

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 03/24/2006

Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
680300 Amortization of UPAA	1,801	5,403	1,801	5,403
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	41,268-	30,646	54,815	164,446
680620 Amort-Reg Asset	575	1,725	1,150	1,725
<b>P28 Amortization</b>	<b>38,892-</b>	<b>37,774</b>	<b>57,766</b>	<b>171,574</b>
<b>P29 General Taxes</b>				
685100 Utility Reg Assessment Fee	5,914	17,741		
685200 Property Taxes	158,737	549,782	180,058	540,175
685320 FUTA	351	5,470	425	5,606
685325 FICA	32,342	89,227	38,972	110,531
685350 SUTA	708	8,405	541	4,722
685440 Gross Receipts Tax			6,906	20,719
<b>P29 General Taxes</b>	<b>198,052</b>	<b>670,625</b>	<b>226,902</b>	<b>681,753</b>
<b>P30 State Income Taxes</b>				
690210 SIT-Current	17,579	52,737	34,983	34,983
690730.001 Def SIT-Reg Asset	4,982	14,946	4,982	14,946
690730.002 Def SIT-Reg Liab	1,809-	5,427-	1,809-	5,427-
690750.002 Def SIT-Other Liab	9,217	50,122	16,725-	4,959-
<b>P30 State Income Taxes</b>	<b>29,969</b>	<b>112,378</b>	<b>21,431</b>	<b>39,543</b>
<b>P31 Federal Income Taxes</b>				
690110 FIT-Current	70,986	212,958	1,394,414	1,96,327
690630.001 Def FIT-Reg Asset	4,982-	14,946-	4,982-	14,946-
690630.002 Def FIT-Reg Liab	13,385-	40,155-	13,385-	40,155-
690650.002 Def FIT-Other Liab	75,997	316,876	1,292,560-	4,041-
695220 ITC Restored - 3%	719-	2,157-	719-	2,157-
695230 ITC Restored - 4%	592-	1,777-	592-	1,777-
695240 ITC Restored - 10%	6,655-	19,965-	6,655-	19,965-
<b>P31 Federal Income Taxes</b>	<b>120,650</b>	<b>450,834</b>	<b>75,521</b>	<b>113,286</b>
<b>P40 AFUDC Equity</b>				
705100 AFUDC - Equity				
<b>P40 AFUDC Equity</b>				
<b>P42 M&amp;J Misc Income</b>				
715111 M&J Revenues-Outside	151,608-	446,452-	138,766-	404,048-
715112 AW03 M&J Revenues-AW03			10,527-	10,527-
716121 M&J Expenses-Outside	12,319	46,383	14,300	85,672
716122 M&J Expenses-Inside	159,031	407,035	134,609	362,585
<b>P42 M&amp;J Misc Income</b>	<b>19,742</b>	<b>6,966</b>	<b>384-</b>	<b>33,682</b>
<b>P46 Misc Amortization</b>				
755200.001 Amort PS Exp w/ mand				
<b>P46 Misc Amortization</b>				
<b>P48 Misc Other Deductions</b>				
760100 Donations Deduct	14,230	45,951	11,430	48,535
760200 Other Income Deductions	150	53,967	16,878	41,820
760400 Other Lobbying Expenses	3,865	12,166	8,152	14,185
<b>P48 Misc Other Deductions</b>	<b>18,245</b>	<b>112,084</b>	<b>36,460</b>	<b>104,540</b>
<b>P50 State Income Taxes</b>				
780100 SIT-Other Inc & Ded Curr	7,326-	21,978-	8,438-	8,438-
<b>P50 State Income Taxes</b>	<b>7,326-</b>	<b>21,978-</b>	<b>8,438-</b>	<b>8,438-</b>
<b>P51 Federal Income Taxes</b>				
790100 FIT-Oth Inc & Ded-curr	31,079-	93,237-	43,151-	35,796-
<b>P51 Federal Income Taxes</b>	<b>31,079-</b>	<b>93,237-</b>	<b>43,151-</b>	<b>35,796-</b>

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00012 Kentucky-American Water Co.				
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	413,138	200,596	601,787
810400 AW46 Int LJD-Inside AW46	257,154	771,463	257,154	771,463
860040 Div Dec PS-Out w/ mand	31,763	95,288		
P56 Interest on LTD	426,630	1,279,889	457,750	1,373,250
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110 AW46 Amort DExp Inside AW46	5,340	16,020	5,340	16,020
820110 IA46 Amort DExp Inside IA46	5,340-	16,020-	5,340-	16,020-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100 AW46 Interest STD Inside	32,056	107,493	7,490	24,227
P58 Interest on Bank Debt	32,056	107,493	7,490	24,227
P59 Other Interest Exp				
840000 Other Interest Expense	16	16		
P59 Other Interest Exp	16	16		
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,557	19,693	6,948	20,845
860100 001 Div Dec PS-Out w/ mand				
P64 Preferred Dividends	6,557	19,693	6,948	20,845
P69 Common Dividends				
860220 AW02 Div Decl Com Stk In-AW			31,348	31,348
P69 Common Dividends			31,348	31,348

Kentucky-American Water Company  
 Statistical Information  
 4/4/5 Accounting Period

March 2006

A. Number of customers served - Actual

1	Residential	103,237
2	Commercial	8,374
3	Industrial	23
4	OPA	484
5	Sales for Resale	10
6	Fire	1,774
7	Miscellaneous	1
	<b>Total</b>	<b><u>113,903</u></b>

B. System Delivery (Thousand Gallons)

1	Water Produced	1,289,672
2	Water Purchased	7,614
	<b>Total</b>	<b><u>1,297,286</u></b>

C. Water Sales (Thousand Gallons)

1	Residential	532,841
2	Commercial	371,788
3	Industrial	58,939
4	OPA	96,152
5	Sales for Resale	24,064
6	Fire	660
7	Miscellaneous	234
	<b>Total</b>	<b><u>1,084,678</u></b>



July 18 2006

Mr. Bill Feldman  
Branch Manager, Annual Report Branch  
Kentucky Public Service Commission  
211 Sower Blvd.  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Mr. Feldman:

Please find enclosed *April and May 2006* financial statements for Kentucky-American Water Company. These statements are based on our 4/4/5 accounting cycle. This transmittal represents the monthly financial statements initiated with our letter dated August 30, 1978. Enclosed are the following:

1. Balance Sheet
2. Comparative Statement of Income (12-Months to Date)
3. Detail of Operation and Maintenance Expense by Account (A of I)
4. Trial Balance
5. Monthly Operating Statistics

We trust these financial statements will fulfil your reporting requirements in monitoring financial procedures of this company. Please advise if additional information is required.

Sincerely,

A handwritten signature in cursive script that reads "Bryan Siler".

Bryan Siler

BS

Enclosures

C: M. A. Miller  
H. A. Miller, Jr.  
L. W. Ingram, Jr.  
File: 2601

Kentucky American Water  
2300 Richmond Road  
Lexington KY 40502  
T (859) 268-6350  
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I [www.amwater.com](http://www.amwater.com)

American Water Works Company  
Kentucky-American Water Co.  
Statement of Income with Analysis  
Kentucky PSC Report  
For the Period Ending 04/21/2006

Kentucky-American Water Co.

	Description	12 Month Actual	12 Month Previous
1	OPERATING REVENUES		
2	Water	48,853,372	42,602,785
3	Sewer	326,475	326,475
4	Other	1,860,820	1,105,336
5	Management		
6	Total Revenues	51,009,154	43,744,660
7	OPERATIONS & MAINTENANCE EXPENSE		
8	Purchased Water	4,783,292	4,735,638
9	Electricity	4,447,786	4,553,549
10	Heat	2,554,873	2,001,427
11	Chemicals	1,340,844	1,115,310
12	Waste Disposal	1,182,223	353,681
13	Management Fees	5,906,888	6,278,404
14	Group Insurance	1,594,011	1,548,669
15	Pensions	1,806,702	1,707,546
16	Regulatory Expense	15,511	819,384
17	Insurance Other Than Group	15,510	365,415
18	Customer Accounting	1,283,441	1,349,550
19	Rents	56,922	74,872
20	General Office Expense	961,847	423,107
21	Miscellaneous	2,329,839	2,326,690
22	Other Maintenance	2,020,939	1,196,122
23	Total Maintenance & Operations Exp	25,460,758	23,917,367
27	Depreciation	6,388,294	6,694,174
28	Amortization	8,047,290	6,686,123
29	General Taxes	2,751,525	2,815,883
30	State Income Taxes	1,562,475	2,455,390
31	Federal Income Taxes	2,766,008	1,020,112
32	Tax Savings Acquisition Adjustment		
33	Total Operating Expenses	39,033,860	35,587,049
34	Utility Operating Income	11,975,294	8,157,611
35	OTHER INCOME & DEDUCTIONS		
36	Non-Operating Rental Income		1,531
37	Dividend Income-Common		
38	Dividend Income-Preferred		
39	Interest Income		
40	AFUDC Equity		
41	M & J Miscellaneous Income	54,194	21,396
42	Gain/Loss on Disposition		200,000
43	Total Other Income	54,194	180,135
45	Miscellaneous Amortization		
46	Tax Savings Acquisition Adjustment	347,152	281,809
47	Miscellaneous Other Deductions		
48	General Taxes	20,873	15,456
49	State Income Taxes	104,367	7,157
50	Federal Income Taxes		
51	Total Other Deductions	221,912	188,196
52	Total Other Income	167,718	8,061
53	Income Before Interest Charges	11,807,576	8,149,550
54	INTEREST CHARGES		
55	Interest on Long-Term Debt	5,244,034	5,476,605
56	Amortization and Debt Expense		
57	Interest-Short Term Bank Debt	294,933	45,375
58	Other Interest Expense	1,617	2,231
59	AFUDC-Debt		
60	Total Interest Charges	5,540,584	5,524,211
61	Net Income	6,266,992	2,625,339
62	Preferred Dividend Declared	78,366	83,350
63	Net Income to Common Stock	6,188,626	2,541,989

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Description	April Activity	April Balance	Prior Year Activity	Prior Year Balance
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00012 Kentucky-American Water Co				
P02 Water Revenues				
401110 Res Sales Billed	1,560,317-	8,600,128-	1,713,623-	8,570,605-
401120 Res Sales Unbilled	458,322-	649,670	305,479-	922,196
401210 Com Sales Billed	764,026-	3,782,014-	874,253-	3,888,736-
401220 Com Sales Unbilled	147,938-	287,414	118,463-	628,108
401310 Ind Sales Billed	117,221-	472,140-	122,757-	455,863-
401320 Ind Sales Unbilled	59,205-	4,402	3,779-	19,085
401410 Pub Fire Billed	180,300-	721,496-	172,439-	676,989-
401420 Pub Fire Unbilled	12,483-	12,483-		
401450 Priv Fire Billed	88,492-	342,212-	101,937-	341,847-
401460 Priv Fire Unbilled	4,989-	4,989-		
401510 Pub Auth Billed	261,403-	1,076,170-	251,395-	1,024,262-
401520 Pub Auth Unbilled	126,946-	112,024	41,168-	43,054
401610 SFR Billed	84,545-	315,004-	66,240-	251,580-
401620 Sales for Resale Unbilled	4,728-	33,930-	492	19,952-
401710 Misc Sales Billed	517-	4,807-	861-	1,415-
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P02 Water Revenues	3,871,432-	14,311,863-	3,771,902-	13,618,806-
P03 Sewer Revenues				
402110 Dom WW Serv Billed	15,732-	52,718-	1,920-	11,728-
402210 Com WW Serv Billed	11,770-	30,299-	473-	2,190-
402310 Ind WW Serv Billed	1,180-	2,737-	152-	567-
402510 Pub Auth WW Svc Billed		343-		
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P03 Sewer Revenues	28,682-	86,097-	2,545-	14,485-
P04 Other Revenues				
403102 Oth Rev-Rents Water Property	7,303-	29,211-	7,303-	26,550-
403103 Oth Rev-Collect for Others	78,216-	293,223-	71,397-	293,935-
403104 Oth Rev-NSF Check Charge	1,146-	6,500-	1,344-	6,521-
403105 Oth Rev-Appl/Initiate Serv Fee	35,760-	191,322-	45,720-	84,480-
403106 Oth Rev-Usage Data Readings				120-
403107 Oth Rev-Reconnection Charges	13,818-	70,746-	17,093-	52,250-
403198 Oth Rev-Misc Service Rev	25-	270	995-	1,045-
403199 Oth Rev-Other Water Rev	454-	849-	637-	1,815-
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P04 Other Revenues	136,722-	591,581-	144,489-	466,716-
P08 Labor				
501200.13 Labor Oper WI	60,236	276,378	70,074	300,618
501200.1305 Labor Oper WI Super/En	37,499	162,557	33,026	151,556
501200.14 Labor Oper ID	62,707	305,530	79,316	224,295
501200.1410 Labor Oper ID Storage	154	490		
501200.1415 Labor Oper ID Lines	6,838	23,409	8,780	35,231
501200.1420 Labor Oper ID Meter	49,554	224,745	47,485	215,156
501200.15 Labor Oper CA	7,731	39,737	20,947	58,861
501200.1510 Labor Oper CA Mtr Read	46,325	197,790	46,032	207,561
501200.1515 Labor Oper CA Cust Rec	1,708	7,651		13,094
501200.1520 Labor Oper CA Cust Ser	9,854	35,683	17,050	56,795
501200.16 Labor Oper AG	48,466	81,754	55,503	51,995
501200.21 Labor Maint SS				6,207
501200.22 Labor Maint P	4,303	19,677	5,747	17,803
501200.23 Labor Maint WI	4,580	21,310	3,640	10,830
501200.2305 Labor Maint WI Super/E	2,856	13,094	2,862	12,512
501200.24 Labor Maint ID	1,663	15,834	2,334	5,884
501200.2405 Labor Maint ID Super/E	872	3,806	954	4,283
501200.2410 Labor Maint ID Struct	546	904	148	431
501200.2415 Labor Maint TD Dist Re	863	5,328		315
501200.2420 Labor Maint TD Mains	24,346	118,377	16,490	89,652
501200.2430 Labor Maint TD Service	13,722	74,532	14,239	69,050
501200.2435 Labor Maint TD Meters	5,586	8,023	6,751	38,865
501200.2440 Labor Maint TD Hydrant	3,228	12,407	2,575	8,088
501711 IP-Off-Annual-P/R JE	8,490	31,334	6,806	28,242
501712 16 Incen Plan-Off-Long Te				44,495-
-----				
P08 Labor	402,127	1,680,350	440,759	1,562,829
P09 Purchased Water				
510100.11 Purchased Water-Outsid	41,346	148,448	33,655	181,760

