.0000		
103.5	6,962		0.0000		
104.5	6,962		0.0000		
105.5	6,962		0.0000		
106.5	3,738		0.0000		
107.5	3,738		0.0000		
108.5	3,738		0.0000		
109.5	3,738		0.0000		
110.5	3,738		0.0000		
111.5	3,738		0.0000		
112.5					



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 330.1 DISTRIBUTION RESERVOIRS AND STANDPIPES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1949-2006

EXPERIENCE BAND 1995-2006

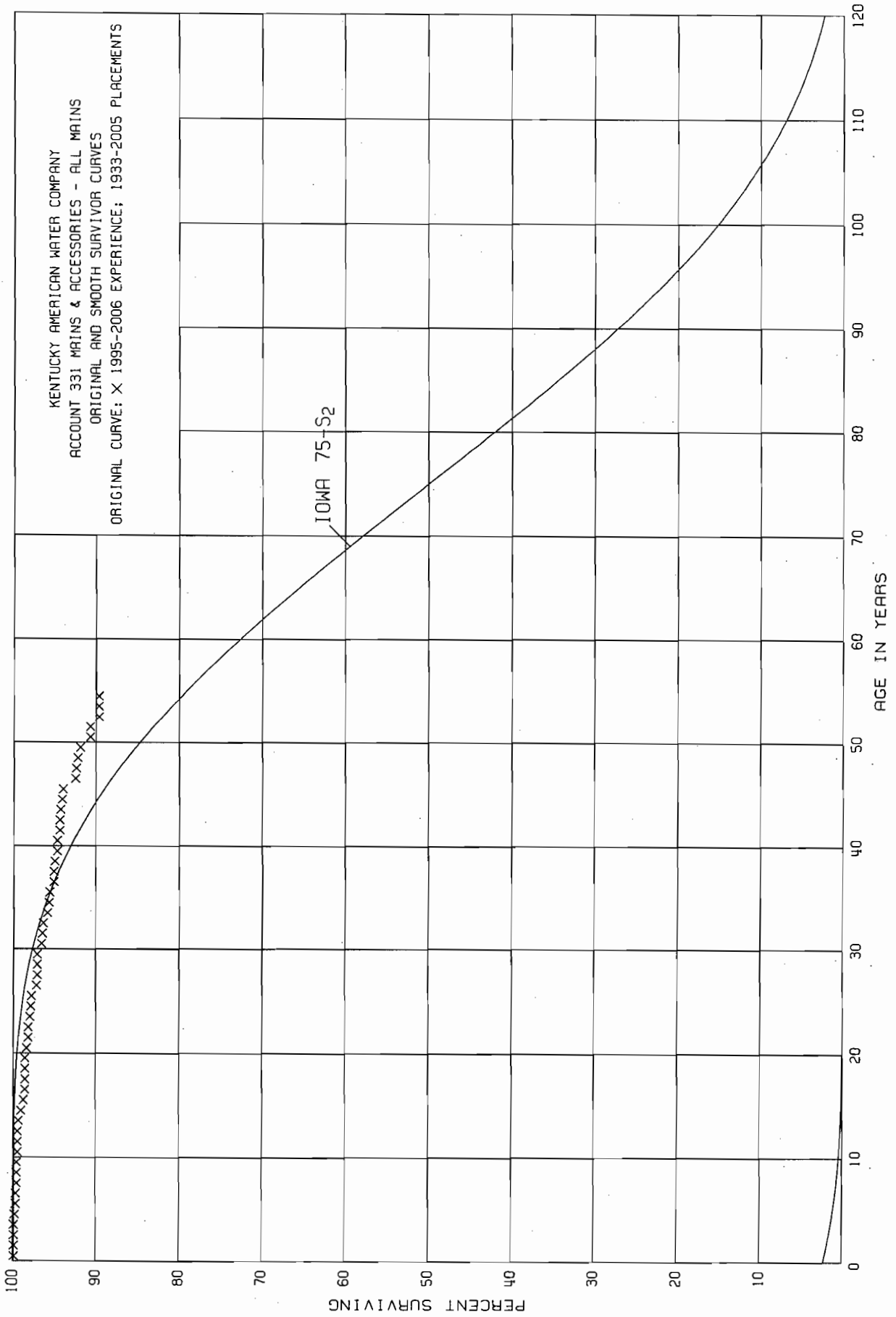
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,173,785		0.0000	1.0000	100.00
0.5	8,031,362		0.0000	1.0000	100.00
1.5	4,698,362	29,652	0.0063	0.9937	100.00
2.5	4,678,701		0.0000	1.0000	99.37
3.5	3,043,446		0.0000	1.0000	99.37
4.5	3,689,405		0.0000	1.0000	99.37
5.5	3,829,451		0.0000	1.0000	99.37
6.5	3,805,464		0.0000	1.0000	99.37
7.5	3,774,913		0.0000	1.0000	99.37
8.5	3,655,498		0.0000	1.0000	99.37
9.5	3,045,900		0.0000	1.0000	99.37
10.5	3,045,900		0.0000	1.0000	99.37
11.5	2,626,360	1,890	0.0007	0.9993	99.37
12.5	2,597,850		0.0000	1.0000	99.30
13.5	2,597,850		0.0000	1.0000	99.30
14.5	2,606,345		0.0000	1.0000	99.30
15.5	2,584,701		0.0000	1.0000	99.30
16.5	1,896,612		0.0000	1.0000	99.30
17.5	828,526		0.0000	1.0000	99.30
18.5	828,174		0.0000	1.0000	99.30
19.5	170,299		0.0000	1.0000	99.30
20.5	193,667		0.0000	1.0000	99.30
21.5	175,205		0.0000	1.0000	99.30
22.5	176,366		0.0000	1.0000	99.30
23.5	176,366		0.0000	1.0000	99.30
24.5	177,062		0.0000	1.0000	99.30
25.5	177,062	1,451	0.0082	0.9918	99.30
26.5	331,828		0.0000	1.0000	98.49
27.5	331,828		0.0000	1.0000	98.49
28.5	333,296		0.0000	1.0000	98.49
29.5	696,140		0.0000	1.0000	98.49
30.5	685,312		0.0000	1.0000	98.49
31.5	569,066	952	0.0017	0.9983	98.49
32.5	546,196		0.0000	1.0000	98.32
33.5	545,004		0.0000	1.0000	98.32
34.5	543,843	1,820	0.0033	0.9967	98.32
35.5	542,023	2,835	0.0052	0.9948	98.00
36.5	538,492		0.0000	1.0000	97.49
37.5	538,492		0.0000	1.0000	97.49
38.5	552,209		0.0000	1.0000	97.49

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 330.1 DISTRIBUTION RESERVOIRS AND STANDPIPES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1949-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	552,346		0.0000	1.0000	97.49
40.5	637,229		0.0000	1.0000	97.49
41.5	274,075		0.0000	1.0000	97.49
42.5	274,543		0.0000	1.0000	97.49
43.5	274,543		0.0000	1.0000	97.49
44.5	275,409	1,213	0.0044	0.9956	97.49
45.5	332,963		0.0000	1.0000	97.06
46.5	332,963		0.0000	1.0000	97.06
47.5	332,963		0.0000	1.0000	97.06
48.5	332,963	2,000	0.0060	0.9940	97.06
49.5	330,963	200	0.0006	0.9994	96.48
50.5	146,509		0.0000	1.0000	96.42
51.5	146,372		0.0000	1.0000	96.42
52.5	60,221		0.0000	1.0000	96.42
53.5	60,159		0.0000	1.0000	96.42
54.5	59,691		0.0000	1.0000	96.42
55.5	59,691		0.0000	1.0000	96.42
56.5	58,825		0.0000	1.0000	96.42
57.5					96.42



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331 MAINS & ACCESSORIES - ALL MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1933-2005

EXPERIENCE BAND 1995-2006

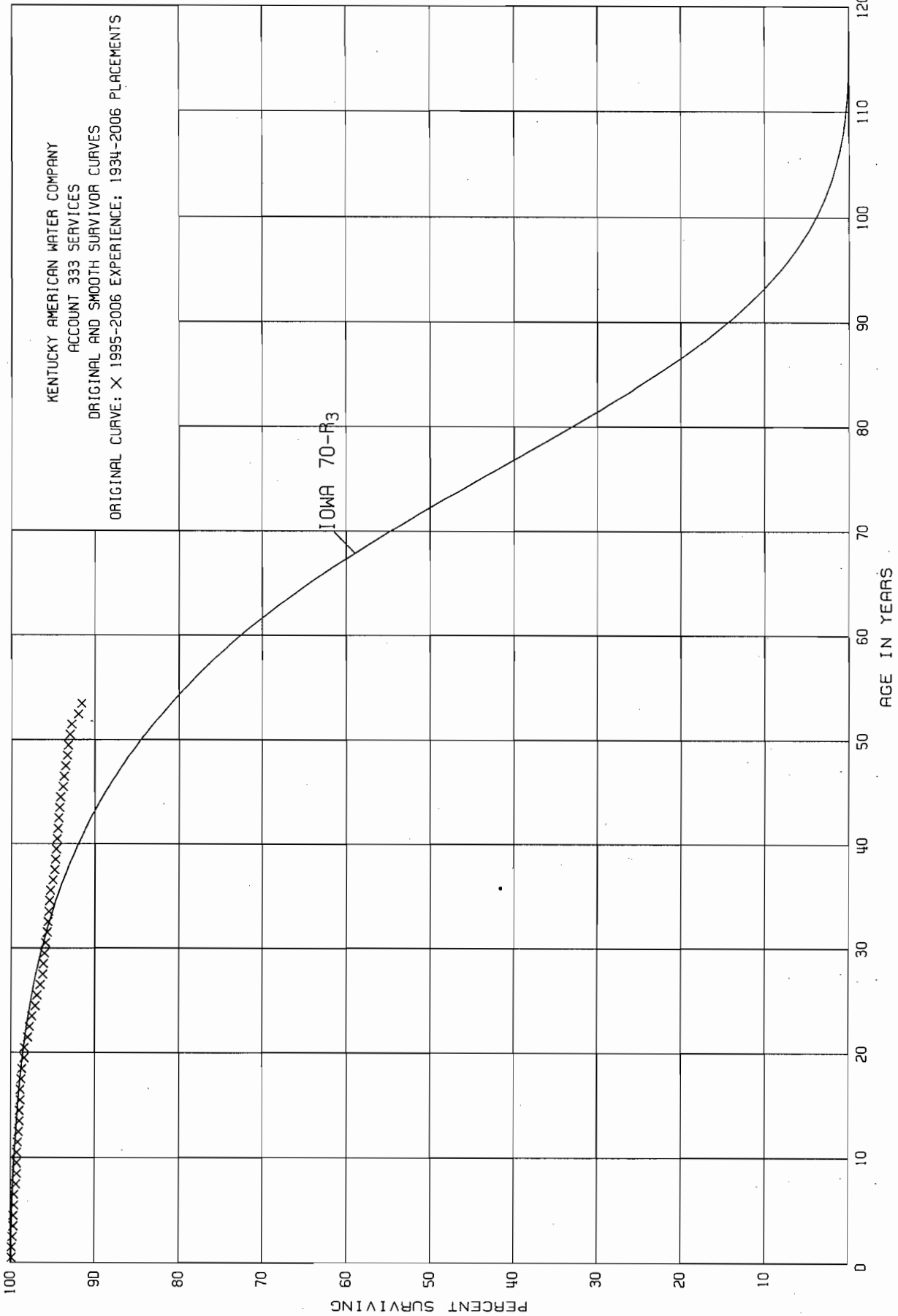
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	78,244,316		0.0000	1.0000	100.00
0.5	85,036,623	11,589	0.0001	0.9999	100.00
1.5	88,286,548	32,081	0.0004	0.9996	99.99
2.5	92,054,439	95,293	0.0010	0.9990	99.95
3.5	93,912,853	47,798	0.0005	0.9995	99.85
4.5	96,936,131	70,589	0.0007	0.9993	99.80
5.5	57,345,308	6,833	0.0001	0.9999	99.73
6.5	56,067,049	42,606	0.0008	0.9992	99.72
7.5	57,521,485	22,080	0.0004	0.9996	99.64
8.5	53,733,503	29,464	0.0005	0.9995	99.60
9.5	52,656,227	11,135	0.0002	0.9998	99.55
10.5	49,024,499	3,589	0.0001	0.9999	99.53
11.5	45,780,443	32,976	0.0007	0.9993	99.52
12.5	39,403,817	33,403	0.0008	0.9992	99.45
13.5	36,629,065	90,036	0.0025	0.9975	99.37
14.5	33,774,155	122,420	0.0036	0.9964	99.12
15.5	33,225,512	41,494	0.0012	0.9988	98.76
16.5	31,151,470	13,677	0.0004	0.9996	98.64
17.5	28,662,286	9,630	0.0003	0.9997	98.60
18.5	24,063,703	5,831	0.0002	0.9998	98.57
19.5	16,892,913	31,881	0.0019	0.9981	98.55
20.5	18,391,136	26,917	0.0015	0.9985	98.36
21.5	14,094,802	8,538	0.0006	0.9994	98.21
22.5	13,971,440	20,666	0.0015	0.9985	98.15
23.5	13,993,304	11,691	0.0008	0.9992	98.00
24.5	14,006,493	19,476	0.0014	0.9986	97.92
25.5	14,275,867	81,334	0.0057	0.9943	97.78
26.5	13,780,005	14,138	0.0010	0.9990	97.22
27.5	13,068,958	3,787	0.0003	0.9997	97.12
28.5	16,445,053	6,625	0.0004	0.9996	97.09
29.5	15,928,038	75,353	0.0047	0.9953	97.05
30.5	15,509,081	16,520	0.0011	0.9989	96.59
31.5	14,757,151	18,416	0.0012	0.9988	96.48
32.5	11,938,743	63,311	0.0053	0.9947	96.36
33.5	11,255,348	13,684	0.0012	0.9988	95.85
34.5	10,029,755	9,871	0.0010	0.9990	95.73
35.5	9,915,449	55,129	0.0056	0.9944	95.63
36.5	10,087,987	1,206	0.0001	0.9999	95.09
37.5	9,746,392	7,816	0.0008	0.9992	95.08
38.5	10,239,549	27,513	0.0027	0.9973	95.00

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331 MAINS & ACCESSORIES - ALL MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1933-2005			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	10,095,120	8,296	0.0008	0.9992	94.74
40.5	5,807,258	14,333	0.0025	0.9975	94.66
41.5	5,632,594	597	0.0001	0.9999	94.42
42.5	5,355,162	4,527	0.0008	0.9992	94.41
43.5	5,055,876	15,031	0.0030	0.9970	94.33
44.5	4,849,347	2,418	0.0005	0.9995	94.05
45.5	4,695,298	74,267	0.0158	0.9842	94.00
46.5	4,314,112	3,873	0.0009	0.9991	92.51
47.5	3,910,574	9,736	0.0025	0.9975	92.43
48.5	3,269,730	12,582	0.0038	0.9962	92.20
49.5	2,821,491	34,152	0.0121	0.9879	91.85
50.5	1,769,611	1,410	0.0008	0.9992	90.74
51.5	1,162,673	13,569	0.0117	0.9883	90.67
52.5	1,000,374	664	0.0007	0.9993	89.61
53.5	686,971		0.0000	1.0000	89.55
54.5	544,970	731	0.0013	0.9987	89.55
55.5	521,775		0.0000	1.0000	89.43
56.5	411,504	3,895	0.0095	0.9905	89.43
57.5	441,454	4,135	0.0094	0.9906	88.58
58.5	356,123	2,171	0.0061	0.9939	87.75
59.5	324,668	448	0.0014	0.9986	87.21
60.5	782,134	9,467	0.0121	0.9879	87.09
61.5	814,234		0.0000	1.0000	86.04
62.5	813,462	534	0.0007	0.9993	86.04
63.5	810,570	446	0.0006	0.9994	85.98
64.5	808,282	684	0.0008	0.9992	85.93
65.5	792,962	4,379	0.0055	0.9945	85.86
66.5	772,076	2,816	0.0036	0.9964	85.39
67.5	748,649	13,194	0.0176	0.9824	85.08
68.5	718,298	2,805	0.0039	0.9961	83.58
69.5	592,940	4,973	0.0084	0.9916	83.25
70.5	549,583	2,103	0.0038	0.9962	82.55
71.5	498,714	3,865	0.0077	0.9923	82.24
72.5	51,231		0.0000	1.0000	81.61
73.5					81.61



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 333 SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1934-2006

EXPERIENCE BAND 1995-2006

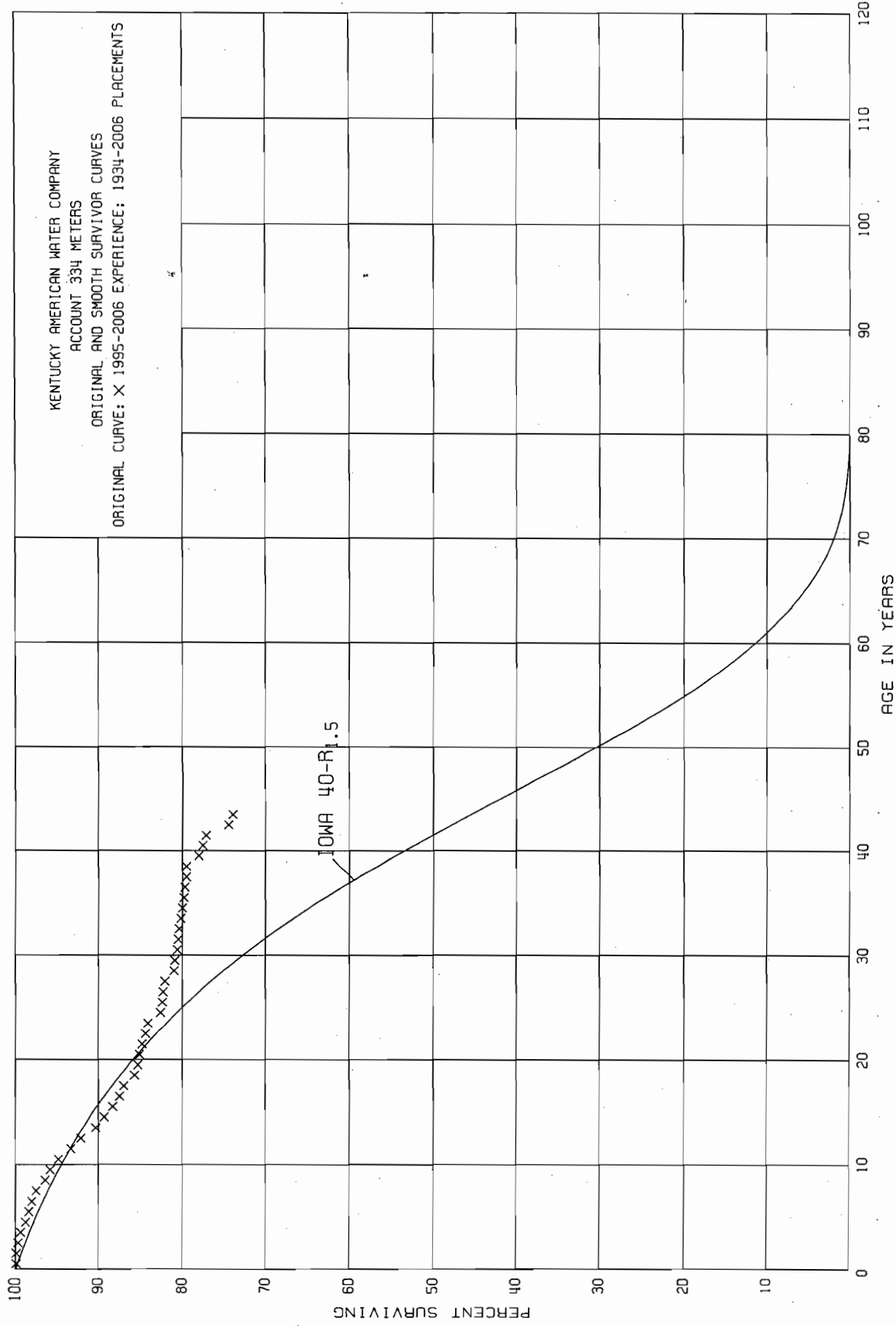
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	22,393,555		0.0000	1.0000	100.00
0.5	23,200,069	22,528	0.0010	0.9990	100.00
1.5	23,953,310	23,517	0.0010	0.9990	99.90
2.5	24,830,004	20,089	0.0008	0.9992	99.80
3.5	25,550,257	7,999	0.0003	0.9997	99.72
4.5	26,313,482	19,945	0.0008	0.9992	99.69
5.5	13,532,628	8,181	0.0006	0.9994	99.61
6.5	12,350,133	16,001	0.0013	0.9987	99.55
7.5	11,398,650	8,913	0.0008	0.9992	99.42
8.5	10,504,836	3,604	0.0003	0.9997	99.34
9.5	9,690,760	1,654	0.0002	0.9998	99.31
10.5	8,941,188	5,999	0.0007	0.9993	99.29
11.5	8,198,679	6,575	0.0008	0.9992	99.22
12.5	7,594,795	8,696	0.0011	0.9989	99.14
13.5	7,094,177	2,485	0.0004	0.9996	99.03
14.5	6,485,279	3,017	0.0005	0.9995	98.99
15.5	6,067,642	3,145	0.0005	0.9995	98.94
16.5	5,653,859	6,746	0.0012	0.9988	98.89
17.5	5,147,828	6,040	0.0012	0.9988	98.77
18.5	4,603,627	9,511	0.0021	0.9979	98.65
19.5	4,050,948	3,777	0.0009	0.9991	98.44
20.5	3,749,881	14,794	0.0039	0.9961	98.35
21.5	3,400,770	6,100	0.0018	0.9982	97.97
22.5	3,220,660	8,547	0.0027	0.9973	97.79
23.5	3,053,490	12,181	0.0040	0.9960	97.53
24.5	2,851,050	8,584	0.0030	0.9970	97.14
25.5	2,711,630	10,400	0.0038	0.9962	96.85
26.5	2,509,589	6,400	0.0026	0.9974	96.48
27.5	2,323,665	4,304	0.0019	0.9981	96.23
28.5	2,131,970	1,762	0.0008	0.9992	96.05
29.5	1,950,635	2,269	0.0012	0.9988	95.97
30.5	1,827,544	2,152	0.0012	0.9988	95.85
31.5	1,762,864	1,841	0.0010	0.9990	95.73
32.5	1,611,165	2,015	0.0013	0.9987	95.63
33.5	1,547,422	1,112	0.0007	0.9993	95.51
34.5	1,388,625	2,795	0.0020	0.9980	95.44
35.5	1,340,486	2,982	0.0022	0.9978	95.25
36.5	1,297,997	3,585	0.0028	0.9972	95.04
37.5	1,219,240	869	0.0007	0.9993	94.77
38.5	1,131,940	648	0.0006	0.9994	94.70

