

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
PUBLIC SERVICE COMMISSION'S FIRST SET OF INFORMATION REQUESTS
ITEMS 1 – 33

Witness Responsible:

Michael A. Miller

5. Provide reconciliation and a detailed explanation of each difference, if any, in the capitalization and the net investment rate base of Kentucky-American for the base period.

Response:

Rate base for Base Period	\$194,231,184
Capitalization for Base Period	<u>181,677,464</u>
Difference	12,553,720
Difference as a Percentage of Capital	6.91%

Reconciling Items:

Reclass Net Negative Salvage	\$8,672,194
Accounts Payable impact on working cash	2,172,091
Timing differences related to recording	
Of CIAC's	2,922,721
Bluegrass Water Project-not in rate base	(1,213,286)

Footnote: The Company, in its filing, did not include the reclassified net negative salvage as recorded under FASB 143 in its accumulated depreciation rate base reduction. The Company will amend its filing to properly reflect this overstatement of rate base in the forecasted period.

For electronic version, refer to KAW_R_PSCDR1#5_052107.pdf.