

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
ATTORNEY GENERAL'S REQUEST FOR INFORMATION
Item 72 of 312

Witness: Michael A. Miller

72. Provide the Company's 2004, 2005 and 2006 Annual Reports to the KY PSC.

Response:

See attached. For electronic versions of the Annual Reports, please refer to the following electronic files:

KAW_R_AGDR1#72_2004_061807
KAW_R_AGDR1#72_2005_061807
KAW_R_AGDR1#72_2006_061807

For electronic version of this document, refer to KAW_R_AGDR1#72_061807.pdf

WATER

CLASS A & B WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY-AMERICAN WATER COMPANY

2300 Richmond Road, Lexington, Kentucky 40502

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

**211 SOWER BLVD.
P. O. BOX 615
FRANKFORT, KENTUCKY 40602**

FOR THE YEAR ENDED DECEMBER 31, 2004

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
4-6	The identification pages have been completed.		X		
7	101-106 agrees with	13 Total 101-106		X	Diff. of \$46,835 is Sewer Utility
7	108-110 agrees with	14 Total 301-348 Cols c & h		X	Diff. of \$48,137 is Sewer Utility
7	114-115 agrees with	15 Net Balance 114-115	X		
7	123 agrees with	16 Total 123	N/A		
7	124 agrees with	16 Total 124	N/A		
7	125 agrees with	16 Total 125	N/A		
7	126-127 agrees with	16 Total 126-127	N/A		
7	141-144 agrees with	17 Net Balance 141-145	X		
7	151-153 agrees with	18 Total 151-153	X		
7	163-165 agrees with	18 Total 162	X		
8	181 agrees with	19 Total 181	X		
8	182 agrees with	19 Total 182	N/A		
8	186 agrees with	18 Total 186	X		
8	190 agrees with	19 Total 190	N/A		
9	201 agrees with	20 Total Par Value of Stk Issued Col b	X		
9	204 agrees with	20 Total Par Value of Stk Issued Col c	X		
9	214-215 agrees with	23 Total 214-215	X		
9	221 agrees with	22 Total Line 10 col 4	X		
9	221 agrees with	22 Total col 12	X		
9	224 agrees with	21 Total 224 col d	N/A		
9	232 agrees with	24 Total 232 col f	X		
9	233 agrees with	24 Total 233	X		
9	234 agrees with	24 Total 234 col f	X		
9	236 agrees with	25 Beginning & ending balance 236	X		
9	237 agrees with	26 Total 237 cols b & e	X		
9	242 agrees with	27 Total 242	X		
10	251 agrees with	19 Total 251	N/A		
10	252 agrees with	20 Total 252	X		
10	271 agrees with	28 Beginning & ending balance 271	X		
10	272 agrees with	28 Accumulated amortization 271	X		
11	400 agrees with	31 Total water operating revenue col e	X		
11	401 agrees with	32 Total col c	X		
11	406 agrees with	15 Total accumulated amortization 115	N/A		

**Checklist for the Annual Report
For A and B Water Companies
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Page No.	Account No.	Page No.	Yes	No	If no, explain why
12	427	26	X		
	agrees with	Total 237 col c			
12	Net Income	23	X		
	agrees with	Balance trans. From inc. 435 col c			
13	101	30	X		
	agrees with	Total 301-348 col f			
14	The analysis of accumulated depreciation and amort.		X		acct 101 plus acct 106
	by primary acct. has been completed				
18	186.1	28	X		
	agrees with	Total 186.1 col c			
21	Schedule of long-term debt has been completed		N/A		
22	Schedule of bond maturities has been completed		X		
22	If the long-term debt consists of notes payable rather than bonds, then the notes payable schedule has been substituted for the schedule of bond maturities.		N/A		
30	The analysis of water utility plant accounts cols c through k has been completed		X		
31	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from operating revenue		X		
31	The analysis of water operating revenue cols c, d, and e has been completed		X		
32	The analysis of water utility expense accounts cols c through k has been completed		X		
33	Schedule of pumping and purchased water statistics has been completed		X		
34	466	35	X		Account 466
	agrees with				
34	Line 13	35	X		Line 4 total produces and purchased
	agrees with				
	Oath page has been completed		X		

CLASS "A & B"
WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY-AMERICAN WATER COMPANY

Exact Legal Name of Respondent

FOR THE

YEAR ENDED DECEMBER 31, 2004

NOTICE

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities as adopted by this Commission for Class A & B water companies.
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the work "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent, enter the words "Not Applicable" or "NA". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record, such as by typewriter. Money items (except averages) throughout the report should be shown in units of dollars adjusted to accord with footings.
7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
8. The report should be filled out in duplicate and one copy returned by March 31 of the year following the date of the report. The report should be returned to:

**Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, Kentucky 40602**

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PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2004

1. Amount of Principal Payment during calendar year \$0
2. Is Principal current? YES x NO
3. Is Interest current? YES x NO
4. Has all long-term debt been approved by the Public Service Commission?
YES x NO PSC Case No.

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant?

YES x NO

If YES, which service is performed?

Audit x

Compilation

Review

Please enclose a copy of the accountant's report with annual report.

Additional Requested Information

Utility Name Kentucky American Water

Contact Person Rachel Cole, Jeff Mulligan

Contact Person's E-Mail Address RCole@kawc.com

Utility's Web Address www.kawc.com

Please Complete the above information, if it is available

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

Additional Information Required By Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Items/Explanations
2002-00018		The attached supplements #1 and #2 are in reponse to ordering paragraph #7 and Condition #35 in Public Service Commission Case #2002-0018.

Attach additional sheets if more room is required

MAJOR WATER PROJECTS

<p>Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "major Project is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at least 20%.</p>
<p>Brief Project Description (improvement, replacement, building construction, expansion. If expansion, provide the estimate number of new customers):</p> <p>Resolution of Source of Supply and treatment capacity deficits. Project defined as part of the regional Bluegrass Water Supply Commission to be a 32 mgd regional treatment plant located at Pool 3 of the Kentucky River with supplemental source of raw water supply from the Ohio River near Carrollton.</p>
<p>Projected Costs and Funding Sources/Amounts:</p> <p>Estimated cost of \$205 million total. Sources and allocation of costs between member utilities has not been determined yet.</p>
<p>Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)</p>
<p>Location: (community, area or nearby roads)</p>

RWE Order Requirement #7 and Condition #35

<u>KAWC Operational Measures</u>	<u>2003</u>	<u>2004</u>
1 Number of water service interruptions (boil water advisories):	161	138
2 Average # of customers impacted from water service interruptions:	22.53	24.04
3 Average length of time of water service interruption/loss of water (l in hours):	2.62	3.47
4 Number of Customer Complaints from PSC:	20	53
5 Average response time to answer phones (in seconds):	66	24
KAW location (1/1/03-10/16/03)	162	
Call Center location (10/17-12/31/03)	29	24
6 Number of customer calls:	189,688	217,461

National Drinking Water Regulations

updated on Wednesday, February 23rd, 2005

URL: <http://www.epa.gov/safewater/mcl.html>

PRIMARY (Health-based) Standards

Microorganisms

Contaminant	MRDLG	MRDL
Cryptosporidium (pdf file)	zero	TT3
<i>Giardia lamblia</i>	zero	TT3
Heterotrophic plate count	n/a	TT3
<i>Legionella</i>	zero	TT3
Total Coliforms (including fecal coliform and E. Coli)	zero	5.0%4
Turbidity	n/a	TT3
Viruses (enteric)	zero	TT3

Disinfection Byproducts

Contaminant	MRDLG	MRDL
Bromate	zero	0.01
Chlorite	0.8	1
Haloacetic acids (HAA5)	n/a6	0.06
Total Trihalomethanes (TTHMs)	none7	0.1
	n/a6	0.08

Disinfectants

Contaminant	MRDLG	MRDL
Chloramines (as Cl2)	MRDLG=41	MRDL=4.01
Chlorine (as Cl2)	MRDLG=41	MRDL=4.01
Chlorine dioxide (as ClO2)	MRDLG=0.81	MRDL=0.81

Inorganic Chemicals

Contaminant	MRDLG	MRDL
Antimony	0.006	0.006
Arsenic	7	0.01 as of 01/23/06
Asbestos (fiber > 10 micrometers)	7 million fibers per liter	7 MFL
Barium	2	2
Beryllium	0.004	0.004
Cadmium	0.005	0.005
Chromium (total)	0.1	0.1
Copper	1.3	TT8; Action Level=1.3
Cyanide (as free cyanide)	0.2	0.2
Fluoride	4	4
Lead	zero	TT8; Action Level=0.015

Mercury (inorganic)	0.002	0.002
Nitrate (measured as Nitrogen)	10	10
Nitrite (measured as Nitrogen)	1	1
Selenium	0.05	0.05
Thallium	0.0005	0.002

Organic Chemicals

Acrylamide	zero	TT9
Alachlor	zero	0.002
Atrazine	0.003	0.003
Benzene	zero	0.005
Benzo(a)pyrene (PAHs)	zero	0.0002
Carbofuran	0.04	0.04
Carbon tetrachloride	zero	0.005
Chlordane	zero	0.002
Chlorobenzene	0.1	0.1
2,4-D	0.07	0.07
Dalapon	0.2	0.2
1,2-Dibromo-3-chloropropane (DBCP)	zero	0.0002
o-Dichlorobenzene	0.6	0.6
p-Dichlorobenzene	0.075	0.075
1,2-Dichloroethane	zero	0.005
1,1-Dichloroethylene	0.007	0.007
cis-1,2-Dichloroethylene	0.07	0.07
trans-1,2-Dichloroethylene	0.1	0.1
Dichloromethane	zero	0.005
1,2-Dichloropropane	zero	0.005
Di(2-ethylhexyl) adipate	0.4	0.4
Di(2-ethylhexyl) phthalate	zero	0.006
Dinoseb	0.007	0.007
Dioxin (2,3,7,8-TCDD)	zero	0.00000003
Diquat	0.02	0.02
Endothall	0.1	0.1
Endrin	0.002	0.002
Epichlorohydrin	zero	TT9
Ethylbenzene	0.7	0.7
Ethylene dibromide	zero	0.00005
Glyphosate	0.7	0.7
Heptachlor	zero	0.0004
Heptachlor epoxide	zero	0.0002
Hexachlorobenzene	zero	0.001
Hexachlorocyclopentadiene	0.05	0.05
Lindane	0.0002	0.0002
Methoxychlor	0.04	0.04
Oxamyl (Vydate)	0.2	0.2
Polychlorinated biphenyls (PCBs)	zero	0.0005
Pentachlorophenol	zero	0.001