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 333 SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2006			EXPERIENCE BAND 1995-2006			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	1,022,377	1,317	0.0013	0.9987	94.64	
40.5	889,852	711	0.0008	0.9992	94.52	
41.5	787,007	957	0.0012	0.9988	94.44	
42.5	712,451	731	0.0010	0.9990	94.33	
43.5	630,472	682	0.0011	0.9989	94.24	
44.5	553,559	2,236	0.0040	0.9960	94.14	
45.5	502,803	499	0.0010	0.9990	93.76	
46.5	459,141	1,063	0.0023	0.9977	93.67	
47.5	402,929	496	0.0012	0.9988	93.45	
48.5	335,501	397	0.0012	0.9988	93.34	
49.5	282,905	595	0.0021	0.9979	93.23	
50.5	245,699	580	0.0024	0.9976	93.03	
51.5	205,321	1,801	0.0088	0.9912	92.81	
52.5	178,872	780	0.0044	0.9956	91.99	
53.5	160,108	213	0.0013	0.9987	91.59	
54.5	144,427	470	0.0033	0.9967	91.47	
55.5	127,049	256	0.0020	0.9980	91.17	
56.5	107,305	32	0.0003	0.9997	90.99	
57.5	85,402	162	0.0019	0.9981	90.96	
58.5	69,077	99	0.0014	0.9986	90.79	
59.5	63,425	107	0.0017	0.9983	90.66	
60.5	151,775	106	0.0007	0.9993	90.51	
61.5	150,562	492	0.0033	0.9967	90.45	
62.5	149,048	385	0.0026	0.9974	90.15	
63.5	148,195	168	0.0011	0.9989	89.92	
64.5	145,895	614	0.0042	0.9958	89.82	
65.5	139,806	4,273	0.0306	0.9694	89.44	
66.5	126,341	863	0.0068	0.9932	86.70	
67.5	119,428	542	0.0045	0.9955	86.11	
68.5	108,453	2,447	0.0226	0.9774	85.72	
69.5	105,456		0.0000	1.0000	83.78	
70.5	98,932		0.0000	1.0000	83.78	
71.5	88,861		0.0000	1.0000	83.78	
72.5					83.78	



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334 METERS

ORIGINAL LIFE TABLE

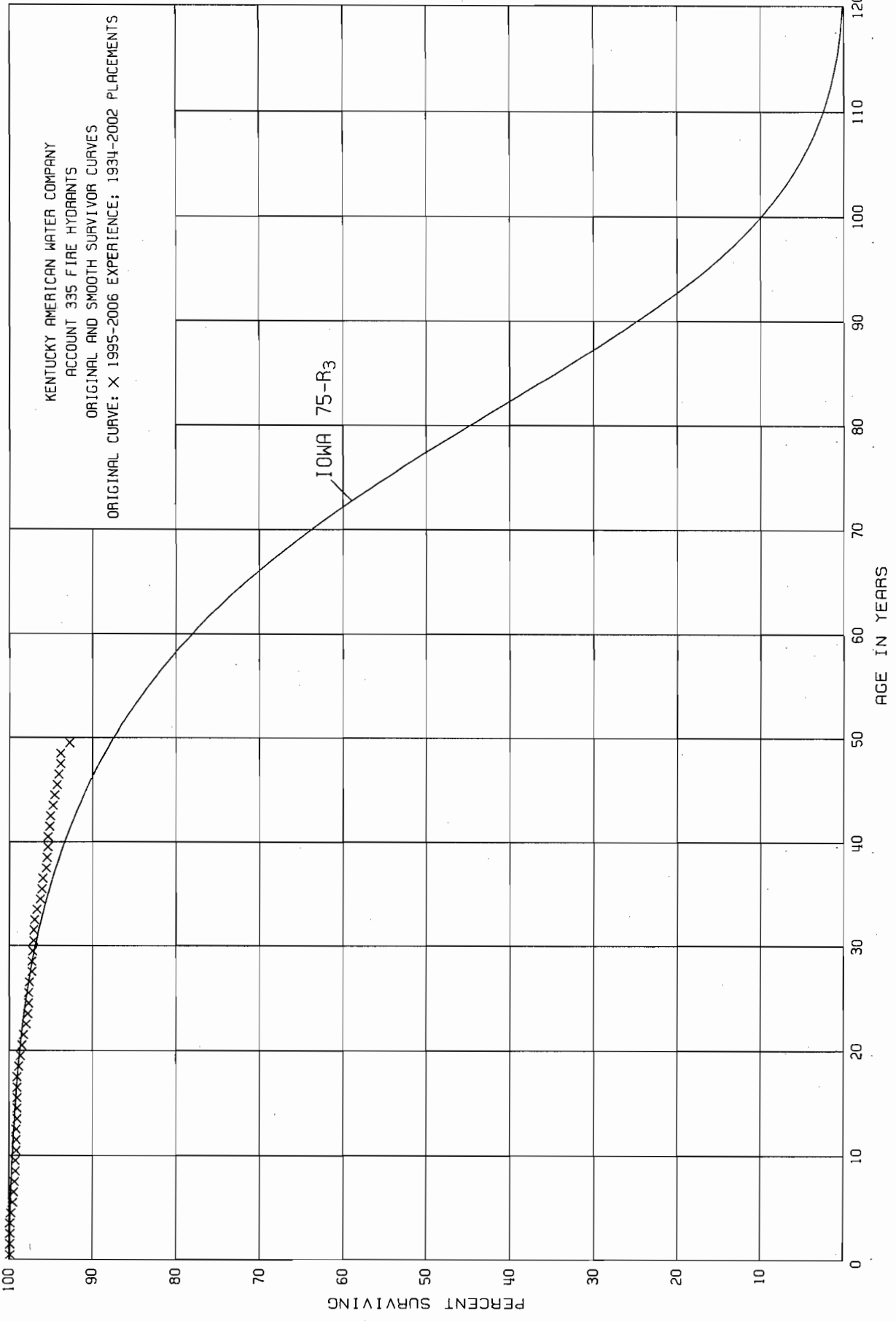
PLACEMENT BAND 1934-2006			EXPERIENCE BAND 1995-2006			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	15,676,486	359	0.0000	1.0000	100.00	
0.5	16,182,023	15,551	0.0010	0.9990	100.00	
1.5	16,837,624	34,329	0.0020	0.9980	99.90	
2.5	17,620,482	61,565	0.0035	0.9965	99.70	
3.5	18,060,733	93,055	0.0052	0.9948	99.35	
4.5	18,423,306	78,641	0.0043	0.9957	98.83	
5.5	13,264,541	57,001	0.0043	0.9957	98.41	
6.5	8,568,933	41,999	0.0049	0.9951	97.99	
7.5	8,082,598	92,483	0.0114	0.9886	97.51	
8.5	7,594,926	47,056	0.0062	0.9938	96.40	
9.5	7,084,901	76,406	0.0108	0.9892	95.80	
10.5	6,665,274	101,511	0.0152	0.9848	94.77	
11.5	6,264,047	85,344	0.0136	0.9864	93.33	
12.5	5,871,958	111,613	0.0190	0.9810	92.06	
13.5	5,338,448	59,857	0.0112	0.9888	90.31	
14.5	4,760,561	56,403	0.0118	0.9882	89.30	
15.5	4,381,655	37,969	0.0087	0.9913	88.25	
16.5	4,108,121	24,431	0.0059	0.9941	87.48	
17.5	3,627,760	53,199	0.0147	0.9853	86.96	
18.5	3,247,268	14,425	0.0044	0.9956	85.68	
19.5	2,860,154	5,664	0.0020	0.9980	85.30	
20.5	2,634,939	10,476	0.0040	0.9960	85.13	
21.5	2,260,681	10,957	0.0048	0.9952	84.79	
22.5	2,013,587	6,728	0.0033	0.9967	84.38	
23.5	1,847,867	32,684	0.0177	0.9823	84.10	
24.5	1,656,668	4,573	0.0028	0.9972	82.61	
25.5	1,523,370	2,155	0.0014	0.9986	82.38	
26.5	1,361,218	3,225	0.0024	0.9976	82.26	
27.5	1,219,692	16,387	0.0134	0.9866	82.06	
28.5	1,083,782	848	0.0008	0.9992	80.96	
29.5	1,007,531	3,470	0.0034	0.9966	80.90	
30.5	980,490	1,560	0.0016	0.9984	80.62	
31.5	944,242	1,444	0.0015	0.9985	80.49	
32.5	818,924	2,245	0.0027	0.9973	80.37	
33.5	777,454	1,600	0.0021	0.9979	80.15	
34.5	717,319	1,219	0.0017	0.9983	79.98	
35.5	666,839	1,547	0.0023	0.9977	79.84	
36.5	642,315	935	0.0015	0.9985	79.66	
37.5	633,386	494	0.0008	0.9992	79.54	
38.5	600,893	11,526	0.0192	0.9808	79.48	

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2006			EXPERIENCE BAND 1995-2006			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	544,539	2,955	0.0054	0.9946	77.95	
40.5	480,891	2,593	0.0054	0.9946	77.53	
41.5	419,509	14,958	0.0357	0.9643	77.11	
42.5	353,126	2,009	0.0057	0.9943	74.36	
43.5	308,418	322	0.0010	0.9990	73.94	
44.5	278,992	754	0.0027	0.9973	73.87	
45.5	263,907	443	0.0017	0.9983	73.67	
46.5	247,569	1,424	0.0058	0.9942	73.54	
47.5	238,931	374	0.0016	0.9984	73.11	
48.5	212,763	5,323	0.0250	0.9750	72.99	
49.5	173,479	133	0.0008	0.9992	71.17	
50.5	148,786	535	0.0036	0.9964	71.11	
51.5	124,111	332	0.0027	0.9973	70.85	
52.5	103,942	842	0.0081	0.9919	70.66	
53.5	86,526	72	0.0008	0.9992	70.09	
54.5	70,397	831	0.0118	0.9882	70.03	
55.5	61,952	312	0.0050	0.9950	69.20	
56.5	63,960	82	0.0013	0.9987	68.85	
57.5	45,151	16	0.0004	0.9996	68.76	
58.5	25,697	275	0.0107	0.9893	68.73	
59.5	22,447	130	0.0058	0.9942	67.99	
60.5	62,798	208	0.0033	0.9967	67.60	
61.5	62,309	864	0.0139	0.9861	67.38	
62.5	61,245	78	0.0013	0.9987	66.44	
63.5	61,128	43	0.0007	0.9993	66.35	
64.5	59,992	675	0.0113	0.9887	66.30	
65.5	55,456	1,014	0.0183	0.9817	65.55	
66.5	52,702	662	0.0126	0.9874	64.35	
67.5	49,895	780	0.0156	0.9844	63.54	
68.5	45,052	631	0.0140	0.9860	62.55	
69.5	43,257	255	0.0059	0.9941	61.67	
70.5	41,711	502	0.0120	0.9880	61.31	
71.5	38,059	2,757	0.0724	0.9276	60.57	
72.5					56.18	



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 335 FIRE HYDRANTS

ORIGINAL LIFE TABLE

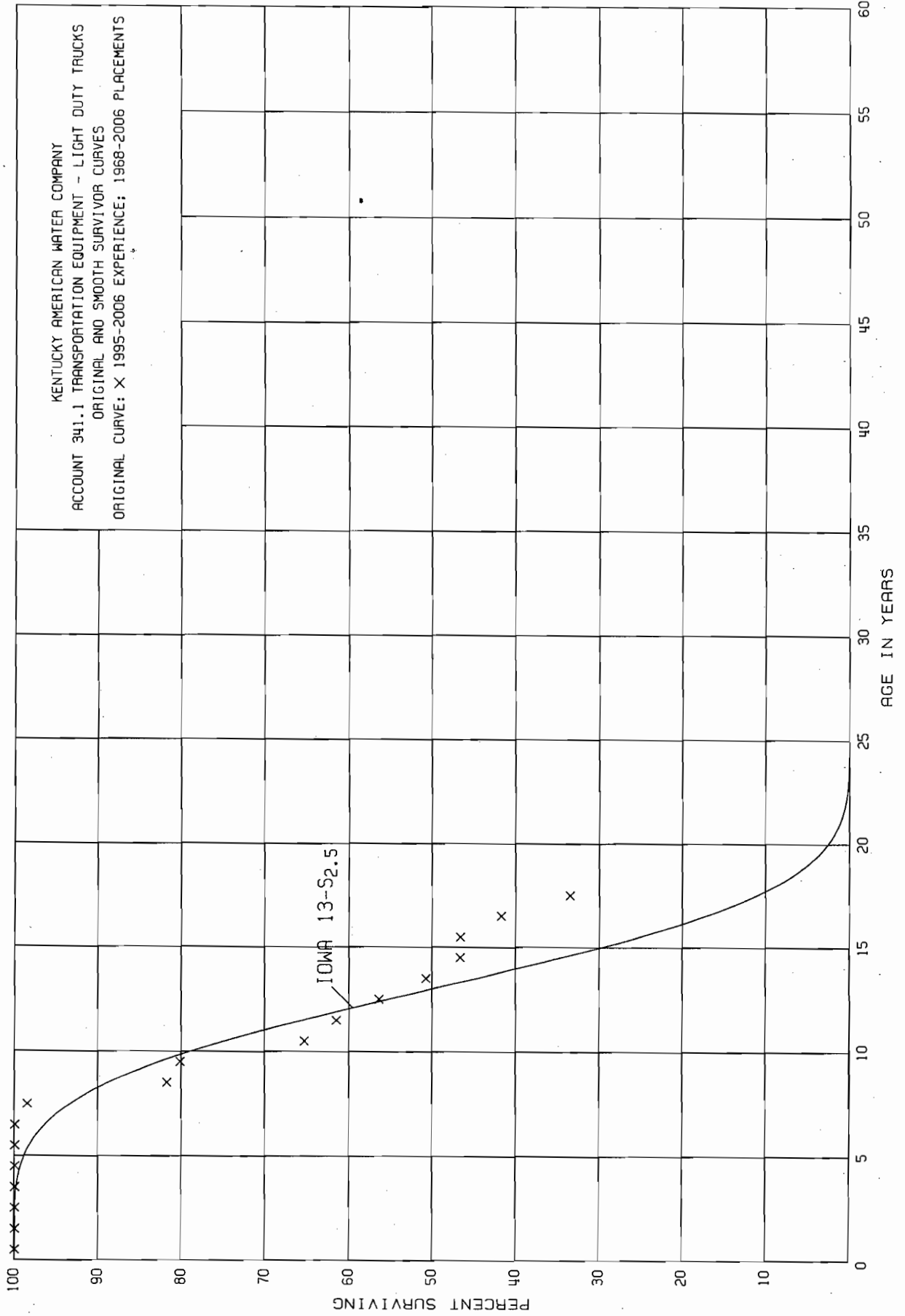
PLACEMENT BAND 1934-2002			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	5,351,591		0.0000	1.0000	100.00
0.5	5,628,974	1,118	0.0002	0.9998	100.00
1.5	5,857,196	3,581	0.0006	0.9994	99.98
2.5	6,188,209	4,389	0.0007	0.9993	99.92
3.5	6,386,511	5,490	0.0009	0.9991	99.85
4.5	6,640,535	12,595	0.0019	0.9981	99.76
5.5	3,326,404	1,707	0.0005	0.9995	99.57
6.5	3,287,879	4,898	0.0015	0.9985	99.52
7.5	3,138,904	2,746	0.0009	0.9991	99.37
8.5	2,979,852	731	0.0002	0.9998	99.28
9.5	2,879,966	801	0.0003	0.9997	99.26
10.5	2,722,603		0.0000	1.0000	99.23
11.5	2,567,045		0.0000	1.0000	99.23
12.5	2,370,984	2,090	0.0009	0.9991	99.23
13.5	2,214,557	69	0.0000	1.0000	99.14
14.5	2,018,185	198	0.0001	0.9999	99.14
15.5	1,969,389	734	0.0004	0.9996	99.13
16.5	1,768,841	633	0.0004	0.9996	99.09
17.5	1,672,137	1,810	0.0011	0.9989	99.05
18.5	1,512,501	4,382	0.0029	0.9971	98.94
19.5	1,389,745	2,486	0.0018	0.9982	98.65
20.5	1,643,992	2,838	0.0017	0.9983	98.47
21.5	1,627,493	5,670	0.0035	0.9965	98.30
22.5	1,539,346	2,490	0.0016	0.9984	97.96
23.5	1,538,149	1,213	0.0008	0.9992	97.80
24.5	1,529,018	1,129	0.0007	0.9993	97.72
25.5	1,518,448	1,370	0.0009	0.9991	97.65
26.5	1,457,209	3,459	0.0024	0.9976	97.56
27.5	1,368,782		0.0000	1.0000	97.33
28.5	1,335,317	1,176	0.0009	0.9991	97.33
29.5	1,265,306	1,646	0.0013	0.9987	97.24
30.5	1,234,416	690	0.0006	0.9994	97.11
31.5	1,161,442	381	0.0003	0.9997	97.05
32.5	839,158	2,483	0.0030	0.9970	97.02
33.5	718,311	3,505	0.0049	0.9951	96.73
34.5	661,183	1,062	0.0016	0.9984	96.26
35.5	641,075	1,096	0.0017	0.9983	96.11
36.5	589,570	1,884	0.0032	0.9968	95.95
37.5	546,726	1,025	0.0019	0.9981	95.64
38.5	494,004	170	0.0003	0.9997	95.46

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 335 FIRE HYDRANTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2002			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	452,642		0.0000	1.0000	95.43
40.5	351,820	906	0.0026	0.9974	95.43
41.5	302,560	351	0.0012	0.9988	95.18
42.5	263,387	825	0.0031	0.9969	95.07
43.5	236,032	522	0.0022	0.9978	94.78
44.5	191,086	550	0.0029	0.9971	94.57
45.5	162,864	363	0.0022	0.9978	94.30
46.5	140,976	241	0.0017	0.9983	94.09
47.5	103,442		0.0000	1.0000	93.93
48.5	87,056	1,053	0.0121	0.9879	93.93
49.5	65,605	111	0.0017	0.9983	92.79
50.5	49,419	302	0.0061	0.9939	92.63
51.5	29,123	345	0.0118	0.9882	92.06
52.5	23,962		0.0000	1.0000	90.97
53.5	15,069		0.0000	1.0000	90.97
54.5	10,903	242	0.0222	0.9778	90.97
55.5	9,647		0.0000	1.0000	88.95
56.5	7,733	105	0.0136	0.9864	88.95
57.5	5,897		0.0000	1.0000	87.74
58.5	3,885	103	0.0265	0.9735	87.74
59.5	3,537		0.0000	1.0000	85.41
60.5	11,764		0.0000	1.0000	85.41
61.5	11,749		0.0000	1.0000	85.41
62.5	11,749		0.0000	1.0000	85.41
63.5	11,749		0.0000	1.0000	85.41
64.5	11,602	46	0.0040	0.9960	85.41
65.5	10,881	57	0.0052	0.9948	85.07
66.5	10,468	841	0.0803	0.9197	84.63
67.5	8,944		0.0000	1.0000	77.83
68.5	8,827	45	0.0051	0.9949	77.83
69.5	8,601		0.0000	1.0000	77.43
70.5	8,522	948	0.1112	0.8888	77.43
71.5	7,385		0.0000	1.0000	68.82
72.5					68.82



KENTUCKY AMERICAN WATER COMPANY

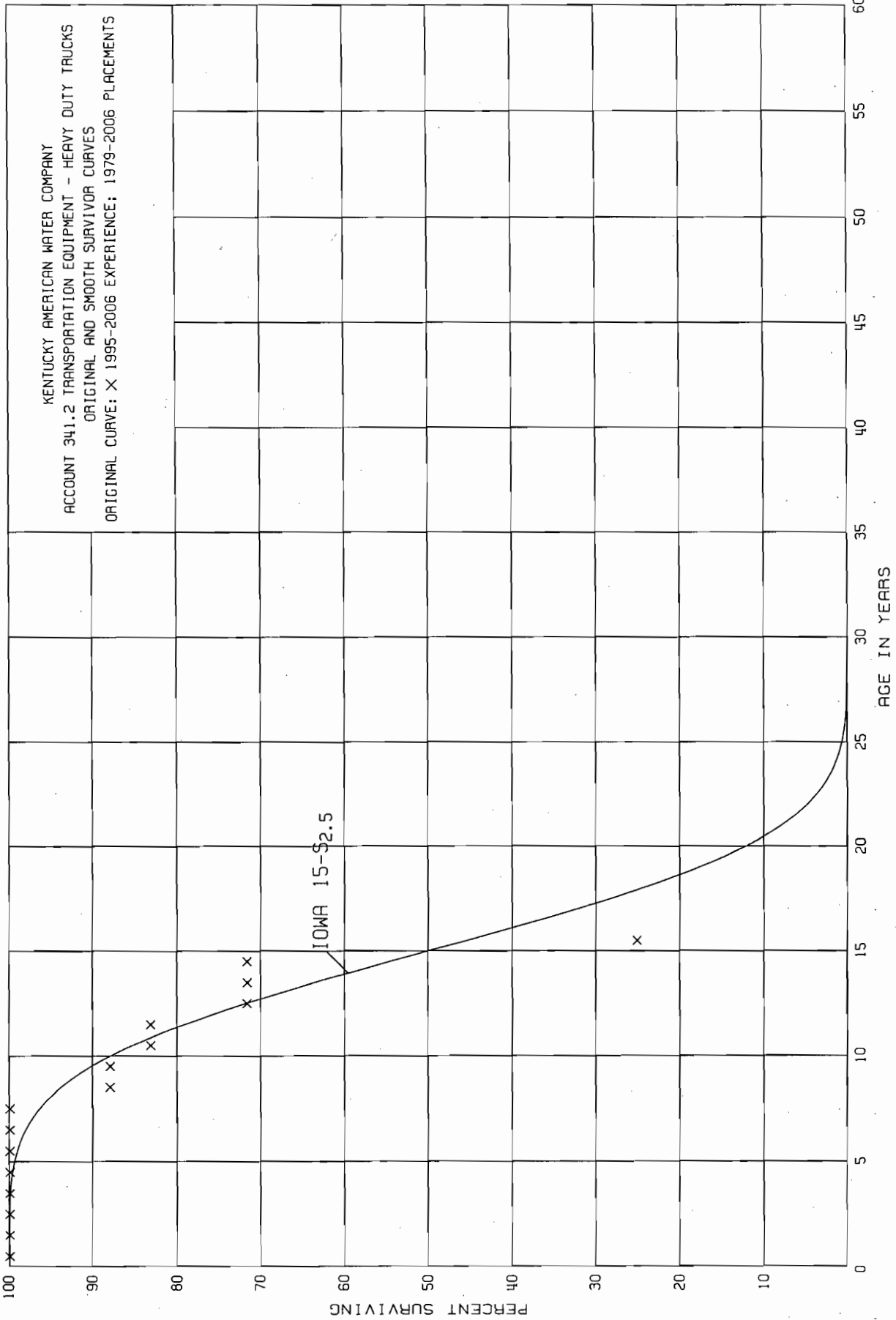
ACCOUNT 341.1 TRANSPORTATION EQUIPMENT - LIGHT DUTY TRUCKS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1968-2006

