

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
ATTORNEY GENERAL'S REQUEST FOR INFORMATION
Item 67 of 312

Witness: Michael A. Miller

67. Please provide a copy of the Board of Directors minutes for 2004, 2005, 2006 and 2007 to date.

Response:

See attached file.

For electronic version, refer to KAW_R_AGDR1#67_061807.pdf

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
VIA TELECONFERENCE
AT 9:30 A.M. ON THURSDAY, APRIL 15, 2004**

Present: John R. Bigelow
Lindsey W. Ingram, Jr.
Chris E. Jarrett
Daniel L. Kelleher
Roy W. Mundy II

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Robert M. Ross
John Young
Robert W. Freeston
Velma A. Redmond, Esq.
William C. Kelvington
David B. Schultz
Herbert A. Miller, Jr., Esq.
Michael A. Miller
Stephen N. Chambers, Esq.

Mr. Chris Jarrett called the meeting to order and presided as Chairman of the meeting, and Mr. Herb Miller, Secretary of the Company, acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on December 12, 2003, were presented to the Board by Mr. Herb Miller, and on a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the regular meeting of the Board of Directors of this Company held on December 12, 2003, be and the same hereby are approved in the form presented to this meeting.

Mr. Jarrett recommended adding Robert M. Ross as a director. As of this date, there are two vacancies. After discussion, and upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Robert M. Ross be, and hereby is, appointed as a director of the Company to fill one of the vacancies, and shall hold office until the next annual election or until his successor is elected and qualified as provided in Article II, Section 8, of the bylaws.

Mr. Jarrett called for the establishment of a Nominating Committee and the appointment of Bob Ross and Lindsey Ingram as members of this Committee.

Mr. Jarrett reviewed, with the Board, the key strategic issues of the Executive Summary Report.

Mr. Mike Miller reported that so far, \$123,000 in condemnation expenses have occurred.

Mr. Mike Miller reviewed the rate case status with the Board.

Mr. Roy Mundy reviewed the status of the condemnation case and he indicated a May 3, 2004, deadline for the filing of a Response to the Condemnation Petition and Commissioner's Report.

Mr. Mike Miller recommended that the Board declare the regular quarterly dividends on the preferred, preference and common stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made, seconded and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2004, be, and hereby is, declared payable on July 1, 2004, to stockholders of record at the close of business on June 11, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2004, be, and hereby is, declared payable on July 1, 2004, to stockholders of record at the close of business on June 11, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2004, be, and hereby is, declared payable on July 1, 2004, to stockholders of record at the close of business on June 11, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Series of the Company, being the regular quarterly dividend for the period ending May 31, 2004, be, and hereby is, declared payable on June 1, 2004, to stockholders of record at the close of business on May 14, 2004.

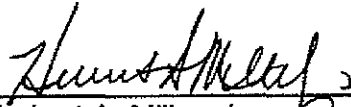
RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.07 per share of Common Stock of the Company, be and hereby is, declared payable on June 28, 2004, to stockholders of record at the close of business on June 4, 2004.

Mr. Herb Miller indicated there were no reported violations of the Company's Code of Ethics during 2003. There was one request by an employee for an exception; however, management denied the request.

Mr. Herb Miller recommended the appointment of PricewaterhouseCoopers, LLP, as the Company's independent accountants. The following resolution was, upon a motion duly and seconded, unanimously adopted:

RESOLVED, that the Board of Directors appoints Pricewaterhouse-Coopers LLP as independent accountants to audit the books and accounts of the Company at the close of the 2004 Fiscal Year.

After a general discussion of the Company and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.



Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
VIA TELECONFERENCE
AT 8:30 A.M. ON WEDNESDAY, JULY 21, 2004**

Present: John R. Bigelow
Patricia A. Freibert
Lindsey W. Ingram, Jr.
Chris E. Jarrett
Daniel L. Kelleher
Robert M. Ross
William G. Sisson

Absent: Roy W. Mundy II

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: James D. McGivern
Velma Redmond, Esq.
Nick O. Rowe,
Herbert A. Miller, Jr., Esq.
Michael A. Miller
Susan S. Marsh, Esq.

Mr. Chris Jarrett called the meeting to order and presided as Chairman of the meeting, and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on April 15, 2004, were presented to the Board and, on a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors of the Company held on April 15, 2004, be and the same hereby are approved in the form presented at this meeting.

In conjunction with the Company's restructuring and the retirement of Roy W. Mundy II, the Chairman announced the resignations of John R. Bigelow, Daniel L. Kelleher, and Roy W. Mundy II, as directors of the Company, effective immediately. Christopher C. Buls, William C. Kelvington and John S. Young were nominated to fill the three vacancies created by the resignations of Messrs. Bigelow, Kelleher and Mundy. After discussion, and upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Christopher C. Buls, William C. Kelvington and John S. Young be, and hereby are, appointed as directors of the Company, and shall hold office until the next annual election or until his successor is elected and qualified as provided in Article II, Section 8, of the bylaws.

The Chairman indicated that it was in order for the Board to elect its Officers. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the following persons are hereby elected as officers of the Company to serve until their termination with the Company, their resignation or the appointment of their successors:

Chairman	Chris E. Jarrett
President.....	Nick O. Rowe
Vice President.....	William C. Kelvington
Vice President, Corporate Counsel and Secretary.....	Herbert A. Miller, Jr.
Treasurer and Comptroller	Michael A. Miller
Assistant Treasurer.....	Roy L. Ferrell, Sr.
Assistant Treasurer and Assistant Secretary	Sheila Valentine
Assistant Secretary.....	Velma A. Redmond
Assistant Comptroller.....	Thomas R. Bailey
Assistant Comptroller.....	Rachel S. Cole
Assistant Comptroller.....	Jonathan G. Eastlick*
Assistant Comptroller.....	Benjamin J. Tartaglia, Jr.*

*Limited Signing Authority

FURTHER RESOLVED, that certain Assistant Comptrollers indicated by an asterisk shall have limited signing authority as provided by a previous resolution of the Board dated October 23, 2001, said Resolution being incorporated herein by reference.

Upon a motion duly made and seconded, the following resolution was also unanimously adopted:

RESOLVED, that the following persons are hereby named to the Executive Committee of the Board of Directors: Chris E. Jarrett, Robert M. Ross, and John S. Young.

Mr. Mike Miller reviewed the Key Strategic Issues with the Board, including the current and forecasted financial activity of the Company. Mr. Mike Miller also reviewed the status of the current rate case.

The Chairman recommended that the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made, seconded and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 25, 2004, be, and hereby is, declared payable on October 1, 2004, to stockholders of record at the close of business on September 10, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 25, 2004, be, and hereby is, declared payable on October 1, 2004, to stockholders of record at the close of business on September 10, 2004.

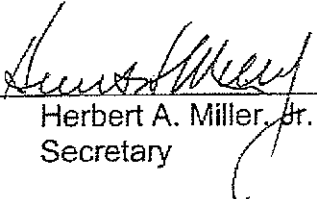
RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 25, 2004, be, and hereby is, declared payable on October 1, 2004, to stockholders of record at the close of business on September 10, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending June 25, 2004, be and hereby is payable on September 1, 2004, to stockholders of record at the close of business on August 13, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.39 per share of Common Stock of the Company, be, and hereby is, declared payable on September 20, 2004, to stockholders of record at the close of business on August 27, 2004.

The Chairman welcomed the new Board Members.

After a general discussion of the Company and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.



Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
HELD VIA TELECONFERENCE
AT 8:15 A.M. ON THURSDAY, OCTOBER 21, 2004**

Present: Christopher C. Buls
Patricia A. Freibert
Lindsey W. Ingram, Jr.
Chris E. Jarrett
William C. Kelvington
Robert M. Ross
William G. Sisson
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Nick Rowe
Herbert A. Miller, Jr., Esq.
Velma Redmond, Esq.
Michael A. Miller

Mr. Chris E. Jarrett called the meeting to order and presided as Chairman of the meeting, and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on July 21, 2004, were presented to the Board. On a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors of the Company held on July 21, 2004, be and the same hereby are approved in the form presented to this meeting.

Mr. Mike Miller reviewed the Key Strategic Issues with the Board, including the current and forecasted financial information. Mr. Mike Miller also reviewed the status of the current rate case. Mr. Herb Miller reviewed the status of litigation involving the Company.