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Description	April Activity	April Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P09 Purchased Water				
P09 Purchased Water	41.346	148.448	33.655	181,760
P10 Fuel & Power				
515100.12 Purch Power P	19,526	99,957	18,224	71,530
515100.13 Purch Power WI	148.321	653.039	143.256	563,736
515100.14 Purch Power TD	31	56	10	40
515200.11 Fuel for Power Prod SS		4,120	86	29,908
P10 Fuel & Power	167.878	757,172	161.576	665.214
P11 Chemicals				
518000.13 Chemicals WI	105,887	353.565	55,697	238,152
518001.13 Chemicals WI Carbon Le	8,733	34.745	8,144	22,104
P11 Chemicals	114.620	388,310	63,841	260.256
P12 Waste Disposal				
511100.13 Waste Disposal Exp WI	9,833	39,507	9,572	32,149
511200.13 Amort Waste Disp Exp				187,528
P12 Waste Disposal	9.833	39,507	9,572	219.677
P13 Management Fees-Corporate				
534000.16 Contr Svc-Mgmt Oper AG			29,281	98,738
534600.16 Mmgt Fees-Corporate	349,595	1,319,484	339,284	1,163,141
534620.16 Mmgt Fees Bsn Change-C	5,803	45,769	15,633	89,706
534650.16 Mmgt Fees P13880-Corp	19,011	46,469		1,343-
534700.16 Mmgt Fees-Region	114,005	463,685	134,060	526,778
534720.16 Mmgt Fees Bsn Change-R			107	2,641
534750.16 Mmgt Fees P13880-Regio		3		1,545
P13 Management Fees-Corporate	488.414	1,875,410	518.365	1,881,206
P14 Group Insurance				
504100.16 Group Ins Oper AG	82,803	322,057	69,566	305,595
505100.16 PBOP Oper AG	58,180	219,389	65,004	250,135
P14 Group Insurance	140,983	541,446	134,570	555,730
P15 Pensions				
506100.16 Pension Oper AG	96,177	249,348	56,821	224,981
P15 Pensions	96.177	249,348	56,821	224,981
P16 Regulatory Expense				
566100.16 Reg Comm Amort Rate Ca			12,682	122,380
566300.16 Reg Comm Amort Mgmt St			925-	9,510-
566700.16 Reg Comm Other Oper AG			1,901	7,604
P16 Regulatory Expense			13,658	120.474
P17 Ins Other Than Group				
557000.16 Ins Gen Liab Oper AG	115,883	226,259	19,480	76,300
558000.16 Ins Work Comp AG	1,616-	28,175	10,859	39,810
559000.16 Ins Other Oper AG	186	24,100	5,353	22,510
P17 Ins Other Than Group	114,453	278,534	35,692	138,620
P18 Customer Accounting				
520100.15 M & S Oper CA	1,021	630	450	600
570100.15 Uncollectible Accounts	23,397	63,125	37,483	112,263
575000.15 Misc Oper CA	22	1,234	1,101	11,220
575000.1510 Misc Oper CA Mtr Read		170		
575100.15 Bank Service Charges C	6,500	50,939	14,097	63,555
575200.15 Collection Agencies CA	918	6,972	1,109	3,938
575420.15 Forms CA	353	8,182	5,453	21,799
575620.15 Office & Admin Supplie	2,010	12,552	1,999	6,391
575660.15 Postage CA	39,441	157,345	39,975	167,380

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P18 Customer Accounting				
575740.15 Telephone CA	3.466	26,239	7,247	34,394
575741.15 Cell Phone CA				30-
575820.15 Uniforms CA				281
P18 Customer Accounting	77.128	327.388	108,914	421,791
P19 Rents				
541000.14 Rents-Real Prop Oper I	926	1.676	200	2.108
541000.16 Rents-Real Prop Oper A				1,153
541400.13 Rents-Equipment Oper W				1,243
541400.16 Rents-Equipment Oper A	355-	9,993	2.404	10,749
P19 Rents	571	11.669	2.604	15,253
P20 General Office Exp				
520100.16 M & S Oper AG	1.685	10,175	3,756	13.933
575002.16 Misc General Office	262	305	708	4.289
575261.16 Credit Line Fees In	774	2,784	606	14.165
575280.16 Dues/Membership Deduct	740	11,056	1.774	13.476
575320.16 Electricity AG	3.055	10,839	2.745	10,027
575340.16 Employee Expenses AG	2.704	9.723	2.436	14,246
575342.16 Empl Exp Conf/Registra	15	1,703	274-	2,427
575350.16 Meals & Travel Deduct	1.223	4,627	1.822	5,564
575351.16 Meals & Travel Nonded	601	4,135	78	3,787
575420.16 Forms AG	127	305	803	1.114
575480.16 Heat - Oil/Gas AG	2.285	11,940	4.388	12.231
575500.16 Janitorial AG	6.202	16,276	2.845	8,265
575620.16 Office & Admin Supplie	3.309	7,244	1.391	5,415
575660.16 Postage AG	603	4,121	789	2.727
575670.16 Relocation Expenses				4,758
575740.16 Telephone AG	2,442	7.053	1,384	2.866
575741.16 Cell Phone AG	9.425	19.152	3,898	14,338
575780.16 Trash Removal AG	27-	85-	21-	60-
575830.16 Wtr & Waste Wtr Exp AG	50	161	21-	60-
575880.16 Misc Charges - P13880			2.898	2.898
575881.16 Misc Chrgs - STEP W/O		63.313		
P20 General Office Exp	35.475	184,827	32.005	136,406
P21 Miscellaneous				
504500.16 Other Welf Oper AG	275-	6,919		84
504610.16 Employee Awards AG	251	5.247	36-	1.002
504620.16 Employee Physical Exam	347	2,712	730	2.084
504640.16 Safety Incentive	120	120	80	80
504660.16 Tuition Aid AG	2,931	6.672	3,232	14,028
504670.16 Training AG	2,990	3,568	1,330	1,518
507100.16 401k Oper AG	5,901	2,860-	5,865	21,539
508100.16 EIP Oper AG	10,071-	13,839-	4.421	10,969
508101.16 DCP Oper AG	3.500	12.782		
508102.16 Retiree Med Oper AG	833	833		
520100.12 M & S Oper P	15	4,263-	159	1.741-
520100.13 M & S Oper WT	2,407	8,275	1,843	10,968
520100.14 M & S Oper TD	12.731	45.713	2,752	7,437
531000.14 Contract Svc-Eng Oper		142-	5	10-
532000.16 Contr Svc-Acctg Oper A		14,945	3.001	10,906
533000.16 Contr Svc-Legal Oper A	4,408	15,547	7,650	31.072-
535000.11 Contr Svc-Other Oper S		161	111	105
535000.13 Contr Svc-Other Oper W	10.816	45.980	10.546	38,067
535000.14 Contr Svc-Other Oper T	3.377	22,402	1,164	11.683
535000.15 Contr Svc-Other Oper C	24.643	77,799	7,070	9,063
535000.16 Contr Svc-Other Oper A	11.836	84,296	10.294	30,996
535001.14 Contr Svc-Temp Empl Op	2,453	32,619		
535001.15 Contr Svc-Temp Empl Op		3,546-	6,516	13,365
535001.16 Contr Svc-Temp Empl Op	312	313	593	9,629
536000.13 Contr Svc-Lab Testing	1,424	2,113	178	2.046-
550000.12 Trans Oper P	225	317-	27	291-
550000.14 Trans Oper TD	919	1.791	6	455
550000.15 Trans Oper CA		37		
550000.16 Trans Oper AG	1,261-	19.891-	6,886	7.218-



American Water Works Company  
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Description	April Activity	April Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P21 Miscellaneous				
550001.16 Trans Oper AG Lease Co	14,791	35,167	9,256	16,347
550002.16 Trans Oper AG Lease Fu	17,908	73,237	13,693	52,286
550003.16 Trans Oper AG Lease Ma	11,140	31,732	19,313	88,581
568010.16 Water Res Conservation	7,136	44,771	9,612	41,509
575000.11 Misc Oper SS	307	1,579		
575000.12 Misc Oper P		138-	284	299
575000.13 Misc Oper WI	2,904	15,244	2,328	16,095
575000.14 Misc Oper TD	3,239	25,376	18,434	75,764
575000.1420 Misc Oper TD Meters			211	211
575000.16 Misc Oper AG	39,500-	38,212-	40,214-	140,281-
575001.16 Misc Oper Exp AG Conso		9-		
575030.16 Advertising	250-	7,612	11,687	18,222
575130.16 Brochures and Handouts		26		
575220.16 Community Relations	62	62	36-	
575240.16 Co Dues/Membership Ded		3,733	144	425-
575244.16 Co Dues Deduct NAWC	2,756-	24,761	3,548-	
575250.16 Condemnation Costs	4,215	28,674	83,812	506,583
575270.16 Directors Fees		3,322	3,000	7,500
575271.16 Directors Expenses		216	2,522	2,522
575275.16 Discounts Available	1,179-	5,977-	725-	6,339-
575276.16 Discounts Lost	15	805	177	961
575320.13 Electricity WT	538	722	620	1,670
575320.14 Electricity TD	7,549	22,655	931	3,253
575400.16 Bus Servies Proj Exp		15,828-	582	6,695-
575480.13 Heat - Oil/Gas WT		355-		250-
575480.14 Heat - Oil/Gas ID	2,380	17,328	2,490	9,265
575490.16 Injuries and Damages	75	879	9	105-
575500.13 Janitorial WT	1,085	6,436	1,367	5,731
575500.14 Janitorial ID	1,347	3,793	597	4,906
575545.13 Lab Supplies WT	12,466	25,316	6,769	22,499
575610.16 Merger Transactional C	1,608-	8,040-	1,608-	6,432-
575620.13 Office & Admin Supplie	884	2,885	76	2,655
575620.14 Office & Admin Supplie	1,953	5,557	475	63
575625.16 Overnight Shipping AG	1,148	3,521	649	2,992
575640.16 Penalties Nondeduct	171	544		
575680.16 Research & Development	25	870-	36	8,428-
575710.16 Security Service AG	2,669	2,669		
575711.16 Add'l Security Costs A	6,405	35,942	10,469	42,738
575715.16 Software Licenses & Su	2,068	12,878	4,512	6,732
575740.11 Telephone SS		92-	8	85-
575740.13 Telephone WT		172-	6	67-
575740.14 Telephone ID	77	169	12	57
575741.13 Cell Phone WT	447	2,231	338	2,558
575741.14 Cell Phone ID	308	5,282	768	1,282
575780.11 Trash Removal SS	809	2,318	473	1,150
575780.14 Trash Removal ID	607	475	573	776
575820.13 Uniforms WT	344	2,618	237	1,550
575820.14 Uniforms ID	2,335	8,777	2,236	7,883
575830.11 Wtr & Waste Wtr Exp SS	112	6,410	43	15,483
575998.16 PCard Undistributed	2,822-	833	6,246-	878
631000.24 Contr Svc-Eng Maint ID		15,921		
P21 Miscellaneous	140,236	758,769	230,795	943,494
P25 Maintenance Expense				
620000.21 Mat and Sup Maint SS	8,693	27,353	23,497	78,457
620000.23 Mat and Sup Maint WT	875-	13,779	8,947	39,626
620000.24 Mat and Sup Maint ID	16,240	68,869	19,751	43,262
620000.26 Mat and Sup Maint AG	326	7,356	3,305	15,125
635000.24 Contr Svc-Other Maint				3,077
635000.26 Contr Svc-Other Maint	310	12,380	581	8,340
675000.23 Misc Maint WT	2,665	48,723	484	42,765
675000.24 Misc Maint ID	1,546	17,390	1,890	8,752
675000.26 Misc Maint AG	2,727	19,414	934	19,971
675050.21 Amort Def Maint SS		1,449-	53	613-
675050.2120 Amort Def Maint SS Int	374	2,274	1,442	5,767
675050.23 Amort Def Maint WT	10,615	42,708	12,114	42,349
675050.24 Amort Def Maint ID	10,989-	43,533-	13,609-	47,503-
675110.26 Maint Exp ARO/Net Neg	99,881	397,009	92,826	368,791