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,531,289		0.0000	1.0000	100.00
0.5	1,060,329		0.0000	1.0000	100.00
1.5	1,124,566		0.0000	1.0000	100.00
2.5	1,214,237		0.0000	1.0000	100.00
3.5	1,360,641		0.0000	1.0000	100.00
4.5	1,249,342		0.0000	1.0000	100.00
5.5	1,252,557		0.0000	1.0000	100.00
6.5	1,224,327	18,356	0.0150	0.9850	100.00
7.5	1,015,761	172,907	0.1702	0.8298	98.50
8.5	707,980	14,241	0.0201	0.9799	81.74
9.5	693,739	128,514	0.1852	0.8148	80.10
10.5	546,309	31,200	0.0571	0.9429	65.27
11.5	515,108	42,709	0.0829	0.9171	61.54
12.5	423,453	43,311	0.1023	0.8977	56.44
13.5	334,081	26,718	0.0800	0.9200	50.67
14.5	260,911		0.0000	1.0000	46.62
15.5	173,322	18,273	0.1054	0.8946	46.62
16.5	102,904	20,292	0.1972	0.8028	41.71
17.5	28,728		0.0000	1.0000	33.48
18.5	22,042		0.0000	1.0000	33.48
19.5	12,573		0.0000	1.0000	33.48
20.5	12,573		0.0000	1.0000	33.48
21.5	12,573		0.0000	1.0000	33.48
22.5	12,573		0.0000	1.0000	33.48
23.5	12,573		0.0000	1.0000	33.48
24.5	12,573	9,217	0.7331	0.2669	33.48
25.5	3,356		0.0000	1.0000	8.94
26.5	4,095		0.0000	1.0000	8.94
27.5	4,095		0.0000	1.0000	8.94
28.5	4,095		0.0000	1.0000	8.94
29.5	4,095		0.0000	1.0000	8.94
30.5	739		0.0000	1.0000	8.94
31.5	739		0.0000	1.0000	8.94
32.5	739		0.0000	1.0000	8.94
33.5	739		0.0000	1.0000	8.94
34.5	739		0.0000	1.0000	8.94
35.5	739		0.0000	1.0000	8.94
36.5	739		0.0000	1.0000	8.94
37.5	739		0.0000	1.0000	8.94
38.5					8.94



KENTUCKY AMERICAN WATER COMPANY

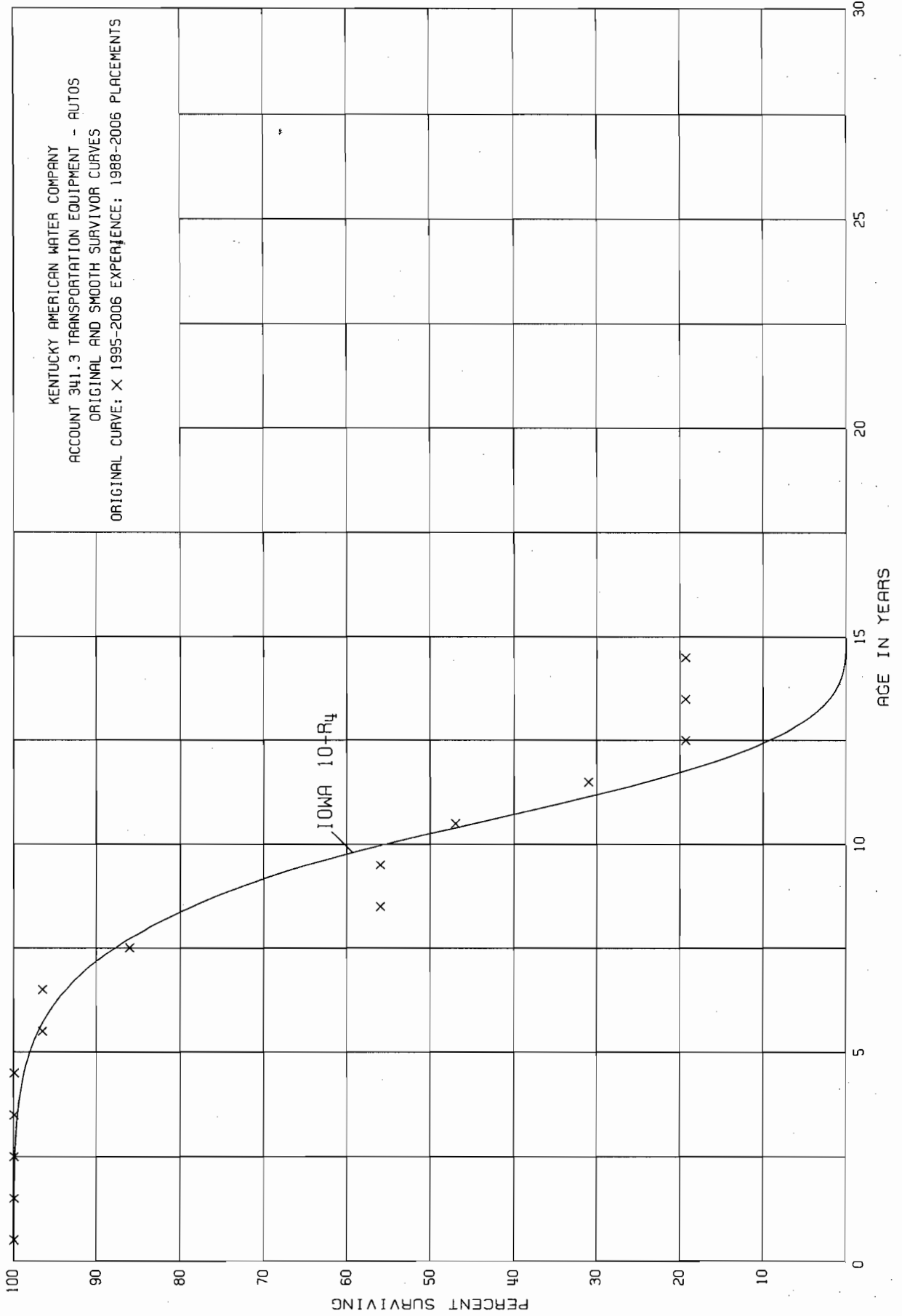
ACCOUNT 341.2 TRANSPORTATION EQUIPMENT - HEAVY DUTY TRUCKS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1979-2006

EXPERIENCE BAND 1995-2006

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	548,655		0.0000	1.0000	100.00
0.5	548,809		0.0000	1.0000	100.00
1.5	548,809		0.0000	1.0000	100.00
2.5	580,436		0.0000	1.0000	100.00
3.5	656,817		0.0000	1.0000	100.00
4.5	656,817		0.0000	1.0000	100.00
5.5	509,537		0.0000	1.0000	100.00
6.5	466,025		0.0000	1.0000	100.00
7.5	381,319	46,172	0.1211	0.8789	100.00
8.5	331,624		0.0000	1.0000	87.89
9.5	331,624	18,235	0.0550	0.9450	87.89
10.5	313,389		0.0000	1.0000	83.06
11.5	313,389	43,434	0.1386	0.8614	83.06
12.5	206,666		0.0000	1.0000	71.55
13.5	206,666		0.0000	1.0000	71.55
14.5	65,650	42,659	0.6498	0.3502	71.55
15.5	12,467		0.0000	1.0000	25.06
16.5	12,467		0.0000	1.0000	25.06
17.5	12,467		0.0000	1.0000	25.06
18.5	12,424		0.0000	1.0000	25.06
19.5	12,424		0.0000	1.0000	25.06
20.5	12,424		0.0000	1.0000	25.06
21.5	12,424		0.0000	1.0000	25.06
22.5	12,424		0.0000	1.0000	25.06
23.5	12,424		0.0000	1.0000	25.06
24.5	12,424		0.0000	1.0000	25.06
25.5	12,424		0.0000	1.0000	25.06
26.5	12,424	5,000	0.4024	0.5976	25.06
27.5					14.98

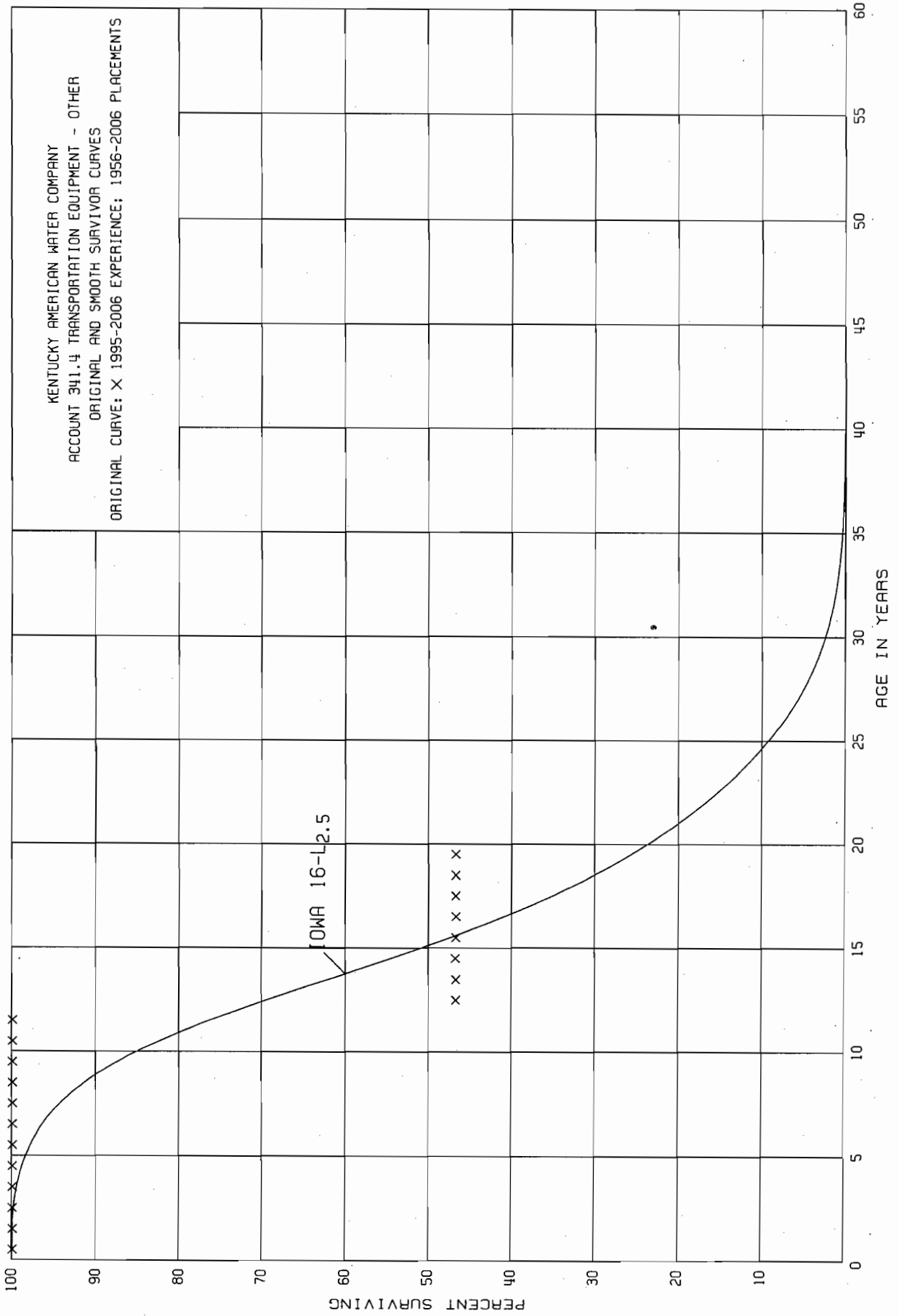


KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.3 TRANSPORTATION EQUIPMENT - AUTOS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1988-2006			EXPERIENCE BAND 1995-2006			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	155,478		0.0000	1.0000	100.00	
0.5	137,970		0.0000	1.0000	100.00	
1.5	149,795		0.0000	1.0000	100.00	
2.5	146,519		0.0000	1.0000	100.00	
3.5	156,604		0.0000	1.0000	100.00	
4.5	202,622	7,185	0.0355	0.9645	100.00	
5.5	257,166		0.0000	1.0000	96.45	
6.5	312,836	33,902	0.1084	0.8916	96.45	
7.5	244,842	85,317	0.3485	0.6515	85.99	
8.5	78,992		0.0000	1.0000	56.02	
9.5	71,822	11,515	0.1603	0.8397	56.02	
10.5	60,308	20,567	0.3410	0.6590	47.04	
11.5	39,740	15,016	0.3779	0.6221	31.00	
12.5	24,724		0.0000	1.0000	19.29	
13.5	12,899		0.0000	1.0000	19.29	
14.5					19.29	

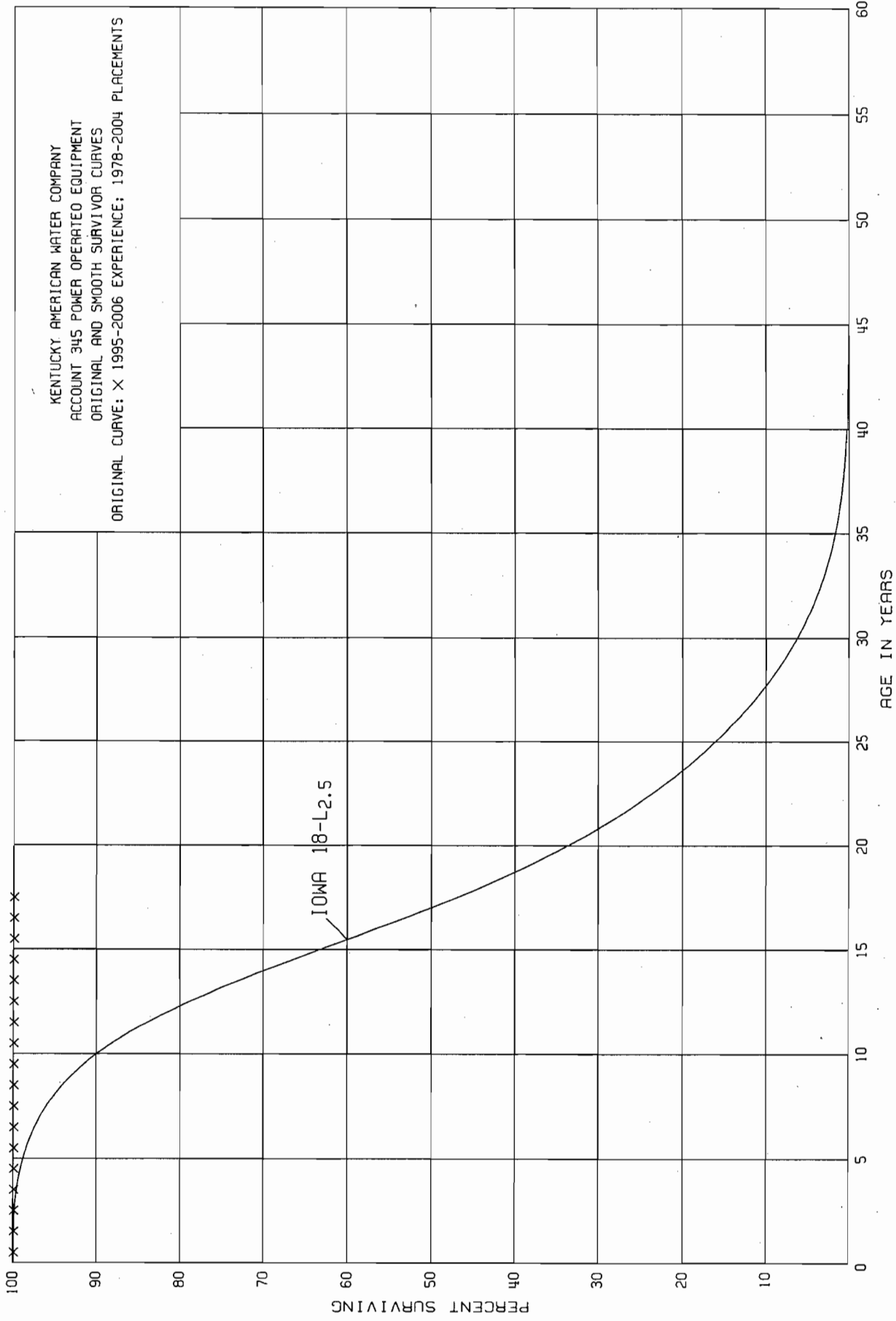


KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.4 TRANSPORTATION EQUIPMENT - OTHER

ORIGINAL LIFE TABLE

PLACEMENT BAND 1956-2006			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	133,055		0.0000	1.0000	100.00
0.5	81,853		0.0000	1.0000	100.00
1.5	81,853		0.0000	1.0000	100.00
2.5	21,544		0.0000	1.0000	100.00
3.5	21,544		0.0000	1.0000	100.00
4.5	5,440		0.0000	1.0000	100.00
5.5	220		0.0000	1.0000	100.00
6.5	220		0.0000	1.0000	100.00
7.5	2,846		0.0000	1.0000	100.00
8.5	2,846		0.0000	1.0000	100.00
9.5	5,619		0.0000	1.0000	100.00
10.5	5,619		0.0000	1.0000	100.00
11.5	5,619	2,993	0.5327	0.4673	100.00
12.5	2,626		0.0000	1.0000	46.73
13.5	2,626		0.0000	1.0000	46.73
14.5	2,626		0.0000	1.0000	46.73
15.5	2,626		0.0000	1.0000	46.73
16.5	2,626		0.0000	1.0000	46.73
17.5	2,626		0.0000	1.0000	46.73
18.5	2,626		0.0000	1.0000	46.73
19.5					46.73
20.5					
21.5					
22.5					
23.5					
24.5					
25.5					
26.5					
27.5					
28.5					
29.5					
30.5					
31.5					
32.5					
33.5					
34.5					
35.5					
36.5					
37.5					
38.5	220		0.0000		
39.5	220	220	1.0000		
40.5					



KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 345 POWER OPERATED EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1978-2004			EXPERIENCE BAND 1995-2006		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,269,547		0.0000	1.0000	100.00
0.5	1,271,264		0.0000	1.0000	100.00
1.5	1,293,757		0.0000	1.0000	100.00
2.5	305,835		0.0000	1.0000	100.00
3.5	323,780		0.0000	1.0000	100.00
4.5	370,657		0.0000	1.0000	100.00
5.5	348,977		0.0000	1.0000	100.00
6.5	438,656		0.0000	1.0000	100.00
7.5	387,516		0.0000	1.0000	100.00
8.5	346,290		0.0000	1.0000	100.00
9.5	302,720		0.0000	1.0000	100.00
10.5	302,720		0.0000	1.0000	100.00
11.5	313,479		0.0000	1.0000	100.00
12.5	311,762		0.0000	1.0000	100.00
13.5	289,269		0.0000	1.0000	100.00
14.5	284,829		0.0000	1.0000	100.00
15.5	247,746		0.0000	1.0000	100.00
16.5	206,037		0.0000	1.0000	100.00
17.5	182,260		0.0000	1.0000	100.00
18.5	92,581		0.0000	1.0000	100.00
19.5	88,081		0.0000	1.0000	100.00
20.5	86,429		0.0000	1.0000	100.00
21.5	17,544		0.0000	1.0000	100.00
22.5	17,544		0.0000	1.0000	100.00
23.5	6,785		0.0000	1.0000	100.00
24.5	6,785		0.0000	1.0000	100.00
25.5	6,785		0.0000	1.0000	100.00
26.5	6,785		0.0000	1.0000	100.00
27.5	5,168		0.0000	1.0000	100.00
28.5					100.00

III-70

NET SALVAGE STATISTICS

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.1 STRUCT & IMPROV - SOURCE OF SUPPLY

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
1987	450	9,215	0	9,215-
1988	450	9,215	0	9,215-
1989				
1990				
1991	5,311	0	0	0
1992				
1993	3,050	0	0	0
1994				
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003	24,347	87,305 359	0	87,305-359-
2004	38,923	115,482 297	0	115,482-297-
2005				
2006	1,100	0	0	0
TOTAL	73,631	221,217 300	0	221,217-300-

THREE-YEAR MOVING AVERAGES

87-89	300	6,143	0	6,143-
88-90	150	3,072	0	3,072-
89-91	1,770	0	0	0
90-92	1,770	0	0	0
91-93	2,787	0	0	0
92-94	1,017	0	0	0
93-95	1,017	0	0	0
94-96				
95-97				
96-98				
97-99				
98-00				
99-01				
00-02				
01-03	8,116	29,102 359	0	29,102-359-
02-04	21,090	67,596 321	0	67,596-321-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.1 STRUCT & IMPROV - SOURCE OF SUPPLY

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
03-05	21,090	67,596 321	0	67,596-321-
04-06	13,341	38,494 289	0	38,494-289-
FIVE-YEAR AVERAGE				
02-06	12,874	40,557 315	0	40,557-315-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 304.2 & 304.3 STRUCTURES & IMPROVEMENTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1982	119		0	0		0	
1983	3,903	1,034	26	0	1,034-	26-	
1984	4,200		0	0		0	
1985	4,215		0	0		0	
1986	13,945		0	0		0	
1987	9,195	1,628	18	0	1,628-	18-	
1988	45,747	13,140	29	0	13,140-	29-	
1989							
1990	27,910	3,615	13	0	3,615-	13-	
1991	79,308	19,652	25	0	19,652-	25-	
1992	28,738	8,163	28	2,436	5,727-	20-	
1993	4,601	825	18	0	825-	18-	
1994	500		0	0		0	
1995							
1996							
1997							
1998							
1999	17,195	7,900	46	0	7,900-	46-	
2000	92,575	38,325	41	0	38,325-	41-	
2001	35,834	5,500	15	0	5,500-	15-	
2002	17,127	70,552	412	0	70,552-	412-	
2003	105	1,378		0	1,378-		
2004	200		0	0		0	
2005	5,347	5,943	111	0	5,943-	111-	
2006	24,500	25-	0	0	25	0	
TOTAL	415,264	177,630	43	2,436	1	175,194-	42-