The Chairman recommended that the Board declare the regular quarterly dividends on the preferred, preference and common stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After discussion, and upon motion duly made, seconded and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 24, 2004, be, and hereby is, declared payable on January 1, 2005, to stockholders of record at the close of business on December 10, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 24, 2004, be, and hereby is, declared payable on January 1, 2005, to stockholders of record at the close of business on December 10, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 24, 2004, be, and hereby is, declared payable on January 1, 2005, to stockholders of record at the close of business on December 10, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending September 24, 2004, be and hereby is payable on December 1, 2004, to stockholders of record at the close of business on November 12, 2004.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.25 per share of Common Stock of the Company, be, and hereby is, declared payable on December 6, 2004, to stockholders of record at the close of business on November 12, 2004.

Mr. Nick Rowe updated the Board on the status of the condemnation action by the Lexington-Fayette Urban County Government.

Mr. Herb Miller discussed the changes in Kentucky statutes in regard to indemnification of the Company's directors, officers and employees, including former directors, officers and employees, and the need to amend the current Bylaws to stay consistent with Kentucky law. The recommendation was to delete, in its entirety, the current section on indemnification of the Bylaws and a new Section 13 be substituted in lieu thereof. After discussion, and upon motion duly made, seconded and carried, the following new Section on Indemnification for the Bylaws was unanimously adopted:

SECTION 13. INDEMNIFICATION

1. Definitions. As used in this Section 13:
 - a. "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal;
 - b. "Party" includes a person who was, is or is threatened to be made a named defendant or respondent in a Proceeding;
 - c. "Expenses" include attorneys fees;
 - d. "Officer" means any person serving as Chairman of the Board of Directors, President, Executive Vice President, Vice President, Treasurer, Executive Director, Secretary or any other officer of the corporation;
 - e. "Director" means an individual who is or was a director of the corporation or an individual who, while a director of the corporation, is or was serving at the request of the corporation as a Director, Officer, partner, member, manager, trustee, employee or agent of another foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise. A Director shall be considered serving an employee benefit plan at the request of the corporation if his duties to the corporation also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate or personal representative of a Director.

2. Indemnification by Corporation.
 - a. The corporation shall indemnify any Officer or Director who is made a Party to any Proceeding by reason of the fact that such person is or was an Officer or Director if:
 - (i) Such Officer or Director conducted himself or herself in good faith; and
 - (ii) Such Officer or Director reasonably believed:
 - (ii-a) In the case of conduct in his or her official capacity with the corporation, that his or her conduct was in the best interest of the corporation; and
 - (ii-b) In all other cases, that his or her conduct was at least not opposed to the best interest of the corporation; and
 - (iii) In the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.
 - b. A Director's conduct with respect to an employee benefit plan for a purpose he or she reasonably believes to be in the interest of the participants in and beneficiaries of the plan shall be conduct that satisfies the requirements of Section 2(A)(ii)(2) of Section 13 of these Bylaws.

- c. Indemnification shall be made against judgments, penalties, fines, settlements and reasonable Expenses actually incurred by such Officer or Director in connection with the Proceeding, except that if the Proceeding was by or in the right of the corporation, indemnification shall be made only against such reasonable Expenses and shall not be made in respect of any Proceedings in which the Officer or Director shall have been adjudged to be liable to the corporation. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, by itself, be determinative that the Officer or Director did not meet the requisite standard of conduct set forth in this Section 2.
- d. (i) Reasonable Expense incurred by an Officer or Director as a Party to a Proceeding with respect to which indemnity is to be provided under this Section 2 shall be paid or reimbursed by the corporation in advance of the final disposition of such Proceeding provided:
 - (i-a) The corporation receives (1) a written affirmation by the Officer or Director of his or her good faith belief that he or she has met the requisite standard of conduct set forth in this Section 13, and (2) the corporation receives a written undertaking by or on behalf of the Officer or Director to repay such amount if it shall ultimately be determined that he or she has not met such standard of conduct; and
 - (i-b) The corporation's Board of Directors (or other appropriate decision maker for the corporation) determines that the facts then known to the Board of Directors (or decision maker) would not preclude indemnification under Kentucky law.
- (ii) The undertaking required herein shall be an unlimited general obligation of the Officer or Director but shall not require any security and shall be accepted without reference to the financial ability of the Officer or Director to make repayment.
- (iii) Determinations and authorizations of payments under Section 2(D) of Section 13 of these Bylaws shall be made in the manner specified in Section 2(E) of Article 13 of these Bylaws.
- e. (i) The corporation shall not indemnify an Officer or Director under this Section 2 of Section 13 of these Bylaws unless authorized in the specific case after a determination has been made that indemnification of the Officer or Director is permissible in the circumstances because he or she has met the standard of conduct set forth in this Section 2.
- (ii) Such determination shall be made:
 - (ii-a) By the corporation's Board of Directors by majority vote of a quorum consisting of directors not at the time Parties to the Proceeding;

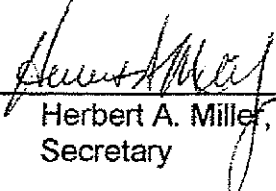
- (ii-b) If a quorum cannot be obtained under Section 2(E)(2)(i) of Section 13 of these Bylaws, by majority vote of a committee duly designated by the corporation's Board of Directors (in which designation directors who are Parties may participate), consisting solely of two (2) or more directors not at the time Parties to the Proceeding; or
 - (ii-c) By special legal counsel (1) Selected by the corporation's Board of Directors or its committee in the manner prescribed in Sections 2(E)(ii)(A) and (B) of Section 13 of these Bylaws; or (2) If a quorum of the Board of Directors cannot be obtained under Section 2(E)(ii)(a) of Section 13 of these Bylaws and a committee cannot be designated under Section 2(E)(ii)(b) of Section 13 of these Bylaws, selected by a majority vote of the full Board of Directors (in which selection Directors who are Parties may participate);
 - (ii-d) By the shareholders, provided that shares owned by or voted under the control of Directors or Officers who are at the time Parties to the Proceeding shall not be voted on the determination.
 - (iii) Authorization of indemnification and evaluation as to reasonableness of Expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of Expense shall be made by those entitled under Section 2(E)(ii)(C) of Section 13 of these Bylaws to select counsel.
3. Further Indemnification. Notwithstanding any limitation imposed by Section 2 of Article IX of these Bylaws or elsewhere and in addition to the indemnification set forth in Section 2 of Section 13 of these Bylaws, the corporation, to the full extent permitted by law, may agree by contract or otherwise to indemnify any Officer or Director and hold him or her harmless against any judgments, penalties, fines, settlements and reasonable Expense actually incurred or reasonably anticipated in connection with any Proceeding in which any Officer or Director is a Party, provided the Officer or Director was made a Party to such Proceeding by reason of the fact that he or she is or was an Officer or Director of the corporation or by reason of any inaction, nondisclosure, action or statement made, taken or omitted by or on behalf of the Officer or Director with respect to the corporation or by or on behalf of the Officer or Director in his capacity as an Officer or Director.
4. Insurance. The corporation may, in the discretion of the Board of Directors, purchase and maintain or cause to be purchased and maintained insurance on behalf of all Officers and Directors against

any liability asserted against them or incurred by them in their capacity or arising out of their status as an Officer or Director, to the extent such insurance is reasonably available. Such insurance shall provide such coverage for the Officers and Directors as the Board of Directors may deem appropriate.

Mr. Herb Miller gave an update on legal issues since the April board meeting. Pertaining to a complaint filed with the Kentucky Registry of Election Finance, the Board was asked to consider authorization to indemnify a former officer of the company who was named in the complaint. Upon motion duly made, seconded and carried, the following Resolution was unanimously adopted:

RESOLVED, that the Board of Directors of Kentucky American Water Company, in reliance of the representations made pursuant to KRS 271B.8-530 and facts currently before it, including an affidavit submitted by former Company President, Mr. Roy W. Mundy II (and attached to these minutes), do hereby indemnify Roy W. Mundy II and authorize the advancement of the costs of his defense of allegations of unlawful conduct before the Kentucky Registry of Election Finance.

After a general discussion of the Company and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.


Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY HELD
HELD VIA TELECONFERENCE
AT 8:15 A.M. ON THURSDAY, DECEMBER 16, 2004**

Present: Christopher E. Buls
Patricia A. Freibert
Lindsey W. Ingram, Jr.
Chris E. Jarrett
William C. Kelvington
Robert M. Ross
William G. Sisson

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Absent: John S. Young

Also present: Nick O. Rowe
Velma Redmond, Esq.
Herbert A. Miller, Jr., Esq.
Michael A. Miller

Mr. Chris E. Jarrett called the meeting to order and presided as Chairman of the meeting, and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on October 21, 2004, were presented to the Board. On a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors of the Company held on October 21, 2004, be and the same hereby are approved in the form presented to this meeting.