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Description	April Activity	April Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P25 Maintenance Expense				
675650.24 Paving/Backfill ID	27.793	93,463	39,828	84,778
P25 Maintenance Expense	159.306	705.736	192.043	712,944
P27 Depreciation				
680110 Depr Exp-General	615.220	2,440,837	559,697	2,213,900
680120 Depr Exp-Amort CIAC Tax	95.953-	380,089-	81.375-	323,583-
680199 IAS Adj-Amort Def Maint	21,346	85.328	30,638	109,529
P27 Depreciation	540.613	2,146,076	508.960	1,999,846
P28 Amortization				
680300 Amortization of UPAA	1.801	7.204	1,801	7,204
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	35.957	66.603	54,815	219,262
680620 Amort-Reg Asset	575	2.300	575	2.300
P28 Amortization	38,333	76.107	57.191	228,766
P29 General Taxes				
685100 Utility Reg Assessment Fee	5,914	23,655		
685200 Property Taxes	195,058	744,840	180,058	720,233
685320 FUTA	152	5,621	185	5,791
685325 FICA	27,759	116,987	35,466	145,997
685350 SUTA	375	8,780	181	4,903
685430 Other Taxes and Licenses			2,667	2,667
685440 Gross Receipts Tax			6,906	27,625
P29 General Taxes	229,258	899,883	225,463	907,216
P30 State Income Taxes				
690210 SIT-Current	355.630	408,367	4,737	39,720
690730 001 Def SIT-Reg Asset	4.982	19,928	4,982	19,928
690730 002 Def SIT-Reg Liab	1.809-	7,236-	1,809-	7,236-
690750 002 Def SIT-Other Liab	311.019-	260,897-	77,159	72,200
P30 State Income Taxes	47,784	160,162	85,069	124,612
P31 Federal Income Taxes				
690110 FIT-Current	1,738.280	1,951,238	68,037	264,364
690630 001 Def FIT-Reg Asset	4,982-	19,927-	4,982-	19,927-
690630.002 Def FIT-Reg Liab	13,385-	53,540-	13,385-	53,540-
690650 002 Def FIT-Other Liab	1,520,521-	1,203,645-	37,805	33,764
695220 ITC Restored - 3%	719-	2,876-	719-	2,876-
695230 ITC Restored - 4%	592-	2,369-	592-	2,369-
695240 ITC Restored - 10%	6,655-	26,621-	6,655-	26,621-
P31 Federal Income Taxes	191,426	642,260	79,509	192,795
P40 AFUDC Equity				
705100 AFUDC - Equity				
P40 AFUDC Equity				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	162,312-	608,764-	149,043-	553,091-
715112 AW03 M&J Revenues-AW03				10,527-
715112 AW26 M&J Revenues-AW26			14,614-	14,614-
716121 M&J Expenses-Outside	8,950	55,333	13,448	99,120
716122 M&J Expenses-Inside	117.231	524,266	120,785	483,369
P42 M&J Misc Income	36,131-	29,165-	29.424-	4,257
P46 Misc Amortization				
755200 001 Amort PS Exp w/ mand				
P46 Misc Amortization				
P48 Misc Other Deductions				

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Description	April Activity	April Balance	Prior Year Activity	Prior Year Balance
760100 Donations Deduct	8,745	54,696	11,850	60,385
760200 Other Income Deductions	92	54,059	650	42,470
760400 Other Lobbying Expenses	9,943	22,109	5,000	19,185
P48 Misc Other Deductions	18,780	130,864	17,500	122,040
P50 State Income Taxes				
780100 SIT-Other Inc & Ded Curr	13,645	8,333-	1,251-	9,689-
P50 State Income Taxes	13,645	8,333-	1,251-	9,689-
P51 Federal Income Taxes				
790100 FIT-Oth Inc & Ded-curr	51,570	41,667-	12,649-	48,445-
P51 Federal Income Taxes	51,570	41,667-	12,649-	48,445-
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	550,850	200,596	802,383
810400 AW46 Int LTD-Inside AW46	257,154	1,028,617	257,154	1,028,617
860040 Div Dec PS-Out w/ mand	31,763	127,050		
P56 Interest on LTD	426,630	1,706,517	457,750	1,831,000
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110 AW46 Amort DExp Inside AW46	5,340	21,360	5,340	21,360
820110 IA46 Amort DExp Inside IA46	5,340-	21,360-	5,340-	21,360-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100 AW46 Interest STD Inside	33,009	140,502	4,980	29,206
P58 Interest on Bank Debt	33,009	140,502	4,980	29,206
P59 Other Interest Exp				
840000 Other Interest Expense	23	39	1,945	1,945
P59 Other Interest Exp	23	39	1,945	1,945
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,562	26,255	6,918	27,763
860100.001 Div Dec PS-Out w/ mand				
P64 Preferred Dividends	6,562	26,255	6,918	27,763
P69 Common Dividends				
860220 AW02 Div Decl Com Stk In-AW				31,348
P69 Common Dividends				31,348

**Kentucky-American Water Company**  
**Statistical Information**  
**4/4/5 Accounting Period**

April 2006

**A. Number of customers served - Actual**

1	Residential	103,351
2	Commercial	8,421
3	Industrial	23
4	OPA	485
5	Sales for Resale	10
6	Fire	1,796
7	Miscellaneous	29
	<b>Total</b>	<b>114,115</b>

**B. System Delivery (Thousand Gallons)**

1	Water Produced	1,066,871
2	Water Purchased	6,664
	<b>Total</b>	<b>1,073,535</b>

**C. Water Sales (Thousand Gallons)**

1	Residential	349,841
2	Commercial	263,682
3	Industrial	60,944
4	OPA	104,169
5	Sales for Resale	28,069
6	Fire	-
7	Miscellaneous	141
	<b>Total</b>	<b>806,846</b>

American Water Works Company  
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Kentucky-American Water Co.

	Description	12 Month Actual	12 Month Previous
1	OPERATING REVENUES		
2	Water	47,959,792	43,078,275
3	Sewer	1,886,152	1,174,868
4	Management		
5	Total Revenues	50,065,719	44,290,380
6	OPERATIONS & MAINTENANCE EXPENSE		
7	Labor	4,711,823	4,754,694
8	Purchased Water	2,453,241	1,979,856
9	Fuel & Power	1,306,194	1,097,103
10	Chemicals	1,178,525	1,355,892
11	Waste Disposal	5,952,221	6,355,300
12	Management Fees	1,807,703	1,698,117
13	Group Insurance	2,982	755,174
14	Pensions	636,213	358,642
15	Regulatory Expense	1,349,328	1,343,714
16	Insurance Other Than Group	55,906	77,434
17	Customer Accounting	973,994	425,015
18	Rents	2,505,077	2,497,392
19	General Office Expense	2,001,776	1,303,204
20	Miscellaneous		
21	Other Maintenance		
22	Total Maintenance & Operations Exp	25,450,854	24,087,959
23	Depreciation	6,320,798	6,623,085
27	Amortization	495,821	587,920
28	General Taxes	2,778,893	2,816,747
29	State Income Taxes	1,436,827	539,402
30	Federal Income Taxes	2,641,944	964,946
31	Tax Savings Acquisition Adjustment		
32	Total Operating Expenses	38,824,637	35,720,059
33	Utility Operating Income	11,241,082	8,570,321
34	OTHER INCOME & DEDUCTIONS		
35	Non-Operating Rental Income		1,531
36	Dividend Income		
37	Dividend Income-Preferred		
38	Interest Income		
39	AFUDC Equity		
40	M & J Miscellaneous Income	38,984	29,888
41	Gain/Loss on Disposition		260,000
42	Total Other Income	38,984	171,643
43	Miscellaneous Amortizatio		
44	Tax Savings Acquisition Adjustment	321,045	321,526
45	Miscellaneous Other Deductions		
46	General Taxes	23,786	29,959
47	State Income Taxes	118,935	55,745
48	Federal Income Taxes	178,324	235,822
49	Total Other Deductions	139,340	64,179
50	Total Other Income	11,101,742	8,506,142
51	Income Before Interest Charges	5,212,913	5,476,605
52	INTEREST CHARGES		
53	Interest on Long-Term Debt	312,779	49,871
54	Interest on Short-Term Debt	1,003	2,845
55	Interest on Debt Expense		
56	Other Interest Expense		
57	AFUDC-Debt		
58	Total Interest Charges	5,526,695	5,529,321
59	Net Income	5,579,047	2,976,821
60	Preferred Dividend Declared		
61	Net Income to Common Stock	5,496,041	2,894,515

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Description	May Activity	May Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P02 Water Revenues				
401110 Res Sales Billed	2,763,361-	11,363,488-	1,799,990-	10,370,594-
401120 Res Sales Unbilled	931,520	1,581,190	427,672-	494,525
401210 Com Sales Billed	1,092,504-	4,874,518-	808,691-	4,697,428-
401220 Com Sales Unbilled	262,844	550,258	207,672-	420,436
401310 Ind Sales Billed	111,577-	583,717-	125,843-	581,705-
401320 Ind Sales Unbilled	86,584	90,986	19,298-	214-
401410 Pub Fire Billed	184,568-	906,064-	174,339-	851,328-
401420 Pub Fire Unbilled	42,685	30,202		
401450 Priv Fire Billed	86,828-	429,040-	80,038-	421,885-
401460 Priv Fire Unbilled	13,621	8,632		
401510 Pub Auth Billed	255,153-	1,331,323-	270,094-	1,294,356-
401520 Pub Auth Unbilled	103,691	215,715	112,143-	69,089-
401610 SFR Billed	84,740-	399,744-	56,267-	307,848-
401620 Sales for Resale Unbilled	24,108	9,822-	24,801-	44,753-
401710 Misc Sales Billed	196	4,611-	215-	1,630-
P02 Water Revenues	3,113,482-	17,425,344-	4,107,063-	17,725,869-
P03 Sewer Revenues				
402110 Dom WW Serv Billed	16,520-	69,238-	1,787-	13,515-
402210 Com WW Serv Billed	9,347-	39,645-	461-	2,651-
402310 Ind WW Serv Billed	1,341-	4,078-	126-	692-
402510 Pub Auth WW Svc Billed		343-		
P03 Sewer Revenues	27,208-	113,304-	2,374-	16,858-
P04 Other Revenues				
403102 Oth Rev-Rents Water Property	15,817-	45,028-	7,313-	33,863-
403103 Oth Rev-Collect for Others	71,764-	364,987-	72,305-	366,240-
403104 Oth Rev-NSF Check Charge	1,845-	8,344-	1,282-	7,803-
403105 Oth Rev-Appl/Initiate Serv Fee	61,848-	253,170-	46,272-	130,752-
403106 Oth Rev-Usage Data Readings				120-
403107 Oth Rev-Reconnection Charges	18,550-	89,296-	17,372-	69,621-
403198 Oth Rev-Misc Service Rev	25-	245	70-	1,115-
403199 Oth Rev-Other Water Rev	119	730-	196	1,619-
P04 Other Revenues	169,730-	761,310-	144,418-	611,133-
P08 Labor				
501200 13 Labor Oper WT	86,379	362,757	67,252	367,870
501200 1305 Labor Oper WI Super/En	57,875	220,432	32,393	183,948
501200 14 Labor Oper ID	74,584	380,114	46,472	270,767
501200 1410 Labor Oper TD Storage		490		
501200 1415 Labor Oper ID Lines	8,118	31,527	8,161	43,392
501200 1420 Labor Oper ID Meter	74,148	298,894	48,343	263,499
501200 15 Labor Oper CA	16,559	56,296	5,085	63,945
501200 1510 Labor Oper CA Mtr Read	71,379	269,169	49,239	256,799
501200 1515 Labor Oper CA Cust Rec		7,651	3,797	16,890
501200 1520 Labor Oper CA Cust Ser	14,281	49,963	9,451	66,246
501200 16 Labor Oper AG	122,987-	41,233-	55,628	1,07,623
501200 21 Labor Maint SS				6,207
501200 22 Labor Maint P	7,600	27,277	3,901	21,704
501200 23 Labor Maint WI	7,477	28,787	3,133	13,962
501200 2305 Labor Maint WI Super/E	4,520	17,614	3,451	15,963
501200 24 Labor Maint ID	25,081	40,915	1,886	7,770
501200 2405 Labor Maint ID Super/E	1,546	5,352	1,150	5,433
501200 2410 Labor Maint ID Struct	319	1,223	467	898
501200 2415 Labor Maint ID Dist Re	2,918	8,246		315
501200 2420 Labor Maint ID Mains	29,253	147,630	17,999	107,651
501200 2430 Labor Maint ID Service	19,779	94,311	16,803	85,853
501200 2435 Labor Maint ID Meters	15,155-	7,133-	13,258	52,123
501200 2440 Labor Maint ID Hydrant	13,187	25,594	6,258	14,346
501711 IP-Off-Annual-P/R JE	45,398-	14,064-	6,806	35,048
501712 16 Incen Plan-Off-Long Te				44,495-
P08 Labor	331,463	2,011,812	400,933	1,963,757
P09 Purchased Water				
510100 11 Purchased Water-Outsid	47,904	196,353	32,440	214,200