Picloram	0.5	0.5
Simazine	0.004	0.004
Styrene	0.1	0.1
Tetrachloroethylene	zero	0.005
Toluene	1	1
Toxaphene	zero	0.003
2,4,5-TP (Silvex)	0.05	0.05
1,2,4-Trichlorobenzene	0.07	0.07
1,1,1-Trichloroethane	0.2	0.2
1,1,2-Trichloroethane	0.003	0.005
Trichloroethylene	zero	0.005
Vinyl chloride	zero	0.002
Xylenes (total)	10	10

Radionuclides

Alpha particles	none/ zero	15 picocuries per Liter (pCi/L)
Beta particles and photon emitters	none/ zero	4 millirems per year
Radium 226 and Radium 228 (combined)	none/ zero	5 pCi/L
Uranium	zero	30 ug/L as of 12/08/03

Notes

¹ Definitions:

Maximum Contaminant Level (MCL) - The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to MCLGs as feasible using the best available treatment technology and taking cost into consideration. MCLs are enforceable standards.

Maximum Contaminant Level Goal (MCLG) - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety and are non-enforceable public health goals.

Maximum Residual Disinfectant Level (MRDL) - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG) - The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Treatment Technique - A required process intended to reduce the level of a contaminant in drinking water.

² Units are in milligrams per liter (mg/L) unless otherwise noted. Milligrams per liter are equivalent to parts per million.

³ EPA's surface water treatment rules require systems using surface water or ground water under the direct influence of surface water to (1) disinfect their water, and (2) filter their water or meet criteria for avoiding filtration so that the following contaminants are controlled at the following levels:

Cryptosporidium: (as of 1/1/02 for systems serving >10,000 and 1/14/05 for systems serving <10,000) 99% removal

Giardia lamblia: 99.9% removal/inactivation

Viruses: 99.9% removal/inactivation

Legionella: No limit, but EPA believes that if *Giardia* and viruses are removed/inactivated, *Legionella* will also be controlled.

Turbidity: At no time can turbidity (cloudiness of water) go above 5 nephelometric turbidity units (NTU); systems that filter must ensure that the turbidity go no higher than 1 NTU (0.5 NTU for conventional or direct filtration) in at least 95% of the daily samples in any month. As of January 1, 2002, turbidity may never exceed 1 NTU, and must not exceed 0.3 NTU in 95% of daily samples in any month.

HPC: No more than 500 bacterial colonies per milliliter.

Long Term 1 Enhanced Surface Water Treatment (Effective Date: January 14, 2005); Surface water systems or (GWUDI) systems serving fewer than 10,000 people must comply with the applicable Long Term 1 Enhanced Surface Water Treatment Rule provisions (e.g. turbidity standards, individual filter monitoring, *Cryptosporidium* removal requirements, updated watershed control requirements for unfiltered systems).

Filter Backwash Recycling; The Filter Backwash Recycling Rule requires systems that recycle to return specific recycle flows through all processes of the system's existing conventional or direct filtration system or at an alternate location approved by the state

⁴ more than 5.0% samples total coliform-positive in a month. (For water systems that collect fewer than 40 routine samples per month, no more than one sample can be total coliform-positive per month.) Every sample that has total coliform must be analyzed for either fecal coliforms or *E. coli*. If two consecutive TC-positive samples, and one is also positive for *E. coli* fecal coliforms, system has an acute MCL violation.

⁵ Fecal coliform and *E. coli* are bacteria whose presence indicates that the water may be contaminated with human or animal wastes. Disease-causing microbes (pathogens) in these wastes can cause diarrhea, cramps, nausea, headaches, or other symptoms. These pathogens may pose a special health risk for infants, young children, and people with severely compromised immune systems

⁶ Although there is no collective MCLG for this contaminant group, there are individual MCLGs for some of the individual contaminants:

Trihalomethanes: bromodichloromethane (zero); bromoform (zero); dibromochloromethane (0.06 mg/L). Chloroform is regulated with this group but has no MCLG.

Haloacetic acids: dichloroacetic acid (zero); trichloroacetic acid (0.3 mg/L). Monochloroacetic acid, bromoacetic acid, and dibromoacetic acid are regulated with this group but have no MCLGs.

⁷ MCLGs were not established before the 1986 Amendments to the Safe Drinking Water Act. Therefore, there is no MCLG for

⁸ Lead and copper are regulated by a Treatment Technique that requires systems to control the corrosiveness of their water. If more than 10% of tap water samples exceed the action level, water systems must take additional steps. For

⁹ Each water system must certify, in writing, to the state (using third-party or manufacturer's certification) that when acrylamide and epichlorohydrin are used in drinking water systems, the combination (or product) of dose and monomer level does not exceed the levels specified, as follows:

Acrylamide = 0.05% dosed at 1 mg/L (or equivalent)

Epichlorohydrin = 0.01% dosed at 20 mg/L (or equivalent)

National Drinking Water Regulations

updated on Wednesday, February 23rd, 2005

URL: <http://www.epa.gov/safewater/mcl.html>

SECONDARY (Aesthetics-based-based) Standards

Contaminant	Secondary Standard
Aluminum	0.05 to 0.2 mg/L
Chloride	250 mg/L
Color	15 (color units)
Copper	1.0 mg/L
Corrosivity	noncorrosive
Fluoride	2.0 mg/L
Foaming Agents	0.5 mg/L
Iron	0.3 mg/L
Manganese	0.05 mg/L
Odor	3 threshold odor number
pH	6.5-8.5
Silver	0.10 mg/L
Sulfate	250 mg/L
Total Dissolved Solids	500 mg/L
Zinc	5 mg/L

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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.)

Kentucky-American Water

2. Give the location including city, street and number, of the executive office.

2300 Richmond Road
Lexington, Kentucky 40502

3. Give the location, including street and number, and telephone number of the principal office in Kentucky.

Same as above

4. Name and address of principal officer within Kentucky.

Nick O. Rowe
2300 Richmond Road, Lexington, KY. 40502
(606) 268 - 6320

5. Give name, title address and telephone number of the officer to whom correspondence concerning this report should be addressed.

Michael A. Miller
1600 Pennsylvania Avenue Charleston, WV 25302
(304) 353-6303

6. Date of organization. February 27, 1882.

7. Under the laws of what Government, State or Territory organized? (If more than one, name all. Give reference to each statute and amendments thereof.)

Incorporated as Lexington Hydraulic & Manufacturing Company by Acts of General
Assembly of the Commonwealth of Ky. Chap 22, Approved February 27, 1882.

8. If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same.

The Articles of Incorporation of Lexington Hydraulic and Manufacturing Company were amended 10/20/1922 to change name to Lexington Water Company. By Agreement of Consolidation dated 9/15/1927, Lexington Water Company and Blue Grass State Water Company were consolidated into one corporation known as the Lexington Water Company. The Articles of Incorporation of the Lexington Water Company were amended 3/30/1973 to change name to Kentucky-American Water Company.

9. Date and authority for each consolidation and each merger.

October 20, 1922 - Name change by amendment of Articles of Incorporation
September 15, 1927 - Agreement of Consolidation
March 30, 1973 - Name change by amendment of Articles of Incorporation

10. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual.

Corporation

11. If a reorganized company, give name of original corporation, refer to laws under which it was organized and the occasion for the reorganization.

See No. 8, above

12. Name all other operating departments.

None

13. Name of counties in which you furnish water service.

Bourbon, Fayette, Harrison, Scott, Clark, Woodford, Gallatin, Grant and Owen counties.
In addition, the company sells water for resale to customers in Bourbon, Jessamine, Scott, and Woodford counties.

REPORT OF
KENTUCKY-AMERICAN WATER COMPANY

For Year Ended December 31, 2004

Location where books and records are located:

2300 Richmond Rd.
Lexington, KY 40502

Contacts:

Name	Title	Principal Business Address	Salary Charged Utility
Send correspondence to: Nick O. Rowe	President	2300 Richmond Road Lexington, KY 40502-1308	XXXXXXXXXXXX
Report prepared by: Basil J. D'Antonio	Rate Team Lead	3906 Church Rd. Mt. Laurel, NJ 08054	XXXXXXXXXXXX
Officers & Managers: Nick O. Rowe	President	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Herbert A. Miller, Jr.	Vice President	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Thomas Bailey	Assistant Comptroller	1325 Virginia Street Charleston, WV 25301	ALLOCATED
Michael C. Miller	Vice President, Treasurer & Comptroller	1325 Virginia Street Charleston, WV 25301	ALLOCATED
Sheila Valentine	Assistant Secretary Assistant Treasurer	1325 Virginia Street Charleston, WV 25301	ALLOCATED
Velma A. Redmond	Assistant Secretary		ALLOCATED
Rachel S. Cole	Assistant Comptroller	2300 Richmond Road Lexington, KY 40502-1308	\$ 62,817
John G. Easlick	Assistant Comptroller	1025 Laurel Oak Rd. Voorhees, NJ	ALLOCATED
Benjamin J. Tartaglia, Jr.	Assistant Comptroller	1025 Laurel Oak Rd. Voorhees, NJ	ALLOCATED

Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
American Water Works Company, Inc.	100%	1025 Laurel Oak Road P.O.Box 1770, Voorhes, NJ 08043	N/A

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	14	274,117,539	288,923,092
108-110	Less: Accumulated Depreciation and Amortization	16	(59,283,171)	(66,027,848)
	Net Plant		214,834,368	222,895,244
114-115	Utility Plant Acquisition			
	Adjustments (Net)	17	428,141	407,617
116	Other Utility Plant Adjustments			
	Total Net Utility Plant		215,262,509	223,302,861
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property		249,738	249,738
122	Less: Accumulated Depreciation and Amortization			
	Net Nonutility Property			
123	Investment in Associated Companies	18		
124	Utility Investments	18		
125	Other Investments	18		
126-127	Special Funds	18		
	Total Other Property & Investments		249,738	249,738
CURRENT AND ACCRUED ASSETS				
131	Cash		999,314	581,646
132	Special Deposits			
133	Other Special Deposits			
134	Working Funds		2,400	2,400
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	19	3,831,272	2,960,440
145	Accounts Receivable from Associated Companies		2,383,785	1,528,094
146	Notes Receivable from Associated Companies			
151-153	Materials and Supplies	20	442,869	536,204
163	Misc Deposits		1,000	1,000
165	Prepayments		11,891	24,310
171	Accrued Interest and Dividends Receivable			
172	Rents Receivable			
173	Accrued Utility Revenues		3,759,672	4,429,251
174	Misc. Current and Accrued Assets		500,756	161,324
	Total Current and Accrued Assets		11,932,959	10,224,671

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED DEBITS				
181	Unamortized Debt Discount & Expense	21	692,207	612,863
182	Extraordinary Property Losses	21		
183	Preliminary Survey & Investigation Charges		1,486,553	2,192,004
184	Clearing Accounts			
185	Temporary Facilities			
186	Misc. Deferred Debits	20	11,292,693	9,947,018
187	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes	21		
	Regulatory Assets		4,785,393	4,685,829
	Total Deferred Debits		18,256,846	17,437,715
	TOTAL ASSETS AND OTHER DEBITS		245,702,052	251,214,984

NOTES TO THE BALANCE SHEET

See attached audited financial statements for notes related to Balance Sheet items.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	22	36,568,776	36,568,776
204	Preferred Stock Issues	22	6,052,800	6,048,500
202,205	Capital Stock Subscribed		0	0
203,206	Capital Stock Liability for Conversion		0	0
207	Premium on Capital Stock		30,489	31,779
209	Reduction in Par or Stated Value of Capital Stock			
210	Gain on Resale or Cancellation of Reacquired Capital Stock			
211	Other Paid-In Capital			
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	13	26,304,493	25,924,241
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
	Total Equity Capital		68,956,558	68,573,296
LONG-TERM DEBT				
221	Bonds	24	68,500,000	82,500,000
222	Reaquired Bonds			
223	Advances from Associated Companies			
224	Other Long-Term Debt			
	Total Long-Term Debt		68,500,000	82,500,000
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		2,733,664	4,260,319
232	Notes Payable	25	17,173,237	1,090,837
233	Accounts Payable to Associated Co	25	1,144,102	1,034,866
234	Current Long Term Debt	25	0	0
235	Customer Deposits		6,560	6,560
236	Accrued Taxes	26	2,197,787	1,906,235
237	Accrued Interest	27	1,456,724	1,458,572
238	Accrued Dividends		0	0
239	Matured Long-Term Debt			
240	Matured Interest			
241	Tax Collections Payable		439,388	866,410
242	Miscellaneous Current and Accrued Liabilities	27A	1,931,681	1,711,702
	Total Current and Accrued Liabilities		27,083,144	12,335,500

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED CREDITS			
251	Unamortized Premium on Debt	21		
252	Advances for Construction	22	12,506,787	15,777,400
253	Other Deferred Credits		3,282,044	3,646,454
255	Accumulated Deferred Investment Tax Credits		1,556,324	1,460,729
	Total Deferred Credits		17,345,155	20,884,583
	OTHER NON-CURRENT LIABILITIES			
	Accumulated Provision for:			
261	Property Insurance			
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves			
266	Rate Refunds			
	Total Other Non-Current Liabilities			
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions in Aid of Construction	28	37,588,532	39,485,433
	Tap-on Fees - Customers			
	Federal Grants in Aid of Construction			
	Other			
272	Accumulated Amortization of Contributions in Aid of Construction	28	(6,335,848)	(7,262,038)
	Total Net C.I.A.C.		31,252,684	32,223,395
	ACCUMULATED DEFERRED INCOME TAXES			
281	Accumulated Deferred Income Taxes Accelerated Depreciation			
282	Accumulated Deferred Income Taxes Liberalized Depreciation			
283	Accumulated Deferred Income Taxes Other		32,564,511	34,698,208
	Total Accumulated Deferred Income Taxes		32,564,511	34,698,208
	TOTAL EQUITY CAPITAL AND LIABILITIES		245,702,052	251,214,983

COMPARATIVE OPERATING STATEMENT

ACCT. NO (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY OPERATING INCOME				
400	Operating Revenues	30	42,764,618	42,360,155
401	Operating Expenses	31	20,750,039	23,679,397
403	Depreciation Expenses		5,821,578	6,652,994
406	Amortization of Utility Plant Acquisition Adjustment		21,611	20,524
407	Amortization Expense		678,765	688,491
408.1	Taxes Other Than Income		2,595,827	2,778,013
409.1	Income Taxes		2,319,072	(616,978)
410.10	Deferred Federal Income Taxes		1,111,691	2,333,338
410.11	Deferred State Income Taxes		269,387	(74,236)
410.12	Deferred Local Income Taxes			
411.10	Provision for Deferred Income Taxes Credit			
412.10	Investment Tax Credits Deferred to Future Periods			
412.11	Investment Tax Credits Restored to Operating Income		(85,352)	(95,596)
	Utility Operating Expenses		33,482,618	35,365,947
	Utility Operating Income		9,282,000	6,994,208
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) from Disposition of Utility Property		725	200,000
	Total Utility Operating Income		9,282,725	7,194,208
OTHER INCOME AND DEDUCTIONS				
415	Revenues from Merchandising, Jobbing and Contract Deductions		451,506	1,837,286
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		(455,133)	(1,892,230)
419	Interest & Dividend Income		20	1,531
420	Allowance for Funds Used During Construction		655,695	173,521
421	Nonutility Income			
426	Miscellaneous Nonutility Expenses		(323,553)	(345,524)
	Total Other Income and Deductions		328,535	(225,416)

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
TAXES APPLICABLE TO OTHER INCOME				
408.20	Taxes Other Than Income			
409.20	Income Taxes		(141,183)	(110,617)
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes Credit			
412.20	Investment Tax Credits - Net			
412.21	Investment Tax Credits Restored to Nonoperating Income			
	Total Taxes Applicable to Other Income		(141,183)	(110,617)
INTEREST EXPENSE				
427	Interest Expense		4,628,555	5,066,716
428	Amortization of Debt Discount & Exp.		77,828	78,573
429	Amortization of Premium on Debt			
	Total Interest Expense		4,706,383	5,145,289
EXTRAORDINARY ITEMS				
433	Extraordinary Income			
434	Extraordinary Deduction			
409.30	Income Taxes, Extraordinary Items			
	Total Extraordinary Items			
NET INCOME			5,046,060	1,934,120

STATEMENT OF RETAINED EARNINGS

1. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share.		
2. Show separately the state and federal income tax effect of items shown in Account No. 439.		
ACCT. NO. (a)	(b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year	26,304,493
	Changes to account:	
	Adjustments to Retained Earnings (requires Commission Approval prior to use):	
	Credits	
	Total Credits	
	Debits	
	Total Debits	
435	Balance Transferred from Income	
	Water	1,895,188
	Sewer	84,986
436	Appropriations of Retained Earnings:	

	Total Appropriations of Retained Earnings	
437	Dividends Declared:	
	Preferred Stock Dividends Declared	448,208
	Common Stock Dividends Declared	1,912,217
	Total Dividends Declared	2,360,425
	Balance end of year	(380,251)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	

	Total Appropriated Retained Earnings	
	Total Retained Earnings	25,924,241
Notes to Statement of Retained Earnings:		

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	282,143,804
102	Utility Plant Leased to Others (Regulatory Asset - AFUDC-Debt)	272,637
103	Property Held for Future Use	114,076
104	Utility Plant Purchased or Sold	
105	Construction Work in Progress	6,345,740
106	Completed Construction Not Classified	
	Total Utility Plant	288,876,257

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	
Balance first of year	
Credit during year:	59,283,172
Accruals Charged to Account 108.1	7,581,625
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	

Salvage	1,829
Other Credits (specify):	

Total Credits	66,866,626
Debits during year:	
Book Cost of Plant Retired	481,352
Cost of Removal	357,425
Other Debits (specify):	