Mr. Mike Miller reviewed the Key Strategic Issues with the Board. Mr. Mike Miller also gave a preliminary report on year-end 2004 financial results, and reported on the status of the 2004 rate case.

Mr. Rowe, President of the Company, updated the Board on the status of the labor union contracts and the condemnation case.

Mr. Mike Miller recommended the Board approve the 2005 Annual Business Plan and Investment Projects. On a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the 2005 Annual Business Plan and Investment Projects is approved in the form presented to this meeting.

The Chairman further recommended to the Board that it adopt appropriate resolutions authorizing certain officers of the Company to undertake to do all such acts and things as may be necessary or desirable in connection with the Operation and Maintenance, Lease and Capital Investment Plan of the Company heretofore approved by the Board at this meeting. After a discussion, the following resolutions were unanimously adopted:

RESOLVED, that the President or any Vice President of the Company be, and each of them hereby is, authorized and empowered on behalf of the Company to execute and deliver contracts, leases or other agreements for equipment, facilities or property contained in the Company's approved schedule of lease agreements, such lease agreements to be in such forms with such changes or amendments as to the officer executing same shall determine to be necessary or advisable, the necessity or advisability thereof to be conclusively evidenced by the execution and delivery of such lease agreements.

RESOLVED, that the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company be, and each of them hereby is, authorized and empowered to do any and all such acts and things as any one of them may deem necessary or advisable in order to carry out all actions authorized by the Board of Directors of the Company, as reflected on the Operations and Maintenance, Lease and Capital Investment Plan for 2005, and the schedules thereof, heretofore approved at this meeting and incorporated by reference as a part of the minutes hereof.

Mr. Mike Miller recommended the Board approve Capital Investment Project 04-04 for Standardized Technology Enabled Processes (STEP). After discussion and on a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that Capital Investment Project 04-04 for Standardized Technology Enabled Processes be and the same hereby are approved in the form presented to this meeting.

The Chairman then stated that the annual meeting of the shareholders of this Company is to be held on Friday, May 27, 2005, at 2:00 p.m. and that the Board of Directors may fix in advance a date not less than ten (10) days prior to the date of the meeting, as the record date for the determination of shareholders entitled to notice of and to vote at the meeting, and recommended that the Board fix the close of business on May 6, 2005, as the record date.

The following resolutions were then introduced and on motion duly made, seconded and carried, unanimously adopted:

RESOLVED, that the close of business on Friday, May 6, 2005, be and hereby is fixed as the record date for the determination of the shareholders entitled to notice of and to vote at the annual meeting of the shareholders of this Company to be held on Friday, May 27, 2005, at 2:00 p.m. at the office of the Company in Lexington, Kentucky.

RESOLVED, that the Secretary of this Company is authorized and directed to issue notice of the annual meeting of the shareholders of this Company, and that such notice be mailed with reasonable promptness and in any event not later than ten (10) days before the date of such annual meeting at such address as appears on the books of the Company.

Reference was made to the Pension Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries (the "Pension Plan"). It was suggested that the Board authorize the payment by the Company of its allocated share of the contribution to the trust established by American Water Works Company, Inc. for the payment of pension benefits under the Pension Plan. After a discussion and upon a motion duly made, seconded and carried, the following resolution was adopted:

RESOLVED, that this Company be, and hereby is, authorized to pay to the trust established by American Water Works Company, Inc. for the payment of pension benefits the sum of \$358,534.00, its allocated share of the contribution to the trust for the Plan Year 2004.

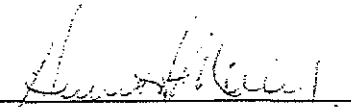
RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

Reference was made to the funding of the cost of post-retirement welfare plan benefits for active and retired employees of American Water Works Company, Inc. and Its Designated Subsidiaries. It was then suggested that the Board authorize the payment of the Company's allocated share of the cost of the post-retirement welfare plan benefits in the estimated amount of \$791,335.00 for calendar year 2004 to the Voluntary Employee Beneficiary Association trust established by American Water Works Company, Inc. for the payment of these benefits (the "VEBA"). After a discussion, and upon a motion duly made, seconded and carried, the following resolution was adopted:

RESOLVED, that this Company be and hereby is authorized to pay to the Voluntary Employee Beneficiary Association trust established by American Water Works Company, Inc. for the payment of health and life insurance plan benefits the estimated sum of \$791,335.00, its allocated share of the cost of the post-retirement welfare plan benefits for calendar year 2004.

RESOLVED, that the proper officers of the Company be and each of them hereby is authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purposes of the foregoing resolution, including the payment of the actual contribution as calculated for the plan for the calendar year 2004.

After a general discussion of the Company and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.


Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
HELD VIA TELECONFERENCE
AT 8:00 A.M. ON FRIDAY, APRIL 25, 2005**

Present: Christopher E. Buls
Patricia A. Freibert
Lindsey W. Ingram, Jr.
Chris E. Jarrett, Chairman
William C. Kelvington
William G. Sisson
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Nick O. Rowe
Velma Redmond, Esq.
Herbert A. Miller, Jr., Esq.
Michael A. Miller
Deborah Herndon

Mr. Chris E. Jarrett called the meeting to order and presided as Chairman of the meeting, and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

The Board expressed its gratitude to Robert M. Ross for his many years of service to the Company and announced it had accepted Mr. Ross' resignation as a Director of the Company, effective at the close of business on March 31, 2005. Daniel W. Warnock was then nominated to fill the vacancy created by the resignation of Mr. Ross. There being no other nominations, a vote taken resulted unanimously in favor of Daniel W. Warnock, and he was declared duly elected as a Director of the Company to serve until his successor is chosen and qualified. Mr. Warnock was also elected as a member of the Executive Committee.

The minutes of the meeting of the Board of Directors held on December 16, 2004, were presented to the Board. On a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors of the Company held on December 16, 2004, be and the same hereby are approved in the form presented to this meeting.

The Chairman reviewed the Managing Director's report.

Mr. Warnock expressed his appreciation, on behalf of the Board, for Mr. Chris Jarrett's services as chairman and a board member.

The Chairman and Mr. Mike Miller reviewed with the Board the Company's Key Strategic Issues.

Mr. Mike Miller also reviewed the status of the rate case and the impact of a court appeal.

Mr. Nick Rowe, President of the Company, reported that KAW employees received the Customer Service Award presented by Jim McGivern at the recent Chicago conference. Mr. Rowe congratulated the employees of the Company for this award.

Mr. Rowe updated the Board on the status of the condemnation action.

The Board unanimously approved four resolutions relating to the dismissal of the condemnation action:

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF KENTUCKY-AMERICAN WATER COMPANY (the "Company"):

WHEREAS, Nick O. Rowe, President of the Company, and Jim McGivern, Chief Operating Officer of American Water Company, have been fully authorized to make certain representations and commitments to the Lexington-Fayette Urban County Government ("LFUCG"), which the Board of directors desires to hereby ratify;

THEREFORE, the Board of Directors hereby authorizes and ratifies all of the representations and commitments made by Nick O. Rowe and Jim McGivern, on behalf of the Company, in the correspondence from the Company to the LFUCG Council dated January 19, 2005, March 24, 2005 and April 15, 2005 (attached hereto and incorporated herein).