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Description	May Activity	May Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P09 Purchased Water				
P09 Purchased Water	47,904	196,353	32,440	214,200
P10 Fuel & Power				
515100 12 Purch Power P	11,628	111,584	15,930	87,461
515100 13 Purch Power WI	134,250	787,288	129,047	692,783
515100 14 Purch Power TD	368	423	11	51
515200 11 Fuel for Power Prod SS	583	4,703	22,952	52,860
P10 Fuel & Power	146,829	903,998	167,940	833,155
P11 Chemicals				
518000 13 Chemicals WI	54,042	407,607	84,406	322,558
518001 13 Chemicals WT Carbon Le	3,859	38,604	8,144	30,248
P11 Chemicals	57,901	446,211	92,550	352,806
P12 Waste Disposal				
511100 13 Waste Disposal Exp WI	3,867	43,374	7,765	39,914
511200 13 Amort Waste Disp Exp				187,528
P12 Waste Disposal	3,867	43,374	7,765	227,442
P13 Management Fees-Corporate				
534000 16 Contr Svc-Mgmt Oper AG			17,023	115,761
534600 16 Mngt Fees-Corporate	342,385	1,661,869	317,184	1,480,326
534620 16 Mngt Fees Bsn Change-C	14,486	60,256	34,152	123,858
534650 16 Mngt Fees P13880-Corp	34,974	81,443		1,343-
534700 16 Mngt Fees-Region	142,446	606,131	124,999	651,777
534720 16 Mngt Fees Bsn Change-R			4,384-	1,742-
534750 16 Mngt Fees P13880-Regio	18	20		1,545
P13 Management Fees-Corporate	534,309	2,409,719	488,974	2,370,182
P14 Group Insurance				
504100 16 Group Ins Oper AG	72,395	394,452	77,750	383,346
505100 16 PBOP Oper AG	50,459	269,848	62,901	313,036
P14 Group Insurance	122,854	664,300	140,651	696,382
P15 Pensions				
506100 16 Pension Oper AG	58,772	308,119	57,770	282,751
P15 Pensions	58,772	308,119	57,770	282,751
P16 Regulatory Expense				
566100 16 Reg Comm Amort Rate Ca			17,517	139,897
566300 16 Reg Comm Amort Mgmt St			925-	10,435-
566700 16 Reg Comm Other Oper AG			1,901	9,505
P16 Regulatory Expense			18,493	138,967
P17 Ins Other Than Group				
557000 16 Ins Gen Liab Oper AG	53,372	279,630	21,447	97,747
558000 16 Ins Work Comp AG	19,823	47,997	10,148	49,959
559000 16 Ins Other Oper AG	24,408	48,508	5,353	27,863
P17 Ins Other Than Group	97,603	376,135	36,948	175,569
P18 Customer Accounting				
520100 15 M & S Oper CA	33-	597	86	686
570100 15 Uncollectible Accounts	17,468	80,593	10,113	122,376
575000 15 Misc Oper CA	558	1,792	916	12,136
575000 1510 Misc Oper CA Mtr Read		170		
575100 15 Bank Service Charges C	21,085	72,023	10,831	74,386
575200 15 Collection Agencies CA	4,624	11,596	1,373	5,311
575420 15 Forms CA	60,195	68,377	4,315	26,114
575620 15 Office & Admin Supplie	3,898	16,450	1,086	7,477
575660 15 Postage CA	39,020	196,365	42,442	209,822

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Description	May Activity	May Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P18 Customer Accounting				
575740 15 Telephone CA	3,116	29,355	13,120	47,514
575741 15 Cell Phone CA				30-
575820 15 Uniforms CA	216	216		281
P18 Customer Accounting	150,147	477,534	84,282	506,073
P19 Rents				
541000 14 Rents-Real Prop Oper T	222	1,899	365	2,473
541000 16 Rents-Real Prop Oper A				1,153
541400 13 Rents-Equipment Oper W				1,243
541400 16 Rents-Equipment Oper A	814	10,807	1,688	12,437
P19 Rents	1,036	12,706	2,053	17,306
P20 General Office Exp				
520100 16 M & S Oper AG	2,056	12,230	5,867	19,800
575002 16 Misc General Office	15-	290	7,856	12,145
575261 16 Credit Line Fees In	1,104	3,887	2,692	16,857
575280 16 Dues/Membership Deduct	3,387	14,443	1,792	15,268
575320 16 Electricity AG	2,076	12,915	3,275	13,302
575340 Empl Exp AG-P/R JE	10	10		
575340 16 Employee Expenses AG	5,026	14,749	2,342	16,588
575342 16 Empl Exp Conf/Registra	375-	1,328	20	2,447
575350 16 Meals & Travel Deduct	1,191	5,817	1,286	6,849
575351 16 Meals & Travel Nonded	776	4,911	1,418	5,204
575420 16 Forms AG	38-	267	1,197	2,311
575480 16 Heat - Oil/Gas AG	40	11,980	950	13,181
575500 16 Janitorial AG	1,516	17,792	367	8,632
575620 16 Office & Admin Supplie	1,691	8,935	1,641	7,056
575660 16 Postage AG	17,745	21,866	463	3,190
575670 16 Relocation Expenses				4,758
575740 16 Telephone AG	5,127	12,179	1,498	4,364
575741 16 Cell Phone AG	8,579	27,731	5,062	19,400
575780 16 Trash Removal AG		85-	53	7-
575830 16 Wtr & Waste Wtr Exp AG	32	193	53	7-
575880 16 Misc Charges - P13880				2,898
575881 16 Misc Chrgs - STEF W/O	50	63,363		
P20 General Office Exp	49,978	234,801	37,832	174,236
P21 Miscellaneous				
504500 16 Other Welf Oper AG		6,919		84
504610 16 Employee Awards AG	750	5,996	442	1,444
504620 16 Employee Physical Exam	793	3,505	226	2,310
504640 16 Safety Incentive	120-		2,149	2,229
504660 16 Tuition Aid AG	2,219	8,892	2,755	16,783
504670 16 Training AG	2,255-	1,313	1,108	2,625
507100 16 401k Oper AG	4,416	1,555	6,323	27,862
508100 16 EIP Oper AG	402-	14,241-	3,203	14,172
508101 16 DCP Oper AG	6,160	18,942		
508102 16 Retiree Med Oper AG	208	1,042		
520100 12 M & S Oper P	60-	4,323-	722	1,018-
520100 13 M & S Oper WI	1,098	9,373	2,255	13,224
520100 14 M & S Oper FD	6,116	51,829	3,647	11,085
531000 14 Contract Svc-Eng Oper		142-	24	14
532000 16 Contr Svc-Acctg Oper A	865	15,810	3,184	14,089
533000 16 Contr Svc-Legal Oper A	5,507	21,054	7,122	23,950-
535000 11 Contr Svc-Other Oper S		161	98	202
535000 13 Contr Svc-Other Oper W	19,304	65,284	15,747	53,815
535000 14 Contr Svc-Other Oper T	1,284-	21,118	5,648	17,331
535000 15 Contr Svc-Other Oper C	18,451	96,249	1,781	10,844
535000 16 Contr Svc-Other Oper A	32,764	117,060	7,035	38,031
535001 14 Contr Svc-Temp Empl Op	2,488-	30,131		
535001 15 Contr Svc-Temp Empl Op		3,546-	4,836	18,201
535001 16 Contr Svc-Temp Empl Op	939-	626-	2,448	12,078
536000 13 Contr Svc-Lab Testing	124	2,237	808	1,238-
550000 11 Trans Oper SS	20	20		
550000 12 Trans Oper P	117	200-	121	170-
550000 14 Trans Oper ID	119	1,910	185	641



American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 05/26/2006

Description	May Activity	May Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P21 Miscellaneous				
550000 15	Trans Oper CA	37		
550000 16	Trans Oper AG	1,826-		
550001 16	Trans Oper AG Lease Co	5,719	2,289	4,929-
550002 16	Trans Oper AG Lease Fu	20,814	3,942	20,289
550003 16	Trans Oper AG Lease Ma	10,693	15,870	68,156
568010 16	Water Res Conservation	3,830	14,468	103,048
575000 11	Misc Oper SS	721	5,228	46,737
575000 12	Misc Oper P			
575000 13	Misc Oper WT	7,666	24	323
575000 14	Misc Oper ID	1,263	4,876	20,971
575000 1420	Misc Oper ID Meters		14,545	90,310
575000 16	Misc Oper AG	4,791-		211
575001 16	Misc Oper Exp AG Conso		46,872-	187,153-
575030 16	Advertising	227	9-	12-
575130 16	Brochures and Handouts		6,646-	11,576
575220 16	Community Relations			
575240 16	Co Dues/Membership Ded	1,390	65	65
575244 16	Co Dues Deduct NAWC		63	362-
575250 16	Condemnation Costs	3,427-		
575270 16	Directors Fees	3,000	60,787	567,370
575271 16	Directors Expenses		2,900	10,400
575275 16	Discounts Available	2,136-	2,183-	339
575276 16	Discounts Lost	59-	1,557-	7,896-
575320 13	Electricity WT	357	103	1,064
575320 14	Electricity ID	7,073	776	2,447
575400 16	Bus Servies Proj Exp		1,056	4,308
575480 13	Heat - Oil/Gas WT		2,644	4,051-
575480 14	Heat - Oil/Gas TD	1,508	355-	250-
575490 16	Injuries and Damages	100	1,306	10,571
575500 13	Janitorial WT	905-	41	64-
575500 14	Janitorial ID	517	1,176	6,907
575545 13	Lab Supplies WT	284-	83	4,988
575610 16	Merger Transactional C	1,608-	15,614	38,113
575620 13	Office & Admin Supplie	1,338	1,608-	8,040-
575620 14	Office & Admin Supplie	3,060	759	3,414
575625 16	Overnight Shipping AG	702	549	612
575640 16	Penalties Nondeduct		896	3,888
575680 16	Research & Development	100-		
575710 16	Security Service AG		162	8,266-
575711 16	Add'l Security Costs A	14,170	2,669	
575715 16	Software Licenses & Su	354	18,822	61,560
575740 11	Telephone SS		843	7,576
575740 13	Telephone WT		172-	50-
575740 14	Telephone ID	13	67	
575741 13	Cell Phone WT	270	13	70
575741 14	Cell Phone TD	3,190	339	2,897
575780 11	Trash Removal SS	291	891	2,173
575780 14	Trash Removal TD	21-	1,254	2,404
575820 13	Uniforms WT	369	218	994
575820 14	Uniforms TD	2,834	1,399	2,949
575830 11	Wtr & Waste Wtr Exp SS	2,797	1,130	9,013
575998 16	PCard Undistributed	273-	6,303	21,786
631000 24	Contr Svc-Eng Maint TD		564	1,441
P21 Miscellaneous		170,319	929,089	1,138,585
P25 Maintenance Expense				
620000 21	Mat and Sup Maint SS	7,078		
620000 22	Mat and Sup Maint P	36	22,646	101,102
620000 23	Mat and Sup Maint WT	3,672		
620000 24	Mat and Sup Maint TD	11,687	5,901	45,527
620000 26	Mat and Sup Maint AG	2,007	10,364	53,626
635000 24	Contr Svc-Other Maint		4,500	19,625
635000 26	Contr Svc-Other Maint	3,662		3,077
675000 23	Misc Maint WT	1,001	721	9,061
675000 24	Misc Maint TD	90-	295	43,061
675000 26	Misc Maint AG	4,219	17,300	11,778
675050 21	Amort Def Maint SS		2,763	22,734
675050 2120	Amort Def Maint SS Int	483	242	371-
			1,442	7,209