Total Debits	838,778
Balance end of year	66,027,848

WATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	.1 INTANGIBLE PLANT (g)	.2 SOURCE OF SUPPLY & PUMPING PLANT (h)	.3 WATER TREATMENT PLANT (i)	.4 TRANS. & DISTRIBUTION PLANT (j)	.5 GENERAL PLANT (k)
301	Organization	23,020			23,020	23,020				
302	Franchises	70,261			70,261	70,261				
303	Land and Land Rights	4,133,055	239,953		4,373,008		94,930	68,164	3,885,855	324,059
304	Structures and Improvements	18,988,429	1,249,600	148,797	20,089,232		5,244,921	8,241,507	1,539,890	5,062,914
305	Collecting & Impounding Reservoirs	1,013,271	187,528		1,200,799		1,200,799			
306	Lake River & Other Intakes	581,930			581,930		581,930			
307	Wells & Springs	0			0		0			
308	Infiltration Galleries & Tunnels	0			0		0			
309	Supply Mains	5,084,342			5,084,342		5,084,342			
310	Power Generation Equipment	572,278			572,278		572,278			
311	Pumping Equipment	10,088,991	6,712		10,095,703		10,095,703			
320	Water Treatment Equipment	23,837,952	301,959		24,139,911		24,139,911			
330	Distribution Reservoirs & Standpipes	5,970,481	1,589,793	200	7,560,074				7,560,074	
331	Transmission & Distribution Mains	129,254,455	4,772,749	123,602	133,903,602				133,903,602	
333	Services	27,952,740	2,050,206	2,817	30,000,129				30,000,129	
334	Meters and Meter Installations	18,749,102	1,949,243	84,261	20,614,084				20,614,084	
335	Hydrants	8,000,212	559,067	10,660	8,548,619				8,548,619	
339	Other Plant and Miscellaneous Equipment	740,702			740,702	740,702				
340	Office Furniture and Equipment	7,340,865	337,132	69,676	7,608,322					7,608,322
341	Transportation Equipment	2,117,031	75,512	27,211	2,165,332					2,165,332
342	Stores Equipment	35,547			35,547					35,547
343	Tools, Shop and Garage Equipment	790,747	1,092	8,916	782,923					782,923
344	Laboratory Equipment	872,027			872,027					872,027
345	Power Operated Equipment	547,998			547,998					547,998
346	Communication Equipment	1,855,940	8,683		1,864,623					1,864,623
347	Miscellaneous Equipment	516,671	20,098	1,212	535,556					535,556
348	Other Tangible Plant	128,178	5,604		133,782					133,782
	Total Water Plant	269,266,224	13,354,932	477,351	282,143,805	833,983	22,874,904	32,449,581	206,052,252	19,933,083

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT 2004

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR			CHARGES DURING THE YEAR		BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	OTHER CHARGES (g)		
301	Organization	0					0	
302	Franchises	58,778					58,778	
303	Limited Term Interest in Land and Land Rights	1,464					1,464	
304	Structures and Improvements	3,343,764	422,141		148,797	115,721	3,501,388	
305	Collecting and Impounding Reservoirs	244,511	23,305				267,816	
306	Lake River and Other Intakes	69,409	12,507				81,915	
307	Wells and Springs	0					0	
308	Infiltration Galleries and Tunnels	0					0	
309	Supply Mains	689,105	56,414				745,518	
310	Power Generating Equipment	209,951	19,164				229,115	
311	Pumping Equipment	3,659,086	357,701				4,016,787	
320	Water Treatment Equipment	9,612,761	965,143				10,577,903	
330	Distribution Reservoirs and Standpipes	1,774,736	145,559		200		1,920,027	
331	Transmission and Distribution Mains	16,742,791	1,551,151	1,829	123,602	46,183	18,125,988	
333	Services	9,554,689	1,214,046		2,817	123,454	10,642,464	
334	Meters & Meter Installations	3,655,271	514,329		84,261	72,000	4,013,338	
335	Hydrants	1,865,364	213,831		10,660		2,068,535	
339	Other Plant and Miscellaneous Equipment	212,848	60,107				272,955	
340	Office Furniture and Equipment	3,673,093	1,368,943		69,676		4,972,360	
341	Transportation Equipment	1,550,574	303,604		27,211		1,826,967	
342	Stores Equipment	22,976	1,379				24,354	
343	Tools, Shop and Garage Equipment	423,921	56,021		8,916		471,027	
344	Laboratory Equipment	332,837	95,362				428,198	
345	Power Operated Equipment	363,280	50,012				413,292	
346	Communication Equipment	270,499	88,968				359,467	
347	Miscellaneous Equipment	129,605	24,857		1,212		153,250	
348	Other Tangible Plant	240,633	27,741				268,373	
	Boonesboro Acquisition	447,969					447,969	
	Subtotal	59,149,913	7,572,284	1,829	477,351	357,426	65,889,249	
	Acc Depr Reg Asset	75,889	6,900				82,789	
	Acc Amort UPIS	7,673					7,673	
	TOTALS	59,233,475	7,579,184	1,829	477,351	357,426	65,979,711	

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance first of year	0
Credit during year:	
Accruals Charged to Account 110.1	
Accruals Charged to Account 110.2	
Other Credits (specify)	

Total Credits	0
Debits during year:	
Book Cost of Plant Retired	
Other Debits (specify)	

Total Debits	0
Balance end of year	0

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
Boonesboro Water Association	138,217
Tri-Village	334,694

Total Plant Acquisition Adjustments	472,911
Accumulated Amortization (115)	
Amortization Boones boro Water Association	(48,560)
Amortization Tri Village Water Association	(16,735)

Total Accumulated Amortization	(65,294)
Net Acquisition Adjustments	407,617

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123): _____ _____ _____ _____ Total Investment in Associated Companies:		
UTILITY INVESTMENTS (ACCT. 124): _____ _____ _____ _____ Total Utility Investments		
OTHER INVESTMENTS (ACCT. 125): _____ _____ _____ _____ Total Other Investments		
SPECIAL FUNDS (ACCTS. 126 & 127): _____ _____ _____ _____ Total Special Funds		

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141)	2,506,851
Other Accounts Receivable (Acct. 142)	
623,289	
	623,289
Notes Receivable (Acct. 144)	
Total Accounts and Notes Receivable	3,130,139
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
Balance first of year	(70,816)
Add: Provision for uncollectibles for current year	0
Collections of accounts previously written off	(450,398)
Utility Accounts	(75,017)
Others	0
Yearly Provision Calculation	(98,883)
Total Additions	(695,114)
Deduct accounts written off during year:	525,415
Utility Accounts	
Other	
Total accounts written off	
Balance end of year	(169,699)
Total Accounts and Notes Receivable - Net	2,960,440

MATERIALS AND SUPPLIES (151 - 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151)	536,204
Merchandise (Account 152)	
Other Materials and Supplies (Account 153)	
Total Materials and Supplies	536,204

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance	0
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	
Other Prepayments (Specify)	
Misc Deposits	
IBM Websphere	6,779
JDE Maintenance Fees	15,013
Microsoft Fees	7,863
AWWA Research Fees	(8,032)
Lotus Notes Fees	2,688
Total Prepayments	24,310

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1)	4,863
Other Deferred Debits (Acct. 186.2)	9,942,155
Total Miscellaneous Deferred Debits	9,947,018

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
Balance first of year	12,506,787
Add credits during year	4,506,705
Deduct charges during year	1,236,091
Balance end of year	15,777,400

CAPITAL STOCK (ACCTS. 201 - 204)

(a)	COMMON STOCK (b)	PREFERRED STOCK (c)
Par or stated value per share	NO PAR	100
Shares authorized	2,000,000	85,000
Shares issued and outstanding	1,567,391	60,485
Total par value of stock issued	36,568,776	6,048,500
Dividends declared per share for year	2.17	8.49

BONDS (ACCT. 221)

Line No.	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Held by or for Respondent (3)	Actually Outstanding At Close of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1						
2						
3	14,000,000	14,000,000	0	14,000,000	554,167	552,319
4	7,000,000	7,000,000	0	7,000,000	487,200	487,200
5	5,500,000	5,500,000	0	5,500,000	373,450	373,450
6	7,500,000	7,500,000	0	7,500,000	536,250	536,250
7	9,000,000	9,000,000	0	9,000,000	629,100	629,100
8	15,500,000	15,500,000	0	15,500,000	1,064,850	1,064,850
9	24,000,000	24,000,000	0	24,000,000	1,356,000	1,356,000
10						
Total	82,500,000	82,500,000	0	82,500,000	5,001,017	4,999,169

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1						
2						
3		12/1/2023	6.96%	7,000,000		7,000,000
4		9/1/2005	6.79%	5,500,000		5,500,000
5		2/1/2027	7.15%	7,500,000		7,500,000
6		6/1/2028	6.99%	9,000,000		9,000,000
7		3/29/2011	6.87%	15,500,000		15,500,000
8		6/12/2007	5.65%	24,000,000		24,000,000
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
Total				68,500,000	0	68,500,000

NOTES PAYABLE (ACCOUNTS 232 & 234)

(a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	AMOUNT OF PAYMENT (e)	
Account 232 - Notes Payable:					1,090,837
Total Account 232					1,090,837
Account 234 - Notes Payable to Associated Companies: Current Portion of Long Term Debt					
Total Account 234					

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)

SHOW PAYABLE TO EACH ASSOCIATED COMPANY SEPARATELY	AMOUNT
American Water Works Service Co., Inc.	1,034,866
Total Account 233	1,034,866

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year	2,197,787
	Accruals Charged:	
408.10	Utility regulatory assessment fees	94,837
408.11	Property taxes	2,328,079
408.12	Payroll taxes	465,913
408.13	Other taxes and licenses	2,917
408.20	Taxes other than income, other income and deductions	0
409.10	Federal income taxes	(1,001,507)
409.11	State income taxes	434,524
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	2,293,562
410.11	Deferred state income taxes	(84,455)
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(95,595)
412.20	ITC - Net nonutility operators	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes accrued	4,438,275
	Taxes paid during year:	
408.10	Utility regulatory assessment fees	94,837
408.11	Property taxes	661,586
408.12	Payroll taxes	457,334
408.13	Other taxes and licenses	2,917
408.20	Taxes other than income, net change in sales tax accruals	38,062
409.10	Federal income taxes	901,362
409.11	State income taxes	290,013
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	2,014,366
410.11	Deferred state income taxes	364,946
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(95,595)
412.20	ITC - Net nonutility operators	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes paid	4,729,827
	Balance end of year	1,906,235

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Account No. 237.1 - Accrued Interest on Long-Term Debt:	1,458,572	5,001,017	5,001,017	1,458,572
Total Acct. No. 237.1	1,458,572	5,001,017	5,001,017	1,458,572
Account No. 237.2 - Accrued Interest on Other Liabilities:				
Notes Payable (ST Bank)	0	0	0	0
Miscellaneous Notes Payable	0	0	0	0
Total Acct. No. 237.2	0	0	0	0
Total Acct. No. 237	1,458,572	5,001,017	5,001,017	1,458,572