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF KENTUCKY-AMERICAN WATER COMPANY (the "Company"):

WHEREAS, the Company, along with its predecessors, has been the trusted water supplier and a valued corporate citizen of this community for over 100 years; and

WHEREAS, the Company's employees have provided outstanding service to the communities we serve; and

WHEREAS, the Company has defended its rights of ownership against a takeover by eminent domain by the Lexington-Fayette Urban County Government ("LFUCG");

THEREFORE, upon the effectiveness of such Ordinance(s) or Resolution(s) of the LFUCG Council, which Ordinance(s) or Resolution(s) is (are) not subject to a valid veto nor is (are) the subject of any proceeding affecting the validity or effectiveness of the Ordinance(s) or Resolution(s) authorizing and directing the termination of the eminent domain proceedings against the Company, the President or Vice President of the Company (or its counsel of record in any legal proceedings, where appropriate) are hereby authorized to take all necessary and appropriate actions to:

- a. Dismiss the eminent domain proceedings in Fayette Civil Action No. 03-CI-2804; and
- b. Dismiss the legal proceedings in Fayette Civil Action Nos. 03-CI-2968 and 03-CI-4500; and
- c. Execute a Settlement Agreement and Release and a Stipulation and Agreed Order of Dismissal in the form attached hereto to effect the dismissals authorized herein.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF KENTUCKY-AMERICAN WATER COMPANY (the "Company"):

WHEREAS, the Company, along with its predecessors, has been the trusted water supplier and a valued corporate citizen of this community for over 100 years; and

WHEREAS, the Company's employees have provided outstanding service to the communities we serve; and

WHEREAS, the Company has defended its rights of ownership against a takeover by eminent domain by the Lexington-Fayette Urban County Government ("LFUCG"); and

WHEREAS, the continued use of Jacobson Park and Lakeside Golf Course for public park and recreational purposes, provided that the Company can make use of the reservoir, is in the best interests of the citizens of Lexington and Central Kentucky, our customers, employees and shareholders;

THEREFORE, upon the effectiveness of a final and unappealable Order of the Fayette Circuit Court dismissing the eminent domain proceedings in Fayette Circuit Court, Civil Action No. 03-CI-2804, the President or Vice President of the Company is hereby authorized to execute: (1) an Amendment to Lease ("Amendment") for the property known as Jacobson Park and Lakeside Golf Course; (2) a deed ("Deed"), attached to the Amendment, conveying fee simple title to the LFUCG on or about January 2, 2011, subject to the terms of the Amendment; and (3) an Escrow Agreement attached to the Amendment for the placement of the executed Deed into escrow subject to the terms of the Escrow Agreement for transfer of title on or about January 2, 2011. The President or Vice President of the Company is further authorized to initiate any necessary proceedings before the Public Service Commission of Kentucky for approval of the Amendment, Deed and/or Escrow Agreement. The form for the Amendment, Deed and Escrow Agreement are attached hereto and incorporated herein.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF KENTUCKY-AMERICAN WATER COMPANY (the "Company"):

WHEREAS, in anticipation of the termination of eminent domain proceedings brought by the Lexington-Fayette Urban County Government ("LFUCG"), the Company has offered to deed fee simple title to approximately 386.272 acres, being property known as Jacobson Park and Lakeside Golf Course (collectively "Premises"), to the LFUCG on or about January 2, 2011, subject to certain terms and conditions in an Amendment to Lease and Escrow Agreement, previously approved by this Board, and

WHEREAS, the Company shall retain a permanent easement on the portion of the Premises known as the Jacobson Reservoir and permanent easements for the Company's facilities for the distribution of water on the Premises until such time that the reservoir and the facilities are no longer used and useful in the service of the Company;

THEREFORE, the Company hereby requests Wachovia Bank, National Association, pursuant to Section 5.03 of the Indenture of Mortgage dated May 1, 1968 ("Mortgage") to release its Mortgage on the Premises described above.

Mr. Mike Miller recommended that the Board declare the regular quarterly dividends on the preferred, preference and common stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made, seconded and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2005, be, and hereby is, declared payable on July 1, 2005, to stockholders of record at the close of business on June 10, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2005, be, and hereby is, declared payable on July 1, 2005, to stockholders of record at the close of business on June 10, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2005, be, and hereby is, declared payable on July 1, 2005 to stockholders of record at the close of business on June 10, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Series of the Company, being the regular quarterly dividend for the period ending May 31, 2005, be, and hereby is, declared payable on June 1, 2005, to stockholders of record at the close of business on May 13, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.55 per share of Common Stock of the Company, be and hereby is, declared payable on June 20, 2005, to stockholders of record at the close of business on June 10, 2005.

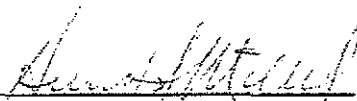
The Board unanimously approved the transfer of sewer easements in Lexington:

WHEREAS, the Lexington-Fayette Urban County Government ("LFUCG") has requested grants of easements of sanitary sewer service lines to serve three restroom facilities within the Jacobson Park in order to improve the watershed by the elimination of ground septic systems near the Jacobson Reservoir;

BE IT RESOLVED, that in consideration of One Dollar and other valuable consideration, including the elimination of ground septic systems near the Jacobson Reservoir, the Board of Directors of Kentucky-American Water Company ("Company") authorizes the President or Vice President of the Company to execute the appropriate documents to effect the deeds of easement for the said three sanitary sewer service lines.

Mr. Herb Miller indicated there were no claims or matters brought to management's attention under the Company's Code of Ethics during 2004. The Board accepted the 2004 Code of Ethics report.

After a general discussion of the Company and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.


Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
HELD VIA TELECONFERENCE
AT 8:00 A.M. ON FRIDAY, JULY 22, 2005**

Present: Christopher C. Buls
Patricia A. Freibert
Lindsey W. Ingram, Jr.
William G. Sisson
Daniel W. Warnock
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Velma Redmond, Esq.
Nick O. Rowe,
Herbert A. Miller, Jr., Esq.
Michael A. Miller
Deborah Herndon, Esq.

Mr. Dan Warnock called the meeting to order and presided as Chairman of the meeting, and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

The Chairman recommended the Board accept the resignations of Chris E. Jarrett and William C. Kelvington as members of the Board of Directors effective July 22, 2005. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the resignations of C. E. Jarrett and W. C. Kelvington as members of the Board of Directors of the Company are hereby accepted July 22, 2005.

The Chairman recommended that Nick O. Rowe be elected as a Director and Chairman of the Company. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that N. O. Rowe be and hereby is elected as a Director and Chairman of the Company to serve until his successor is chosen and qualified as provided in Article II, Section 8, of the bylaws.

The Chairman recommended the Board consider nominations for the election of the Executive Committee. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Board of Directors hereby appoints Nick O. Rowe, Daniel W. Warnock and John S. Young as the Executive Committee of the Board of Directors to serve for a period of one year or until their respective successors are appointed.

The Chairman indicated that it was in order for the Board to elect its Officers. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the persons named below are declared duly elected as such officers to serve for a term of one year or until their respective successors are chosen and qualified, provided, however, that nothing in this Resolution shall prohibit the earlier resignation or removal, with or without cause, of any officer prior to the end of the one year term.

President	Nick O. Rowe
Vice President, General Counsel and Secretary	Herbert A. Miller, Jr.
Treasurer and Comptroller	Michael A. Miller
Assistant Treasurer and Assistant Secretary	Sheila Valentine
Assistant Secretary	Velma A. Redmond
Assistant Comptroller	Thomas R. Bailey
Assistant Comptroller and Assistant Secretary	Rachel S. Cole
Assistant Comptroller	Jonathan G. Eastlick
Assistant Comptroller	Benjamin J. Tartaglia, Jr.

RESOLVED, that Assistant Comptrollers Eastlick and Tartaglia's duties are limited to compiling and executing tax returns and government filings, authorizing and initiating the payments of fees and taxes, procurement card changes and authorizing ACH wire transfers on behalf of the Company.

The minutes of the meeting of the Board of Directors held on April 25, 2005, were presented to the Board and, on a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held on April 25, 2005 be, and the same hereby are, approved in the form presented to this meeting.

Mr. Dan Warnock updated the Board on (1) condemnation, (2) official PSC relationships, (3) Water Supply, (4) the search for a new manager at KAW, (5) appeal of the most recent case and (6) the October board meeting date. The consensus was to change the meeting date to Wednesday, October 26, 2005, in Lexington.

Messrs. Mike Miller and Nick Rowe reviewed the Key Strategic Issues with the Board, including the current and forecasted financial activity of the Company.

Mr. Mike Miller recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made, seconded and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 30, 2005, be, and hereby is, declared payable on October 1, 2005, to stockholders of record at the close of business on September 9, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 30, 2005, be, and hereby is, declared payable on October 1, 2005, to stockholders of record at the close of business on September 9, 2005.

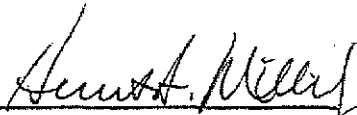
RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 30, 2005, be, and hereby is, declared payable on October 1, 2005, to stockholders of record at the close of business on September 9, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending August 31, 2005, be and hereby is payable on September 1, 2005, to stockholders of record at the close of business on August 12, 2005.

No dividends were declared on the Common Stock of the Company.