THREE-YEAR MOVING AVERAGES

82-84	2,741	345	13	0	345-	13-	
83-85	4,106	345	8	0	345-	8-	
84-86	7,453		0	0		0	
85-87	9,118	543	6	0	543-	6-	
86-88	22,962	4,923	21	0	4,923-	21-	
87-89	18,314	4,923	27	0	4,923-	27-	
88-90	24,552	5,585	23	0	5,585-	23-	
89-91	35,739	7,756	22	0	7,756-	22-	
90-92	45,319	10,477	23	812	2	9,665-	21-
91-93	37,549	9,547	25	812	2	8,735-	23-
92-94	11,280	2,996	27	812	7	2,184-	19-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 304.2 & 304.3 STRUCTURES & IMPROVEMENTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
93-95	1,700	275 16	0	275- 16-
94-96	167	0	0	0
95-97				
96-98				
97-99	5,732	2,633 46	0	2,633- 46-
98-00	36,590	15,408 42	0	15,408- 42-
99-01	48,534	17,242 36	0	17,242- 36-
00-02	48,512	38,126 79	0	38,126- 79-
01-03	17,689	25,810 146	0	25,810-146-
02-04	5,811	23,977 413	0	23,977-413-
03-05	1,884	2,441 130	0	2,441-130-
04-06	10,016	1,973 20	0	1,973- 20-
FIVE-YEAR AVERAGE				
02-06	9,456	15,570 165	0	15,570-165-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.6 STRUCT & IMPROV - OFFICE BUILDINGS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	5,388	2,244	42	9,131	169	6,887	128
1981							
1982	46,850	9,646	21	50	0	9,596-	20-
1983	385		0		0		0
1984							
1985	660		0		0		0
1986							
1987	16,089	2,000	12		0	2,000-	12-
1988	34,846	2,675	8	3,500	10	825	2
1989							
1990	17,631	7,406	42		0	7,406-	42-
1991	28,515-		0		0		0
1992	5,155	300	6	4,196	81	3,896	76
1993	2,903	361	12	50	2	311-	11-
1994	6,294	502	8		0	502-	8-
1995							
1996							
1997							
1998							
1999	46,016		0		0		0
2000	1,901	551	29		0	551-	29-
2001							
2002							
2003	33,675		0		0		0
2004							
2005							
2006							
TOTAL	189,278	25,685	14	16,927	9	8,758-	5-

THREE-YEAR MOVING AVERAGES

80-82	17,413	3,963	23	3,060	18	903-	5-
81-83	15,745	3,215	20	17	0	3,198-	20-
82-84	15,745	3,215	20	17	0	3,198-	20-
83-85	348		0		0		0
84-86	220		0		0		0
85-87	5,583	667	12		0	667-	12-
86-88	16,978	1,558	9	1,167	7	391-	2-
87-89	16,978	1,558	9	1,167	7	391-	2-
88-90	17,492	3,360	19	1,167	7	2,193-	13-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.6 STRUCT & IMPROV - OFFICE BUILDINGS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	3,628-	2,469 68-	0	2,469- 68
90-92	1,910-	2,569 135-	1,399 73-	1,170- 61
91-93	6,819-	220 3-	1,415 21-	1,195 18-
92-94	4,784	388 8	1,415 30	1,027 21
93-95	3,066	288 9	17 1	271- 9-
94-96	2,098	167 8	0	167- 8-
95-97				
96-98				
97-99	15,339	0	0	0
98-00	15,972	184 1	0	184- 1-
99-01	15,972	184 1	0	184- 1-
00-02	634	184 29	0	184- 29-
01-03	11,225	0	0	0
02-04	11,225	0	0	0
03-05	11,225	0	0	0
04-06				
FIVE-YEAR AVERAGE				
02-06	6,735	0	0	0

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.8 STRUCT & IMPROV - MISCELLANEOUS STRUCTURES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
2001	721	0	0	0
2002	7,539	17,616 234	0	17,616-234-
2003	5,250	0	0	0
2004	109,674	239 0	0	239- 0
2005	6,000	0	0	0
2006				
TOTAL	129,184	17,855 14	0	17,855- 14-

THREE-YEAR MOVING AVERAGES

01-03	4,503	5,872 130	0	5,872-130-
02-04	40,821	5,952 15	0	5,952- 15-
03-05	40,308	80 0	0	80- 0
04-06	38,558	80 0	0	80- 0

FIVE-YEAR AVERAGE

02-06	25,692	3,571 14	0	3,571- 14-
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 309 SUPPLY MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	2,299	3,756	163		0	3,756-163-	
1981	1,428	5,618	393		0	5,618-393-	
1982	4,924	727	15	5,449	111	4,722	96
1983	763	2,069	271		0	2,069-271-	
1984	4,660	2,519	54	315	7	2,204-	47-
1985	351	1,205	343		0	1,205-343-	
1986	4,522	3,166	70		0	3,166-	70-
1987	2,692	4,189	156	137	5	4,052-	151-
1988	1,277	2,686	210		0	2,686-	210-
1989	275,533	191,017	69	203,342	74	12,325	4
1990	2,425-		0		0		0
1991	45	747			0	747-	
1992	366	1,486	406		0	1,486-	406-
1993							
1994	5,485	15,413	281	4,879	89	10,534-	192-
1995							
1996							
1997							
1998							
1999							
2000	49	3,000			0	3,000-	
2001							
2002							
2003							
2004							
2005							
2006							
TOTAL	301,969	237,598	79	214,122	71	23,476-	8-

THREE-YEAR MOVING AVERAGES

80-82	2,884	3,367	117	1,816	63	1,551-	54-
81-83	2,372	2,805	118	1,816	77	989-	42-
82-84	3,449	1,772	51	1,921	56	149	4
83-85	1,925	1,931	100	105	5	1,826-	95-
84-86	3,178	2,297	72	105	3	2,192-	69-
85-87	2,522	2,853	113	46	2	2,807-	111-
86-88	2,830	3,347	118	46	2	3,301-	117-
87-89	93,167	65,964	71	67,826	73	1,862	2
88-90	91,462	64,568	71	67,781	74	3,213	4

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 309 SUPPLY MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	91,051	63,921 70	67,781 74	3,860 4
90-92	671-	744 111-	0	744-111
91-93	137	744 543	0	744-543-
92-94	1,950	5,633 289	1,626 83	4,007-205-
93-95	1,828	5,138 281	1,626 89	3,512-192-
94-96	1,828	5,138 281	1,626 89	3,512-192-
95-97				
96-98				
97-99				
98-00	16	1,000	0	1,000-
99-01	16	1,000	0	1,000-
00-02	16	1,000	0	1,000-
01-03				
02-04				
03-05				
04-06				

FIVE-YEAR AVERAGE

02-06

KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 311.2, 311.3 & 311.4 PUMPING EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	6,846	581	8		0	581-	8-
1981	111,666	6,609	6		0	6,609-	6-
1982	20,804		0		0		0
1983	8,641	7,893	91		0	7,893-	91-
1984	15,402	28,100	182		0	28,100-	182-
1985	25,509		0		0		0
1986	35,582	1,265	4		0	1,265-	4-
1987	65,960		0		0		0
1988	117,243	37,346	32		0	37,346-	32-
1989							
1990	53,741	19,720	37		0	19,720-	37-
1991	142,027	1,100	1		0	1,100-	1-
1992	1,502,228	87,842	6	2,000	0	85,842-	6-
1993	83,349	7,243	9		0	7,243-	9-
1994	54,193	6,368	12		0	6,368-	12-
1995							
1996							
1997							
1998							
1999	51,242	18,591	36		0	18,591-	36-
2000	6,563	265	4		0	265-	4-
2001	47,961		0		0		0
2002	17,353	5,905	34	3,459	20	2,446-	14-
2003	65,459	11,758	18	133	0	11,625-	18-
2004				1,829		1,829	
2005				5,191		5,191	
2006	10,400	21,530	207	12,361	119-	33,891-	326-
TOTAL	2,442,169	262,116	11	251	0	261,865-	11-

THREE-YEAR MOVING AVERAGES

80-82	46,439	2,397	5		0	2,397-	5-
81-83	47,037	4,834	10		0	4,834-	10-
82-84	14,949	11,998	80		0	11,998-	80-
83-85	16,517	11,998	73		0	11,998-	73-
84-86	25,498	9,788	38		0	9,788-	38-
85-87	42,350	422	1		0	422-	1-
86-88	72,928	12,870	18		0	12,870-	18-
87-89	61,068	12,449	20		0	12,449-	20-
88-90	56,995	19,022	33		0	19,022-	33-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNTS 311.2, 311.3 & 311.4 PUMPING EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	65,256	6,940 11	0	6,940- 11-
90-92	565,999	36,221 6	667 0	35,554- 6-
91-93	575,868	32,062 6	667 0	31,395- 5-
92-94	546,590	33,818 6	667 0	33,151- 6-
93-95	45,847	4,537 10	0	4,537- 10-
94-96	18,064	2,123 12	0	2,123- 12-
95-97				
96-98				
97-99	17,081	6,197 36	0	6,197- 36-
98-00	19,268	6,285 33	0	6,285- 33-
99-01	35,255	6,285 18	0	6,285- 18-
00-02	23,959	2,057 9	1,153 5	904- 4-
01-03	43,591	5,888 14	1,197 3	4,691- 11-
02-04	27,604	5,888 21	1,807 7	4,081- 15-
03-05	21,820	3,919 18	2,384 11	1,535- 7-
04-06	3,467	7,177 207	1,780- 51-	8,957-258-
FIVE-YEAR AVERAGE				
02-06	18,642	7,839 42	350- 2-	8,189- 44-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 320.1 PURIFICATION SYSTEM - EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980		7,727				7,727-	
1981	26,783	29,727	111	0		29,727-	111-
1982	42,186	23,427	56	0		23,427-	56-
1983	22,018		0	0			0
1984	1,400		0	0			0
1985	69,458	7,000	10	0		7,000-	10-
1986	147,206		0	0			0
1987	22,470	3,622	16	226	1	3,396-	15-
1988	245,366	175,800	72	0		175,800-	72-
1989	132,745	16,258	12	0		16,258-	12-
1990	201,156	30,074	15	175	0	29,899-	15-
1991	317,893	32,773	10	820	0	31,953-	10-
1992	131,590	83,640	64	0		83,640-	64-
1993	253,125	19,185	8	1,068	0	18,117-	7-
1994	359,656	3,997	1	0		3,997-	1-
1995							
1996							
1997							
1998							
1999	84,970	2,423	3	0		2,423-	3-
2000	298,470	25,131	8	0		25,131-	8-
2001	26,267	3,765	14	0		3,765-	14-
2002	15,797	2,234	14	0		2,234-	14-
2003	36,944	10,965	30	0		10,965-	30-
2004							
2005	22,500		0	0			0
2006	122,300	4,797	4	0		4,797-	4-
TOTAL	2,580,300	482,545	19	2,289	0	480,256-	19-

THREE-YEAR MOVING AVERAGES

80-82	22,990	20,294	88	0		20,294-	88-
81-83	30,329	17,718	58	0		17,718-	58-
82-84	21,868	7,809	36	0		7,809-	36-
83-85	30,959	2,333	8	0		2,333-	8-
84-86	72,688	2,333	3	0		2,333-	3-
85-87	79,711	3,541	4	75	0	3,466-	4-
86-88	138,347	59,807	43	75	0	59,732-	43-
87-89	133,527	65,227	49	75	0	65,152-	49-
88-90	193,089	74,044	38	58	0	73,986-	38-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 320.1 PURIFICATION SYSTEM - EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	217,265	26,368 12	332 0	26,036- 12-
90-92	216,880	48,829 23	332 0	48,497- 22-
91-93	234,203	45,199 19	629 0	44,570- 19-
92-94	248,124	35,607 14	356 0	35,251- 14-
93-95	204,260	7,727 4	356 0	7,371- 4-
94-96	119,885	1,332 1	0	1,332- 1-
95-97				
96-98				
97-99	28,323	808 3	0	808- 3-
98-00	127,813	9,185 7	0	9,185- 7-
99-01	136,569	10,440 8	0	10,440- 8-
00-02	113,511	10,377 9	0	10,377- 9-
01-03	26,336	5,655 21	0	5,655- 21-
02-04	17,580	4,400 25	0	4,400- 25-
03-05	19,815	3,655 18	0	3,655- 18-
04-06	48,267	1,599 3	0	1,599- 3-
FIVE-YEAR AVERAGE				
02-06	39,508	3,599 9	0	3,599- 9-

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 330.1 DISTRIBUTION RESERVOIRS AND STANDPIPES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	68,079		0	0		0	
1981							
1982	1,509		0	0		0	
1983							
1984							
1985							
1986	18,937	8,012	42	0	8,012-	42-	
1987	2,755		0	0		0	
1988	200	200	100	0	200-	100-	
1989	48,379	21,509	44	0	21,509-	44-	
1990	11,850	1,100	9	0	1,100-	9-	
1991	2,000	490	25	0	490-	25-	
1992	7,676	249	3	0	249-	3-	
1993	1,060		0	0		0	
1994	1,890	285	15	0	285-	15-	
1995							
1996							
1997							
1998							
1999							
2000	4,223	712	17	0	712-	17-	
2001	5,938		0	0		0	
2002		3,550			3,550-		
2003	29,652	16,831	57	0	16,831-	57-	
2004	200	67	34	0	67-	34-	
2005	2,000		0	0		0	
2006							
TOTAL	206,348	53,005	26	0	53,005-	26-	

THREE-YEAR MOVING AVERAGES

80-82	23,196		0	0		0
81-83	503		0	0		0
82-84	503		0	0		0
83-85						
84-86	6,312	2,671	42	0	2,671-	42-
85-87	7,231	2,671	37	0	2,671-	37-
86-88	7,297	2,737	38	0	2,737-	38-
87-89	17,111	7,236	42	0	7,236-	42-
88-90	20,143	7,603	38	0	7,603-	38-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 330.1 DISTRIBUTION RESERVOIRS AND STANDPIPES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	20,743	7,700 37	0	7,700- 37-
90-92	7,175	613 9	0	613- 9-
91-93	3,579	246 7	0	246- 7-
92-94	3,542	178 5	0	178- 5-
93-95	983	95 10	0	95- 10-
94-96	630	95 15	0	95- 15-
95-97				
96-98				
97-99				
98-00	1,408	237 17	0	237- 17-
99-01	3,387	237 7	0	237- 7-
00-02	3,387	1,421 42	0	1,421- 42-
01-03	11,864	6,794 57	0	6,794- 57-
02-04	9,951	6,816 68	0	6,816- 68-
03-05	10,617	5,633 53	0	5,633- 53-
04-06	733	22 3	0	22- 3-

FIVE-YEAR AVERAGE

02-06	6,370	4,090 64	0	4,090- 64-
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331 MAINS & ACCESSORIES - ALL MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	84,507	15,771	19	68,320	81	52,549	62
1981	15,654	13,716	88	57,659	368	43,943	281
1982	20,015	16,490	82	4,618	23	11,872-	59-
1983	15,360	12,703	83	23,029	150	10,326	67
1984	118,063	30,644	26	42,588	36	11,944	10
1985	12,019	8,970	75	73,631	613	64,661	538
1986	128,162	15,362	12	17,937	14	2,575	2
1987	214,318	30,172	14	36,610	17	6,438	3
1988	416,905	24,229	6	26,404	6	2,175	1
1989	124,956	35,816	29	7,693	6	28,123-	23-
1990	211,528	58,518	28	5,989	3	52,529-	25-
1991	97,857	51,823	53	15,268	16	36,555-	37-
1992	84,395	57,593	68	2,024	2	55,569-	66-
1993	117,879	80,718	68	14,735	13	65,983-	56-
1994	77,563	45,039	58	28,778	37	16,261-	21-
1995							
1996							
1997							
1998							
1999	235,231	60,239	26	3,289	1	56,950-	24-
2000	294,500	55,808	19	500	0	55,308-	19-
2001	74,947	22,269	30		0	22,269-	30-
2002	426,067	75,242	18		0	75,242-	18-
2003	48,141	57,712	120		0	57,712-	120-
2004	123,602	43,334	35		0	43,334-	35-
2005	254,241	58,110	23		0	58,110-	23-
2006	31,765	426	1	6,217	20	5,791	18
TOTAL	3,227,675	870,704	27	435,289	13	435,415-	13-

THREE-YEAR MOVING AVERAGES

80-82	40,059	15,326	38	43,532	109	28,206	70
81-83	17,010	14,303	84	28,435	167	14,132	83
82-84	51,146	19,946	39	23,412	46	3,466	7
83-85	48,481	17,439	36	46,416	96	28,977	60
84-86	86,081	18,325	21	44,719	52	26,394	31
85-87	118,166	18,168	15	42,726	36	24,558	21
86-88	253,128	23,254	9	26,984	11	3,730	1
87-89	252,060	30,072	12	23,569	9	6,503-	3-
88-90	251,130	39,521	16	13,362	5	26,159-	10-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331 MAINS & ACCESSORIES - ALL MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	144,780	48,719 34	9,650 7	39,069- 27-
90-92	131,260	55,978 43	7,760 6	48,218- 37-
91-93	100,044	63,378 63	10,676 11	52,702- 53-
92-94	93,279	61,117 66	15,179 16	45,938- 49-
93-95	65,147	41,919 64	14,504 22	27,415- 42-
94-96	25,854	15,013 58	9,593 37	5,420- 21-
95-97				
96-98				
97-99	78,410	20,080 26	1,096 1	18,984- 24-
98-00	176,577	38,682 22	1,263 1	37,419- 21-
99-01	201,560	46,105 23	1,263 1	44,842- 22-
00-02	265,171	51,106 19	167 0	50,939- 19-
01-03	183,052	51,741 28	0	51,741- 28-
02-04	199,270	58,763 29	0	58,763- 29-
03-05	141,994	53,052 37	0	53,052- 37-
04-06	136,536	33,957 25	2,072 2	31,885- 23-

FIVE-YEAR AVERAGE

02-06	176,763	46,965 27	1,243 1	45,722- 26-
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 333 SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	18,002	24,241	135	3,804	21	20,437	-114-
1981	8,304	25,338	305	197	2	25,141	-303-
1982	11,710	41,944	358	383	3	41,561	-355-
1983	8,341	37,319	447	676	8	36,643	-439-
1984	13,132	25,225	192	5,302	40	19,923	-152-
1985	7,559	21,068	279		0	21,068	-279-
1986	10,241	20,391	199	449	4	19,942	-195-
1987	8,957	14,043	157	312	3	13,731	-153-
1988	19,616	25,011	128	913	5	24,098	-123-
1989	32,954	25,566	78		0	25,566	-78-
1990	29,542	64,239	217		0	64,239	-217-
1991	46,660	75,225	161		0	75,225	-161-
1992	50,131	54,400	109		0	54,400	-109-
1993	43,228	44,497	103		0	44,497	-103-
1994	2,454	8,259	337		0	8,259	-337-
1995							
1996							
1997							
1998							
1999	62,418	54,393	87		0	54,393	-87-
2000	67,606	97,070	144		0	97,070	-144-
2001	34,642	232,835	672		0	232,835	-672-
2002	79,096	178,730	226		0	178,730	-226-
2003	40,216	116,666	290		0	116,666	-290-
2004	2,817	122,957			0	122,957	
2005	15,153	74,724	493		0	74,724	-493-
2006	3,882	42,824			0	42,824	
TOTAL	616,661	1,426,965	231	12,036	2	1,414,929	-229-

THREE-YEAR MOVING AVERAGES

80-82	12,672	30,508	241	1,461	12	29,047	-229-
81-83	9,452	34,867	369	419	4	34,448	-364-
82-84	11,061	34,829	315	2,120	19	32,709	-296-
83-85	9,677	27,871	288	1,993	21	25,878	-267-
84-86	10,311	22,228	216	1,917	19	20,311	-197-
85-87	8,919	18,501	207	254	3	18,247	-205-
86-88	12,938	19,815	153	558	4	19,257	-149-
87-89	20,509	21,540	105	408	2	21,132	-103-
88-90	27,371	38,272	140	304	1	37,968	-139-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 333 SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	36,385	55,010 151	0	55,010-151-
90-92	42,111	64,621 153	0	64,621-153-
91-93	46,673	58,041 124	0	58,041-124-
92-94	31,938	35,719 112	0	35,719-112-
93-95	15,227	17,585 115	0	17,585-115-
94-96	818	2,753 337	0	2,753-337-
95-97				
96-98				
97-99	20,806	18,131 87	0	18,131- 87-
98-00	43,341	50,488 116	0	50,488-116-
99-01	54,889	128,099 233	0	128,099-233-
00-02	60,448	169,545 280	0	169,545-280-
01-03	51,318	176,077 343	0	176,077-343-
02-04	40,710	139,451 343	0	139,451-343-
03-05	19,395	104,782 540	0	104,782-540-
04-06	7,284	80,168	0	80,168-

FIVE-YEAR AVERAGE

02-06	28,233	107,180 380	0	107,180-380-
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334 METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	79,366	1,639	2	11,758	15	10,119	13
1981	107,531	3,502	3	22,687	21	19,185	18
1982	187,562	7,768	4	37,747	20	29,979	16
1983	99,321	11,131	11	13,400	13	2,269	2
1984	87,166	8,975	10	11,775	14	2,800	3
1985	92,668	5,544	6	12,228	13	6,684	7
1986	74,228	7,556	10	2,477	3	5,079-	7-
1987	123,691	2,332	2	8,519	7	6,187	5
1988	136,124	4,017	3	13,175	10	9,158	7
1989	122,229	3,724	3	16,085	13	12,361	10
1990	133,683	9,475	7	10,960	8	1,485	1
1991	152,174	10,199	7	5,989	4	4,210-	3-
1992	153,973	6,203	4	13,473	9	7,270	5
1993	120,966	9,754	8	93,364	77	83,610	69
1994	1,227	2,796	228		0	2,796-	228-
1995							
1996							
1997							
1998							
1999	90,023	46,996	52	804	1	46,192-	51-
2000	84,881	66,757	79	3,265	4	63,492-	75-
2001	59,466	52,230	88	173	0	52,057-	88-
2002	108,243	54,749	51		0	54,749-	51-
2003	578,028	40,090	7		0	40,090-	7-
2004	84,261	72,000	85		0	72,000-	85-
2005	116,511	58,223	50	460-	0	58,683-	50-
2006	184,704	60,264	33	22,491	12	37,773-	20-
TOTAL	2,978,026	545,924	18	299,910	10	246,014-	8-

THREE-YEAR MOVING AVERAGES

80-82	124,820	4,303	3	24,064	19	19,761	16
81-83	131,471	7,467	6	24,611	19	17,144	13
82-84	124,683	9,291	7	20,974	17	11,683	9
83-85	93,052	8,550	9	12,468	13	3,918	4
84-86	84,687	7,358	9	8,827	10	1,469	2
85-87	96,862	5,144	5	7,741	8	2,597	3
86-88	111,348	4,635	4	8,057	7	3,422	3
87-89	127,348	3,358	3	12,593	10	9,235	7
88-90	130,679	5,739	4	13,407	10	7,668	6