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 05/26/2006

Description	May Activity	May Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P25 Maintenance Expense				
675050.23 Amort Def Maint WI	13,264	55,972	24,075	66,423
675050.24 Amort Def Maint TD	13,747-	57,280-	25,759-	73,261-
675110.26 Maint Exp ARO/Net Neg	100,834	497,843	92,732	461,523
675650.24 Paving/Backfill ID	11,331	104,794	21,654	106,432
P25 Maintenance Expense	145,437	851,174	164,601	877,546
P27 Depreciation				
680110 Depr Exp-General	617,673	3,058,510	554,719	2,768,619
680120 Depr Exp-Amort CIAC Tax	96,608-	476,696-	82,766-	406,350-
680199 IAS Adj-Amort Def Maint	27,570	112,898	44,179	153,708
P27 Depreciation	548,635	2,694,712	516,132	2,515,977
P28 Amortization				
680300 Amortization of UPAA	1,801	9,005	1,801	9,005
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	35,957	102,560	54,815	274,077
680620 Amort-Reg Asset	575	2,875	575	2,875
P28 Amortization	38,333	114,440	57,191	285,957
P29 General Taxes				
685100 Utility Reg Assessment Fee	5,914	29,568		
685200 Property Taxes	195,058	939,899	180,058	900,291
685320 FUTA	200	5,821	69	5,860
685325 FICA	43,512	160,498	27,372	173,369
685350 SUTA	288	9,069	3,219	8,121
685430 Other Taxes and Licenses				2,667
685440 Gross Receipts Tax			6,906	34,532
P29 General Taxes	244,972	1,144,855	217,624	1,124,840
P30 State Income Taxes				
690210 SIT-Current	102,090	510,457	6,677	46,397
690730.001 Def SIT-Reg Asset	4,982	24,910	4,982	24,910
690730.002 Def SIT-Reg Liab	1,809-	9,045-	1,809-	9,045-
690750.002 Def SIT-Other Liab	99,090-	359,986-	112,571	184,772
P30 State Income Taxes	6,173	166,336	122,421	247,034
P31 Federal Income Taxes				
690110 FIT-Current	487,810	2,439,048	49,828	314,192
690630.001 Def FIT-Reg Asset	4,982-	24,909-	4,982-	24,909-
690630.002 Def FIT-Reg Liab	13,385-	66,925-	13,385-	66,925-
690650.002 Def FIT-Other Liab	434,880-	1,638,525-	127,165	160,929
695220 ITC Restored - 3%	719-	3,594-	719-	3,594-
695230 ITC Restored - 4%	592-	2,961-	592-	2,961-
695240 ITC Restored - 10%	6,655-	33,276-	6,655-	33,276-
P31 Federal Income Taxes	26,597	668,858	150,660	343,456
P40 AFUDC Equity				
705100 AFUDC - Equity				
P40 AFUDC Equity				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	153,508-	762,272-	129,115-	682,206-
715112 AW03 M&J Revenues-AW03	10,802-	10,802-		10,527-
715112 AW26 M&J Revenues-AW26				14,614-
716121 M&J Expenses-Outside	25,519	80,852	7,932	107,053
716122 M&J Expenses-Inside	168,269	692,535	135,450	618,819
716123 Pref Stck Cumm Change				
P42 M&J Misc Income	29,478	313	14,267	18,525
P46 Misc Amortization				
755200.001 Amort PS Exp w/ mand				

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 05/26/2006

Description	May Activity	May Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P46 Misc Amortization				
P46 Misc Amortization				
P48 Misc Other Deductions				
760100 Donations Deduct	21,289	75,985	42,748	103,133
760200 Other Income Deductions	1,000	55,059	1,758	44,227
760400 Other Lobbying Expenses	4,165	26,274	8,056	27,241
P48 Misc Other Deductions	26,454	157,318	52,562	174,601
P50 State Income Taxes				
780100 SIT-Other Inc & Ded Curr	2,083-	10,416-	830	8,859-
P50 State Income Taxes	2,083-	10,416-	830	8,859-
P51 Federal Income Taxes				
790100 FIT-Oth Inc & Ded-curr	10,417-	52,084-	4,151	44,294-
P51 Federal Income Taxes	10,417-	52,084-	4,151	44,294-
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	688,563	41,783	844,167
810400 AW46 Int LTD-Inside AW46	257,154	1,285,771	257,154	1,285,771
860040 Div Dec PS-Out w/ mand	31,763	158,813		
860103 Div Dec PS-Out w/ mandatory			158,813	158,813
P56 Interest on LTD	426,630	2,133,147	457,750	2,288,751
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110 AW46 Amort DExp Inside AW46	5,340	26,700	5,340	26,700
820110 IA46 Amort DExp Inside IA46	5,340-	26,700-	5,340-	26,700-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100 AW46 Interest STD Inside	24,381	164,883	6,534	35,741
P58 Interest on Bank Debt	24,381	164,883	6,534	35,741
P59 Other Interest Exp				
840000 Other Interest Expense		39	614	2,559
P59 Other Interest Exp		39	614	2,559
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,562	32,818	5,923	33,686
860100 001 Div Dec PS-Out w/ mand				
P64 Preferred Dividends	6,562	32,818	5,923	33,686
P69 Common Dividends				
860220 AW02 Div Decl Com Stk In-AW				31,348
P69 Common Dividends				31,348

Kentucky-American Water Company  
Statistical Information  
4/4/5 Accounting Period

May 2006

A. Number of customers served - Actual

1	Residential	103,647
2	Commercial	8,475
3	Industrial	23
4	OPA	485
5	Sales for Resale	10
6	Fire	1,821
7	Miscellaneous	29
	Total	<u>114,490</u>

B. System Delivery (Thousand Gallons)

1	Water Produced	1,405,979
2	Water Purchased	8,743
	Total	<u>1,414,722</u>

C. Water Sales (Thousand Gallons)

1	Residential	639,612
2	Commercial	370,291
3	Industrial	57,574
4	OPA	95,840
5	Sales for Resale	26,669
6	Fire	7,427
7	Miscellaneous	(43)
	Total	<u>1,197,370</u>



August 17 2006

Mr. Bill Feldman  
Branch Manager, Annual Report Branch  
Kentucky Public Service Commission  
211 Sower Blvd.  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Mr. Feldman:

Please find enclosed *June and July 2006* financial statements for Kentucky-American Water Company. These statements are based on our 4/4/5 accounting cycle. This transmittal represents the monthly financial statements initiated with our letter dated August 30, 1978. Enclosed are the following:

1. Balance Sheet
2. Comparative Statement of Income (12-Months to Date)
3. Detail of Operation and Maintenance Expense by Account (A of I)
4. Trial Balance
5. Monthly Operating Statistics

We trust these financial statements will fulfil your reporting requirements in monitoring financial procedures of this company. Please advise if additional information is required.

Sincerely,

  
Bryan Siler

BS

Enclosures

C: M. A. Miller  
H. A. Miller, Jr.  
L. W. Ingram, Jr.  
File: 2601

Kentucky American Water  
2300 Richmond Road  
Lexington KY 40502  
T (859) 268-6350  
F (859) 335-3350  
I [www.amwater.com](http://www.amwater.com)

American Water Works Company  
Kentucky-American Water Co.  
Statement of Income with Analysis  
Kentucky PSC Report  
For the Period Ending 06/30/2006

Kentucky-American Water Co.

	Description	12 Month Actual	12 Month Previous
1	OPERATING REVENUES		
2	Water	48,506,076	42,653,262
3	Sewer	240,993	277,650
4	Other	1,894,926	1,267,473
5	Management		
6	Total Revenues	50,641,995	43,958,385
7	OPERATIONS & MAINTENANCE EXPENSE		
8	Labor	4,811,441	4,683,900
9	Purchased Water	468,114	554,569
10	Fuel & power	2,591,443	1,982,828
11	Chemicals	1,361,988	1,075,230
12	Waste Disposal	112,259	428,799
13	Management Fees	6,186,419	6,240,299
14	Group Insurance	1,596,150	1,533,865
15	Pensions	1,754,688	763,128
16	Regulatory Expense	5,318	619,249
17	Insurance Other Than Group	641,465	360,044
18	Customer Accounting	1,374,679	1,305,929
19	Rents	54,894	75,267
20	General Office Expense	962,472	328,501
21	Miscellaneous	2,213,588	2,370,362
22	Other Maintenance	1,410,489	1,410,362
23	Total Maintenance & Operations Exp	26,157,327	23,803,164
24	Depreciation	6,371,881	6,548,059
25	Amortization	6,475,454	6,683,945
26	Intangibles	2,792,082	2,819,672
27	State Income Taxes	1,085,026	1,560,663
28	Federal Income Taxes	2,818,612	707,443
29	Tax Savings Acquisition Adjustment		
30	Total Operating Expenses	39,700,382	35,122,946
31	Utility Operating Income	10,941,613	8,835,439
32	OTHER INCOME & DEDUCTIONS		
33	Non-Operating Rental Income		1,531
34	Dividend Income-Common		
35	Dividend Income-Preferred		
36	Interest Income		
37	AFUDC Equity		
38	M & J Miscellaneous Income	11,298	27,445
39	Gain/Loss on Disposition		200,000
40	Total Other Income	11,298	174,086
41	Miscellaneous Amortizatio		
42	Max Savings Credit Adjustm	319,920	352,978
43	Charitable Other Deductions	40,044	14,319
44	State Income Taxes	206,223	28,995
45	Federal Income Taxes	79,653	367,654
46	Total Other Deductions	90,951	193,568
47	Total Other Income	10,850,662	8,641,871
48	Income Before Interest Charges	5,181,792	5,493,000
49	INTEREST CHARGES		
50	Interest on Long-Term Debt	346,030	55,842
51	Amortization and Debt Expense	1,009	2,846
52	Interest-Short Term Bank Debt		
53	Other Interest Expense		
54	AFUDC-Debt	5,528,831	5,551,688
55	Total Interest Charges	5,375,831	3,090,183
56	Net Income	5,321,831	3,090,183
57	Preferred Dividend Declared		
58	Net Income to Common Stock	5,321,831	3,090,183
59			
60			
61			
62			
63			
64			
65			