Mr. Mike Miller noted the dividend policy precluded the issuance of a common dividend. The charge-offs associated with the PSC denial of certain deferred expenses resulted in insufficient revenues to pay common dividends.

After a general discussion of the Company and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.


Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY AMERICAN WATER COMPANY
HELD IN LEXINGTON, KENTUCKY
AT 8:00 A.M. ON OCTOBER 26, 2005**

Present: Christopher C. Buis
Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
Daniel W. Warnock
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction business.

Also present: Herbert A. Miller, Esq.
Michael A. Miller
Velma Redmond, Esq.

Mr. Dan Warnock called the meeting to order and presided as Chairman of the meeting, and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on July 22, 2005, were presented to the Board and, on a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held July 22,, 2005, and the same hereby are, approved in the form presented to this meeting.

Mr. Dan Warnock updated the Board on (1) condemnation, (2) water supply and (3) Jeremy Pelczer's visit to Kentucky.

Messrs. Mike Miller and Nick Rowe reviewed the Key Strategic Issues with Board, including the current and forecasted financial activity of the Company.

Mr. Miller recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made, seconded and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending December 31, 2005, be, and hereby is, declared payable on January 2, 2006, to stockholders of record at the close of business on December 13, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending December 31, 2005, be, and hereby is, declared payable January 2, 2006, to stockholders of record at the close of business on December 13, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending December 31, 2005, be, and hereby is, declared payable on January 2, 2006, to stockholders of record at the close of business on December 13, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending September 30, be, and hereby is, payable on December 1, 2005, to stockholders of record at the close of business on November 11,, 2005.

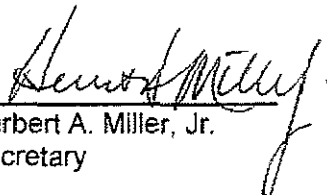
RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.02 per share of the Common Stock of the Company be, and hereby is, payable on December 5, 2005, to stockholders of record at the close of business on November 15, 2005.

**** Secretary's Note:** Due to an error in calculation, the Resolution regarding the declaration of the dividend on the common stock of the Company was rescinded, by a Unanimous Consent of the Board of Directors effective October 26, 2005, and the following resolution was adopted in lieu thereof:

RESOLVED, that a declaration of the regularly quarterly of the common stock of the Company in the amount of \$0.53 per share be, and hereby is, payable on December 5, 2005, to shareholders of record on November 15, 2005. **

The Board heard a report from Mr. Buis on the plans for implementation of new information system called "mySAP" and indicated its desire to proceed pending a review of the final estimated costs.

After a general discussion of the Company and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.


Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
HELD IN LEXINGTON, KENTUCKY
AT 9:00 A.M. ON JANUARY 25, 2006**

Present: Christopher C. Buls
Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
Daniel W. Warnock
Absent: John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction business.

Also present: Herbert A. Miller, Esq.
Michael A. Miller
Velma Redmond, Esq.

Mr. Nick Rowe called the meeting to order and presided as Chairman of the meeting, and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on October 26, 2005, were presented to the Board and, on a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held October 26, 2005, and the same hereby are, approved as amended.

Mr. Dan Warnock presented his Regional President's Report to the Board, which included (1) the appointments of George MacKenzie as interim President and CEO and Ellen Wolf as Chief Financial Officer of American Water, (2) an update on the RWE divestiture process and (3) a report on condemnation efforts in other jurisdictions. Mr. Warnock advised the Board that the divestiture was subject to various disclosure laws regarding public comments and acknowledged that information may reach the public even before subsidiary Board members.

Mr. Rowe updated the Board on the Lexington condemnation efforts and the efforts to solve the regional water supply deficit. An informal conference with the Public Service Commission will be held on March 14, 2006 on water supply.

Mr. Rowe also announced that a meeting with the Commissioners of the Public Service Commission will occur at 10:00 am on Wednesday, March 22, 2006 at the PSC Offices in Frankfort, Kentucky. All directors, especially our local directors, are encouraged to attend to discuss general water utility issues.

Messrs. Mike Miller and Nick Rowe reviewed the Key Strategic Issues with Board, including the current and forecasted financial activity of the Company. Mr. M. Miller also reviewed the proposed 2006 Business Plan. He noted that one of the key differences in comparison to 2005 was the amount of the one-time 2005 charge-offs. Mr. Rowe reviewed the capital issues associated with the proposed Plan. On a motion made, seconded and adopted the following resolution was passed:

RESOLVED, that the 2006 Business Plan for Kentucky American Water is hereby approved as presented.

Mr. M. Miller recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made, seconded and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending March 31, 2006, be, and hereby is, declared payable on April 1, 2006, to stockholders of record at the close of business on March 10, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending March 31, 2006, be, and hereby is, declared payable April 1, 2006, to stockholders of record at the close of business on March 10, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending March 31, 2006, be, and hereby is, declared payable on April 1, 2006, to stockholders of record at the close of business on December 13, 2005.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending December 31, 2005, be, and hereby is, payable on March 1, 2006, to stockholders of record at the close of business on February 10, 2006.

No dividend was authorized to be paid on the common stock of the Company.

Upon a motion made, seconded and adopted the following resolution regarding the annual shareholders' meeting was passed:

RESOLVED, that the annual meeting of the shareholders of the common stock of the Company be held at 10:00 am, local time, on Friday, April 26, 2006, at the offices of the Company at 2300 Richmond Road, Lexington, Kentucky, for all shareholders of record as of May 5, 2006.

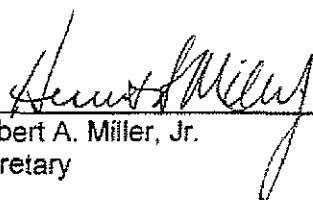
Mr. H. Miller requested that the Board approve resolutions related to the pension plan and the health and insurance plans. Upon a motion made, seconded and adopted the following resolutions were passed;

RESOLVED, that inasmuch as a contribution to the Pension Plan totaling \$505,573 for the Plan Year 2005 is required, the Company's contribution is hereby fixed at \$505,573; and Resolved further, that the proper officers of the Company are hereby authorized and directed to take all of the actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

RESOLVED, that this Company be, and hereby is, authorized to pay to the Voluntary Employee Beneficiary Association Trust established by American Water Works Company, Inc., for the payment of health and life insurance plan benefits the sum of \$853,388, its allocated share of the cost of these benefits for the calendar year 2005; and Resolved further, that the proper officers of the Company are hereby authorized and directed to take all of the actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

Ms. V. Redmond shared with the Board the probable dates for Board meetings for the remainder of 2006. They are: Tuesday, April 25, 2006; Friday, July, 21, 2006; Thursday, October, 19, 2006 and Tuesday, December 19, 2006.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.



Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
9:00 A.M. APRIL 25, 2006**

Present: Christopher C. Buls
Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
Daniel W. Warnock
Absent: John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction business.

Also present: John R. Bigelow
Herbert A. Miller, Esq.
Michael A. Miller
Velma Redmond, Esq.

Mr. Nick Rowe called the meeting to order and presided as Chairman of the meeting, and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on January 25, 2006, were presented to the Board and, on a motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held January 25, 2006, and the same hereby are, approved as amended.

Mr. Rowe thanked the directors for attending the meeting at the Public Service Commission and congratulated Mr. Sisson on Central Baptist Hospital being listed as one of the top ten places to work in Kentucky.

Mr. Dan Warnock presented his Regional President's Report to the Board, which included: (1) the status of the regulatory filings associated with the change-in-control related to the American Water IPO, (2) Mr. Don Correll will be American Water's new CEO, (3) how American Water's organization reporting system will operate and (4) the status of various condemnation actions in the American Water system.

Mr. Rowe gave an operational report which included an update on: (1) hydrant flushing activities, (2) labor issues, and (3) the sewer billing issues including the appointment of a person to act as the liaison with the Lexington-Fayette Urban County Government. Mr. Rowe updated the Board on the Lexington condemnation efforts and the efforts to solve the regional water supply deficit. He also reported on the successful legislative efforts to fund improvements to dams 3, 9 and 10 on the Kentucky River.

Mr. M. Miller recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made, seconded and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2006, be, and hereby is, declared payable on July 1, 2006, to stockholders of record at the close of business on June 9, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending June 30, 2006, be, and hereby is, declared payable July 1, 2006, to stockholders of record at the close of business on June 9, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending June 30, 2006, be, and hereby is, declared payable on July 1, 2006, to stockholders of record at the close of business on June 9, 2006.