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334 METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
89-91	136,029	7,799	6	11,011	8	3,212	2
90-92	146,610	8,626	6	10,141	7	1,515	1
91-93	142,371	8,719	6	37,609	26	28,890	20
92-94	92,055	6,251	7	35,612	39	29,361	32
93-95	40,731	4,183	10	31,121	76	26,938	66
94-96	409	932	228		0	932-228-	
95-97							
96-98							
97-99	30,008	15,665	52	268	1	15,397-	51-
98-00	58,302	37,918	65	1,356	2	36,562-	63-
99-01	78,124	55,328	71	1,414	2	53,914-	69-
00-02	84,197	57,912	69	1,146	1	56,766-	67-
01-03	248,579	49,023	20	58	0	48,965-	20-
02-04	256,844	55,613	22		0	55,613-	22-
03-05	259,600	56,771	22	153-	0	56,924-	22-
04-06	128,492	63,496	49	7,344	6	56,152-	44-
FIVE-YEAR AVERAGE							
02-06	214,349	57,065	27	4,406	2	52,659-	25-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 335 FIRE HYDRANTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	12,294	2,498	20	9,619	78	7,121	58
1981	7,347	4,205	57	6,633	90	2,428	33
1982	8,316	4,213	51	7,109	85	2,896	35
1983	5,859	5,083	87	5,315	91	232	4
1984	9,155	15,650	171	8,870	97	6,780-	74-
1985	5,260	4,828	92	5,692	108	864	16
1986	4,060	6,489	160	6,416	158	73-	2-
1987	5,248	16,989	324	14,128	269	2,861-	55-
1988	15,368	7,826	51	1,174	8	6,652-	43-
1989	14,725	13,734	93	5,723	39	8,011-	54-
1990	15,761	20,197	128	3,281	21	16,916-	107-
1991	15,953	11,036	69	5,221	33	5,815-	36-
1992	60,190	28,345	47	1,943	3	26,402-	44-
1993	12,448	10,199	82	2,098	17	8,101-	65-
1994	5,440	5,777	106	2,610	48	3,167-	58-
1995							
1996							
1997							
1998							
1999	6,437	1,831	28	685	11	1,146-	18-
2000	8,303	2,385	29	263	3	2,122-	26-
2001	11,529	5,833	51		0	5,833-	51-
2002	19,766	846	4		0	846-	4-
2003	4,262		0		0		0
2004	10,660		0		0		0
2005	13,469	2,091	16		0	2,091-	16-
2006	17,275	898	5		0	898-	5-
TOTAL	289,125	170,953	59	86,780	30	84,173-	29-

THREE-YEAR MOVING AVERAGES

80-82	9,319	3,639	39	7,787	84	4,148	45
81-83	7,174	4,500	63	6,352	89	1,852	26
82-84	7,777	8,315	107	7,098	91	1,217-	16-
83-85	6,758	8,520	126	6,626	98	1,894-	28-
84-86	6,158	8,989	146	6,993	114	1,996-	32-
85-87	4,856	9,435	194	8,745	180	690-	14-
86-88	8,225	10,435	127	7,239	88	3,196-	39-
87-89	11,780	12,850	109	7,008	59	5,842-	50-
88-90	15,285	13,919	91	3,393	22	10,526-	69-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 335 FIRE HYDRANTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	15,480	14,989 97	4,742 31	10,247- 66-
90-92	30,635	19,859 65	3,482 11	16,377- 53-
91-93	29,530	16,527 56	3,087 10	13,440- 46-
92-94	26,026	14,774 57	2,217 9	12,557- 48-
93-95	5,963	5,325 89	1,569 26	3,756- 63-
94-96	1,813	1,926 106	870 48	1,056- 58-
95-97				
96-98				
97-99	2,146	610 28	228 11	382- 18-
98-00	4,913	1,405 29	316 6	1,089- 22-
99-01	8,756	3,350 38	316 4	3,034- 35-
00-02	13,199	3,021 23	88 1	2,933- 22-
01-03	11,852	2,226 19	0	2,226- 19-
02-04	11,562	282 2	0	282- 2-
03-05	9,464	697 7	0	697- 7-
04-06	13,802	996 7	0	996- 7-
FIVE-YEAR AVERAGE				
02-06	13,086	767 6	0	767- 6-

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.1 TRANSPORTATION EQUIPMENT - LIGHT DUTY TRUCKS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1982		140		12,200		12,060	
1983	32,127	100	0	8,100	25	8,000	25
1984	9,205		0	7,500	81	7,500	81
1985	87,029	315	0	17,700	20	17,385	20
1986	33,598		0	6,444	19	6,444	19
1987	53,418	11	0	10,875	20	10,864	20
1988	46,179	60	0	8,550	19	8,490	18
1989	50,554		0	22,509	45	22,509	45
1990	96,067	1,393	1	27,637	29	26,244	27
1991	118,677		0	36,945	31	36,945	31
1992	96,153		0	32,236	34	32,236	34
1993	72,282		0	23,220	32	23,220	32
1994	60,343	1,498	2	17,716	29	16,218	27
1995							
1996							
1997							
1998							
1999	44,574	2,850	6	11,675	26	8,825	20
2000	94,444	5,440	6	16,729	18	11,289	12
2001	90,536		0		0		0
2002		7,629		30,000		22,371	
2003	52,861	1,010	2	13,321	25	12,311	23
2004	27,211		0		0		0
2005	18,273		0		0		0
2006	197,839	11,832	6		0	11,832	6
TOTAL	1,281,370	8,614	1	303,357	24	294,743	23

THREE-YEAR MOVING AVERAGES

82-84	13,777	80	1	9,267	67	9,187	67
83-85	42,787	138	0	11,100	26	10,962	26
84-86	43,277	105	0	10,548	24	10,443	24
85-87	58,015	109	0	11,673	20	11,564	20
86-88	44,398	24	0	8,623	19	8,599	19
87-89	50,050	24	0	13,978	28	13,954	28
88-90	64,267	484	1	19,565	30	19,081	30
89-91	88,433	464	1	29,030	33	28,566	32
90-92	103,632	464	0	32,273	31	31,809	31
91-93	95,704		0	30,800	32	30,800	32
92-94	76,259	499	1	24,391	32	23,892	31

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.1 TRANSPORTATION EQUIPMENT - LIGHT DUTY TRUCKS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
93-95	44,208	499	1	13,645	31	13,146	30
94-96	20,114	499	2	5,905	29	5,406	27
95-97							
96-98							
97-99	14,858	950	6	3,892	26	2,942	20
98-00	46,340	2,763	6	9,468	20	6,705	14
99-01	76,518	2,763	4	9,468	12	6,705	9
00-02	61,660	4,356	7	15,576	25	11,220	18
01-03	47,799	2,880	6	14,440	30	11,560	24
02-04	26,691	2,880	11	14,440	54	11,560	43
03-05	32,782	337	1	4,440	14	4,103	13
04-06	81,108	3,944	5-		0	3,944	5
FIVE-YEAR AVERAGE							
02-06	59,237	639-	1-	8,664	15	9,303	16

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.2 TRANSPORTATION EQUIPMENT - HEAVY DUTY TRUCKS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1986	13,756		0	1,900	14	1,900	14
1987	41,200		0	7,300	18	7,300	18
1988	9,955		0	3,200	32	3,200	32
1989	41,315		0	19,767	48	19,767	48
1990							
1991	58,941		0	11,440	19	11,440	19
1992	79,570		0	17,458	22	17,458	22
1993	13,415		0	2,000	15	2,000	15
1994	25,100		0	5,500	22	5,500	22
1995							
1996							
1997							
1998							
1999							
2000	89,605	5,830	7	19,045	21	13,215	15
2001	18,235		0		0		0
2002		3,340		6,102		2,762	
2003							
2004							
2005							
2006	47,659	1,060	2-		0	1,060	2
TOTAL	438,751	8,110	2	93,712	21	85,602	20

THREE-YEAR MOVING AVERAGES

86-88	21,637		0	4,133	19	4,133	19
87-89	30,823		0	10,089	33	10,089	33
88-90	17,090		0	7,656	45	7,656	45
89-91	33,419		0	10,402	31	10,402	31
90-92	46,170		0	9,633	21	9,633	21
91-93	50,642		0	10,299	20	10,299	20
92-94	39,362		0	8,319	21	8,319	21
93-95	12,838		0	2,500	19	2,500	19
94-96	8,367		0	1,833	22	1,833	22
95-97							
96-98							
97-99							
98-00	29,868	1,943	7	6,348	21	4,405	15
99-01	35,947	1,943	5	6,348	18	4,405	12
00-02	35,947	3,057	9	8,382	23	5,325	15

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.2 TRANSPORTATION EQUIPMENT - HEAVY DUTY TRUCKS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
01-03	6,078	1,113 18	2,034 33	921 15
02-04		1,113	2,034	921
03-05				
04-06	15,886	353- 2-	0	353 2
FIVE-YEAR AVERAGE				
02-06	9,532	456 5	1,220 13	764 8

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.3 TRANSPORTATION EQUIPMENT - AUTOS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1982	34,922	120	0	4,400	13	4,280	12
1983	33,905	125	0	7,900	23	7,775	23
1984							
1985	39,613	175	0	7,600	19	7,425	19
1986	38,712		0	1,416	4	1,416	4
1987	49,853		0	16,125	32	16,125	32
1988	46,956		0	10,900	23	10,900	23
1989	57,313	50	0	23,047	40	22,997	40
1990	30,101		0	13,824	46	13,824	46
1991	9,700		0	1,000	10	1,000	10
1992	11,500		0	4,893	43	4,893	43
1993	12,323		0		0		0
1994	36,024	241	1		0	241-	1-
1995							
1996	42,288		0		0		0
1997	84,116		0		0		0
1998							
1999	32,082		0	5,300	17	5,300	17
2000							
2001							
2002	12,116	700	6		0	700-	6-
2003	2,900		0		0		0
2004							
2005							
2006							
TOTAL	574,424	1,411	0	96,405	17	94,994	17

THREE-YEAR MOVING AVERAGES

82-84	22,942	82	0	4,100	18	4,018	18
83-85	24,506	100	0	5,167	21	5,067	21
84-86	26,108	58	0	3,005	12	2,947	11
85-87	42,726	58	0	8,380	20	8,322	19
86-88	45,174		0	9,480	21	9,480	21
87-89	51,374	17	0	16,691	32	16,674	32
88-90	44,790	17	0	15,924	36	15,907	36
89-91	32,371	17	0	12,624	39	12,607	39
90-92	17,100		0	6,572	38	6,572	38
91-93	11,174		0	1,964	18	1,964	18
92-94	19,949	80	0	1,631	8	1,551	8

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.3 TRANSPORTATION EQUIPMENT - AUTOS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
93-95	16,116	80 0	0	80- 0
94-96	26,104	80 0	0	80- 0
95-97	42,135	0 0	0	0
96-98	42,135	0 0	0	0
97-99	38,733	0 0	1,767 5	1,767 5
98-00	10,694	0 0	1,767 17	1,767 17
99-01	10,694	0 0	1,767 17	1,767 17
00-02	4,039	233 6	0	233- 6-
01-03	5,005	233 5	0	233- 5-
02-04	5,005	233 5	0	233- 5-
03-05	967	0 0	0	0
04-06				
FIVE-YEAR AVERAGE				
02-06	3,003	140 5	0	140- 5-

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 345 POWER OPERATED EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1980	13,957	20	0	10,100	72	10,080	72
1981							
1982	4,745		0		0		0
1983	369-		0		0		0
1984							
1985	34,721	35	0	18,612	54	18,577	54
1986	3,106		0		0		0
1987							
1988	7,922		0		0		0
1989							
1990	479-		0		0		0
1991	65,103		0	8,554	13	8,554	13
1992	10,550		0		0		0
1993	4,132		0	152	4	152	4
1994	22,762		0	2,000	9	2,000	9
1995							
1996							
1997							
1998							
1999							
2000							
2001							
2002							
2003							
2004							
2005							
2006							
TOTAL	166,150	55	0	39,418	24	39,363	24

THREE-YEAR MOVING AVERAGES

80-82	6,234	7	0	3,367	54	3,360	54
81-83	1,459		0		0		0
82-84	1,459		0		0		0
83-85	11,451	12	0	6,204	54	6,192	54
84-86	12,609	12	0	6,204	49	6,192	49
85-87	12,609	12	0	6,204	49	6,192	49
86-88	3,676		0		0		0
87-89	2,641		0		0		0
88-90	2,481		0		0		0

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 345 POWER OPERATED EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT PCT	GROSS SALVAGE AMOUNT PCT	NET SALVAGE AMOUNT PCT
THREE-YEAR MOVING AVERAGES				
89-91	21,541	0	2,851 13	2,851 13
90-92	25,058	0	2,851 11	2,851 11
91-93	26,595	0	2,902 11	2,902 11
92-94	12,481	0	717 6	717 6
93-95	8,965	0	717 8	717 8
94-96	7,587	0	667 9	667 9
95-97				
96-98				
97-99				
98-00				
99-01				
00-02				
01-03				
02-04				
03-05				
04-06				

FIVE-YEAR AVERAGE

02-06

III-102

DEPRECIATION CALCULATIONS

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.1 STRUCT & IMPROV - SOURCE OF SUPPLY

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 35-S2						
NET SALVAGE PERCENT.. -5						
1967	10,377.00	8,648	6,906	3,990	7.22	553
1974	222.00	167	133	100	9.91	10
1976	134.00	97	77	64	10.81	6
1984	3,200.00	1,901	1,518	1,842	15.20	121
1988	5,147.80	2,632	2,102	3,303	17.96	184
1989	2,260.16	1,104	882	1,491	18.71	80
1995	13,683.16	4,610	3,681	10,686	23.77	450
1998	7,742.48	1,956	1,562	6,568	26.58	247
2001	209,411.61	34,500	27,550	192,332	29.51	6,518
2002	104,457.03	14,072	11,237	98,443	30.51	3,227
2003	475,545.09	49,932	39,874	459,448	31.50	14,586
2004	57,970.66	4,346	3,471	57,398	32.50	1,766
2005	1,659,959.06	74,773	59,711	1,683,246	33.50	50,246
2006	18,277.46	274	219	18,972	34.50	550
	2,568,387.51	199,012	158,923	2,537,883		78,544
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					32.3	3.06

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.2 STRUCT & IMPROV - POWER & PUMPING STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 65-R3						
NET SALVAGE PERCENT.. -20						
1934	34,378.40	34,913	27,880	13,374	9.99	1,339
1941	426.00	410	327	184	12.88	14
1942	103.00	98	78	46	13.35	3
1948	4,064.00	3,641	2,908	1,969	16.48	119
1949	457.00	405	323	225	17.05	13
1951	5,748.00	4,963	3,963	2,935	18.23	161
1954	1,136.00	942	752	611	20.10	30
1955	6,204.00	5,068	4,047	3,398	20.75	164
1957	68,581.00	54,341	43,395	38,902	22.08	1,762
1958	81,794.00	63,780	50,932	47,221	22.76	2,075
1959	51,381.00	39,411	31,472	30,185	23.45	1,287
1962	6,972.00	5,073	4,051	4,315	25.59	169
1964	139.00	97	77	90	27.07	3
1966	9,342.00	6,281	5,016	6,194	28.58	217
1967	74,429.00	48,989	39,121	50,194	29.35	1,710
1968	18,779.00	12,090	9,655	12,880	30.13	427
1969	428.00	269	215	299	30.91	10
1970	83,032.00	51,035	40,755	58,883	31.71	1,857
1971	27,604.00	16,556	13,221	19,904	32.51	612
1972	275,778.00	161,297	128,805	202,129	33.32	6,066
1973	5,182.00	2,952	2,357	3,861	34.14	113
1974	6,415.00	3,558	2,841	4,857	34.96	139
1975	25,000.00	13,476	10,761	19,239	35.80	537
1977	19,587.00	9,947	7,943	15,561	37.49	415
1980	3,450.00	1,587	1,267	2,873	40.08	72
1983	12,002.00	4,937	3,943	10,459	42.72	245
1985	6,906.00	2,611	2,085	6,202	44.52	139
1986	2,349.00	849	678	2,141	45.43	47
1987	258,663.67	89,115	71,164	239,232	46.34	5,163
1988	34,853.00	11,414	9,115	32,709	47.26	692
1989	458,893.00	142,514	113,806	436,866	48.18	9,067
1990	11,642.00	3,416	2,728	11,242	49.11	229
1991	34,926.00	9,640	7,698	34,213	50.05	684
1992	1,974,195.00	510,527	407,687	1,961,347	50.99	38,465
1993	21,577.00	5,207	4,158	21,734	51.93	419
1997	6,382.92	1,091	871	6,789	55.74	122
1998	2,386.35	365	291	2,573	56.71	45
1999	778,890.09	105,431	84,194	850,474	57.67	14,747

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.2 STRUCT & IMPROV - POWER & PUMPING STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 65-R3						
NET SALVAGE PERCENT.. -20						
2000	6,140.84	721	576	6,793	58.64	116
2001	19,376.17	1,928	1,540	21,711	59.61	364
2005	9,548.38	261	208	11,250	63.52	177
2006	350,921.23	3,158	2,522	418,583	64.51	6,489
	4,800,062.05	1,434,364	1,145,426	4,614,647		96,524
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					47.8	2.01

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.3 STRUCT & IMPROV - WATER TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 65-R3						
NET SALVAGE PERCENT.. -20						
1894	6,923.00	8,308	8,308			
1912	12,423.17	14,051	11,209	3,699	3.74	989
1921	2,702.00	2,940	2,345	897	6.07	148
1925	19,089.00	20,392	16,268	6,639	7.14	930
1926	1,940.00	2,062	1,645	683	7.43	92
1929	571.00	598	477	208	8.31	25
1938	8,725.00	8,608	6,867	3,603	11.56	312
1939	1,091.00	1,068	852	457	11.99	38
1941	369.00	355	283	160	12.88	12
1947	1,979.00	1,793	1,430	945	15.92	59
1954	15,377.01	12,747	10,169	8,283	20.10	412
1958	113,463.99	88,475	70,581	65,576	22.76	2,881
1959	6,925.00	5,312	4,238	4,072	23.45	174
1960	5,156.00	3,887	3,101	3,086	24.16	128
1961	975.00	722	576	594	24.87	24
1966	19,236.22	12,934	10,318	12,765	28.58	447
1968	811.00	522	416	557	30.13	18
1970	20,201.18	12,416	9,905	14,336	31.71	452
1971	37,652.51	22,582	18,015	27,168	32.51	836
1972	71,232.50	41,662	33,236	52,243	33.32	1,568
1973	100,127.70	57,049	45,511	74,642	34.14	2,186
1974	21,962.68	12,181	9,717	16,638	34.96	476
1975	986.00	531	424	759	35.80	21
1976	2,679.00	1,403	1,119	2,096	36.64	57
1977	92,708.00	47,081	37,559	73,691	37.49	1,966
1982	152,048.20	65,046	51,890	130,568	41.83	3,121
1983	2,300.00	946	755	2,005	42.72	47
1984	12,750.00	5,032	4,014	11,286	43.62	259
1986	16,224.00	5,862	4,676	14,793	45.43	326
1987	144,720.00	49,859	39,775	133,889	46.34	2,889
1988	1,454,022.24	476,163	379,857	1,364,970	47.26	28,882
1989	120,119.00	37,304	29,759	114,384	48.18	2,374
1990	57,449.00	16,856	13,447	55,492	49.11	1,130
1991	132,043.36	36,444	29,073	129,379	50.05	2,585
1992	19,944.00	5,158	4,115	19,818	50.99	389
1993	11,903.00	2,872	2,291	11,993	51.93	231
1994	10,388.00	2,325	1,855	10,611	52.88	201
1995	3,196,508.00	658,992	525,708	3,310,102	53.83	61,492

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.3 STRUCT & IMPROV - WATER TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 65-R3						
NET SALVAGE PERCENT.. -20						
1996	799,127.00	150,747	120,258	838,694	54.78	15,310
1999	510,398.51	69,088	55,115	557,363	57.67	9,665
2000	245,496.70	28,811	22,984	271,612	58.64	4,632
2001	430,676.65	42,844	34,178	482,634	59.61	8,097
2002	7,407.94	603	481	8,409	60.59	139
2003	44,386.46	2,818	2,248	51,016	61.56	829
2004	281,236.11	12,757	10,177	327,306	62.54	5,234
2005	422,607.71	11,563	9,224	497,905	63.52	7,839
2006	325,495.60	2,929	2,337	388,258	64.51	6,019
	8,962,557.44	2,064,698	1,648,786	9,106,284		175,941
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					51.8	1.96

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.4 STRUCT & IMPROV - TRANSMISSION & DISTRIBUTION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-S2						
NET SALVAGE PERCENT.. 0						
1982	1,420.00	1,049	838	582	6.54	89
1991	44,197.00	24,344	19,440	24,757	11.23	2,205
1992	422,962.00	221,632	176,987	245,975	11.90	20,670
1997	1,805.15	662	529	1,276	15.83	81
1998	159,105.41	52,696	42,080	117,025	16.72	6,999
1999	62,335.09	18,376	14,674	47,661	17.63	2,703
2000	29,443.06	7,561	6,038	23,405	18.58	1,260
2002	2,822.21	506	404	2,418	20.52	118
2005	12,277.78	737	589	11,689	23.50	497
2006	89,599.92	1,792	1,431	88,169	24.50	3,599
	825,967.62	329,355	263,010	562,957		38,221
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					14.7	4.63

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.6 STRUCT & IMPROV - OFFICE BUILDINGS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-R2.5						
NET SALVAGE PERCENT.. -5						
1967	2,520.00	1,586	1,267	1,379	22.03	63
1970	853,762.10	503,626	402,176	494,274	24.10	20,509
1971	5,017.00	2,892	2,309	2,959	24.81	119
1972	19,011.90	10,696	8,541	11,421	25.53	447
1973	4,071.94	2,234	1,784	2,492	26.26	95
1976	1,229.00	622	497	793	28.50	28
1977	4,946.00	2,429	1,940	3,253	29.27	111
1979	3,684.54	1,700	1,358	2,511	30.83	81
1982	73,398.60	30,504	24,359	52,710	33.23	1,586
1984	1,886.00	725	579	1,401	34.87	40
1985	2,973.00	1,095	874	2,248	35.70	63
1986	29,211.00	10,293	8,220	22,452	36.54	614
1987	143,439.88	48,256	38,535	112,077	37.38	2,998
1988	139,161.00	44,522	35,554	110,565	38.24	2,891
1989	88,580.00	26,908	21,488	71,521	39.09	1,830
1990	32,654.00	9,377	7,488	26,799	39.96	671
1991	3,265.00	883	705	2,723	40.83	67
1992	22,199.00	5,631	4,497	18,812	41.71	451
1994	31,901.00	7,017	5,603	27,893	43.48	642
1995	1,933,499.17	392,027	313,057	1,717,117	44.38	38,691
1998	226,122.80	34,142	27,264	210,165	47.09	4,463
1999	167,972.15	22,417	17,902	158,469	48.01	3,301
2000	1,733.16	201	161	1,659	48.93	34
2001	55,334.12	5,438	4,342	53,759	49.85	1,078
2003	68,082.06	4,275	3,414	68,072	51.71	1,316
2004	28,228.35	1,266	1,011	28,629	52.65	544
2005	32,370.53	877	700	33,289	53.58	621
2006	15,028.30	134	107	15,673	54.53	287
	3,991,281.60	1,171,773	935,732	3,255,115		83,641