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
Accrued Water	42,006
Accrued Power	0
Accrued Wages	356,133
Accrued Insurance	0
Accrued Rents	12,000
Accrued Preferred Dividend Requirements	52,595
Accrued Bank Fees	0
Accrued Credit Line Fees	0
Accrued Vacation Payable	81,851
Withheld Payroll - Insurance Premium	0
Withheld Payroll - Union Dues	1,433
Withheld Payroll - Savings Bonds	0
Withheld Payroll - Charitable Contributions	2
Withheld Payroll - Savings Account	0
Withheld Payroll - Credit Union	0
Withheld Payroll - Miscellaneous	1,828
Withheld Payroll - Flexible Spending Accounts	157
Construction Costs Payable	0
Unclaimed Credits	33,396
Unclaimed Extension Deposit Refunds	6,159
Contract Liab Property Purchase Payments	0
Refund Rate Under Bonds	76,654
Withheld Payroll - 401k	3,952
Accrued 401k Expense	24,251
Bank Clearing	1,045,931
Accrued Unbilled Items	9,897
Unbilled Stock E	37,621
Unbilled Stock C	18,300
Accrued ESOP Contribution	11,580
Withheld Payroll - ESOP	1,170
Withheld Payroll - Garnishment	0
Withheld Payroll - Tax Coll Pay FIT/SIT/LIT/FICA	58,421
CFO - Mgmt Contracts	(533,461)
Other Current Liabilities Analyzed	369,827
Accrued Legal	0
Total Miscellaneous Current and Accrued Liabilities	1,711,702

RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1 The reconciliation should include the same detail as furnished on Schedule M-1 of the Federal tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.	
2 If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State name of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.	
DESCRIPTION	AMOUNT
Net income for the year	1,980,174
Federal Income Tax Accrual	1,106,943
State & Local Income Tax Accrual	328,969
Pre-Tax Book Income	3,416,086
Permanent Differences:	
Meal & Entertainment	18,999
Nondeductible Penalties	25
Amortization of Preferred Stock Expense	771
Lobbying Expenses	110,310
Total Permanent Differences	130,105
Financial Taxable Income	3,546,191
Temporary Differences:	
Uncollectible Accounts	98,883
Vacation Pay	66,314
Customer Deposits	259,320
Taxable Contributions (CIAC)	(87,818)
Rate Case Expense	(944,958)
Depreciation & Amortization	(4,080,037)
Reg Asset - AFUDC Debt	6,900
Gains & Losses	18,182
Abandonment Losses	(500,832)
Cost of Removal	(43,217)
Amortization UPAA	20,524
Cost of Service Study	(3,278)
Incent Plan (Incen 3)	31,370
Incent Plan (Incen 5)	(22,247)
Regulatory Pension (Pension 2)	(53,895)
Regulatory Pension (Pension 3)	277,826
Accrued OPEB	(198,550)
AFUDC (AFUDC 1)	(93,693)
AFUDC Equity CWIP (AFUDC 2)	(36,300)
Amortization of Regulatory (AFUDC 3)	25,728
Deferred Maintenance (Maint 1)	256,490
Miscellaneous Deferred Debits (Misc 1)	821,426
Miscellaneous Deferred Credits (Misc 3)	0
Deferred Security Costs	(142,285)
Deferred Customer Service Center Costs	67,323
Deferred Financial Services Costs	160,090
Total Temporary Differences	(4,096,734)
Federal Taxable Income Before SIT	(550,543)
State Income Tax Deuction	(379,185)
Federal Taxable Income	(929,728)
Tax Rate	35%
Federal Income Tax Payable	(325,405)
Provision Adjustment	0
Federal Income Tax Expense	(325,405)

WATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues			
460	Unmetered Water Revenue			
461	Metered Water Revenue:			
461.1	Sales to Residential Customers	97,718	99,267	22,428,480
461.2	Sales to Commercial Customers	8,250	8,164	10,692,569
461.3	Sales to Industrial Customers	16	20	1,384,794
461.4	Sales to Public Authorities			
461.5	Sales to Multiple Family Dwellings			
461.6	Sales through Bulk Loading Stations			9,780
	Total Metered Sales	105,984	107,451	34,515,623
462	Fire Protection Revenue:			
462.1	Public Fire Protection	36	1,555	1,898,742
462.2	Private Fire Protection	1,183	1,206	854,523
	Total Fire Protection Revenue	1,219	2,761	2,753,265
464	Other Sales to Public Authorities	487	484	3,217,866
465	Sales to Irrigation Customers			
466	Sales for Resale	9	10	830,706
467	Interdepartmental Sales			
	Total Sale of Water	107,699	110,706	41,317,460
	Other Water Revenues:			
470	Forfeited Discounts			
471	Miscellaneous Service Revenues			136,026
472	Rents from Water Property			103,104
473	Interdepartmental Rents			
474	Other Water Revenues			803,565
475	Provision for Rate Refunds			
	Total Other Water Revenues			1,042,695
	Total Water Operating Revenues			42,360,155

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	WATER EXPENSE ACCOUNT MATRIX									
		.1 SOURCE OF SUPPLY EXPENSES- OPERATION (d)	.2 SOURCE OF SUPPLY EXPENSES- MAINTEN. (e)	.3 WATER TREATMENT EXPENSES OPERATION (f)	.4 WATER TREATMENT EXPENSES- MAINTEN. (g)	.5 TRANS. & DISTRIB. EXPENSES- OPERATION (h)	.6 TRANS. & DISTRIB. EXPENSES- MAINTEN. (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINISTRATIVE & GENERAL EXPENSES (k)		
601	Salaries & Wages - Employer ok	4,926,470	0	1,325,418	1,073,386	1,209,750	557,717	672,853	788,770		
603	Salaries & Wages - Officers, Directors & Majority Stockholders ok	0							0		
604	Employee Pensions & Benefits ok	2,449,495			(872)				2,450,367		
610	Purchased Water ok	496,743									
615	Purchased Power ok	1,939,552		1,729,635		294					
616	Fuel for Power Production ok	0									
618	Chemicals ok	1,226,578		1,226,578							
620	Materials and Supplies	730,056	169,107	25,811	92,720	36,711	324,098	462	78,587		
631	Contractual Services - Eng	13,023							12,973		
632	Contractual Services - Acct	36,640							36,640		
633	Contractual Services - Legal	268,391							268,391		
634	Contractual Services - Management Fees	6,135,981		1,47,762				28,433	5,959,784		
635	Contractual Services - Other	515,941	0	148,124	0	43,491	0	115,702	207,961		
641	Rental of Bldg./Real Property	5,664				2,473			3,191		
642	Rental of Equipment	68,935				41,241		(51)	28,290		
650	Transportation Expenses	401,983		(545)	25	4,067		874	395,321		
656	Insurance - Vehicle ok	(3,838)							(3,838)		
657	Insurance - General Liability ok	308,484							308,484		
658	Insurance - Worker's Comp ok	72,305							72,305		
659	Insurance - Other ok	104,943							104,943		
660	Advertising Expense	46,731							46,731		
666	Regulatory Commission Expense	0									
667	- Amortization of Rate Ca ok										
667	Regulatory Commission Expense	22,811							22,811		
670	- Other ok	450,398									
670	Bad Debt Expense	3,462,110	(13,795)	287,015	206,925	307,139	308,184	910,732	450,398		
675	Miscellaneous Expenses										
	Total Water Utility Expenses	23,679,397	219,888	4,889,328	406,184	1,645,166	1,190,049	2,379,405	12,209,999		

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January	13,117	1,768,843	1,781,960	1,390,688
February	12,918	1,060,743	1,073,661	871,704
March	11,412	1,017,410	1,028,822	1,047,824
April	13,655	1,158,927	1,172,582	920,626
May	10,735	931,179	941,914	716,666
June	22,973	1,671,043	1,694,016	1,275,185
July	20,200	1,401,291	1,421,491	1,033,293
August	14,959	1,240,081	1,255,040	962,119
September	25,442	1,501,888	1,527,330	1,377,531
October	31,791	1,157,399	1,189,190	1,130,534
November	30,758	1,054,359	1,085,117	879,882
December	17,807	742,279	760,086	693,101
Total for year	225,767	14,705,442	14,931,209	12,299,153
Maximum gallons pumped by all methods in any one day (Omit 000's):				56,890
Date <u>6/29/2004</u>				
Minimum gallons pumped by all methods in any one day (Omit 000's):				29,850
Date <u>11/26/04</u>				
If water is purchased for resale, indicate the following:				
Vendor: <u>Winchester Municipal Utilities, City of Owenton, Gallatin County Water District</u>				
<u>Georgetown Municipal Water & Waste Water.</u>				
Point of Delivery: <u>Clark County (4), Owen County (4), Gallatin County (1)</u>				
If water is sold to other water utilities for redistribution, list names of such utilities below:				
<u>CITY OF MIDWAY</u>				
<u>EAST CLARK WATER</u>				
<u>CITY OF NORTH MIDDLETOWN</u>				
<u>CITY OF NICHOLASVILLE</u>				
<u>CITY OF VERSAILLES</u>				
<u>JESSAMINE SOUTH ELKHORN WATER DISTRICT (2)</u>				
<u>HARRISON COUNTY WATER DISTRICT</u>				
<u>GEORGETOWN MUNICIPAL WATER AND SEWER SERVICE</u>				
<u> </u>				
<u> </u>				
<u> </u>				
<u> </u>				

SALES FOR RESALE (466)