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 06/30/2006

Description	June Activity	June Balance	Prior Year Activity	Prior Year Balance
-----				
00012 Kentucky-American Water Co				
P02 Water Revenues				
401110 Res Sales Billed	2,297,843-	13,661,332-	2,660,451-	13,031,046-
401120 Res Sales Unbilled	282,753-	1,298,437	290,727	785,252
401210 Com Sales Billed	1,013,956-	5,888,474-	1,203,377-	5,900,804-
401220 Com Sales Unbilled	106,424-	443,834	161,695	582,131
401310 Ind Sales Billed	128,151-	711,868-	122,999-	704,704-
401320 Ind Sales Unbilled	26,482-	64,504	7,573	7,360
401410 Pub Fire Billed	180,335-	1,086,399-	174,965-	1,026,292-
401420 Pub Fire Unbilled	30,202-			
401450 Priv Fire Billed	87,221-	516,261-	81,796-	503,681-
401460 Priv Fire Unbilled	26,469-	17,837-		
401510 Pub Auth Billed	298,897-	1,630,220-	299,414-	1,593,771-
401520 Pub Auth Unbilled	27,910	243,625	109,684	40,595
401610 SFR Billed	104,967-	504,711-	77,120-	384,968-
401620 Sales for Resale Unbilled	13,294-	23,117-	30,006	14,747-
401710 Misc Sales Billed	171	4,440-	2,192-	3,822-
-----				
P02 Water Revenues	4,568,913-	21,994,259-	4,022,629-	21,748,497-
P03 Sewer Revenues				
402110 Dom WW Serv Billed	16,524-	85,762-	3,229-	16,745-
402210 Com WW Serv Billed	7,919-	47,564-	881-	3,532-
402310 Ind WW Serv Billed	1,078-	5,156-	213-	905-
402510 Pub Auth WW Svc Billed		343-		
-----				
P03 Sewer Revenues	25,521-	138,825-	4,323-	21,182-
P04 Other Revenues				
403101 Oth Rev-Forfeited Discounts			24	24
403102 Oth Rev-Rents Water Property	12,320-	57,347-	4,274-	38,137-
403103 Oth Rev-Collect for Others	87,665-	452,652-	71,449-	437,689-
403104 Oth Rev-NSF Check Charge	2,028-	10,372-	2,604-	10,407-
403105 Oth Rev-Appl/Initiate Serv Fee	65,424-	318,594-	73,023-	203,775-
403106 Oth Rev-Usage Data Readings				120-
403107 Oth Rev-Reconnection Charges	17,059-	106,355-	22,583-	92,204-
403198 Oth Rev-Misc Service Rev	75-	170	630-	1,745-
403199 Oth Rev-Other Water Rev	200	529-	1,037-	2,656-
-----				
P04 Other Revenues	184,371-	945,679-	175,576-	786,709-
P08 Labor				
501200.13 Labor Oper WT	66,559	429,315	97,579	465,449
501200.1305 Labor Oper WT Super/En	41,340	261,772	47,848	231,797
501200.14 Labor Oper ID	64,460	444,575	80,743	351,510
501200.1410 Labor Oper ID Storage	20-	470		
501200.1415 Labor Oper ID Lines	4,767	36,294	13,560	56,952
501200.1420 Labor Oper ID Meter	49,393	348,287	85,938	349,438
501200.15 Labor Oper CA	10,317	66,613	17,277	81,222
501200.1510 Labor Oper CA Mtr Read	40,206	309,375	64,868	321,667
501200.1515 Labor Oper CA Cust Rec		7,651	3,356	20,246
501200.1520 Labor Oper CA Cust Ser	12,179	62,142	16,926	83,173
501200.16 Labor Oper AG	106,475	65,241	62,766-	44,858
501200.21 Labor Maint SS				6,207
501200.22 Labor Maint P	3,430	30,707	4,002	25,706
501200.23 Labor Maint WT	3,235	32,022	6,261	20,223
501200.2305 Labor Maint WT Super/E	3,212	20,826	4,659	20,622
501200.24 Labor Maint TD	18,918	59,833	5,312	13,082
501200.2405 Labor Maint ID Super/E	1,070	6,422	1,553	6,986
501200.2410 Labor Maint ID Struct	150	1,373	725	1,623
501200.2415 Labor Maint ID Dist Re	1,780	10,026	1,478	1,793
501200.2420 Labor Maint TD Mains	27,630	175,261	27,017	134,669
501200.2425 Labor Maint TD Fire Ma	20	20		
501200.2430 Labor Maint TD Service	17,093	111,404	16,601	102,454
501200.2435 Labor Maint TD Meters	17,012	9,880	12,034-	40,089
501200.2440 Labor Maint TD Hydrant	6,300	31,894	13,148	27,493
501711 1P-Off-Annual-P/R JE	12,762	1,302-	23,382-	11,666
501712.16 Incen Plan-Off-Long Te				44,495-
-----				
P08 Labor	508,288	2,520,101	410,669	2,374,430

American Water Works Company  
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Description	June Activity	June Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P09 Purchased Water				
510100.11 Purchased Water-Outsid	34,563	230,915	29,699	243,899
-----				
P09 Purchased Water	34,563	230,915	29,699	243,899
P10 Fuel & Power				
515100.12 Purch Power P	29,511	141,096	15,844	103,304
515100.13 Purch Power WT	203,075	990,363	172,720	865,503
515100.14 Purch Power ID	278	702	9	60
515200.11 Fuel for Power Prod SS		4,703	13,390-	39,470
-----				
P10 Fuel & Power	232,864	1,136,864	175,183	1,008,337
P11 Chemicals				
518000.13 Chemicals WT	142,347	549,954	87,109	409,667
518001.13 Chemicals WT Carbon Le	8,699	47,303	8,144	38,393
-----				
P11 Chemicals	151,046	597,257	95,253	448,060
P12 Waste Disposal				
511100.13 Waste Disposal Exp WT	13,531	56,905	79,597	119,510
511200.13 Amort Waste Disp Exp				187,528
-----				
P12 Waste Disposal	13,531	56,905	79,597	307,038
P13 Management Fees-Corporate				
534000.16 Contr Svc-Mgmt Oper AG			115,761-	
534600.16 Mmgt Fees-Corporate	378,376	2,040,245	303,369	1,783,695
534620.16 Mmgt Fees Bsn Change-C	4,413	64,668	46,584	170,442
534650.16 Mmgt Fees P13880-Corp	96,743	178,185		1,343-
534700.16 Mmgt Fees-Region	154,028	760,159	188,665	840,442
534720.16 Mmgt Fees Bsn Change-R			242	1,500-
534750.16 Mmgt Fees P13880-Regio	23,738	23,758		1,545
-----				
P13 Management Fees-Corporate	657,298	3,067,015	423,099	2,793,281
P14 Group Insurance				
504100.16 Group Ins Oper AG	86,970	481,422	66,822	450,168
505100.16 PBOP Oper AG	56,635	326,483	56,897	369,933
-----				
P14 Group Insurance	143,605	807,905	123,719	820,101
P15 Pensions				
506100.16 Pension Oper AG	63,246	371,365	116,261	399,012
-----				
P15 Pensions	63,246	371,365	116,261	399,012
P16 Regulatory Expense				
566100.16 Reg Comm Amort Rate Ca	228	228	9,047-	130,850
566300.16 Reg Comm Amort Mgmt St	8,570-	8,570-	925-	11,360-
566700.16 Reg Comm Other Oper AG	8,570	8,570	1,901	11,406
-----				
P16 Regulatory Expense	228	228	8,071-	130,896
P17 Ins Other Than Group				
557000.16 Ins Gen Liab Oper AG	19,807	299,437	19,841	117,588
558000.16 Ins Work Comp AG	9,883	57,880	9,576	59,535
559000.16 Ins Other Oper AG	10,331	58,839	5,353	33,216
-----				
P17 Ins Other Than Group	40,021	416,156	34,770	210,339
P18 Customer Accounting				
520100.15 M & S Oper CA	258	855	39	725
570100.15 Uncollectible Accounts	36,878	117,471	22,311	144,687
575000.15 Misc Oper CA	243	2,034	2,302	14,438
575000.1510 Misc Oper CA Mtr Read		170		
575100.15 Bank Service Charges C	14,793	86,816	21,222	95,608
575200.15 Collection Agencies CA	1,820	13,416	2,185	7,496
575420.15 Forms CA	10,869	79,246	3,726	29,840
575620.15 Office & Admin Supplie	4,540	20,991	984	8,460



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Description	June Activity	June Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P18 Customer Accounting				
575660 15 Postage CA	45,776	242,141	37,399	247,221
575740 15 Telephone CA	3,377	32,733	3,035	50,549
575741 15 Cell Phone CA				30-
575820 15 Uniforms CA		216		281
P18 Customer Accounting	118,554	596,089	93,203	599,275
P19 Rents				
541000 14 Rents-Real Prop Oper T		1,899	42-	2,431
541000 16 Rents-Real Prop Oper A			20-	1,134
541400 13 Rents-Equipment Oper W				1,243
541400 16 Rents-Equipment Oper A	882	11,690	1,956	14,393
P19 Rents	882	13,589	1,894	19,201
P20 General Office Exp				
520100 16 M & S Oper AG	4,437	16,668	1,794	21,594
575002 16 Misc General Office		290	1,073	13,218
575261 16 Credit Line Fees In	4,367	8,255	2,173	19,030
575280 16 Dues/Membership Deduct	237	14,680	369	15,637
575320 16 Electricity AG	7,500	20,415	2,306	15,608
575340 Empl Exp AG-P/R JE		10		
575340 16 Employee Expenses AG	3,354	18,103	5,634	22,222
575342 16 Empl Exp Conf/Registra		1,328	725	3,172
575350 16 Meals & Travel Deduct	1,910	7,727	1,858	8,708
575351 16 Meals & Travel Nonded	1,910	6,821	1,803	7,008
575420 16 Forms AG		267	39	2,350
575480 16 Heat - Oil/Gas AG	508	12,488	311	13,492
575500 16 Janitorial AG	2,492	20,284	5,672	14,303
575620 16 Office & Admin Supplie	555	9,490	2,366	9,422
575660 16 Postage AG	16,361-	5,505	1,657	4,847
575670 16 Relocation Expenses				4,758
575740 16 Telephone AG	3,181	15,360	89	4,452
575741 16 Cell Phone AG	6,997	34,727	3,597	22,997
575780 16 Trash Removal AG	1	84-	58-	66-
575830 16 Wtr & Waste Wtr Exp AG	5-	188	197	190
575880 16 Misc Charges - P13880				2,898
575881 16 Misc Chrgs - STEP W/O		63,363		
P20 General Office Exp	21,083	255,885	31,605	205,840
P21 Miscellaneous				
504500 16 Other Welf Oper AG		6,919		84
504610 16 Employee Awards AG		5,996	239-	1,205
504620 16 Employee Physical Exam	1,775	5,280	573	2,883
504640 16 Safety Incentive			2,138-	91
504660 16 Tuition Aid AG	1,036	9,928	85-	16,698
504670 16 Training AG		1,313	1,125-	1,500
507100 16 401k Oper AG	8,934	10,489	6,838	34,700
508100 16 EIP Oper AG		14,241-	452	14,624
508101 16 DCP Oper AG	3,892	22,833		
508102 16 Retiree Med Oper AG	162	1,204		
520100 12 M & S Oper P		4,323-	833-	1,851-
520100 13 M & S Oper WT	2,489	11,862	1,728	14,952
520100 14 M & S Oper ID	12,618	64,448	1,580	12,665
531000 14 Contract Svc-Eng Oper		142-	27-	14-
532000 16 Contr Svc-Acctg Oper A	13,297	29,106	2,679	16,769
533000 16 Contr Svc-Legal Oper A	3,385	24,439	10,764-	34,714-
535000 11 Contr Svc-Other Oper S		161	37-	166
535000 13 Contr Svc-Other Oper W	16,924	82,208	16,234	70,049
535000 14 Contr Svc-Other Oper I	4,731	25,850	1,172	18,502
535000 15 Contr Svc-Other Oper C	16,354	112,604	488	11,332
535000 16 Contr Svc-Other Oper A	22,535	139,595	23,471	61,502
535001 14 Contr Svc-Temp Empl Op		30,131	629	629
535001 15 Contr Svc-Temp Empl Op	2,531	1,015-	1,060	19,261
535001 16 Contr Svc-Temp Empl Op		626-	121-	11,957
536000 13 Contr Svc-Lab Testing	1,440	3,676	1,170-	2,409-
536000 14 Contr Svc-Lab Testing			85-	85-
550000 11 Trans Oper SS		20		