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 38.9 2.10

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.7 STRUCT & IMPROV - STORES, SHOP & GARAGE STRUCT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-R3						
NET SALVAGE PERCENT.. 0						
1957	13,694.00	11,508	9,190	4,504	7.18	627
1960	708.00	576	460	248	8.40	30
1971	724.00	491	392	332	14.46	23
1972	749.00	497	397	352	15.13	23
1977	5,650.00	3,305	2,639	3,011	18.68	161
1987	53,519.00	21,718	17,343	36,176	26.74	1,353
1988	42,525.00	16,432	13,122	29,403	27.61	1,065
1990	19,843.46	6,892	5,504	14,339	29.37	488
1993	547,274.00	157,122	125,471	421,803	32.08	13,148
1994	466.00	124	99	367	33.00	11
1996	145,616.90	32,807	26,198	119,419	34.86	3,426
1999	74,138.37	12,010	9,591	64,547	37.71	1,712
2001	15,249.20	1,819	1,453	13,796	39.63	348
2002	95,996.00	9,388	7,497	88,499	40.60	2,180
2004	2,618.00	142	113	2,505	42.55	59
	1,018,770.93	274,831	219,469	799,301		24,654
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					32.4	2.42

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.8 STRUCT & IMPROV - MISCELLANEOUS STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 25-R1.5						
NET SALVAGE PERCENT.. 0						
1934	564.00	564	564			
1953	1,579.00	1,579	1,579			
1958	20,978.40	20,492	16,318	4,660	0.58	4,660
1965	346.00	311	248	98	2.50	39
1966	2,868.00	2,553	2,033	835	2.75	304
1971	334.00	279	222	112	4.13	27
1978	1,266.00	936	745	521	6.52	80
1985	6,000.00	3,646	2,903	3,097	9.81	316
1987	20,091.44	11,307	9,004	11,087	10.93	1,014
1989	20,125.06	10,360	8,250	11,875	12.13	979
1990	14,575.00	7,136	5,683	8,892	12.76	697
1991	9,065.00	4,203	3,347	5,718	13.41	426
1992	1,400.00	612	487	913	14.07	65
1993	3,341.00	1,371	1,092	2,249	14.74	153
1994	2,679.00	1,026	817	1,862	15.43	121
1997	13,529.55	4,016	3,198	10,332	17.58	588
1998	9,121.53	2,437	1,941	7,181	18.32	392
2000	9,043.98	1,870	1,489	7,555	19.83	381
2001	28,255.39	4,973	3,960	24,295	20.60	1,179
2002	41,389.73	5,993	4,772	36,618	21.38	1,713
2003	733,751.72	83,061	66,145	667,607	22.17	30,113
2004	28,851.48	2,343	1,866	26,985	22.97	1,175
2005	448,734.51	22,078	17,582	431,153	23.77	18,139
2006	145,948.56	2,394	1,906	144,043	24.59	5,858
	1,563,838.35	195,540	156,151	1,407,688		68,419

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 20.6 4.38

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 305 COLLECTING AND IMPOUNDING RESERVOIRS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R4						
NET SALVAGE PERCENT.. 0						
1885	33,975.00	33,975	33,975			
1893	1,337.00	1,332	1,034	303	0.31	303
1921	93,214.00	84,452	65,533	27,681	7.05	3,926
1934	488.00	409	317	171	12.21	14
1940	541.00	428	332	209	15.70	13
1953	182.00	122	95	87	24.88	3
1963	392.00	219	170	222	33.07	7
1972	5,066.00	2,286	1,774	3,292	41.16	80
1973	23,441.00	10,284	7,980	15,461	42.10	367
1977	5,152.00	2,001	1,553	3,599	45.88	78
1988	746,013.94	183,146	142,117	603,897	56.59	10,671
1989	2,284.00	531	412	1,872	57.58	33
1991	14,013.00	2,885	2,239	11,774	59.56	198
1992	13,247.00	2,553	1,981	11,266	60.55	186
1993	3,586.00	644	500	3,086	61.54	50
1994	70,339.00	11,697	9,076	61,263	62.53	980
2005	3,282.30	66	51	3,231	73.50	44
	1,016,553.24	337,030	269,139	747,414		16,953
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					44.1	1.67

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 306 LAKE, RIVER AND OTHER INTAKES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R2.5						
NET SALVAGE PERCENT.. 0						
1956	3,366.00	2,577	2,058	1,308	11.72	112
1958	159,930.81	119,436	95,377	64,554	12.66	5,099
1961	449.00	322	257	192	14.19	14
1962	166.00	117	93	73	14.73	5
1966	24,721.00	16,281	13,001	11,720	17.07	687
1970	79,133.00	48,065	38,383	40,750	19.63	2,076
1971	23,148.00	13,750	10,980	12,168	20.30	599
1985	5,598.00	2,145	1,713	3,885	30.84	126
1992	8,801.00	2,331	1,861	6,940	36.76	189
1993	6,985.00	1,727	1,379	5,606	37.64	149
1995	172.04	36	29	143	39.41	4
2001	248,960.11	25,593	20,438	228,522	44.86	5,094
	561,429.96	232,380	185,569	375,861		14,154
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					26.6	2.52

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 309 SUPPLY MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 65-S2.5						
NET SALVAGE PERCENT.. -10						
1934	223,701.83	200,352	159,993	86,079	12.08	7,126
1941	79,884.00	68,312	54,551	33,321	14.47	2,303
1942	14.00	12	10	5	14.85	
1944	42.00	35	28	18	15.64	1
1951	218.00	171	137	103	18.77	5
1953	1,895.00	1,450	1,158	927	19.78	47
1956	59,883.00	44,186	35,285	30,586	21.40	1,429
1959	109,731.00	77,709	62,055	58,649	23.15	2,533
1965	411,718.00	264,352	211,101	241,789	27.06	8,935
1967	2,876.00	1,777	1,419	1,745	28.48	61
1968	5,929.00	3,590	2,867	3,655	29.22	125
1970	3,226.00	1,870	1,493	2,056	30.74	67
1972	10,673.00	5,904	4,715	7,025	32.31	217
1976	48,334.00	24,016	19,178	33,989	35.64	954
1980	3,498.00	1,530	1,222	2,626	39.16	67
1981	2,371.00	1,001	799	1,809	40.06	45
1982	81,926.00	33,299	26,591	63,528	40.98	1,550
1983	358.00	140	112	282	41.91	7
1984	14,164.00	5,311	4,241	11,339	42.84	265
1987	96,068.00	31,396	25,072	80,603	45.69	1,764
1988	102,496.00	31,828	25,417	87,329	46.65	1,872
1989	1,975,820.00	581,168	464,098	1,709,304	47.62	35,895
1991	9,330.00	2,436	1,945	8,318	49.57	168
1992	1,765,745.00	431,583	344,645	1,597,675	50.56	31,600
1993	5,332.00	1,215	970	4,895	51.54	95
1994	29,327.33	6,187	4,941	27,319	52.53	520
2000	25,261.98	2,779	2,219	25,569	58.50	437
2002	14,520.00	1,105	883	15,089	60.50	249
	5,084,342.14	1,824,714	1,457,145	4,135,632		98,337
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					42.1	1.93

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 310.1 OTHER POWER GENERATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS	REM. LIFE	ANNUAL ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SURVIVOR CURVE.. IOWA 35-S2.5						
NET SALVAGE PERCENT.. 0						
1963	14,501.00	12,330	9,846	4,655	5.24	888
1981	68,594.00	44,079	35,200	33,394	12.51	2,669
1988	181,501.25	90,950	72,629	108,872	17.46	6,236
1989	67,184.00	32,094	25,629	41,555	18.28	2,273
1996	218,621.74	64,953	51,869	166,753	24.60	6,779
2002	7,940.96	1,021	815	7,126	30.50	234
2003	14,111.02	1,411	1,127	12,984	31.50	412
	572,453.97	246,838	197,115	375,339		19,491
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					19.3	3.40

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 311.2 ELECTRIC PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R3						
NET SALVAGE PERCENT.. -15						
1923	2,856.98	3,264	2,607	679	0.32	679
1934	8,614.97	9,327	7,448	2,459	2.93	839
1938	7,488.00	7,929	6,332	2,279	3.96	576
1939	8,819.66	9,287	7,416	2,727	4.22	646
1940	2,259.00	2,365	1,889	709	4.48	158
1941	312.00	325	260	99	4.74	21
1947	283.00	284	227	98	6.43	15
1948	10,585.27	10,530	8,409	3,764	6.75	558
1949	15,058.62	14,865	11,871	5,446	7.08	769
1950	465.00	455	363	172	7.42	23
1953	694.00	661	528	270	8.56	32
1954	212.00	200	160	84	8.97	9
1955	120,063.63	112,115	89,531	48,542	9.40	5,164
1956	1,094.00	1,010	807	451	9.85	46
1957	31.00	28	22	14	10.32	1
1958	34,824.00	31,389	25,066	14,982	10.81	1,386
1959	50,812.93	45,205	36,099	22,336	11.32	1,973
1965	11,421.00	9,260	7,395	5,739	14.75	389
1966	62,250.95	49,554	39,572	32,017	15.39	2,080
1967	67,911.25	53,060	42,372	35,726	16.03	2,229
1968	54,273.66	41,568	33,195	29,220	16.70	1,750
1969	3,080.00	2,311	1,845	1,697	17.38	98
1970	150,682.53	110,660	88,369	84,916	18.07	4,699
1971	6,590.00	4,734	3,780	3,799	18.77	202
1973	4,999.00	3,424	2,734	3,015	20.22	149
1974	35,740.00	23,863	19,056	22,045	20.97	1,051
1976	122,269.46	77,364	61,780	78,830	22.49	3,505
1977	740.01	455	363	488	23.26	21
1978	15,159.00	9,048	7,225	10,208	24.05	424
1979	3,445.00	1,993	1,592	2,370	24.85	95
1981	170,876.30	92,437	73,816	122,692	26.48	4,633
1982	34,082.00	17,786	14,203	24,991	27.31	915
1983	38,572.00	19,384	15,479	28,879	28.15	1,026
1984	35,876.00	17,328	13,837	27,420	29.00	946
1985	96,041.00	44,488	35,526	74,921	29.86	2,509
1986	115,243.17	51,077	40,788	91,742	30.73	2,985
1987	461,691.00	195,388	156,029	374,916	31.60	11,864
1988	650,997.00	262,176	209,363	539,284	32.49	16,598

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 311.2 ELECTRIC PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R3						
NET SALVAGE PERCENT.. -15						
1989	515,113.90	196,907	157,242	435,139	33.38	13,036
1990	146,295.01	52,894	42,239	126,000	34.28	3,676
1991	8,247.00	2,809	2,243	7,241	35.19	206
1992	4,135,914.16	1,321,300	1,055,138	3,701,163	36.11	102,497
1993	39,378.00	11,747	9,381	35,904	37.03	970
1997	851,903.93	180,655	144,264	835,426	40.78	20,486
1998	364,155.15	69,182	55,246	363,532	41.74	8,709
1999	430,947.78	72,455	57,859	437,731	42.69	10,254
2000	215,187.44	31,379	25,058	222,408	43.66	5,094
2001	133,332.70	16,499	13,175	140,158	44.62	3,141
2002	102,260.30	10,372	8,283	109,316	45.59	2,398
2003	202,230.08	15,954	12,740	219,825	46.57	4,720
2004	5,412.99	306	244	5,981	47.54	126
2005	6,880.61	234	187	7,726	48.52	159
2006	37,306.56	420	336	42,567	49.51	860
	9,600,980.00	3,319,710	2,650,989	8,390,143		247,395
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					33.9	2.58

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 311.3 DIESEL PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R3						
NET SALVAGE PERCENT.. -15						
1956	28,404.00	26,230	20,946	11,719	9.85	1,190
1961	285.00	247	197	131	12.39	11
1965	22,657.00	18,369	14,669	11,387	14.75	772
1972	1,003.00	704	562	591	19.49	30
1974	42,438.00	28,335	22,627	26,177	20.97	1,248
1977	2,841.00	1,747	1,395	1,872	23.26	80
1981	95,394.00	51,604	41,209	68,494	26.48	2,587
1987	109,512.00	46,345	37,009	88,930	31.60	2,814
1990	67,500.00	24,405	19,489	58,136	34.28	1,696
1991	13,075.00	4,454	3,557	11,479	35.19	326
1993	211,401.00	63,063	50,360	192,751	37.03	5,205
1997	1.55			2	40.78	
2006	129,930.05	1,464	1,169	148,251	49.51	2,994
	724,441.60	266,967	213,189	619,920		18,953
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					32.7	2.62

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 311.4 HYDRAULIC PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 50-R3						
NET SALVAGE PERCENT.. -15						
1999	677.13	114	91	688	42.69	16
2004	6,035.59	341	272	6,669	47.54	140
2005	24,108.06	821	656	27,068	48.52	558
2006	30,761.09	347	277	35,098	49.51	709
	61,581.87	1,623	1,296	69,523		1,423
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					48.9	2.31

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 320.1 PURIFICATION SYSTEM - EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-S2						
NET SALVAGE PERCENT.. -15						
1894	3,738.00	4,299	4,299			
1900	3,224.00	3,666	2,927	781	0.62	781
1929	4,990.00	5,029	4,015	1,724	6.80	254
1934	4,884.00	4,785	3,821	1,796	8.14	221
1935	6,089.00	5,930	4,735	2,267	8.42	269
1936	342.00	331	264	129	8.70	15
1938	133.00	127	101	52	9.29	6
1939	181.00	172	137	71	9.60	7
1941	181.00	169	135	73	10.22	7
1948	12,545.00	11,122	8,881	5,546	12.60	440
1950	27,758.00	24,174	19,302	12,620	13.35	945
1953	22,791.00	19,280	15,394	10,816	14.54	744
1955	1,854.00	1,536	1,226	906	15.38	59
1958	105,439.00	84,393	67,385	53,870	16.72	3,222
1959	484,721.20	383,233	305,999	251,430	17.19	14,627
1960	12,256.00	9,566	7,638	6,456	17.67	365
1961	1,342.00	1,034	826	717	18.16	39
1962	4,220.00	3,206	2,560	2,293	18.66	123
1964	4,340.00	3,203	2,557	2,434	19.70	124
1966	220,784.44	157,876	126,059	127,843	20.80	6,146
1967	945.00	665	531	556	21.37	26
1968	4,660.00	3,220	2,571	2,788	21.95	127
1970	682,847.80	454,439	362,855	422,420	23.17	18,231
1971	6,390.00	4,169	3,329	4,020	23.80	169
1972	15,993.00	10,219	8,160	10,232	24.44	419
1973	66,185.00	41,375	33,037	43,076	25.10	1,716
1974	7,141.00	4,363	3,484	4,728	25.78	183
1976	24,946.00	14,510	11,586	17,102	27.18	629
1977	403,636.02	228,609	182,537	281,644	27.91	10,091
1978	47,899.00	26,391	21,072	34,012	28.65	1,187
1979	28,403.00	15,198	12,135	20,528	29.41	698
1981	3,009,656.33	1,511,464	1,206,854	2,254,251	30.98	72,765
1982	2,066,998.10	1,003,114	800,954	1,576,094	31.79	49,578
1983	12,714.00	5,952	4,752	9,869	32.61	303
1984	19,035.00	8,577	6,848	15,042	33.45	450
1985	28,816.00	12,467	9,954	23,184	34.31	676
1986	66,411.00	27,525	21,978	54,395	35.18	1,546
1987	445,852.91	176,585	140,997	371,734	36.06	10,309

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 320.1 PURIFICATION SYSTEM - EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 55-S2						
NET SALVAGE PERCENT.. -15						
1988	5,871,422.21	2,214,700	1,768,366	4,983,770	36.96	134,842
1989	154,999.82	55,525	44,335	133,915	37.87	3,536
1990	363,910.00	123,247	98,409	320,088	38.80	8,250
1991	686,896.48	219,285	175,092	614,839	39.73	15,475
1992	805,300.33	241,155	192,554	733,541	40.68	18,032
1993	2,949,525.12	824,584	658,403	2,733,551	41.63	65,663
1994	64,453.00	16,714	13,346	60,775	42.60	1,427
1995	1,243,151.24	297,076	237,205	1,192,419	43.57	27,368
1996	2,272,841.02	496,616	396,532	2,217,235	44.55	49,770
1997	264,348.97	52,349	41,799	262,202	45.53	5,759
1998	220,684.22	39,134	31,247	222,540	46.52	4,784
1999	1,045,928.28	163,824	130,808	1,072,010	47.51	22,564
2000	507,556.75	68,875	54,994	528,696	48.51	10,899
2001	108,291.31	12,454	9,944	114,591	49.50	2,315
2002	1,723,630.20	162,142	129,466	1,852,709	50.50	36,687
2003	134,961.38	9,871	7,881	147,325	51.50	2,861
2005	103,926.63	3,263	2,606	116,910	53.50	2,185
2006	79,067.86	827	660	90,268	54.50	1,656
	26,461,236.62	9,273,614	7,405,542	23,024,883		611,570
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					37.6	2.31

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 330.1 DISTRIBUTION RESERVOIRS AND STANDPIPES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 60-R4						
NET SALVAGE PERCENT.. -30						
1949	58,825.00	63,686	50,857	25,616	10.03	2,554
1950	866.00	927	740	386	10.58	36
1952	468.00	489	390	218	11.75	19
1953	62.00	64	51	30	12.37	2
1954	86,151.00	87,716	70,047	41,949	13.01	3,224
1955	137.00	138	110	68	13.67	5
1956	184,253.62	182,282	145,563	93,967	14.34	6,553
1961	58.00	53	42	33	17.87	2
1965	363,216.15	307,626	245,658	226,523	20.91	10,833
1966	1,468.00	1,218	973	935	21.71	43
1968	173,749.51	138,054	110,245	115,629	23.33	4,956
1970	696.00	528	422	483	25.00	19
1972	1,161.00	837	668	841	26.71	31
1973	1,250.00	878	701	924	27.59	33
1974	21,917.50	14,973	11,957	16,536	28.47	581
1975	116,246.00	77,177	61,631	89,489	29.36	3,048
1976	10,828.00	6,975	5,570	8,506	30.27	281
1977	5,027.00	3,139	2,507	4,028	31.18	129
1980	18,486.00	10,430	8,329	15,703	33.96	462
1985	19,712.00	9,089	7,258	18,368	38.72	474
1987	774,121.00	324,349	259,012	747,345	40.66	18,380
1988	11,180.00	4,447	3,551	10,983	41.64	264
1989	1,073,113.00	404,145	322,734	1,072,313	42.62	25,160
1990	688,089.36	244,471	195,225	699,291	43.60	16,039
1991	21,644.00	7,231	5,774	22,363	44.58	502
1992	9,991.00	3,124	2,495	10,493	45.57	230
1994	26,620.00	7,181	5,734	28,872	47.55	607
1995	419,539.97	104,172	83,188	462,214	48.54	9,522
1997	629,309.96	129,260	103,222	714,881	50.52	14,150
1998	119,414.51	21,935	17,516	137,723	51.52	2,673
1999	804,672.52	130,550	104,252	941,822	52.51	17,936
2000	35,166.41	4,947	3,950	41,766	53.51	781
2001	934,957.59	111,213	88,811	1,126,634	54.51	20,668
2002	42,129.55	4,097	3,272	51,496	55.51	928
2003	1,656,899.71	125,576	100,280	2,053,690	56.50	36,348
2005	3,333,000.08	108,323	86,502	4,246,398	58.50	72,588
2006	169,043.00	1,824	1,457	218,299	59.50	3,669
	11,813,469.44	2,643,124	2,110,694	13,246,815		273,730

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 48.4 2.32

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331 MAINS & ACCESSORIES - NOT CLASSIFIED

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-S2						
NET SALVAGE PERCENT.. -20						
1933	51,231.32	45,401	36,255	25,223	19.61	1,286
1934	443,617.98	390,260	311,646	220,696	20.02	11,024
1935	48,765.65	42,572	33,996	24,523	20.44	1,200
1936	38,384.25	33,252	26,554	19,507	20.86	935
1937	122,552.77	105,312	84,098	62,965	21.29	2,957
1938	17,157.28	14,624	11,678	8,911	21.73	410
1939	20,611.18	17,420	13,911	10,822	22.18	488
1940	16,507.50	13,833	11,046	8,763	22.63	387
1941	14,635.65	12,153	9,705	7,858	23.10	340
1942	1,841.93	1,516	1,211	999	23.57	42
1943	2,358.14	1,922	1,535	1,295	24.05	54
1944	771.80	623	498	428	24.53	17
1945	9,664.23	7,727	6,170	5,427	25.03	217
1946	17,363.68	13,742	10,974	9,862	25.54	386
1947	78,210.28	61,257	48,917	44,935	26.05	1,725
1948	121,386.53	94,041	75,097	70,567	26.58	2,655
1949	89,013.95	68,202	54,463	52,354	27.11	1,931
1950	128,586.40	97,396	77,777	76,527	27.66	2,767
1951	43,345.01	32,452	25,915	26,099	28.21	925
1952	159,502.24	117,961	94,199	97,204	28.78	3,377
1953	336,317.61	245,660	196,174	207,407	29.35	7,067
1954	150,572.77	108,557	86,689	93,998	29.94	3,140
1955	607,906.57	432,513	345,388	384,100	30.53	12,581
1956	1,018,500.25	714,743	570,766	651,434	31.14	20,920
1957	445,416.57	308,139	246,068	288,432	31.76	9,082
1958	651,047.32	443,832	354,427	426,830	32.39	13,178
1959	482,215.34	323,817	258,587	320,071	33.03	9,690
1960	435,028.48	287,589	229,657	292,377	33.68	8,681
1961	242,918.87	157,994	126,168	165,335	34.35	4,813
1962	331,680.80	212,103	169,377	228,640	35.03	6,527
1963	338,106.77	212,561	169,743	235,985	35.71	6,608
1964	442,698.76	273,269	218,222	313,017	36.42	8,595
1965	496,806.84	301,005	240,371	355,797	37.13	9,582
1966	4,435,706.36	2,636,406	2,105,330	3,217,518	37.85	85,007
1967	771,001.57	449,186	358,702	566,500	38.59	14,680
1968	589,732.97	336,502	268,717	438,963	39.34	11,158
1969	789,212.30	440,665	351,898	595,157	40.10	14,842
1970	440,981.01	240,829	192,317	336,860	40.87	8,242

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331 MAINS & ACCESSORIES - NOT CLASSIFIED