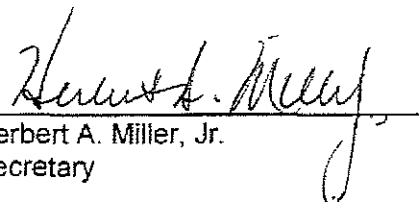
RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending May 31, 2006, be, and hereby is, payable on June 1, 2006, to stockholders of record at the close of business on May 12, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.04 per share of the common stock of the Company be and hereby is payable on June 19, 2006, to stockholders of record on May 31, 2006.

Mr. Warnock reported on the Company's Code of Ethics requirements and certified that no violations had been reported in 2005. He also asked the Board to submit ideas about future agenda items that may be of interest for upcoming Board meetings.

The next meeting will occur July 21, in Charleston, West Virginia.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.


Herbert A. Miller, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
LEXINGTON, KENTUCKY
July 21, 2006**

Present: Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
Daniel W. Warnock
John S. Young

Absent: Christopher C. Buls

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Ellen C. Wolf
Velma Redmond, Esq.
Herbert A. Miller, Jr., Esq.
Michael A. Miller
Chuck Gilbert

Mr. Rowe called the meeting to order and presided as Chairman of the meeting and H. A. Miller, Jr., Secretary of the Company, acted as Secretary of the meeting.

Mr. Rowe presented for Board approval the names of Directors to serve on the Executive Committee of the Board of Directors. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Board of Directors hereby appoints Nick O. Rowe, Daniel W. Warnock and John S. Young as the Executive Committee of the Board of Directors to serve for a period of one year or until their respective successors are appointed.

Mr. Rowe then presented for Board approval the names of individuals to serve as officers of the Company. Upon a motion duly made and seconded the following Resolution was unanimously adopted:

RESOLVED, that the persons named below are declared duly elected as such officers to serve for a term of one year or until their respective successors are

chosen and qualified, provided, however, that nothing in this Resolution shall prohibit the earlier resignation or removal, with or without cause of any officer prior to the end of the one year term.

President	Nick O. Rowe
Vice President, Corporate Counsel and Secretary	Herbert A. Miller, Jr.
Treasurer and Comptroller	Michael A. Miller
Assistant Treasurer and Assistant Secretary	Sheila Valentine Miller
Assistant Secretary	Velma A. Redmond
Assistant Comptroller	Thomas R. Bailey
Assistant Comptroller and Assistant Secretary	Rachel S. Cole
Assistant Comptroller	Doneen S. Hobbs
Assistant Comptroller	Rod Nevirauskas
Assistant Comptroller	Robin Quinn
Assistant Comptroller	William J. Schiavi
Assistant Comptroller	Thomas C. Spitz
Assistant Comptroller	David A. Stewart

RESOLVED that Assistant Comptrollers Hobbs, Nevirauskas, Quinn, Schiavi, Spitz and Stewart's duties are limited to compiling and executing tax returns and government filings, authorizing and initiating the payments of fees and taxes, procurement card charges and authorizing ACH wire transfers on behalf of the Company.

The minutes of the regular meeting of the Board of Directors held on April 25, 2006 were presented to the Board and, on a motion duly made and seconded, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the regular meeting of the Board of Directors of the Company held on April 25, 2006 are approved in the form presented at this meeting.

Mr. Dan Warnock presented his Regional President's Report to the Board, which included: (1) the status of the regulatory filings associated with the change-in-control related to the American Water IPO, (2) a report on the STEP Program and the portions implemented such as Service First and the telephone IVR system at the Call Center, (3) human resources issues, including the beginning of a formal succession planning process and the process for interim performance reviews and (4) the status of various condemnation actions in the American Water system.

Mr. Rowe reported on the Company's operations: including (1) projected capital expenditures for 2006, (2) distribution system growth and improvements (3) system delivery and non-revenue water, (4) fire hydrant inspection programs and color coding, (5) regulatory relations and (6) community activities and contributions. He also reported

on the status of condemnation efforts in Lexington and the status of the efforts to solve the water supply deficit.

Mr. Chuck Gilbert gave a presentation to the Board about American Water's efforts to comply with the Sarbanes-Oxley Act on corporate governance and internal controls. Mr. Gilbert emphasized that compliance will be expected throughout American Water and its subsidiaries and would be an on-going responsibility.

Mr. H. Miller presented the legal report to the Board and reported on the status of various matters.

Mr. M. Miller reviewed with the board the financial need to refinance approximately \$20 million in Company debt. On a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Board hereby approves the process the move forward, subject to any regulatory approval, with a refinancing of approximately \$20 million in Company debt and authorizes the appropriate Company officers to take such steps and to execute such instruments and documents necessary to accomplish this refinancing, including the approval of the appropriate regulatory agencies and the retention of such professional advisors and consultants to assist the Company.

Mr. M. Miller recommended that the Board declare the regular quarterly dividends on the Preferred and Common Stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company a dividend of \$1.4375 per share of the 5.75% Cumulative Preferred Stock of the Company be, and hereby is, declared payable on October 1, 2006 to stockholders of record at the close of business on September 12, 2006.

RESOLVED, that out of the earned surplus of the Company a dividend of \$1.375 per share of the 5.50% Cumulative Preferred Stock of the Company be, and hereby is, declared payable on October 1, 2006 to stockholders of record at the close of business on September 12, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, be, and hereby is, declared payable on October 1, 2006, to stockholders of record at the close of business on September 12, 2006.

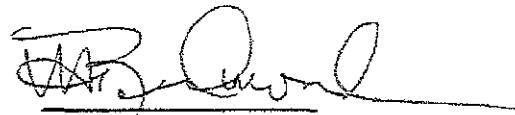
RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Cumulative Preference Stock of the

Company be, and hereby is, declared payable on September 1, 2006 to shareholders of record at the close of business on August 11, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.44 per share of the common stock of the Company, being the regular quarterly dividend, be, and hereby is, declared payable on September 18, 2006, to stockholders of record on August 30, 2006

It was announced that the next board meeting is tentatively scheduled for October 19, 2006.

With no further business and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.


(Asst.) Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
LEXINGTON, KENTUCKY
October 25, 2006
9:30 A.M.**

Present: Christopher C. Buis
Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
Daniel W. Warnock

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Chuck Gilbert
Velma Redmond, Esq.
Susan Lancho
Michael A. Miller

Mr. Rowe called the meeting to order and presided as Chairman of the meeting and Velma Redmond, Asst. Secretary of the Company, acted as Secretary of the meeting.

The minutes of the regular meeting of the Board of Directors held on July 21, 2006 were presented to the Board and, on a motion duly made and seconded, the following resolution was duly adopted:

RESOLVED, that the minutes of the regular meeting of the Board of Directors of the Company held on July 21, 2006 are approved in the form presented at this meeting.

The Chairman recommended that the Board accept the resignation of Herbert A. Miller, Jr. as Corporate Counsel and Secretary of the Company, effective September 1, 2006. Upon a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Board of Directors of the Company hereby accepts the resignation of Herbert A. Miller, Jr., as Corporate Counsel and Secretary effective September 1, 2006.

Nick Rowe and Velma Redmond reported on the progress of interviews for filling the Corporate Counsel position.

Mr. Warnock presented his Regional President's Report and commented on the following issues: (a) Mr. Rowe's changed role within the Southeast Region; (b) Mr. Buis' transition to Finance Director of Western Region; (c) The status of the regulatory filings associated with the change-in-control related to the American Water IPO; (d) Meetings planned with outside directors to review the 2007 Budget; (e) Technical training available to the Southeast Region; and (f) Rate case management.

Mr. Rowe reported on the Company's operations, including: (a) Tariff; (b) A Notice of Violation by the Department of Water for improper coding of documents; (c) The Company, as a Master Member of the Department of Water's environmental leadership program, is the first utility to be accepted into the program; (d) The Deed to Jacobson Park was presented to the City Council to be placed in escrow until 2011; and (e) The Company has proposed building a 20 million gallon plant on the Kentucky River, expandable to 30 million gallons.

A discussion on the eminent domain referendum was then held. Mr. Rowe and Ms. Lancho described the public education activities leading up to the November 7, 2006 election.

A motion was made to reconsider an earlier agenda item in which the Board approved Mr. H. Miller's resignation. On a motion duly made and seconded, the Board unanimously approved the motion.