LINE #	COMPANY	1,000 GALLONS	AVG. RATE (CENTS)	AMOUNT
1	CITY OF MIDWAY	70,978	2.03	144,097
2	EAST CLARK WATER	52	6.18	323
3	CITY OF NORTH MIDDLETOWN	76,043	2.03	154,281
4	CITY OF NICHOLASVILLE	27,714	2.23	61,762
5	CITY OF VERSAILLES	7,484	2.98	22,289
6	JESSAMINE SOUTH ELKHORN WATER DIST (2 ACCTS)	176,299	2.03	357,316
7	HARRISON COUNTY WATER DISTRICT	25,893	2.10	54,369
8	GEORGETOWN MUNICIPAL WATER AND SEWER SERVICE	13,321	2.38	31,646
9		0		0
10	TOTAL	397,784	2.08	826,083
WATER STATISTICS				
LINE #	ITEM	1,000 GALLONS		
1	WATER PRODUCED AND PURCHASED:			
2	Water Produced	14,705,442		
3	Water Purchased	225,767		
4	TOTAL PRODUCED AND PURCHASED	14,931,209		
5				
6	Water Sales:			
7	Residential	5,729,658		
8	Commercial	4,011,583		
9	Industrial	755,945		
10	Bulk Loading Station	2,965		
11	Resale	398,383		
12	Other Sales - Public Authority	1,375,251		
13	TOTAL WATER SALES	12,273,785		
14				
15	OTHER WATER USED:			
16	Utility/ Water Treatment	0		
17	Wastewater Plant			
18	System Flushing			
19	Fire Department			
20	Other (Construction, Flushing, Disinfection, Etc.)	349,226		
21	OTHER WATER USED	349,226		
22				
23	Water Loss	2,308,198		
24				
25	TOTAL OTHER WATER USED	2,657,424		
26				
27	Water Loss Percentage:	15.5%		

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 1 THROUGH 4)
AS OF DECEMBER 31, 2004**

1) Number of public fire hydrants:

Fayette County	6,529
Scott County	193
Clark County	10
Bourbon County	56
Woodford County	8
Total Public	<u><u>6,796</u></u>

2) Number of private fire hydrants:

Fayette County	733
Scott County	56
Clark County	-
Bourbon County	-
Woodford County	9
Total Private	<u><u>798</u></u>

3) Source of water supply:

Kentucky-American Water Company's major source of supply is the Kentucky River, located twelve miles southeast of downtown Lexington. The company also utilizes Lake Ellerslie which impounds West Hickman Creek and Jacobson Reservoir which impounds East Hickman Creek.

4) Method of water supply:

Water from the Kentucky River is pumped up a 400 foot cliff through three water lines to the adjacent treatment facility (Kentucky River Station). Raw water from the Kentucky River can also be pumped to Jacobson Reservoir or directly to the Richmond Road Station. The impounded waters of Jacobson Reservoir are pumped to a treatment facility in Lexington (Richmond Road Station). Lake Ellerslie, located adjacent to the Richmond Road Station, is used only as a standby supply.

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2004**

5) Reservoir Statistics:

Greater Fayette System

Tates Creek Tank - 500,000 Gallon Elevated

Foundation Elevation	1,037.00
Overflow Elevation	1,185.25

York Street Tank - 1,000,000 Gallon Ground Storage

Foundation Elevation	965.50
Overflow Elevation	1,000.50

Cox Street Tank - 1,000,000 Gallon Ground Storage

Foundation Elevation	967.00
Overflow Elevation	1,002.50

Cox Street Tank - 1,000,000 Gallon Elevated

Foundation Elevation	957.00
Overflow Elevation	1,117.00

Mercer Road Tank - 2,000,000 Gallon Elevated

Foundation Elevation	982.00
Overflow Elevation	1,107.00

Parkers Mill Road Tank - 3,000,000 Gallon Ground Storage

Foundation Elevation	985.50
Overflow Elevation	1,025.50

Hume Road Rank - 3,000,000 Gallon Ground Storage

Foundation Elevation	943.50
Overflow Elevation	979.50

Hall Tank - 210,000 Gallon Standpipe

Foundation Elevation	1,025.00
Overflow Elevation	1,115.00

Muddy Ford Tank - 750,000 Gallon Elevated

Foundation Elevation	1,008.50
Overflow Elevation	1,130.00

Sadieville Tank - 380,000 Gallon Standpipe

Foundation Elevation	920.00
Overflow Elevation	992.00

Clays Mill Tank #1 - 3,000,000 Gallon Ground Storage

Foundation Elevation	985.50
Overflow Elevation	1,022.50

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2004**

5)	Clays Mill Tank #2 - 3,000,000 Gallon Ground Storage	
	Foundation Elevation	985.50
	Overflow Elevation	1,022.50
	Briar Hill Tank - 750,000 Gallon Elevated	
	Foundation Elevation	1,012.00
	Overflow Elevation	1,150.00
	Owen County System	
	Long Ridge Tank - 100,000 Gallon Standpipe	
	Foundation Elevation	965.00
	Overflow Elevation	1,043.60
	Glencoe Tank - 100,000 Gallon Standpipe	
	Foundation Elevation	793.00
	Overflow Elevation	820.30
	Sparta Tank - 50,000 Gallon Standpipe	
	Foundation Elevation	640.00
	Overflow Elevation	663.00
	Brombley Tank - 177,000 Gallon Standpipe	
	Foundation Elevation	908.00
	Overflow Elevation	1,015.00
	Hesler Tank - 237,000 Gallon Standpipe	
	Foundation Elevation	953.00
	Overflow Elevation	1,055.00
	Monterey Tank - 117,000 Gallon Standpipe	
	Foundation Elevation	600.00
	Overflow Elevation	652.00
	Wheatley Tank - 186,000 Gallon Standpipe	
	Foundation Elevation	908.26
	Overflow Elevation	1,015.00
	Elk Lake Tank - 100,000 Gallon Standpipe	
	Foundation Elevation	910.50
	Overflow Elevation	1,015.00
	New Columbus Tank - 229,000 Gallon Standpipe	
	Foundation Elevation	909.5
	Overflow Elevation	1021.5

KENTUCKY-AMERICAN WATER
 PLANT STATISTICS (ITEM 6)
 AS OF DECEMBER 31, 2004

1 OF 3

SIZE	KIND	CENTRAL DIVISION NORTHERN DIVISION LEASED SYSTEM		
		FEET (MILES)	FEET (MILES)	FEET (MILES)
36	R/W LJ	256		
		0.048		
36	DI	368		
		0.070		
30	DI	61427		
		11.634		
30	CONC	46152		
		8.741		
30	R/W DI	46649		
		8.835		
30	R/W CONC	1789		
		0.339		
24	CONC	83387		
		15.793		
24	DI	235052		
		44.517		
20	DI	11611		
		2.199		
20	CONC	18136		
		3.435		
20	R/W AC	12116		
		2.295		
20	CI	13901		
		2.633		
20	R/W CI	1481		
		0.280		
20	R/W DI	0		
		0.000		
20	R/W STEEL	520		
		0.098		
14	PEP	3450		
		0.653		
16	DI	6634		
		1.256		
16	CONC	19022		
		3.603		
16	CI	54283		
		10.281		
16	AC	179036		
		33.908		
16	R/W CI	14381		
		2.724		
16	R/W DI	527		
		0.100		

KENTUCKY-AMERICAN WATER 1 OF 3
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2004
KENTUCKY-AMERICAN WATER 2 OF 3
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2004

SIZE	KIND	CENTRAL DIVISION NORTHERN DIVISION LEASED SYSTEM		
		FEET (MILES)	FEET (MILES)	FEET (MILES)
12	CI	273879		
		51.871		
12	AC	287392		
		54.430		
12	DI	539826		
		102.240		
12	PVC	20268		
		3.839		
10	CI	1286		
		0.244		
10	AC	24796		
		4.696		
10	DI	0		
		0.000		
8	CI	480476		
		90.999		
8	AC	804793		
		152.423		
8	PVC	1795452	89020	
		340.048	16.860	
8	DI	476488.5		
		90.244		
6	CI	539453		
		102.169		
6	AC	959758	132000	
		181.772	25.000	
6	PVC	354787.9	115900	87330
		67.195	21.951	16.540
6	DI	172178		910
		32.609		0.172
4	AC	235343	164460	
		44.573	31.148	
4	CI	89843		
		17.016		
4	PVC	33415.1	191010	49408
		6.329	36.176	9.358
4	GAL	1213		
		0.230		
4	DI	51013		520
		9.662		0.098
4	STEEL	60		
		0.011		
3	AC	39900	27000	
		7.557	5.114	

KENTUCKY-AMERICAN WATER 1 OF 3
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2004
KENTUCKY-AMERICAN WATER 3 OF 3
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2004

CENTRAL DIVISION NORTHERN DIVISION LEASED SYSTEM				
SIZE	KIND	FEET (MILES)	FEET (MILES)	FEET (MILES)
3	PVC	158592	174940	
		30.036	33.133	
3	GAL	767		
		0.145		
3	CI	0		
		0.000		
3	STEEL	45		
		0.009		
2.5	PVC	43160		
		8.174		
2.2	CI	77194		
		44.517		
2	CI	74330		
		14.078		
2	PVC	70507	46880	
		3.435	8.879	
2	GAL	14828	15840	
		2.808	3.000	
2	VARIOUS	222		
		0.042		
1.2	CI	2086		
		0.395		
1	PVC	11		
		0.002		
SUB TOTAL		8433476	957050	138168
		1597.249	181.259	26.168
TOTAL				9528694
				1804.677

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 7 THROUGH 8)
AS OF DECEMBER 31, 2004**

7) Types of filters:

Kentucky River Station

Type:	Gravity
Units:	10
Capacity Per Unit Per Minute:	0.00278 MG/min
Total Capacity Per Minute:	0.02778 MG/min
DOW Temporary High Rate:	0.0313 MG/min (on peak)

Richmond Road Station

Type:	Gravity
Units:	16
Capacity Per Unit Per Minute:	0.00109 MG/min
Total Capacity Per Minute:	0.01736 MG/min