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Description	June Activity	June Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P21 Miscellaneous				
550000.12	Trans Oper P	200-	139-	309-
550000.14	Trans Oper TD	748		
550000.15	Trans Oper CA	2,659	318	959
550000.16	Trans Oper AG	380		
550001.16	Trans Oper AG Lease Co	213-	3,123-	8,053-
550002.16	Trans Oper AG Lease Fu	5,874	4,996	25,285
550003.16	Trans Oper AG Lease Ma	24,692	118,743	83,347
568010.16	Water Res Conservation	18,940	61,366	126,795
575000.11	Misc Oper SS	6,517	23,747	53,766
575000.12	Misc Oper P	846	7,029	
575000.13	Misc Oper WI	659		296
575000.14	Misc Oper TD	5,888	8,378	29,348
575000.1420	Misc Oper TD Meters	7,838	18,339	108,649
575000.16	Misc Oper AG			211
575001.16	Misc Oper Exp AG Conso	2,110-	42,677-	229,830-
575030.16	Advertising		9-	12-
575130.16	Brochures and Handouts	2,079	9,918	14,995
575220.16	Community Relations	5,747	5,773	
575240.16	Co Dues/Membership Ded		62	65-
575244.16	Co Dues Deduct NAWC	2,779	7,902	73-
575250.16	Condemnation Costs		24,761	435-
575270.16	Directors Fees	71,733	96,980	487,677
575271.16	Directors Expenses		6,322	10,400
575275.16	Discounts Available		216	
575276.16	Discounts Lost	1,203-	9,316-	8,805-
575320.13	Electricity WI		747	1,261
575320.14	Electricity ID	946	2,025	1,807
575400.16	Bus Servies Proj Exp	3,915	33,643	4,078
575480.13	Heat - Oil/Gas WI		15,828-	7,101-
575480.14	Heat - Oil/Gas TD		355-	335-
575490.16	Injuries and Damages	1,676	20,512	11,191
575500.13	Janitorial WI	135	1,114	21
575500.14	Janitorial TD	1,651	7,182	8,299
575545.13	Lab Supplies WI	568	4,877	5,450
575610.16	Merger Transactional C	14,904	39,936	35,636
575620.13	Office & Admin Supplie		9,648-	9,648-
575620.14	Office & Admin Supplie	752	4,974	3,937
575625.16	Overnight Shipping AG	1,349	9,966	506
575640.16	Penalties Nondeduct	1,320	5,543	4,441
575680.16	Research & Development	25	569	
575710.16	Security Service AG		970-	8,453-
575711.16	Add'l Security Costs A	15,843	2,669	
575715.16	Software Licenses & Su	1,893	65,954	75,524
575740.11	Telephone SS		15,126	8,419
575740.13	Telephone WI		92-	91-
575740.14	Telephone TD		172-	33-
575741.13	Cell Phone WI	13	194	75
575741.14	Cell Phone ID	513	3,014	3,218
575780.11	Trash Removal SS	119	8,591	2,228
575780.14	Trash Removal ID	1,966	4,576	3,028
575790.16	Trustee Fees AG	961	1,415	613
575820.13	Uniforms WI	3,233	3,233	
575820.14	Uniforms TD	419	3,407	2,873
575830.11	Wtr & Waste Wtr Exp SS	2,753	14,365	12,094
575998.16	PCard Undistributed	1,931	11,138	21,561
631000.24	Contr Svc-Eng Maint ID	672	1,232	4,629
P21 Miscellaneous		321,854	1,250,945	1,150,008
P25 Maintenance Expense				
620000.21	Mat and Sup Maint SS	5,460	39,891	147,148
620000.22	Mat and Sup Maint P	381	417	
620000.23	Mat and Sup Maint WI	4,787	22,238	52,254
620000.24	Mat and Sup Maint ID	31,966	112,523	66,195
620000.26	Mat and Sup Maint AG	5,022	14,386	22,459
635000.24	Contr Svc-Other Maint			468-
635000.26	Contr Svc-Other Maint	765	16,807	2,609
675000.23	Misc Maint WI	1,033	50,757	10,090
675000.24	Misc Maint ID	2,269	19,570	42,935
			451	12,228

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Description	June Activity	June Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P25 Maintenance Expense				
675000.26 Misc Maint AG	14,371	38,004	1,677	24,410
675050.21 Amort Def Maint SS		1,449-	279-	650-
675050 2120 Amort Def Maint SS Int	483	3,240	1,442	8,651
675050 23 Amort Def Maint WT	13,264	69,236	11,270	77,693
675050 24 Amort Def Maint TD	13,747-	71,027-	12,433-	85,694-
675110 26 Maint Exp ARO/Net Neg	101,567	599,410	93,238	554,761
675650 24 Paving/Backfill TD	23,109	127,903	9,042	115,474
P25 Maintenance Expense	190,730	1,041,906	173,018	1,050,563
P27 Depreciation				
680110 Depr Exp-General	620,044	3,678,554	555,723	3,324,342
680120 Depr Exp-Amort CIAC Tax	97,012-	573,708-	83,217-	489,566-
680199 IAS Adj-Amort Def Maint	27,570	140,467	27,011	180,719
P27 Depreciation	550,602	3,245,313	499,517	3,015,495
P28 Amortization				
680300 Amortization of UPAA	1,801	10,805	1,801	10,805
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	34,349	136,909	54,815	328,893
680620 Amort-Reg Asset	575	3,450	575	3,450
P28 Amortization	36,725	151,164	57,191	343,148
P29 General Taxes				
685100 Utility Reg Assessment Fee	5,914	35,482		
685200 Property Taxes	195,058	1,134,957	181,018	1,081,309
685320 FUTA	41	5,862	62	5,922
685325 FICA	43,302	203,801	43,096	216,465
685350 SUTA	66	9,135	161	8,283
685430 Other Taxes and Licenses			52-	2,615
685440 Gross Receipts Tax			6,906	41,438
P29 General Taxes	244,381	1,389,237	231,191	1,356,032
P30 State Income Taxes				
690210 SIT-Current	96,363	606,820	265,906-	219,509-
690730.001 Def SIT-Reg Asset	4,982	29,892	4,982	29,892
690730.002 Def SIT-Reg Liab	1,809-	10,854-	1,809-	10,854-
690750 002 Def SIT-Other Liab	32,201-	392,188-	381,268	566,040
P30 State Income Taxes	67,335	233,670	118,535	365,569
P31 Federal Income Taxes				
690110 FIT-Current	500,941	2,939,989	1,222,872-	908,680-
690630.001 Def FIT-Reg Asset	4,982-	29,891-	4,982-	29,891-
690630.002 Def FIT-Reg Liab	13,385-	80,310-	13,385-	80,310-
690650 002 Def FIT-Other Liab	207,609-	1,846,134-	1,339,536	1,500,465
695220 ITC Restored - 3%	719-	4,313-	719-	4,313-
695230 ITC Restored - 4%	592-	3,554-	592-	3,554-
695240 ITC Restored - 10%	6,655-	39,931-	6,655-	39,931-
P31 Federal Income Taxes	266,999	935,856	90,331	433,786
P40 AFUDC Equity				
705100 AFUDC - Equity				
P40 AFUDC Equity				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	131,823-	894,095-	151,093-	833,299-
715112.AW03 M&J Revenues-AW03		10,802-	18,187-	28,714-
715112.AW26 M&J Revenues-AW26				14,614-
716121 M&J Expenses-Outside	12,008	92,860	11,102	118,154
716122 M&J Expenses-Inside	162,414	854,949	150,496	769,315
716123 Pref Stck Cumm Change				
P42 M&J Misc Income	42,599	42,912	7,682-	10,842

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Description	June Activity	June Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P48 Misc Other Deductions				
760100 Donations Deduct	43,385	119,370	19,006	122,138
760200 Other Income Deductions	27,186	82,245	40,712	84,940
760400 Other Lobbying Expenses		26,274	11,529	38,769
760500 Non-Op Empl Exp Deduct			450	450
P48 Misc Other Deductions	70,571	227,889	71,697	246,297
P50 State Income Taxes				
780100 SII-Other Inc & Ded Curr	618-	11,034-	15,640	6,781
P50 State Income Taxes	618-	11,034-	15,640	6,781
P51 Federal Income Taxes				
790100 FIT-Oth Inc & Ded-curr	3,087-	55,171-	78,201	33,907
P51 Federal Income Taxes	3,087-	55,171-	78,201	33,907
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	826,275	168,833	1,013,000
810400 AW46 Int LTD-Inside AW46	257,154	1,542,925	257,154	1,542,925
860040 Div Dec PS-Out w/ mand	31,763	190,575		
860103 Div Dec PS-Out w/ mandatory			31,763	190,575
P56 Interest on LTD	426,630	2,559,775	457,750	2,746,500
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110.AW46 Amort DExp Inside AW46	5,340	32,040	5,340	32,040
820110.IA46 Amort DExp Inside IA46	5,340-	32,040-	5,340-	32,040-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100 AW46 Interest STD Inside	43,051	207,934	9,800	45,541
P58 Interest on Bank Debt	43,051	207,934	9,800	45,541
P59 Other Interest Exp				
840000 Other Interest Expense	6	46		2,560
P59 Other Interest Exp	6	46		2,560
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,562	39,380	6,328	40,014
P64 Preferred Dividends	6,562	39,380	6,328	40,014
P69 Common Dividends				
860220 AW02 Div Decl Com Stk In-AW	62,696	62,696	862,065	893,413
P69 Common Dividends	62,696	62,696	862,065	893,413

Kentucky-American Water Company  
Statistical Information  
4/4/5 Accounting Period

June 2006

A. Number of customers served - Actual

1	Residential	103,901
2	Commercial	8,509
3	Industrial	23
4	OPA	484
5	Sales for Resale	10
6	Fire	1,838
7	Miscellaneous	29
	Total	<u>114,794</u>

B. System Delivery (Thousand Gallons)

1	Water Produced	1,647,693
2	Water Purchased	8,054
	Total	<u>1,655,747</u>

C. Water Sales (Thousand Gallons)

1	Residential	563,139
2	Commercial	355,927
3	Industrial	66,726
4	OPA	120,758
5	Sales for Resale	38,344
6	Fire	22,854
7	Miscellaneous	
	Total	<u>1,167,748</u>

American Water Works Company  
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Kentucky-American Water Co.

Description	12 Month Actual	12 Month Previous
1 OPERATING REVENUES		
2 Water	47,422,857	44,789,584
3 Sewer	262,713	39,699
4 Other	1,888,429	1,329,586
5 Management		
6 Total Revenues	49,573,999	46,158,869
7 OPERATIONS & MAINTENANCE EXPENSE		
8 Labor	4,859,435	4,618,709
9 Purchased Water	461,762	550,405
10 Fuel & Power	2,654,838	2,021,101
11 Chemicals	1,383,586	1,094,515
12 Waste Disposal	115,128	412,453
13 Management Fees	6,363,615	6,836,816
14 Group Insurance	1,597,382	1,828,750
15 Pensions	749,841	600,256
16 Regulatory Expense	4,259	502,632
17 Insurance Other Than Group	645,072	287,038
18 Customer Accounting	1,491,379	1,295,770
19 Rents	927,277	28,200
20 General Office Expense	1,194,519	1,472,307
21 Miscellaneous	3,127,519	2,475,921
22 Other Maintenance	1,594,927	1,475,921
23 Total Maintenance & Operations Exp	26,282,899	23,848,857
27 Depreciation	6,705,395	6,476,411
28 Amortization	456,595	683,433
29 State Income Taxes	2,616,577	2,808,274
30 Federal Income Taxes	847,525	833,005
31 Other Income Taxes	2,794,148	1,887,726
32 Tax Savings Acquisition Adjustment		
33 Total Operating Expenses	39,903,139	35,737,706
34 Utility Operating Income	9,670,860	10,421,163
35 OTHER INCOME & DEDUCTIONS		
36 Non-Operating Rental Income		
37 Dividend Income-Common		
38 Dividend Income-Preferred		
39 Interest Income		
40 AFUDC Equity		1,531
41 M & J Miscellaneous Income	23,199	40,131
42 Gain/Loss on Disposition		200,000
43 Total Other Income	23,199	161,400
45 Miscellaneous Amortization	354	
46 Miscellaneous Acquisition Adjustment	306,588	340,691
47 Miscellaneous Other Deductions		
48 General Taxes	43,485	18,800
49 State Income Taxes	217,426	18,863
50 Federal Income Taxes		
51 Total Other Deductions	45,323	340,754
52 Total Other Income	22,124	179,354
53 Income Before Interest Charges	9,648,736	10,341,809
54 INTEREST CHARGES		
55 Interest on Long-Term Debt	5,150,671	5,493,000
56 Amortization and Debt Expense	369,107	64,751
57 Interest-Short Term Bank Debt	1,009	2,740
58 Other Interest Expense		
59 AFUDC-Debt		
60 Total Interest Charges	5,520,787	5,560,491
61 Net Income	4,127,949	4,681,318
64 Preferred Dividend Declared	4,79,715	80,861
65 Net Income to Common Stock	4,048,234	4,600,457