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-S2						
NET SALVAGE PERCENT.. -20						
1971	587,387.14	313,312	250,199	454,666	41.66	10,914
1972	1,653,802.33	861,102	687,642	1,296,921	42.46	30,545
1973	878,115.07	445,837	356,028	697,710	43.27	16,125
1974	3,135,187.25	1,550,413	1,238,099	2,524,126	44.09	57,249
1975	1,073,975.04	516,926	412,797	875,973	44.92	19,501
1976	788,847.58	368,897	294,587	652,030	45.77	14,246
1977	1,012,204.87	459,622	367,036	847,610	46.62	18,181
1978	1,199,404.63	527,930	421,584	1,017,702	47.49	21,430
1979	1,472,782.58	627,582	501,162	1,266,177	48.37	26,177
1980	1,011,216.92	416,460	332,568	880,892	49.26	17,883
1981	503,846.84	200,309	159,959	444,657	50.15	8,867
1982	417,624.76	159,967	127,743	373,407	51.06	7,313
1983	555,440.67	204,558	163,352	503,177	51.98	9,680
1984	1,824,927.66	645,367	515,365	1,674,548	52.90	31,655
1985	5,149,612.20	1,743,247	1,392,088	4,787,447	53.84	88,920
1986	1,774,962.02	574,236	458,562	1,671,392	54.78	30,511
1987	8,246,910.32	2,542,358	2,030,226	7,866,066	55.73	141,146
1988	5,382,609.44	1,576,674	1,259,070	5,200,061	56.69	91,728
1989	3,495,595.24	970,237	774,793	3,419,921	57.65	59,322
1990	3,239,479.90	849,003	677,980	3,209,396	58.62	54,749
1991	1,934,876.57	477,141	381,026	1,940,826	59.59	32,570
1992	3,783,446.72	873,522	697,560	3,842,576	60.57	63,440
1993	3,249,855.12	699,239	558,385	3,341,441	61.55	54,288
1994	6,763,323.95	1,348,066	1,076,512	7,039,477	62.54	112,560
1995	3,796,628.16	696,605	556,281	3,999,673	63.53	62,957
1996	5,499,351.59	921,911	736,202	5,863,020	64.52	90,871
1997	6,293,404.31	955,339	762,896	6,789,189	65.51	103,636
1998	5,550,343.52	753,959	602,082	6,058,330	66.51	91,089
1999	6,931,670.89	831,801	664,243	7,653,762	67.50	113,389
2000	6,664,114.97	693,335	553,670	7,443,268	68.50	108,661
2001	40,485,997.41	3,561,148	2,843,791	45,739,406	69.50	658,121
2002	6,447.00	464	371	7,365	70.50	104
	148,794,751.60	36,663,603	29,278,105	149,275,598		2,535,344
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					58.9	1.70

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331.1 MAINS & ACCESSORIES - 4" & UNDER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-S2						
NET SALVAGE PERCENT.. -20						
2001	1,763,009.35	155,074	123,836	1,991,775	69.50	28,659
2002	151,048.00	10,875	8,684	172,574	70.50	2,448
	1,914,057.35	165,949	132,520	2,164,349		31,107
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					69.6	1.63

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331.2 MAINS & ACCESSORIES - 6 TO 8"

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-S2						
NET SALVAGE PERCENT.. -20						
2001	782,433.00	68,823	54,959	883,961	69.50	12,719
2002	6,415.52	462	369	7,330	70.50	104
	788,848.52	69,285	55,328	891,291		12,823
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					69.5	1.63

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331.3 MAINS & ACCESSORIES - 10 TO 16"

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-S2						
NET SALVAGE PERCENT.. -20						
2002	4,852.63	349	279	5,544	70.50	79
	4,852.63	349	279	5,544		79
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					70.2	1.63

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331.4 MAINS & ACCESSORIES - 18" & OVER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS	REM. LIFE	ANNUAL ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SURVIVOR CURVE.. IOWA 75-S2						
NET SALVAGE PERCENT.. -20						
2005	1,138.92	27	22	1,345	73.50	18
	1,138.92	27	22	1,345		18
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					74.7	1.58

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 333 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 70-R3						
NET SALVAGE PERCENT..-120						
1934	88,861.28	159,211	127,140	68,355	12.99	5,262
1935	10,070.92	17,904	14,297	7,859	13.43	585
1936	6,523.41	11,504	9,187	5,165	13.89	372
1937	550.20	962	768	442	14.36	31
1938	10,432.49	18,086	14,443	8,508	14.84	573
1939	6,050.34	10,394	8,300	5,011	15.34	327
1940	9,191.92	15,644	12,493	7,729	15.85	488
1941	5,475.60	9,227	7,368	4,678	16.38	286
1942	2,131.41	3,556	2,840	1,849	16.91	109
1943	468.68	774	618	413	17.46	24
1944	1,022.00	1,669	1,333	915	18.03	51
1945	1,106.07	1,787	1,427	1,006	18.60	54
1946	5,885.25	9,399	7,506	5,442	19.19	284
1947	15,938.71	25,152	20,085	14,980	19.79	757
1948	25,765.01	40,154	32,065	24,618	20.41	1,206
1949	22,421.86	34,510	27,558	21,770	21.03	1,035
1950	30,680.34	46,600	37,213	30,284	21.67	1,398
1951	23,116.65	34,638	27,661	23,196	22.32	1,039
1952	24,801.54	36,650	29,267	25,296	22.98	1,101
1953	23,726.27	34,560	27,598	24,600	23.65	1,040
1954	26,837.19	38,519	30,760	28,282	24.33	1,162
1955	40,266.67	56,926	45,459	43,128	25.02	1,724
1956	37,947.76	52,813	42,174	41,311	25.72	1,606
1957	53,398.14	73,117	58,388	59,088	26.43	2,236
1958	73,342.06	98,796	78,895	82,458	27.14	3,038
1959	71,594.65	94,804	75,707	81,801	27.87	2,935
1960	69,263.04	90,102	71,952	80,427	28.61	2,811
1961	71,278.37	91,061	72,718	84,094	29.35	2,865
1962	107,824.81	135,189	107,957	129,258	30.11	4,293
1963	106,020.62	130,384	104,120	129,125	30.87	4,183
1964	99,354.30	119,782	95,653	122,926	31.64	3,885
1965	126,660.90	149,637	119,494	159,160	32.41	4,911
1966	158,376.26	183,168	146,271	202,157	33.20	6,089
1967	151,333.45	171,261	136,762	196,172	33.99	5,771
1968	124,998.00	138,323	110,459	164,537	34.79	4,729
1969	129,018.59	139,479	111,382	172,459	35.60	4,844
1970	113,877.47	120,179	95,970	154,560	36.42	4,244
1971	117,635.96	121,118	96,720	162,079	37.24	4,352

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 333 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 70-R3						
NET SALVAGE PERCENT...-120						
1972	228,195.07	228,975	182,850	319,179	38.07	8,384
1973	133,594.87	130,525	104,232	189,677	38.91	4,875
1974	257,838.13	245,106	195,732	371,512	39.75	9,346
1975	169,952.46	157,036	125,403	248,492	40.60	6,120
1976	221,563.90	198,730	158,698	328,743	41.46	7,929
1977	307,570.65	267,550	213,655	463,000	42.32	10,940
1978	348,774.14	293,877	234,679	532,624	43.19	12,332
1979	334,451.43	272,538	217,638	518,155	44.07	11,758
1980	319,690.23	251,718	201,012	502,307	44.95	11,175
1981	261,644.28	198,646	158,631	416,986	45.84	9,097
1982	305,004.90	223,044	178,114	492,897	46.73	10,548
1983	278,645.68	195,921	156,455	456,565	47.63	9,586
1984	405,518.92	273,531	218,431	673,711	48.54	13,880
1985	473,816.14	306,047	244,397	797,999	49.45	16,137
1986	558,052.12	344,497	275,102	952,613	50.36	18,916
1987	720,904.31	423,935	338,538	1,247,451	51.29	24,322
1988	766,479.52	428,477	342,165	1,344,090	52.21	25,744
1989	818,922.76	434,013	346,586	1,455,044	53.14	27,381
1990	768,713.30	384,572	307,104	1,384,065	54.08	25,593
1991	761,613.99	358,568	286,338	1,389,213	55.02	25,249
1992	930,428.71	410,617	327,902	1,719,041	55.96	30,719
1993	773,274.21	318,125	254,042	1,447,161	56.91	25,429
1994	905,589.37	345,464	275,874	1,716,423	57.86	29,665
1995	1,018,614.69	358,328	286,147	1,954,805	58.81	33,239
1996	1,158,549.37	372,381	297,369	2,251,440	59.77	37,668
1997	1,286,585.65	374,757	299,266	2,531,222	60.73	41,680
1998	1,445,789.90	377,236	301,246	2,879,492	61.70	46,669
1999	1,665,976.47	383,741	306,440	3,358,708	62.67	53,594
2000	1,945,889.64	389,139	310,751	3,970,206	63.64	62,385
2001	13,590,398.68	2,302,214	1,838,456	28,060,421	64.61	434,305
2003	24,413.84	2,637	2,106	51,604	66.56	775
2004	35,416.90	2,735	2,184	75,733	67.54	1,121
2006	110,827.61	1,707	1,363	242,458	69.51	3,488
	35,325,950.03	13,773,426	10,998,914	66,718,175		1,171,749
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					56.9	3.32

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334.1 METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -10						
1986	1,458.98	628	501	1,104	24.35	45
1988	2,096.80	822	656	1,650	25.75	64
2002	56,623.00	5,699	4,551	57,734	36.34	1,589
2003	30,783.47	2,411	1,926	31,936	37.15	860
	90,962.25	9,560	7,634	92,424		2,558
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					36.1	2.81

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334.11 METERS - BRONZE CASE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -10						
1963	131.76	104	83	62	11.30	5
1971	7,069.74	4,841	3,866	3,911	15.10	259
2002	37,862.01	3,811	3,043	38,605	36.34	1,062
	45,063.51	8,756	6,992	42,578		1,326
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					32.1	2.94

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334.12 METERS - PLASTIC CASE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -10						
1972	47.23	32	26	26	15.64	2
1974	1,175.04	751	600	693	16.75	41
1976	403.13	245	196	247	17.90	14
1977	1,234.75	730	583	775	18.50	42
1978	1,466.17	842	672	941	19.11	49
1979	6,279.61	3,502	2,797	4,111	19.72	208
1980	404.24	218	174	271	20.35	13
1981	5,217.28	2,727	2,178	3,561	20.99	170
1983	42,049.15	20,454	16,334	29,920	22.31	1,341
1984	54,145.65	25,343	20,238	39,322	22.98	1,711
1985	43,718.71	19,645	15,688	32,403	23.66	1,370
1986	1,094.32	471	376	828	24.35	34
1987	8,737.25	3,595	2,871	6,740	25.04	269
1988	46,244.62	18,120	14,470	36,399	25.75	1,414
1989	103,631.09	38,587	30,814	83,180	26.46	3,144
1990	108,322.87	38,189	30,496	88,659	27.18	3,262
1991	133,905.13	44,513	35,546	111,750	27.91	4,004
1992	215,875.34	67,368	53,797	183,666	28.65	6,411
1993	117,315.51	34,223	27,329	101,718	29.39	3,461
1994	104,936.80	28,454	22,722	92,708	30.14	3,076
1995	139,216.55	34,870	27,845	125,293	30.89	4,056
2001	308,989.00	37,796	30,182	309,706	35.55	8,712
	1,444,409.44	420,675	335,934	1,252,917		42,804

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 29.3 2.96

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334.13 METERS - OTHER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -10						
1934	2,565.10	2,640	2,108	714	2.58	277
1935	317.50	325	260	89	2.83	31
1936	184.20	187	149	54	3.07	18
1937	954.77	964	770	280	3.30	85
1939	69.91	70	56	21	3.75	6
1940	126.80	126	101	38	3.98	10
1941	411.17	405	323	129	4.22	31
1944	126.81	122	97	42	4.99	8
1946	166.54	158	126	57	5.54	10
1949	21.51	20	16	8	6.40	1
1950	63.27	58	46	24	6.69	4
1951	768.50	697	557	288	7.00	41
1952	56.86	51	41	22	7.31	3
1953	888.22	791	632	345	7.62	45
1954	628.72	554	442	250	7.95	31
1956	1,671.24	1,442	1,152	686	8.62	80
1957	566.29	483	386	237	8.97	26
1958	94.99	80	64	40	9.33	4
1959	828.81	691	552	360	9.70	37
1960	1,132.35	932	744	502	10.08	50
1961	782.01	635	507	353	10.47	34
1962	333.51	267	213	154	10.88	14
1963	1,615.14	1,275	1,018	759	11.30	67
1964	1,232.54	958	765	591	11.73	50
1965	6,446.79	4,934	3,940	3,151	12.17	259
1966	10,444.82	7,861	6,277	5,212	12.63	413
1967	3,381.70	2,502	1,998	1,722	13.10	131
1969	1,452.26	1,035	827	770	14.07	55
1971	1,120.46	767	612	621	15.10	41
1974	4,132.36	2,642	2,110	2,436	16.75	145
1977	594.85	352	281	373	18.50	20
1978	2,329.73	1,338	1,068	1,495	19.11	78
1980	1,774.76	959	766	1,186	20.35	58
1981	2,808.79	1,468	1,172	1,918	20.99	91
1982	7,628.38	3,849	3,074	5,317	21.65	246
1983	376.27	183	146	268	22.31	12
1984	5,938.07	2,779	2,219	4,313	22.98	188
1985	10,870.72	4,885	3,901	8,057	23.66	341

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334.13 METERS - OTHER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -10						
1986	8,085.38	3,479	2,778	6,116	24.35	251
1987	157.20	65	52	121	25.04	5
1988	2,965.98	1,162	928	2,335	25.75	91
1989	6,433.87	2,396	1,913	5,164	26.46	195
1990	3,578.24	1,262	1,008	2,928	27.18	108
1992	11,596.71	3,619	2,890	9,866	28.65	344
1993	9,288.99	2,710	2,164	8,054	29.39	274
1994	11,163.66	3,027	2,417	9,863	30.14	327
1995	11,520.15	2,885	2,304	10,368	30.89	336
1996	203,632.29	46,748	37,331	186,665	31.65	5,898
1997	221,064.31	46,081	36,799	206,372	32.42	6,366
1998	256,943.69	48,105	38,415	244,223	33.19	7,358
1999	252,648.15	41,881	33,445	244,468	33.97	7,197
2000	4,604,383.08	663,492	529,838	4,534,983	34.76	130,466
2001	1,120,323.68	137,038	109,433	1,122,923	35.55	31,587
2003	51,036.62	3,997	3,192	52,948	37.15	1,425
2004	18,050.92	1,017	812	19,044	37.95	502
2006	2,721.00	31	25	2,968	39.59	75
	6,870,500.64	1,058,480	845,260	6,712,291		195,846
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					34.3	2.85

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334.20 METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -10						
1934	32,737.80	33,689	26,903	9,109	2.58	3,531
1935	2,832.30	2,895	2,312	804	2.83	284
1936	1,106.92	1,124	898	320	3.07	104
1937	208.22	210	168	61	3.30	18
1938	4,064.18	4,077	3,256	1,215	3.52	345
1939	2,074.80	2,068	1,651	631	3.75	168
1940	1,614.22	1,599	1,277	499	3.98	125
1941	3,448.50	3,393	2,710	1,083	4.22	257
1942	1,093.46	1,068	853	350	4.47	78
1943	39.59	38	30	14	4.73	3
1944	73.16	70	56	24	4.99	5
1945	280.47	268	214	95	5.26	18
1946	448.62	425	339	154	5.54	28
1947	6,704.36	6,302	5,033	2,342	5.82	402
1948	21,058.29	19,632	15,677	7,487	6.10	1,227
1949	20,356.75	18,810	15,021	7,371	6.40	1,152
1950	2,282.42	2,091	1,670	841	6.69	126
1951	9,092.34	8,251	6,589	3,413	7.00	488
1952	18,095.03	16,266	12,989	6,916	7.31	946
1953	19,638.24	17,487	13,964	7,638	7.62	1,002
1954	20,643.59	18,194	14,529	8,179	7.95	1,029
1955	24,383.98	21,270	16,985	9,837	8.28	1,188
1956	23,409.49	20,201	16,132	9,618	8.62	1,116
1957	33,675.52	28,734	22,946	14,097	8.97	1,572
1958	26,488.12	22,339	17,839	11,298	9.33	1,211
1959	13,498.05	11,247	8,981	5,867	9.70	605
1960	36,058.95	29,669	23,692	15,973	10.08	1,585
1961	34,299.84	27,852	22,242	15,488	10.47	1,479
1962	31,169.57	24,961	19,933	14,354	10.88	1,319
1963	51,669.29	40,780	32,565	24,271	11.30	2,148
1964	68,563.22	53,299	42,562	32,858	11.73	2,801
1965	73,820.62	56,493	45,113	36,090	12.17	2,965
1966	71,797.33	54,036	43,151	35,826	12.63	2,837
1967	66,510.88	49,201	39,290	33,872	13.10	2,586
1968	57,720.88	41,937	33,489	30,004	13.58	2,209
1969	46,446.42	33,117	26,446	24,645	14.07	1,752
1970	50,209.49	35,099	28,029	27,201	14.58	1,866
1971	56,854.10	38,931	31,089	31,451	15.10	2,083

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 334.20 METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -10						
1972	96,573.31	64,694	51,662	54,569	15.64	3,489
1973	74,691.30	48,902	39,051	43,109	16.19	2,663
1974	150,387.30	96,146	76,778	88,648	16.75	5,292
1975	90,840.85	56,657	45,244	54,681	17.32	3,157
1976	108,788.74	66,116	52,798	66,870	17.90	3,736
1977	156,813.51	92,716	74,039	98,456	18.50	5,322
1978	206,753.70	118,763	94,839	132,590	19.11	6,938
1979	209,590.81	116,889	93,343	137,207	19.72	6,958
1980	216,198.99	116,817	93,285	144,534	20.35	7,102
1981	171,760.95	89,783	71,697	117,240	20.99	5,586
1982	201,522.58	101,682	81,199	140,476	21.65	6,488
1983	185,077.06	90,025	71,890	131,695	22.31	5,903
1984	274,473.49	128,467	102,589	199,332	22.98	8,674
1985	387,275.70	174,022	138,967	287,036	23.66	12,132
1986	366,628.21	157,767	125,987	277,304	24.35	11,388
1987	455,920.14	187,566	149,783	351,729	25.04	14,047
1988	387,544.85	151,848	121,260	305,039	25.75	11,846
1989	512,183.54	190,712	152,295	411,107	26.46	15,537
1990	355,408.29	125,299	100,059	290,890	27.18	10,702
1991	408,485.45	135,789	108,436	340,898	27.91	12,214
1992	519,298.12	162,057	129,412	441,816	28.65	15,421
1993	490,162.24	142,990	114,186	424,992	29.39	14,460
1994	429,188.10	116,374	92,932	379,175	30.14	12,580
1995	383,277.95	96,000	76,662	344,944	30.89	11,167
1996	492,390.36	113,038	90,268	451,361	31.65	14,261
1997	703,236.00	146,590	117,061	656,499	32.42	20,250
1998	528,483.62	98,943	79,012	502,320	33.19	15,135
1999	756,093.39	125,338	100,090	731,613	33.97	21,537
2000	542,454.54	78,168	62,422	534,278	34.76	15,370
2001	4,340,274.37	530,902	423,958	4,350,344	35.55	122,373
2002	17,192.94	1,730	1,382	17,530	36.34	482
2003	1,338.88	105	84	1,389	37.15	37
2004	2,636.69	148	118	2,782	37.95	73
2006	92,324.70	1,036	827	100,730	39.59	2,544
	15,249,739.68	4,671,202	3,730,238	13,044,479		467,522

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 27.9 3.07

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 335 FIRE HYDRANTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R3						
NET SALVAGE PERCENT.. -25						
1934	7,384.90	7,219	5,765	3,466	16.35	212
1935	189.90	184	147	90	16.85	5
1936	78.19	75	60	38	17.37	2
1937	181.55	173	138	89	17.91	5
1938	117.38	111	89	58	18.45	3
1939	683.31	638	509	345	19.01	18
1940	354.86	328	262	182	19.58	9
1941	675.03	617	493	351	20.16	17
1942	147.02	133	106	78	20.75	4
1945	15.82	14	11	9	22.60	
1946	946.38	816	652	531	23.24	23
1947	478.45	408	326	272	23.89	11
1948	2,135.88	1,796	1,434	1,236	24.55	50
1949	1,970.51	1,635	1,306	1,157	25.21	46
1950	2,032.11	1,663	1,328	1,212	25.89	47
1951	1,697.22	1,370	1,094	1,028	26.58	39
1952	4,521.48	3,596	2,872	2,780	27.28	102
1953	9,633.30	7,549	6,028	6,014	27.98	215
1954	4,963.31	3,830	3,058	3,146	28.70	110
1955	19,993.74	15,188	12,129	12,863	29.42	437
1956	16,075.89	12,017	9,596	10,499	30.15	348
1957	20,413.63	15,007	11,984	13,533	30.89	438
1958	17,515.83	12,657	10,107	11,788	31.64	373
1959	37,770.91	26,822	21,419	25,795	32.39	796
1960	23,861.09	16,643	13,290	16,536	33.15	499
1961	29,642.90	20,294	16,206	20,848	33.92	615
1962	46,456.31	31,201	24,916	33,154	34.70	955
1963	28,269.90	18,616	14,866	20,471	35.49	577
1964	43,343.08	27,973	22,338	31,841	36.28	878
1965	57,987.75	36,648	29,266	43,219	37.08	1,166
1966	106,388.51	65,815	52,557	80,429	37.88	2,123
1967	62,671.39	37,916	30,278	48,061	38.70	1,242
1968	68,054.36	40,246	32,139	52,929	39.52	1,339
1969	61,875.47	35,741	28,541	48,803	40.34	1,210
1970	68,095.43	38,380	30,649	54,470	41.18	1,323
1971	57,167.83	31,421	25,092	46,368	42.02	1,103
1972	77,836.25	41,691	33,293	64,002	42.86	1,493
1973	148,919.21	77,643	62,003	124,146	43.72	2,840

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 335 FIRE HYDRANTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-R3						
NET SALVAGE PERCENT.. -25						
1974	368,826.21	187,041	149,364	311,669	44.57	6,993
1975	100,785.47	49,649	39,648	86,334	45.44	1,900
1976	73,621.23	35,200	28,109	63,918	46.31	1,380
1977	126,982.93	58,872	47,013	111,716	47.18	2,368
1978	141,334.91	63,442	50,662	126,007	48.07	2,621
1979	149,046.18	64,705	51,671	134,637	48.95	2,751
1980	129,763.89	54,387	43,431	118,774	49.85	2,383
1981	72,840.50	29,455	23,522	67,529	50.74	1,331
1982	76,637.32	29,821	23,814	71,983	51.65	1,394
1983	60,477.54	22,619	18,063	57,534	52.56	1,095
1984	161,866.65	58,090	46,388	155,945	53.47	2,916
1985	164,912.37	56,647	45,236	160,904	54.39	2,958
1986	113,002.43	37,079	29,610	111,643	55.31	2,018
1987	221,996.95	69,402	55,422	222,074	56.24	3,949
1988	231,857.93	68,891	55,014	234,808	57.17	4,107
1989	224,104.86	63,086	50,378	229,753	58.11	3,954
1990	342,995.68	91,194	72,824	355,921	59.05	6,027
1991	202,622.54	50,681	40,472	212,806	59.99	3,547
1992	331,772.59	77,759	62,095	352,621	60.94	5,786
1993	228,536.61	49,935	39,876	245,795	61.89	3,971
1994	275,820.75	55,888	44,630	300,146	62.84	4,776
1995	216,035.95	40,318	32,196	237,849	63.80	3,728
1996	319,562.66	54,525	43,541	355,912	64.76	5,496
1997	265,333.40	40,994	32,736	298,931	65.73	4,548
1998	271,629.03	37,621	30,043	309,493	66.69	4,641
1999	366,272.06	44,823	35,794	422,046	67.66	6,238
2000	268,677.15	28,513	22,769	313,077	68.63	4,562
2001	3,525,640.64	316,867	253,037	4,154,014	69.61	59,676
2002	84,282.38	6,205	4,955	100,398	70.58	1,422
	10,147,784.89	2,477,783	1,978,660	10,706,074		179,209
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					59.7	1.77