8) Chlorinators:

Kentucky River Station

Type:	Wallace & Tiernan Model V-2020
Units:	4
Capacity:	3,000 pounds per day
Total Capacity:	12,000 pounds per day

Richmond Road Station

Type:	Wallace & Tiernan Model V-2020
Units:	3
Capacity:	3 @ 3,000 pounds per day
Total Capacity:	9,000 pounds per day

TRI-VILLAGE

Long Ridge	Wallace & Tiernan
Hwy. 22 & 127	Wallace & Tiernan

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2004

9) Station Equipment

**KENTUCKY RIVER STATION
CONDENSED SYSTEM DATA**

- A. **PLANT CAPACITY** - 40,000,000 gallons
DOW TEMPORARY HIGH RATE - 45,000,000 gallons (on peak)
- B. **SOURCE OF SUPPLY** - Kentucky River
- C. **INTAKE (Low Service)** - Kentucky River

Pump No. 1: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258669
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840384
In Service April 1992

Pump No. 2: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258672
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840380
In Service April 1992

Pump No. 3: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258667
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840383
In Service April 1992

C. **INTAKE (Low Service) - (Continued)**

Pump No. 4: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258668
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840382
In Service February 1992

Pump No. 5: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258670
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840381
In Service February 1992

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2004**

Pump No. 6: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258671
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840385

D. RAW WATER TRANSFER STATION

Pump No. 8: Patterson Pump, Centrifugal Split Case
Size/ 18x14 MABS
7600 GPM (11 MGD), 315 TDH
Serial No. 91PT16109A14
Purchased in 1992 under BP 91-8 (A-7421)
900 H.P. General Electric Induction Motor
Type K, Frame 8309S
Serial No. 831036
In Service September 1992

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2004**

D. RAW WATER TRANSFER STATION - (Continued)

Pump No 9: Patterson Pump, Centrifugal Split Case
Size/ 18x14 MABS
7600 GPM (11 MGD), 315 TDH
Serial No. 91PT16108A14
Purchased in 1992 under BP 91-8 (A-7421)
900 H.P. General Electric Induction Motor
Type K, Frame 8309S
Serial No. 831037
In Service September 1992

Tri-Village Pressure Pump

Pump 1 - 127 PACO LC
3070 225 GPM
130 TDH
Electric High Efficiency

Pump 2 - 127 & 22
PACO 3070-7
806 GPM 145 TDH
Electric High Efficiency

E. RAW WATER CONTROL VAULT

The 36-inch raw water line enters the control vault which contains a Pratt Rubber Seated Butterfly, electric operated, size 30-inch serial No. 8-1067-86, year 1991, PSIG MAX,150. This valve is controlled from the computer located in the control room.

Purchased in 1980 under Work Order No. A-4810

F. CHEMICAL RAPID MIX BASINS

There are two mix tanks One high energy mix tank equipped with lightning mixer with 50 h p , U S. motor drive adjustable speed.

One low energy mix tank equipped with 15 h.p., U.S. motor drive, adjustable speed. Chlorine, coagulant aid, polyaluminum chloride, carbon ferric chloride, caustic soda, polymer and lime slurry are added to raw water. After mixing, water leaves tanks via two 30-inch mains to the ten (10) Aldrich units.

Purchased in 1980 under Work Order No. A-4810

G. ALDRICH UNITS

Ten Aldrich Units (hydrotreators) equipped with automatic sludge removal and mixed media filters and equipped with Dorr-Oliver variable frequency drives. Each unit 69' 8-inches in diameter and 17' 9-inches high.

1, 2, 3, 4 - Purchased in 1958 under Work Order No. A-521

5, 6 - Purchased in 1966 under Work Order No. A-1919

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2004

G. ALDRICH UNITS - (Continued)

7,8 - Purchased in 1970 under Work Order No. A-2535

9, 10 - Purchased in 1980 under Work Order No. A-4808

H. FILTERS (outside portion of Aldrich Units)

Total of ten filters. 4 MGD rating. 720 square feet of filter area per unit 40 MGD total.

All filters are equipped with surface wash capability; chlorine and filter aid can be applied to the settled water prior to filtration.

Two wash water pumps, Worthington 10 HH-110-3 (1.44 MGD), US motor, 25 h p, 440 volts. Purchased in 1958 under Work Order No. A-665. Pumps to two ground storage tanks with 0.53 MG of capacity.

I. CLEARWELLS

Ammonia, zinc orthophosphate, caustic soda and hydrofluorosilicic acid are applied to the filtered water just prior to the clearwells.

One concrete clearwell located under control building. (0.485 MG capacity)

Purchased in 1958 under Work Order No. A-746

One concrete clearwell located under control building. (.490 MG) and is connected to first clearwell by (2) 36-inch sluice gates and (1) 48-inch sluice gate.

Purchased in 1970 under Work Order No. A-2537

One above ground steel clearwell 110' in diameter by 30' high holding 2.0 MG is connected to No. 1 and No. 2 well by 24-inch pipeline.

Purchased in 1982 under Work Order No. A-4806

J. CLEARWELL TRANSFER PUMP

Pump used to fill No. 3 clearwell, Allis Chalmers vertical pump model 500, 3500 GPM (5 MGD) vs. 25' TDH, GE motor, 40 h p, 460 volts.

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
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K. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 10, Peerless discharge, flung bowls, 3 stage, 5560 GPM (8.0 MGD) vs 380' TDH, Siemaen electric motor, 700 h.p., 4160 volts.

Purchased in 1988 under Work Order No. A-6425

- 2) H.S. Pump No. 11, Patterson vertical turbine, PVT, Size/Type-19 RMC, 5556 G.P.M. (8 MGD), 380' TDH, U.S. Electric Motor, 700 H.P., 4160-volt, 1780 R.P.M. (Purchased in 1998 under BP 98-03, W.O. No. A-8919)

- 3) H.S. Pump No. 12, DeLaval Pump, 2 stage, 5600 GPM (8.5 MGD) vs. 380' TDH, Ideal motor, 700 h.p., 4160 volts. (Purchased in 1966 under Work Order No. A-1872).

- 4) H.S. Pump No. 13, DeLaval P16/14D, 7000 GPM (10 MGD), vs. 380' TDH, Continental Electric motor, 800 h.p., 4160 volts. (Purchased in 1966 under Work Order No. A-1967).

- 5) H.S. Pump No. 14 - Peerless vertical turbine, 24 MA/H X B, 7000 GPM (10 MGD) vs 380' TDH, Westinghouse motor, 800 h.p., 4160 volts. (Purchased in 1970 under Work Order No. A-2536).

- 6) H.S. Pump No. 15 - Allis Chalmers vertical turbine, H20 x 16, VTMC-7, 7000 GPM (10 MGD) vs 380' TDH, Continental electric motor, 900 h.p., 4160 volts

Purchased in 1981 under Work Order No. A-4812

L. STANDBY EQUIPMENT

H.S. Pump No. 15 - Allis Chalmers vertical turbine VTMC-7, 7000 GPD (10 MGD) vs 380' TDH, diesel driven by Detroit Diesel V-16, through a right angle drive, 765 h.p. (Purchased in 1981 under Work Order No. A-4804)

Emergency Generator No. 1 - Detroit Diesel, 4 Cyl., 90 k.w., 480 volts. (Purchased in 1981 under Work Order No. A-4805)

Emergency Generator No. 2 - Detroit Diesel, 4 Cyl., 75 k.w., 480 volts (Purchased in 1981 under Work Order No. A-4811).

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2004

M. IN PLANT MONITORING EQUIPMENT

Level	- Kentucky River
Chemtrac Streaming Current Monitor	- Treated Water
Hach	- Raw Water
Prominent and Wallace and Tiernan	- Treated Water
Hach	- Entrance to Clearwell
Leeds and Northrum	- Distributed water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters (12) Hach	- Filtered water (each filter)
	- Raw Water
	- Distributed water
Particle Counts (12) IBR	- Entrance to Clearwell
	- Filtered water (each filter)
	- Distributed water
Chlorine Residual Analyzers - Hach	- Entrance to Clearwell
	- Distributed water
Prominent and Wallace and Tiernan	- Treated Water
Phosphate Analyzer	- Distributed water
Flouride Analyzer	- Distributed water
Mono-chloramine Analyzer	- Distributed water
SCADA (entire plant operations)	- Intake Pumps
	- Raw water flow control
	- Transfer pumps
	- Supernatant pit pumps
	- Filter backwash water handling system
	- Filter operations
	- Dechlorination system
	- Distributed water vaults
	- Chemical feed ssytems
	- Filter operations
	- Clearwell levels

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2004

**RICHMOND ROAD STATION
CONDENSED SYSTEM DATA**

A. PLANT CAPACITY - 25,000,000 gallons

DOW TEMPORARY HIGH RATE - 30,000,000 gallons (on peak)

B. SOURCE OF SUPPLY - Kentucky River
Jacobson Reservoir - 745 MG
Lake Ellerslie Reservoir - 88.7 MG

C. INTAKE (Low Service)

1) Kentucky River - See Plant Statistics (Item 9 C Intake <LOW SERVICE> -Kentucky River Station)

2) Jacobson Reservoir

a L.S. Pump Unit No. 1, DeLaval A-1018L, 2800 GPM (4* MGD) vs. 110' TDH, Westinghouse motor, 100 h p., 440 volts. (Purchased in 1966 under Work Order No. A-2050).

b. L.S. Pump Unit No. 2, DeLaval A-1018L, 2800 GPM (4* MGD), vs. 110' TDH, Westinghouse motor, 100 h p., 440 volts. (Purchased in 1966 under Work Order No. A-2050).

c L.S. Pump Unit No. 3. Allis Chalmers Model, 205-848-503, 8350 GPM (12* MGD) vs. 180' TH, Ideal motor. 400 h p., 2300 volts (Purchased in 1956 under Work Order No. A-472)

* Low service pumps nos 1, 2 and 3 have name plate ratings of 4.4 and 12 MGD respectively. Historical performance since the installation of a 30-inch line on the outlet side of the pumps and a reduction in head pressure has been 6.6 and 16 MGD respectively.

d Aeration System

Two (2) Ingersoll-Rand rotary screw air compressors with capacities of 117 CFM and 30 HP each supply the aeration system for Jacobson Reservoir. The aerator lines consist of two runs of tubing, 3,600 feet each, complete with buoyancy hose.