A motion was made to accept the resignation of Herbert A. Miller, Jr. as Corporate Counsel and Secretary of the Company, effective September 1, 2006. There being two-thirds in favor of accepting Mr. H. Miller's resignation, the motion was passed, noting Board Members Freibert and Sisson voted against accepting Mr. H. Miller's resignation.

Mr. Rowe reviewed the risk assessment of the Company with the Board.

Mr. Rowe then reviewed the effectiveness of the systems of internal controls in the Company. He explained that the Company is driving a culture focused on proper documentation and making sure that processes are compliant. He reviewed the certification in support of Section 302/906/404 certifications.

Mr. Gilbert provided an update on the build infrastructure and documentation phases for the Sarbanes-Oxley program.

Ms. Redmond reported on legal issues for the Company.

A report on the financial performance year-to-date and the operational result forecasted for the year was presented by Mr. M. Miller.

Mr. M. Miller recommended that the Board declare the regular quarterly dividends on the Preferred and Common Stock of the Company. The Board then considered the Company's earnings, earned surplus available for dividends and cash position. After a discussion, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending December 31, 2006, be, and hereby is, declared payable on January 2, 2007, to stockholders of record at the close of business on December 13, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending December 31, 2006 be, and hereby is, declared payable January 2, 2007, to stockholders of record at the close of business on December 13, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending December 31, 2006, be, and hereby is, declared payable on January 2, 2007, to stockholders of record at the close of business on December 13, 2006.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending November 30, 2006, be, and hereby is, payable on December 1, 2006, to stockholders of record at the close of business on November 11, 2006.

RESOLVED, that the Company file a notice with the Kentucky Public Service Commission prior to paying the dividends on the common stock, as necessary to comply with the prior Order of the Kentucky Public Service Commission and as agreed to by the Company.

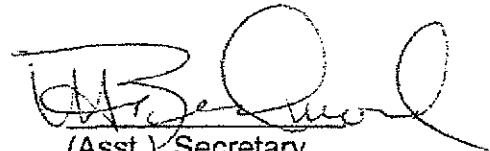
RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.80 per share of the common stock of the Company be and hereby is payable on December 4, 2006, to stockholders of record on November 14, 2006.

There followed a discussion on Board self assessment, including the following observations: The October Board meeting agenda was very helpful in providing the type of information that a board member finds useful. Director education takes time – about one to two years – to understand how utility companies work. Management is very open and receptive to questions from the Board. Issues are well-communicated to Board Members. E-mails are a good tool to use. Appreciation was expressed for the openness of management in answering questions. It gives directors a comfort level in asking questions.

In other business, Ms. Freibert inquired about the pension fund. Mr. Warnock noted that Towers Perrin audits the pension fund annually. American Water meets the funding recommendation of Towers Perrin and plans to meet all known legal requirements for pension funding.

In other business, Mr. Warnock noted that, at the next meeting, Mr. Buls will be resigning his positions in the Southeast Region to undertake a new role as a Finance Director of the Western Region. The Board expressed appreciation to Mr. Buls for his service as Finance Director and as a member of the Board.

With no further business and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 11:45 A.M.



(Asst.) Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY**

**held via telephonic conference call
at 1:00 p.m. on Tuesday, December 19, 2006**

Present: Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
Daniel W. Warnock
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Velma A. Redmond
Charles A. Gilbert
Michael A. Miller

Mr. Rowe called the meeting to order and presided as Chairman of the meeting and Velma Redmond, Assistant Secretary of the Company, acted as Secretary of the meeting.

The minutes of the regular meeting of the Board of Directors held on October 25, 2006 were presented to the Board. A correction was noted at Page 2. The Board, upon motion duly made by P.A. Freibert and seconded by W.G. Sisson, the following resolution was adopted:

RESOLVED, that the minutes of the regular meeting of the Board of Directors of the Company held on October 25, 2006 are approved, as corrected.

The Chairman submitted to the meeting the omnibus resignation of Christopher C. Buls from the Company's Board of Directors effective at the close of business on December 11, 2006 and on motion duly made by P.A. Freibert and seconded by W.G. Sisson, the following resolution was unanimously adopted:

RESOLVED, that the omnibus resignation of Christopher C. Buls as a member of the Board of Directors of the Company is hereby accepted to take effect at the close of business on December 11, 2006.

Mr. Warnock presented his Regional President's Report to the Board, which included an update on: (a) two key positions vacant on Southeast Region Executive Management Team; and (b) change of control proceedings throughout the American Water system.

An operations report and year end review of accomplishments achieved during 2006 was presented by Mr. Rowe. He commented on change of control and the achievement by the Company to become the first utility in the State to be accepted into the Kentucky EXCEL program relating to environmental stewardship.

Ms. Freibert expressed her profound admiration and respect for the employees of Kentucky American Water and the dignity with which the Company conducted itself during the public debate about condemnation of the Company over the last five years. Mr. Rowe noted that the Company employees maintained their professionalism throughout the process.

Mr. Rowe recommended establishing a Warren Rogers Community Leadership Award in recognition of Warren Rogers for his dedication, commitment and leadership to the citizens of Kentucky and the Company in opposing the Lexington-Fayette Urban County Council's efforts to use eminent domain to condemn the Company. It was further recommended that the award be bestowed on an outstanding Company employee who is in good standing with Company policies and procedures, exemplifies the mission and core values of the Company, goes above and beyond in his or her professional efforts, and who demonstrates a significant commitment to community service. Employees would be nominated by their peers for this prestigious award. A special awards committee would review all nominations and select the recipient. The recipient would be announced at the annual employee recognition dinner. After discussion and upon motion duly made by W.G. Sisson and seconded by P.A. Freibert, the following resolutions were unanimously adopted:

WHEREAS, in 2002 and 2003, as the public debate about condemnation of Kentucky American Water intensified, Warren volunteered to lead the citizen's group -- Coalition Against a Government Takeover -- which became a strong voice in support of the company. Warren quickly became known in the community for his efforts on behalf of the Coalition, which brought him both praise and gratitude from the company, employees and other supporters, as well as public criticism by condemnation supporters.

WHEREAS, during that period, he worked tirelessly to learn even more about the issue and the company, not only as it pertained to the local community but also to other communities throughout the nation. Warren even went to great lengths to make sure he was well-versed regarding American Water's parent company, which meant, among other activities, funding his own trip to London, England, to learn more about RWE Thames Water.

WHEREAS, Warren has accepted with great enthusiasm opportunities to talk publicly about the benefits Kentucky American Water brings to the communities it serves, and the negative effects of condemnation. These venues included numerous media interviews, public speaking engagements, employee meetings, community debates and, during the Vote No referendum campaign, walking neighborhoods for hours to talk to citizens and deliver yard signs. Warren even cut short a trip to Washington, D.C., during which he and his wife, Carol, were scheduled to attend the U.S. presidential inaugural ball, to return to Lexington and speak before the Lexington-Fayette Urban County Council against condemnation.

WHEREAS, as president of W. Rogers Company, Warren has tremendous professional responsibilities as well as personal responsibilities as a husband and father. His commitment to speaking out on the takeover issue has not come without significant personal sacrifice and public criticism.

THEREFORE BE IT RESOLVED, that Kentucky American Water salutes Warren Rogers for his tireless efforts to support the company during the condemnation debate, his commitment to professionalism in the water and wastewater industry, and the personal sacrifices he has made without any expectation of personal gain. The company also extends sincere gratitude to Carol Rogers for the support she has demonstrated for Warren's efforts during this long-term debate.

BE IT FURTHER RESOLVED, that as a result of the unwavering and tremendous support Warren Rogers has demonstrated for Kentucky American Water during the last five years, the Board of Directors establishes the Warren Rogers Leadership Award as a means of identifying and rewarding annually, a Kentucky American Water employee who, like Warren, not only exemplifies excellence in his or her professional capacity but who also demonstrates a significant commitment to community.

Mr. Gilbert provided an update on the build infrastructure and documentation phases and noted that the second quarterly 302 certification is being completed for the Sarbanes-Oxley program.

Ms. Redmond reported on legal matters.

Mr. Miller reviewed the proposed 2007 Annual Business Plan. He noted, in particular, that March 31, is the target date for filing a petition with the Kentucky Public Service Commission for approval of the water supply project, and May 1, 2007 is the expected filing date for the next rate case. Mr. Miller recommended the Board approve the 2007 Annual Business Plan, and on motion duly made by W.G. Sisson and seconded by P.A. Freibert, the following resolution was unanimously adopted:


RESOLVED, that the 2007 Annual Business Plan be, and the same hereby is, approved in the form presented to this meeting and it is directed that said Plan be filed with the minutes of the meeting.

