

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-143
PUBLIC SERVICE COMMISSION'S FIRST SET OF INFORMATION REQUESTS
ITEMS 1 – 33

Witness Responsible:

Michael A. Miller

29. a. State the date on which Kentucky-American implemented Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."
- b. State the effect(s) on Kentucky-American's financial statements as a result of implementing Statement of Financial Accounting Standards No. 109.
- c. State whether the base period or forecasted period includes any effect of the implementation of Statement of Financial Accounting Standards No. 109.
- d. If Kentucky-American's base period or forecasted period includes any effect of the implementation of Statement of Financial Accounting Standards No. 109, describe each effect in detail.

Response:

- a. SFAS was implemented 1/1/93.
- b. See adoption entry below.
- c. The base year and forecast test years are not impacted by the FAS 109 adoption entry which was recorded in 1993 some ten years ago.
- d. See response to Item C above.

Kentucky-American Water Company

SFAS 109 Adoption Entry

March 1993

	<u>Debit</u>	<u>Credit</u>
Regulatory Liability-ITC		1,362,555
Regulatory Asset-AFUDC Gross-up	1,665,625	
Preliminary Survey (KRS II) – AFUDC Gross-up	18,396	
Abandonment Loss (KRS II) – AFUDC Gross-up	12,235	
Excess Deferred Tax-AFUDC		365,002
Excess Deferred Tax Reserve South Georgia		3,422,991
Regulatory Asset – Temporary Differences Previously flowed thru	5,023,813	

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Gross-up Customer Advances		1,872,348
Excess Deferred Tax-Customer Advance Gross-up	52,919	
Reverse Existing Current Taxes Deferred under APB11		5,049
Reverse Existing Non-Current Taxes Deferred under APB11	12,148,410	
Record Current Deferred SIT under FAS 109	7,937	
Record Non-Current Deferred Sit under FAS 109	30,011	
Record Current Deferred FIT under FAS 109		1,645,185
Record Non-Current Deferred FIT under FAS 109		<u>10,292,689</u>
Cumulative Effect of FAS 109 Adoption	<u>6,473</u>	
TOTALS	18,965,819	18,965,819

For the electronic version, see KAW_R_PSCDR1#29_052107.pdf.