3) Lake Ellerslie Reservoir

a L.S. Pump Unit No. 5, Ingersoll-Rand 12 AFV, 4160 GPM (6 MGD) vs. 50' TH. GE motor, 60 h p., 440 volts (Purchased in 1948 under Work Order No. E-152).

b. L.S. Pump Unit No. 4. DeLaval 250544, 2800 GPM (4 MGD) vs. 50' TH, GE motor, 40 h p., 440 volts. (Purchased in 1938).

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2004

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D. JACOBSON RESERVOIR INTAKE

The 24-inch line from the Jacobson Reservoir Intake feeds a 16-inch, 20-inch, and a 24-inch main which, in turn, feeds to the suction side of the Jacobson Reservoir L.S. pumps, 1, 2, and 3. Also connected into the 24-inch line is a 30-inch raw water line from the Kentucky River.

The Lake Ellerlie Reservoir Intake has two (2) 24-inch lines leaving the intake to feed the suction of L.S. pumps No. 4 and 5. From the discharge side two (2) lines go to the chemical feed vault, a 12-inch and 20-inch. Potassium permanganate is added to the raw water at the intake for taste and odor control.

E. INFLUENT RAW WATER VAULT

The 30-inch, 20-inch and 16-inch raw water mains from Jacobson Reservoir flow into two (2) raw water control vaults inside the plant property.

Pre-chlorine and pre-caustic are fed at each raw water control vault. The remaining treatment chemicals are added at the influent of each sedimentation basin.

F. RAPID MIX FLOCCULATORS AND SEDIMENTATION BASINS

There are two (2) - 1.5 MG concrete settling basins each equipped with rapid mix at the point of application and eight (8) flocculators in each chamber passage directly in front of the Riffle plate aerators. Water is carried to these basins by a 30-inch and 24-inch main. Water departs these basins in a 30-inch main which splits into two 24-inch mains which loop the filter building. At the rapid mix, aluminum sulfate, caustic, ferric chloride, carbon, cationic polymer, and chlorine are applied.

G. FILTERS

A total of 16 filters rated at 1.56 MGD each, 20' x 17' or 340 sq. ft. each, with Leopold bottoms and air wash backwash. The media consists of 24 inches of granular activated carbon and six inches of sand. Filter aid can be applied to each filter when necessary.

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KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2004

G. FILTERS - (Continued)

One wash pump, Allis Chalmers Model C-3, 1000 GPM (1.44 MGD) vs. 90' TH, GE motor, 20 h p., 440 volts which pumps to a steel 50,000 gallon wash water tank. 24' in diameter by 14' 10 - 1/4 inch high. The filter water gravity drips into a 0.6 MG clearwell under the filter building and flows by gravity through two 30-inch mains to a below-ground concrete clearwell of 0.45 MG capacity. Caustic soda, hydrofluorosilicic acid, ammonia, and zinc orthophosphate are added to the filtered water prior to entering the 0.45m clearwell. Chlorine is added prior to and after the 0.6 MG clearwell.

H. HIGH SERVICE PUMPS

- 1) H S Pump No. 8, Ingersoll Rand, 2780 GPM (4.0 MGD) vs. 240' TH, Continental motor, 200 h p., 460 volts (Purchased in 1955 under Work Order No. A-452).
- 2) H S Pump No. 7, DeLaval, 8333 GPM (12.0 MGD) vs. 240' TH, Continental motor, 500 h p., 460 volts. (Purchased in 1955 under Work Order No. A-452).
- 3) H S Pump No. 6, DeLaval, 4520 GPM (6.5 MGD) vs. 190' TH, Continental motor, 250 h p., 460 volts. (Purchased in 1953 under Work Order No. A-252).

I. HIGH SERVICE PUMPS WITH STANDBY DIESEL EQUIPMENT

- 1) H.S. diesel driven pump No. 9, Patterson Pump, 4862 GPM (7.0 MGD) VS 235, Cummins diesel 372 HP. (Purchased in 1993 under Work Order No. A-7322).
- 2) H S diesel driven pump No. 11, Peerless, 2800 GPM (4.03 MGD) vs 220' TH, 180 h p diesel driver (Purchased in 1965 under Work Order No. A-1784).
- 3) H S diesel driven pump No. 10, DeLaval, 3850 GPM (5.54 MGD) vs 231' TH, GM diesel, 580 h p., or electric driven by Continental motor, 250 h p., 460 volts. (Purchased in 1988 under Work Order No. A-6424 under BP-84-10).

KENTUCKY-AMERICAN WATER COMPANY
 PLANT STATISTICS (ITEM 9 - Richmond Road Station)
 AS OF DECEMBER 31, 2004

J. STANDBY EQUIPMENT

Emergency Generator No. 1 (High Service Pumps) - GM diesel Model 6151E, 440 volt, 115 KW, 144 KVA

Emergency Generator No. 2 (Chemical Feed Systems) - Onan Model 250 ODFM17R/3028N, 250 KW, 312.5 KVA, 390 h.p. (Purchased in 1988 under Work Order No. A-6218).

Emergency Generator No. 3 (Sludge Processing Systems) - Onan Model 500, ODFY-4xR/30285E, 500 KW, 625 KVA, 760 h.p. (Purchased in 1988 under Work Order No. A-6218).

J. IN-PLANT MONITORING EQUIPMENT

Level	- Jacobson Reservoir
Chemtrac Streaming Current Monitor	- Treated Water
pH	- Treated Water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters (19)	-Raw water
	- Filtered Water (each filter)
	Entrance to clearwell
	-Effluent
Chlorine residual analyzers (5)	-Treated water
	-North and south basins
	- Entrance to Clearwell
	- Distributed Water
SCADA (entire plant operation)	-Intake pumps
	-Raw water flow control
	-Filter operation
Particle counts	-Distributed water
	-Filter backwash water handling system
	-Distributed water venturi
Flouride	-Distributed water
	-Chemical feed system
	-Distributed water @ RRS
	-Distributed system operation

KENTUCKY-AMERICAN WATER COMPANY
 PLANT STATISTICS (ITEM 9 - Richmond Road Station)
 AS OF DECEMBER 31, 2004

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K. **SYSTEM STORAGE**

Twenty-one (21) storage tanks ranging in size from 100,000 gallons to 3,000,000 gallons with a total storage capacity of 17,660,000 gallons (does not include clearwell storage)

TANK	MG	YEAR
Greater Fayette System		
Tates Creek Road Elevated	0.50	
Cox Street Elevated	1.00	1955
Cox Street Ground	1.00	1948
York Street Ground	1.00	1948
Mercer Road Elevated	2.00	
Parkers Mill Road Ground	3.00	
Sadleville Standpipe	0.38	1975
Hall Standpipe	0.21	
Muddy Ford Standpipe	0.75	1988
Hume Road Ground	3.00	1987
Briar Hill Tank	0.75	1999
Clays Mill Tank 1	3.00	1996
Clays Mill Tank 2	3.00	2004
Owen County System		
Long Ridge	0.10	
Brombley	0.18	
Sparta	0.05	
Glencoe	0.10	
New Wheatley	0.17	
Hesler	0.23	
Monterey	0.12	
Elk Lake	0.10	
New Columbus	0.23	2002
TOTAL TANK STORAGE	20.86	
CLEARWELLS		
Clearwells - KY River Station	1.00	
Clearwells - Richmond Road Station	1.00	
Clearwells - Storage Tank KRS	2.00	
TOTAL TANK/CLEARWELL STORAGE	24.86	

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**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 10 THROUGH 14)
AS OF DECEMBER 31, 2004**

10) Quantity of Fuel Used:

Coal:	-
Gas:	-
Electricity:	51,613,884 kWh

11) Description of Sizable Plant Additions/Retirements:

Major hydraulic improvements (piping) completed in 2003 with most attendat SCADA improvements completed in 2004 and remainder to be completed in 2005.
In the summer of 2004 the 3 MG Clay's Mill ground tank #2 was completed and placed in service.

12) Clear Well Capacities:

Kentucky River Station

Clearwell No. 1 - Concrete structure under control building	485,000 Gallons
Clearwell No. 2 - Concrete structure under and adjacent to building	490,000 Gallons
Clearwell No. 3 - Steel above ground reservoir	2,000,000 Gallons

Richmond Road Station

Clearwell No. 1 - Concrete structure underneath filters	600,000 Gallons
Clearwell No. 2 - Concrete structure adjacent to pumping station	450,000 Gallons

13) Peak Month of Water Sold:

January was the peak month for water sold with sales of 1,390,688 gallons.

14) Peak Day of Water Sold:

Based on our peak day delivery of 56,890,000 gallons on June 29, 2004 and using an 84.5 % sales/delivery ratio, our estimated peak day sales would be 48,095,442 gallons.

OATH

Commonwealth of Kentucky)
)
County of Fayette)

Michael A. Miller makes oath and says
(Insert here the name of the affiant)

that he is _____ of
(Insert here the official title of the affiant)

Kentucky-American Water Company
(Insert her the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 20 04, to and including December 31, 20 04

Michael A. Miller
(Signature of official)

Subscribed and sworn to before me, Notary Public, in and for the

State and County above named, this 30th day of March, 20 05

(APPLY SEAL HERE)

My commission expires January 24, 2007

Jessie Jackson
(Signature of officer authorized to administer oaths)