The Chairman then stated that the annual meeting of the shareholders of this Company is to be held on Friday, May 25, 2007, at 10:00 A.M. and that the Board of Directors may fix in advance a date not less than ten (10) days prior to the date of the meeting, as the record date for the determination of shareholders entitled to notice of and to vote at the meeting, and recommended that the Board fix the close of business on Friday, May 4, 2007, as the record date. The following resolutions were then introduced, and on motion duly made by D.W. Warnock and seconded by P.A. Freibert, the following resolutions were adopted:

RESOLVED, that the close of business on Friday, May 4, 2007, be and hereby is fixed as the record date for the determination of the shareholders entitled to notice of and to vote at the annual meeting of the shareholders of this Company to be held on Friday, May 25, 2007, at 10:00 A.M. at the office of the Company in Lexington, Kentucky.

RESOLVED, that the Secretary of this Company is authorized and directed to issue notice of the annual meeting of the shareholders of this Company, and that such notice be mailed with reasonable promptness and in any event not later than ten (10) days before the date of such annual meeting at such address as appears on the books of the Company.

With no further business and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 2:00 P.M.


(Asst.) Secretary

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
ATTORNEY GENERAL'S REQUEST FOR INFORMATION
Item 68 of 312

Witness: Michael Miller

68. Please explain in detail any major changes in accounting treatment for O&M expenses, retirements, replacements and removal costs instituted by the Company since 2002.

Response:

Please see the Audited Financial Statement for 2002-2006 provided in Exhibit 28 to the filing. The Audited Financial Statements contain Footnote 2 which describes significant accounting policies.

For electronic version, refer to KAW_R_AGDR1#68_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
ATTORNEY GENERAL'S REQUEST FOR INFORMATION
Item 69 of 312

Witness: Michael A. Miller

69. Please provide a copy of each out-of-period accounting adjustment (i.e., journal entry) recorded during the test year, and past the test year to the present, along with an explanation of each adjustment.

Response:

Please see attached for the out-of-period accounting adjustments made for the years 2005 and 2006.

For electronic version, refer to KAW_R_AGDR1#69_061807.pdf

KY				
	Account	Description	DB	CR
1	236152 575000.16	Gen Tax-Sale & Use Misc Operatons	20,481	20,481
	Tax savings from Gen Tax Sales & use analysis Booked in Jan			
2	120105.575640.16-Penalties 120105.840000-Interest 120105.236170	Penalties Non Deductible Other Interest Exp Gen Tax-Other	220,405 61,105	281,510
	Penalties & interest from late sales tax filings Recorded in Feb 07			
3	105250 575000.16	CWIP Co Labor OH Misc Operatons	38,465	38,465
	PricewaterhouseCoopers Summary (PwC) adj - Reduce capitalized payroll overhead Recorded in Feb JE 30802065			
4	236152 105250	Gen Tax-Sale & Use CWIP Co Labor OH	10,504	10,504
	Reclass General Tax Recorded in Feb 07			
5	234300 131998		825,408	825,408
	PwC - To reclass cash clearing account to A/P PRESENTATION ONLY - not recorded			
6	534600.16 234300	Operating exp Accounts payable	49,563	49,563
	Dec SOX accrual adj Recorded in Feb 07			
7	534600.16 234300	Operating exp Accounts payable	7,621	7,621
	Service co - phone pmts of NJAW allocated to AW companies Recorded in Apr 07			
8	236210 236230 145000 145100	Accr FIT - Current Yr Accr FIT - Current Yr FIT Refund Receivable SIT Refund Receivable		212,263
			383,759 3,470,086 626,091	Not recorded yet
	253203 236310 236320 236310 236320	Def FIT-Norm Property Curr Def FIT Curr Def SIT/LIT Curr Def FIT Curr Def SIT/LIT		146,542
			123,654 26,693	3,131 673
	174200 174300 236310 236320	Curr State Def Tax Curr Fed Def Tax Curr Def FIT Curr Def SIT/LIT		31,549 142,076
			21,553 5,529	
	145000	FIT Refund Receivable		3,470,086
	145100	SIT Refund Receivable		626,091
	690110	FIT-Current-Inc Tax Expense		24,954
	2006 Income Tax adj			
			Total	5,890,917 5,890,917

Account	Description	DR	CR	
1 12020404.105270.21	CWIP AWWSC Chg-Infrastr	64,000		Recorded 01/06 via Service Company Bill
120105.234400.AW03	Accts Pav-AW03		64,000	
	STEP receivable write - off			
2	Operating expense	12,480		recorded thru payroll actuals in 01.06
	Accrued taxes		12,480	
	PricewaterhouseCoopers (PwC) adj -To take up underaccrual of FICA taxes			
3	Prepaid expense	10,055		recorded thru payroll actuals in 01.06
	Accrued expenses		10,055	
	PwC - To reclass accruals booked in prepaid			
4	Operating expense	81,280		Presentation ONLY - not recorded
	Accrued expenses		81,280	
	PwC - To take up unrecorded liabilities			
5	Other long-term liabilities	112,545		Presentation ONLY - not recorded
	Other current liabilities		112,545	
	PwC - Reclass annual incentive plan liability to current			
6 120105.262322	Other current liabilities	5,174		These entries are PWC SUDS Je recorded 05.06 in amount of \$49,773.38
120105.501711	Operating expense		5,174	
	PwC - To adjust annual incentive plan accrual			
7 120205.690220.002	SIT Prior Yr Adj		228,677	Recorded by Tax Dept
120205.236240	Accr SIT - Pr Yrs	228,677		
120205.690710.002	Def SIT - CY Liab			
120205.236320	Curr Def SIT/LIT		92,100	
120205.690720.002	Def SIT - PY Adj			
120205.253701	Def SIT-Other	92,100		
120205.690120.002	FIT Pr Yr Adj Over Accr	79,723		
120205.236220	Accd FIT - Pr Yrs		79,723	
120205.690610.002	Def FIT - CY Liab			
120205.236310	Curr Def FIT		1,052,822	
120205.690620.002	Def FIT - PY Adj Liab			
120205.253301	Def FIT - Other	1,052,822		
120205.690220.002	SIT Prior Yr Adj		6,774	
120205.236240	Accr SIT - Pr Yrs	6,774		
120205.690710.002	Def SIT - CY Liab			
120205.236320	Curr Def SIT/LIT		362	
120205.690720.002	Def SIT - PY Adj	362		
120205.253701	Def SIT-Other		362	
120205.690120.002	FIT Pr Yr Adj Over Accr		31,496	
120205.236220	Accd FIT - Pr Yrs	31,496		
120205.690610.002	Def FIT - CY Liab			
120205.236310	Curr Def FIT		1,684	
120205.690620.002	Def FIT - PY Adj Liab	1,684		
120205.253301	Def FIT - Other		1,684	
	2005 Income Tax JE			
	Total	1,779,172	1,779,172	

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
ATTORNEY GENERAL'S REQUEST FOR INFORMATION
Item 70 of 312

Witness: Nick Rowe/Mike Miller

70. Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold in 2004, 2005, 2006 or anticipated in 2007 and 2008.

Response:

Denton property sewer easement – October 2004 - \$200,000

For electronic version, refer to KAW_R_AGDR1#70_061807.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
ATTORNEY GENERAL'S REQUEST FOR INFORMATION
Item 71 of 312

Witness: Michael A. Miller

71. Please provide a complete breakdown of other income, net, for 2004, 2005 and 2006 and projected for 2007 and 2008. Identify the jurisdictional portion of each element.

Response:

Description	2004 Actual	2005 Actual	2006 Actual	2007 Plan	2008 Plan
Interest Income	1,531	-	2,213	-	-
AFUDC - Equity	115,544	346,533	273,684	681,062	2,056,269
M & J Miscellaneous Income	(54,944)	20,772	(130,318)	-	-
Gain (Loss) on Disposition	200,000	-	-	-	-
Misc. Amortization	(771)	-	531	(768)	(768)
Misc. Other Deductions	<u>(344,753)</u>	<u>(338,328)</u>	<u>(278,501)</u>	<u>(277,323)</u>	<u>(261,113)</u>
Total	<u>(83,393)</u>	<u>28,977</u>	<u>(132,391)</u>	<u>402,971</u>	<u>1,794,388</u>

For electronic version, refer to KAW_R_AGDR1#71_061807.pdf