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 339.1 OTHER SOURCE OF SUPPLY PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
2002	3,838.00	3,454	2,758	1,080	0.50	1,080
	3,838.00	3,454	2,758	1,080		1,080
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					1.0	28.14

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.10 OFFICE FURNITURE & EQUIPMENT - FURNITURE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1953	25.00	25	25			
1954	257.00	257	257			
1956	176.00	176	176			
1958	694.00	694	694			
1959	733.00	733	733			
1960	143.00	143	143			
1962	39.00	39	39			
1963	58.00	58	58			
1964	48.00	48	48			
1966	218.00	218	218			
1967	636.00	636	636			
1969	806.00	806	806			
1970	16,869.00	16,869	16,869			
1971	645.00	645	645			
1972	222.00	222	222			
1973	1,913.00	1,913	1,913			
1974	564.00	564	564			
1976	1,709.00	1,709	1,709			
1977	4,932.55	4,933	4,933			
1978	1,733.00	1,733	1,733			
1979	4,002.00	4,002	4,002			
1980	1,571.00	1,571	1,571			
1981	379.00	379	379			
1982	10,865.00	10,865	10,865			
1984	7,608.75	7,609	7,609			
1985	22,978.00	22,978	22,978			
1986	37,720.00	37,720	37,720			
1987	73,872.00	72,025	53,134	20,738	0.50	20,738
1988	75,144.00	69,508	51,278	23,866	1.50	15,911
1989	81,402.00	71,227	52,546	28,856	2.50	11,542
1990	49,514.25	40,849	30,135	19,379	3.50	5,537
1991	11,189.00	8,671	6,397	4,792	4.50	1,065
1992	28,564.00	20,709	15,277	13,287	5.50	2,416
1993	26,024.00	17,566	12,959	13,065	6.50	2,010
1994	3,889.00	2,431	1,793	2,096	7.50	279
1996	1,557.50	818	603	955	9.50	101
1997	1,108.95	527	389	720	10.50	69
1998	154,705.61	65,750	48,505	106,201	11.50	9,235

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.10 OFFICE FURNITURE & EQUIPMENT - FURNITURE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1999	31,010.33	11,629	8,579	22,431	12.50	1,794
2000	2,024.86	658	485	1,540	13.50	114
2001	12,147.12	3,340	2,464	9,683	14.50	668
2002	1,169.72	263	194	976	15.50	63
2003	7,390.01	1,293	954	6,436	16.50	390
2004	6,504.78	813	600	5,905	17.50	337
2005	14,130.29	1,060	782	13,348	18.50	722
2006	2,211.47	55	41	2,170	19.50	111
	701,103.19	506,737	404,660	296,444		73,102
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					4.1	10.43

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.21 OFFICE FURNITURE & EQUIPMENT - MAINFRAME

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	7,951.00	7,951	7,951			
1992	2,098.00	2,098	2,098			
1993	17,245.83	17,246	17,246			
2001	7,184.62	7,185	7,185			
2006	15,760.39	1,576	5,687-	21,447	4.50	4,766
	50,239.84	36,056	28,793	21,447		4,766
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					4.5	9.49

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.22 OFFICE FURNITURE & EQUIP - PERSONAL COMPUTERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED. (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
1986	2,295.43	2,295	2,295			
1987	18,215.95	18,216	18,216			
1988	50,125.00	50,125	50,125			
1989	78,632.65	78,633	78,633			
1990	27,108.55	27,109	27,109			
1991	51,197.10	51,197	51,197			
1992	60,065.75	60,066	60,066			
1993	97,224.59	97,225	97,225			
1994	75,250.05	75,250	75,250			
1996	2,311.93	2,312	2,312			
1997	6,475.24	6,475	6,475			
1998	243,854.23	243,854	243,854			
1999	312,292.83	312,293	312,293			
2000	15,214.78	15,215	15,215			
2001	161,529.01	161,529	161,529			
2002	57,570.26	51,813	36,116-	93,686	0.50	93,686
2004	198,027.54	99,014	69,018-	267,046	2.50	106,818
2005	28,910.23	8,673	6,046-	34,956	3.50	9,987
2006	23,659.54	2,366	1,649-	25,309	4.50	5,624
	1,509,960.66	1,363,660	1,088,965	420,997		216,115
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					1.9	14.31

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.23 OFFICE FURNITURE & EQUIP - PERIPHERAL-OTHER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
1987	19,492.84	19,493	19,493			
1988	13,905.40	13,905	13,905			
1989	10,958.24	10,958	10,958			
1997	14,525.97	14,526	14,526			
1998	18,311.42	18,311	18,311			
1999	56,987.19	56,987	56,987			
2000	13,992.81	13,993	13,993			
2002	306,148.09	275,533	192,254	113,894	0.50	113,894
2003	25,239.69	17,668	12,328	12,912	1.50	8,608
2004	2,218.99	1,109	774	1,445	2.50	578
2005	776.11	233	163	613	3.50	175
2006	15,442.46	1,544	1,077	14,365	4.50	3,192
	497,999.21	444,260	354,769	143,229		126,447
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					1.1	25.39

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.30 OFFICE FURNITURE & EQUIP - COMPUTER SOFTWARE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS	REM. LIFE	ANNUAL ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
1990	5,510.00	5,510	5,510			
1996	4,686.00	4,686	4,686			
1997	69,662.81	69,663	69,663			
1999	3,865,178.65	3,865,179	3,865,179			
2003	22,271.75	15,590	29,447-	51,719	1.50	34,479
2004	533,034.18	266,517	503,412-	1,036,446	2.50	414,578
2005	42,517.70	12,755	24,092-	66,610	3.50	19,031
2006	8,448.48	845	1,596-	10,044	4.50	2,232
	4,551,309.57	4,240,745	3,386,491	1,164,819		470,320
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.5	10.33

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.32 OFF FURN & EQUIP - COMPUTER SOFTWARE-PERSONAL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS	REM. LIFE	ANNUAL ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
1983	6,324.30	6,324	6,324			
1984	2,547.00	2,547	2,547			
1985	3,147.00	3,147	3,147			
1986	5,113.00	5,113	5,113			
1987	487.00	487	487			
1988	50,962.67	50,963	50,963			
1989	6,684.00	6,684	6,684			
1990	14,792.00	14,792	14,792			
1991	10,661.00	10,661	10,661			
1992	5,973.00	5,973	5,973			
1993	58,750.00	58,750	58,750			
1994	147,979.00	147,979	147,979			
1996	173,069.99	173,070	173,070			
1998	109,017.68	109,018	109,018			
1999	41,664.47	41,664	41,664			
2001	1,497.03	1,497	1,497			
	638,669.14	638,669	638,669			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 0.0 0.00

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.33 OFF FURN & EQUIP - COMPUTER SOFTWARE-OTHER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
1986	625.00	625	625			
1991	530.00	530	530			
1993	14,372.00	14,372	14,372			
1994	3,025.00	3,025	3,025			
1997	36,794.45	36,794	36,794			
1999	44,917.16	44,917	44,917			
2000	9,351.59	9,352	9,352			
2001	5,906.95	5,907	5,907			
2002	412,697.73	371,428	273,337	139,361	0.50	139,361
	528,219.88	486,950	388,859	139,361		139,361
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					1.0	26.38

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.50 OFFICE FURNITURE & EQUIPMENT - OTHER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1968	585.00	585	585			
1971	904.40	904	904			
1972	658.00	658	658			
1973	967.00	967	967			
1974	519.00	519	519			
1975	131.00	131	131			
1976	673.00	673	673			
1977	1,758.00	1,758	1,758			
1978	4,357.71	4,358	4,358			
1979	876.00	876	876			
1980	1,359.00	1,359	1,359			
1982	1,888.00	1,888	1,888			
1984	4,212.00	4,212	4,212			
1985	7,120.00	7,120	7,120			
1986	7,425.37	7,425	7,425			
1987	4,031.00	4,031	4,031			
1988	16,210.75	16,211	16,211			
1989	5,990.00	5,990	5,990			
1990	2,845.00	2,845	2,845			
1991	2,036.00	2,036	2,036			
1992	13,931.00	13,467	7,977	5,954	0.50	5,954
1993	7,338.00	6,604	3,912	3,426	1.50	2,284
1994	5,442.00	4,535	2,686	2,756	2.50	1,102
1995	2,566.05	1,967	1,165	1,401	3.50	400
1996	3,849.00	2,694	1,596	2,253	4.50	501
1997	6,415.23	4,063	2,407	4,008	5.50	729
1998	5,250.49	2,975	1,762	3,488	6.50	537
1999	33,992.69	16,996	10,068	23,925	7.50	3,190
2000	1,008.57	437	259	750	8.50	88
2001	23,187.91	8,503	5,037	18,151	9.50	1,911
2002	665.20	200	119	546	10.50	52
2005	3,965.82	397	235	3,731	13.50	276
2006	6,544.92	218	129	6,416	14.50	442
	178,703.11	127,602	101,898	76,805		17,466
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					4.4	9.77

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.1 TRANSPORTATION EQUIPMENT - LIGHT DUTY TRUCKS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 13-S2.5						
NET SALVAGE PERCENT.. +20						
1968	739.00	591	591			
1976	3,355.99	2,685	2,685			
1987	9,469.19	6,870	5,478	2,097	1.21	1,733
1988	19,259.07	13,736	10,953	4,454	1.41	3,159
1989	53,883.60	37,701	30,062	13,045	1.63	8,003
1990	52,145.26	35,747	28,504	13,212	1.86	7,103
1991	87,588.82	58,642	46,760	23,311	2.12	10,996
1992	46,452.14	30,242	24,114	13,048	2.42	5,392
1993	46,061.64	29,056	23,169	13,680	2.75	4,975
1994	48,945.97	29,728	23,704	15,453	3.13	4,937
1996	18,916.57	10,407	8,298	6,835	4.06	1,683
1998	134,873.86	64,157	51,158	56,741	5.27	10,767
1999	210,067.32	90,615	72,254	95,800	5.99	15,993
2000	90,799.73	34,700	27,669	44,971	6.79	6,623
2001	145,027.88	47,743	38,069	77,953	7.65	10,190
2002	188,584.40	51,416	40,998	109,870	8.57	12,820
2006	562,206.11	17,316	13,808	435,957	12.50	34,877
	1,718,376.55	561,352	448,274	926,427		139,251
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					6.7	8.10

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.2 TRANSPORTATION EQUIPMENT - HEAVY DUTY TRUCKS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-S2.5						
NET SALVAGE PERCENT.. +15						
1979	7,424.00	6,121	4,888	1,422	0.45	1,422
1988	43.00	31	25	12	2.28	5
1991	22,947.78	15,345	12,254	7,252	3.20	2,266
1992	141,016.49	91,252	72,870	46,994	3.58	13,127
1994	63,289.00	37,695	30,102	23,694	4.49	5,277
1998	3,522.68	1,591	1,271	1,723	7.03	245
1999	84,706.37	34,416	27,483	44,517	7.83	5,685
2000	86,988.81	31,107	24,841	49,099	8.69	5,650
2001	147,280.43	45,068	35,989	89,199	9.60	9,292
2003	7,461.09	1,471	1,175	5,167	11.52	449
2004	155,561.10	22,042	17,601	114,626	12.50	9,170
2006	63,134.85	1,787	1,427	52,238	14.50	3,603
	783,375.60	287,926	229,926	435,943		56,191
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					7.8	7.17

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.3 TRANSPORTATION EQUIPMENT - AUTOS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 10-R4						
NET SALVAGE PERCENT.. +15						
1992	12,899.00	10,789	8,616	2,348	0.16	2,348
1993	11,825.00	9,669	7,721	2,330	0.38	2,330
1997	7,169.11	5,046	4,030	2,064	1.72	1,200
1998	80,533.22	52,504	41,927	26,526	2.33	11,385
1999	34,092.66	20,169	16,106	12,873	3.04	4,235
2004	16,174.78	3,423	2,734	11,015	7.51	1,467
2006	17,508.17	744	594	14,288	9.50	1,504
	180,201.94	102,344	81,728	71,444		24,469
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					2.9	13.58

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.4 TRANSPORTATION EQUIPMENT - OTHER

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS	REM. LIFE	ANNUAL ACCRUAL
(1)	(2)	(3)	(4)	(5)	(6)	(7)
SURVIVOR CURVE.. IOWA 16-L2.5						
NET SALVAGE PERCENT.. 0						
1987	2,626.00	1,835	1,465	1,161	4.82	241
1997	220.10	113	90	130	7.75	17
2001	5,219.99	1,706	1,362	3,858	10.77	358
2002	16,103.89	4,379	3,497	12,607	11.65	1,082
2004	60,308.69	9,312	7,437	52,872	13.53	3,908
2006	51,202.50	1,598	1,276	49,927	15.50	3,221
	135,681.17	18,943	15,127	120,555		8,827
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					13.7	6.51

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 342 STORES EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
1959	29.00	29	29			
1971	591.00	591	591			
1972	1,677.00	1,677	1,677			
1973	1,591.00	1,591	1,591			
1985	1,017.00	875	671	346	3.50	99
1986	1,383.00	1,134	869	514	4.50	114
1987	27,144.95	21,173	16,231	10,914	5.50	1,984
1990	1,522.00	1,005	770	752	8.50	88
1994	592.00	296	227	365	12.50	29
	35,546.95	28,371	22,656	12,891		2,314
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					5.6	6.51

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 343 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1961	142.17	142	142			
1962	95.00	95	95			
1964	242.00	242	242			
1966	608.74	609	609			
1968	731.00	731	731			
1969	700.00	700	700			
1970	427.39	427	427			
1971	1,288.34	1,288	1,288			
1972	269.00	269	269			
1973	684.00	684	684			
1974	1,140.96	1,141	1,141			
1976	699.32	699	699			
1977	62.16	62	62			
1978	3,298.46	3,298	3,298			
1979	1,337.15	1,337	1,337			
1980	421.04	421	421			
1982	6,771.75	6,772	6,772			
1983	983.85	984	984			
1984	2,316.70	2,317	2,317			
1985	4,652.47	4,652	4,652			
1986	30,838.61	30,839	30,839			
1987	23,183.20	22,604	17,446	5,737	0.50	5,737
1988	31,570.29	29,203	22,539	9,031	1.50	6,021
1989	32,951.37	28,832	22,252	10,699	2.50	4,280
1990	37,866.00	31,239	24,110	13,756	3.50	3,930
1991	77,872.00	60,351	46,578	31,294	4.50	6,954
1992	45,115.00	32,708	25,244	19,871	5.50	3,613
1993	46,580.00	31,442	24,267	22,313	6.50	3,433
1994	21,401.00	13,376	10,323	11,078	7.50	1,477
1995	74,162.49	42,643	32,912	41,250	8.50	4,853
1997	24,720.83	11,742	9,062	15,659	10.50	1,491
1998	75,070.20	31,905	24,624	50,446	11.50	4,387
1999	89,622.34	33,608	25,939	63,683	12.50	5,095
2000	83,739.01	27,215	21,004	62,735	13.50	4,647
2001	46,735.28	12,852	9,919	36,816	14.50	2,539
2002	5,440.16	1,224	945	4,495	15.50	290
2004	11,759.50	1,470	1,135	10,625	17.50	607
2005	119,909.56	8,993	6,941	112,969	18.50	6,106

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 343 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
2006	515,880.70	12,897	9,953	505,928	19.50	25,945
	1,421,289.04	492,013	392,902	1,028,385		91,405
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					11.3	6.43

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 344 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1958	434.61	435	435			
1971	243.00	243	243			
1972	340.00	340	340			
1976	311.73	312	312			
1978	2,033.00	2,033	2,033			
1982	3,743.80	3,744	3,744			
1983	1,262.00	1,262	1,262			
1984	5,746.00	5,746	5,746			
1985	571.00	571	571			
1986	2,702.10	2,702	2,702			
1987	27,023.45	27,023	27,023			
1988	6,331.35	6,331	6,331			
1989	10,910.00	10,910	10,910			
1990	13,244.00	13,244	13,244			
1991	12,891.00	12,891	12,891			
1992	7,700.00	7,444	5,578	2,122	0.50	2,122
1993	17,628.99	15,866	11,889	5,740	1.50	3,827
1994	1,172.70	977	732	441	2.50	176
1995	103,778.77	79,567	59,624	44,155	3.50	12,616
1998	39,234.18	22,234	16,661	22,573	6.50	3,473
1999	80,115.45	40,058	30,018	50,097	7.50	6,680
2000	198,389.55	85,962	64,417	133,973	8.50	15,762
2001	240,468.39	88,180	66,078	174,390	9.50	18,357
2002	63,303.73	18,991	14,231	49,073	10.50	4,674
2006	3,520.19	117	88	3,432	14.50	237
	843,098.99	447,183	357,103	485,996		67,924

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 7.2 8.06

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 345 POWER OPERATED EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 18-L2.5						
NET SALVAGE PERCENT.. +25						
1978	5,168.00	3,036	2,424	1,452	3.90	372
1979	1,617.00	935	747	466	4.12	113
1983	10,759.00	5,801	4,632	3,437	5.06	679
1985	68,885.00	35,818	28,603	23,061	5.52	4,178
1986	1,652.00	845	675	564	5.73	98
1987	4,500.00	2,263	1,807	1,568	5.93	264
1988	89,679.00	44,391	35,449	31,810	6.12	5,198
1989	23,776.89	11,591	9,256	8,577	6.30	1,361
1990	46,876.90	22,462	17,937	17,221	6.50	2,649
1991	38,699.87	18,172	14,511	14,514	6.73	2,157
1992	4,440.00	2,033	1,623	1,707	7.01	244
1993	22,492.95	9,982	7,971	8,899	7.35	1,211
1994	1,716.96	733	585	703	7.76	91
1997	112,455.53	39,877	31,845	52,497	9.49	5,532
1998	42,878.19	13,899	11,099	21,060	10.22	2,061
1999	55,639.33	16,204	12,940	28,789	11.01	2,615
2001	45,456.79	9,999	7,985	26,108	12.72	2,053
2003	20,754.79	2,975	2,376	13,190	14.56	906
2004	992,362.64	102,561	81,902	662,370	15.52	42,678
	1,589,810.84	343,577	274,367	917,993		74,460
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					12.3	4.68

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 346.1 COMMUNICATION EQUIPMENT - NON-TELEPHONE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
1968	66.00	66	66			
1972	1,858.62	1,859	1,859			
1976	3,830.97	3,831	3,831			
1977	2,214.33	2,214	2,214			
1980	426.00	426	426			
1983	17,059.01	17,059	17,059			
1984	79,158.60	79,159	79,159			
1985	17,537.00	17,537	17,537			
1986	23,104.00	23,104	23,104			
1987	36,138.00	36,138	36,138			
1988	61,853.00	61,853	61,853			
1989	176,086.00	176,086	176,086			
1990	10,164.00	10,164	10,164			
1991	5,118.00	5,118	5,118			
1992	1,598.00	1,545	1,043	555	0.50	555
1993	12,196.00	10,976	7,408	4,788	1.50	3,192
1997	102,966.00	65,208	44,013	58,953	5.50	10,719
1998	230,856.35	130,826	88,303	142,553	6.50	21,931
1999	780,859.99	390,430	263,527	517,333	7.50	68,978
2000	15,853.24	6,869	4,636	11,217	8.50	1,320
2001	199,885.38	73,298	49,474	150,411	9.50	15,833
2002	31,957.29	9,587	6,471	25,486	10.50	2,427
2003	51,392.79	11,990	8,093	43,300	11.50	3,765
2004	12,722.50	2,121	1,431	11,292	12.50	903
2005	54,299.33	5,430	3,665	50,634	13.50	3,751
2006	1,944.08	65	44	1,900	14.50	131
	1,931,144.48	1,142,959	912,722	1,018,422		133,505
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					7.6	6.91

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 347 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1956	70.00	70	70			
1957	189.00	189	189			
1959	78.00	78	78			
1960	262.00	262	262			
1963	33.00	33	33			
1966	50.00	50	50			
1972	1,330.00	1,330	1,330			
1973	428.00	428	428			
1974	1,419.00	1,419	1,419			
1976	530.00	530	530			
1977	16,642.30	16,642	16,642			
1978	1,484.70	1,485	1,485			
1979	1,540.00	1,540	1,540			
1981	1,510.00	1,510	1,510			
1982	3,743.19	3,743	3,743			
1983	3,237.57	3,238	3,238			
1984	6,475.60	6,476	6,476			
1985	10,532.91	10,533	10,533			
1986	10,361.02	10,361	10,361			
1987	2,449.42	2,388	1,798	651	0.50	651
1988	4,071.26	3,766	2,836	1,235	1.50	823
1989	33,085.16	28,950	21,800	11,285	2.50	4,514
1990	50,772.53	41,887	31,542	19,231	3.50	5,495
1991	5,374.00	4,165	3,136	2,238	4.50	497
1992	6,094.00	4,418	3,327	2,767	5.50	503
1993	2,716.00	1,833	1,380	1,336	6.50	206
1994	18,634.00	11,646	8,770	9,864	7.50	1,315
1996	11,016.37	5,784	4,356	6,660	9.50	701
1998	57,608.42	24,484	18,437	39,171	11.50	3,406
1999	104,066.92	39,025	29,387	74,680	12.50	5,974
2001	42,294.41	11,631	8,759	33,535	14.50	2,313
2002	84,964.71	19,117	14,396	70,569	15.50	4,553
2003	77,970.14	13,645	10,275	67,695	16.50	4,103
2004	24,723.93	3,090	2,327	22,397	17.50	1,280
2005	647,129.83	48,535	36,549	610,581	18.50	33,004
2006	29,389.48	735	553	28,836	19.50	1,479
	1,262,276.87	325,016	259,545	1,002,731		70,817

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT.. 14.2 5.61

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 348 OTHER TANGIBLE PROPERTY

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31, 2006

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	10,638.00	8,244	6,583	4,055	4.50	901
1997	95,661.91	45,439	36,286	59,376	10.50	5,655
1998	11,659.97	4,955	3,957	7,703	11.50	670
2001	9,718.30	2,673	2,135	7,583	14.50	523
2002	500.00	113	90	410	15.50	26
2003	5,603.90	981	783	4,821	16.50	292
2005	4,702.50	353	282	4,421	18.50	239
	138,484.58	62,758	50,116	88,369		8,306
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					10.6	6.00