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Description	July Activity	July Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P02 Water Revenues				
401110 Res Sales Billed	2,218,509-	15,879,841-	2,230,611-	15,261,657-
401120 Res Sales Unbilled	15,306	1,313,743	584,689-	200,562
401210 Com Sales Billed	1,090,423-	6,978,897-	986,690-	6,887,495-
401220 Com Sales Unbilled	64,606	508,440	278,251-	303,880
401310 Ind Sales Billed	144,823-	856,691-	150,391-	855,095-
401320 Ind Sales Unbilled	2,210-	62,294	25,005-	17,645-
401410 Pub Fire Billed	184,337-	1,270,736-	177,844-	1,204,136-
401420 Pub Fire Unbilled	18,121	18,121		
401450 Priv Fire Billed	88,604-	604,865-	86,369-	590,050-
401460 Priv Fire Unbilled	19,814	1,977		
401510 Pub Auth Billed	372,159-	2,002,379-	364,127-	1,957,898-
401520 Pub Auth Unbilled	5,687-	237,938	87,977-	47,382-
401610 SFR Billed	102,753-	607,465-	129,446-	514,414-
401620 Sales for Resale Unbilled	16,395	6,722-	57,107-	71,854-
401710 Misc Sales Billed	237-	4,676-	212-	4,034-
P02 Water Revenues	4,075,500-	26,069,759-	5,158,719-	26,907,218-
P03 Sewer Revenues				
402110 Dom WW Serv Billed	16,984-	102,746-	3,854-	20,598-
402210 Com WW Serv Billed	7,515-	55,079-	649-	4,181-
402310 Ind WW Serv Billed	2,063-	7,219-	340-	1,245-
402510 Pub Auth WW Svc Billed		343-		
P03 Sewer Revenues	26,562-	165,387-	4,843-	26,024-
P04 Other Revenues				
403101 Oth Rev-Forfeited Discounts				24
403102 Oth Rev-Rents Water Property	5,303-	62,650-	5,303-	43,439-
403103 Oth Rev-Collect for Others	62,854-	515,506-	71,798-	509,487-
403104 Oth Rev-NSF Check Charge	1,764-	12,136-	1,728-	12,135-
403105 Oth Rev-Appl/Initiate Serv Fee	57,168-	375,762-	56,904-	260,679-
403106 Oth Rev-Usage Data Readings				120-
403107 Oth Rev-Reconnection Charges	19,333-	125,688-	17,394-	109,598-
403198 Oth Rev-Misc Service Rev	25-	145	50-	1,795-
403199 Oth Rev-Other Water Rev		529-	233	2,423-
P04 Other Revenues	146,447-	1,092,126-	152,944-	939,652-
P08 Labor				
501200 13 Labor Oper WT	67,282	496,597	64,256	529,705
501200 1305 Labor Oper WI Super/En	41,333	303,105	32,403	264,200
501200 14 Labor Oper ID	59,532	504,107	49,402	400,912
501200 1410 Labor Oper ID Storage	162	631	10	10
501200 1415 Labor Oper ID Lines	5,332	41,626	7,615	64,566
501200 1420 Labor Oper ID Meter	45,003	393,290	44,886	394,323
501200 15 Labor Oper CA	15,224	81,837	10,189	91,411
501200 1510 Labor Oper CA Mtr Read	41,223	350,598	43,631	365,298
501200 1515 Labor Oper CA Cust Rec	571	8,222	3,531	23,777
501200 1520 Labor Oper CA Cust Ser	11,750	73,892	10,854	94,027
501200 16 Labor Oper AG	30,015	95,256	24,867	69,725
501200 21 Labor Maint SS				6,207
501200 22 Labor Maint P	4,467	35,175	2,111	27,818
501200 23 Labor Maint WT	3,553	35,575	4,679	24,902
501200 2305 Labor Maint WI Super/E	2,855	23,680	2,416	23,038
501200 24 Labor Maint ID	5,589	65,422	3,333	16,415
501200 2405 Labor Maint ID Super/E	951	7,374	805	7,791
501200 2410 Labor Maint ID Struct	281	1,655	83	1,706
501200 2415 Labor Maint ID Dist Re	1,126	11,152	2,121	3,913
501200 2420 Labor Maint ID Mains	25,864	201,124	19,874	154,542
501200 2425 Labor Maint ID Fire Ma	29	49		
501200 2430 Labor Maint ID Service	17,445	128,849	13,866	116,321
501200 2435 Labor Maint ID Meters	5,838	15,718	4,269	44,358
501200 2440 Labor Maint ID Hydrant	8,143	40,037	2,407	29,900
501711 IP-Off-Annual-P/R JE	12,762	11,460	10,730	22,396
501712 16 Incen Plan-Off-Long Te				44,495-
P08 Labor	406,330	2,926,431	358,338	2,732,766

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00012 Kentucky-American Water Co.				
P09 Purchased Water				
510100.11 Purchased Water-Outsid	30,946	261,861	37,298	281,197
-----				
P09 Purchased Water	30,946	261,861	37,298	281,197
P10 Fuel & Power				
515100.12 Purch Power P	9,827	150,922	14,461	117,766
515100.13 Purch Power WT	259,714	1,250,077	170,427	1,035,930
515100.14 Purch Power TD	283	985	8	68
515200.11 Fuel for Power Prod SS		4,703	21,533	61,003
-----				
P10 Fuel & Power	269,824	1,406,687	206,429	1,214,767
P11 Chemicals				
518000.13 Chemicals WT	132,935	682,889	111,892	521,559
518001.13 Chemicals WT Carbon Le	8,699	56,002	8,144	46,537
-----				
P11 Chemicals	141,634	738,891	120,036	568,096
P12 Waste Disposal				
511100.13 Waste Disposal Exp WT	12,135	69,041	9,267	128,778
511200.13 Amort Waste Disp Exp				187,528
-----				
P12 Waste Disposal	12,135	69,041	9,267	316,306
P13 Management Fees-Corporate				
534600.16 Mngt Fees-Corporate	349,745	2,389,990	316,933	2,100,628
534620.16 Mngt Fees Bsn Change-C	379	65,048	8,351	178,793
534650.16 Mngt Fees P13880-Corp	36,158	214,343		1,343
534700.16 Mngt Fees-Region	122,136	882,295	110,926	951,369
534720.16 Mngt Fees Bsn Change-R			18	1,483
534750.16 Mngt Fees P13880-Regio	5,006	28,764		1,545
-----				
P13 Management Fees-Corporate	513,424	3,580,440	436,228	3,229,509
P14 Group Insurance				
504100.16 Group Ins Oper AG	84,585	566,007	76,768	526,936
505100.16 PBOP Oper AG	56,064	382,547	62,650	432,583
-----				
P14 Group Insurance	140,649	948,554	139,418	959,519
P15 Pensions				
506100.16 Pension Oper AG	63,580	434,945	68,427	467,439
-----				
P15 Pensions	63,580	434,945	68,427	467,439
P16 Regulatory Expense				
566100.16 Reg Comm Amort Rate Ca		228	86	130,936
566300.16 Reg Comm Amort Mgmt St		8,570	925	12,286
566700.16 Reg Comm Other Oper AG		8,570	1,901	13,307
-----				
P16 Regulatory Expense		228	1,062	131,957
P17 Ins Other Than Group				
557000.16 Ins Gen Liab Oper AG	32,978	332,415	19,841	137,429
558000.16 Ins Work Comp AG	9,502	67,382	10,125	69,660
559000.16 Ins Other Oper AG	8,755	67,594	13,691	46,907
-----				
P17 Ins Other Than Group	51,235	467,391	43,657	253,996
P18 Customer Accounting				
520100.15 M & S Oper CA	551	1,406	717	1,442
570100.15 Uncollectible Accounts	54,038	171,508	37,707	182,394
575000.15 Misc Oper CA	365	2,400	820	15,258
575000.1510 Misc Oper CA Mtr Read		170		
575100.15 Bank Service Charges C	14,346	101,162	17,862	113,470
575200.15 Collection Agencies CA	2,299	15,715	1,398	8,894
575420.15 Forms CA	10,869	90,115	3,621	33,461
575620.15 Office & Admin Supplie	1,311	22,302	626	9,086
575660.15 Postage CA	48,035	290,176	41,470	288,690



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00012 Kentucky-American Water Co				
P18 Customer Accounting				
575740 15 Telephone CA	6,860	39,593	8,961	59,509
575741 15 Cell Phone CA				30-
575820 15 Uniforms CA		216		281
P18 Customer Accounting	138,674	734,763	113,182	712,455
P19 Rents				
541000 14 Rents-Real Prop Oper T		1,899	100	2,531
541000 16 Rents-Real Prop Oper A			36	1,170
541400 13 Rents-Equipment Oper W				1,243
541400 16 Rents-Equipment Oper A	4,989	16,678	2,473	16,866
P19 Rents	4,989	18,577	2,609	21,810
P20 General Office Exp				
520100 16 M & S Oper AG	4,175	20,843	4,598	26,192
575002 16 Misc General Office	167	457	323	13,542
575261 16 Credit Line Fees In		8,255	325	19,355
575280 16 Dues/Membership Deduct	227	14,907	1,244	16,880
575320 16 Electricity AG	4,675	25,090	4,198	19,806
575340 Empl Exp AG-P/R JE		10		
575340 16 Employee Expenses AG	4,520	22,624	936-	21,286
575342 16 Empl Exp Conf/Registra		1,328	73-	3,099
575350 16 Meals & Travel Deduct	1,691	9,418	2,561	11,268
575351 16 Meals & Travel Nonded	1,691	8,512	2,482	9,489
575420 16 Forms AG	61	328	283	2,632
575480 16 Heat - Oil/Gas AG	141	12,628	210	13,702
575500 16 Janitorial AG	7,411	27,695	3,169	17,472
575620 16 Office & Admin Supplie	2,578	12,067	1,375	10,797
575660 16 Postage AG	117-	5,388	193	5,041
575670 16 Relocation Expenses				4,758
575740 16 Telephone AG	220	15,580	2,295	6,747
575741 16 Cell Phone AG	4,947	39,674	6,223	29,220
575780 16 Trash Removal AG	115-	200-	22-	88-
575830 16 Wtr & Waste Wtr Exp AG	92-	95	74	264
575880 16 Misc Charges - P13880				2,898
575881 16 Misc Chrgs - STEP W/O		63,363		
P20 General Office Exp	32,180	288,062	28,522	234,360
P21 Miscellaneous				
504500 16 Other Welf Oper AG	145	7,064		84
504610 16 Employee Awards AG	494	6,490	48	1,253
504620 16 Employee Physical Exam	88	5,368	712	3,595
504640 16 Safety Incentive			91-	
504660 16 Tuition Aid AG	930	10,858	5,508	22,206
504670 16 Training AG	40	1,353	559	2,059
507100 16 401k Oper AG	5,203	15,692	6,339	41,039
508100 16 EIP Oper AG		14,241-	755	15,379
508101 16 DCP Oper AG	3,817	26,651		
508102 16 Retiree Med Oper AG	177	1,381		
520100 12 M & S Oper P		4,323-	797	1,055-
520100 13 M & S Oper WT	821	12,682	1,251	16,203
520100 14 M & S Oper TD	4,836	69,283	8,074	20,738
531000 14 Contract Svc-Eng Oper		142-	26	13
532000 16 Contr Svc-Acctg Oper A	2,980	32,087	3,208	19,976
533000 16 Contr Svc-Legal Oper A	12,310	36,749	1,805	32,909-
535000 11 Contr Svc-Other Oper S		161	1,374	1,540
535000 13 Contr Svc-Other Oper W	9,096	91,304	13,404	83,452
535000 14 Contr Svc-Other Oper T	5,875	31,725	9,664	28,167
535000 15 Contr Svc-Other Oper C	5,619	118,222	10,167	21,500
535000 16 Contr Svc-Other Oper A	25,758	165,353	2,330	63,832
535001 14 Contr Svc-Temp Empl Op		30,131	7,456	8,084
535001 15 Contr Svc-Temp Empl Op		1,015-	1,098	20,359
535001 16 Contr Svc-Temp Empl Op		626-	115	12,072
536000 13 Contr Svc-Lab Testing	170	3,846	891	1,517-
536000 14 Contr Svc-Lab Testing				85-
550000 11 Trans Oper SS		20		
550000 12 Trans Oper P		200-	133	176-

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00012 Kentucky-American Water Co.				
P21 Miscellaneous				
550000.14	Trans Oper TD	194	2,852	420
550000.15	Trans Oper CA	29	446	13
550000.16	Trans Oper AG	3,753-	25,683-	13
550001.16	Trans Oper AG Lease Co	12,385	59,145	2,891
550002.16	Trans Oper AG Lease Fu	22,651	141,394	4,034
550003.16	Trans Oper AG Lease Ma	3,942	65,308	16,077
568010.16	Water Res Conservation	33,444	88,562	17,589
575000.11	Misc Oper SS	435	3,581	30,356
575000.12	Misc Oper P		521	
575000.13	Misc Oper WI	4,255	34,053	76
575000.14	Misc Oper TD	10,229	44,706	3,240
575000.1420	Misc Oper TD Meters			10,553
575000.16	Misc Oper AG	13,525-	58,638-	
575001.16	Misc Oper Exp AG Conso		9-	211
575030.16	Advertising	3,937	13,855	27,464-
575130.16	Brochures and Handouts		5,773	10-
575220.16	Community Relations		62	22-
575240.16	Co Dues/Membership Ded	1,390	9,292	19,147
575244.16	Co Dues Deduct NAWC		24,761	
575250.16	Condemnation Costs	10,562-	86,418	145
575270.16	Directors Fees	6,000	12,322	290-
575271.16	Directors Expenses		216	
575275.16	Discounts Available	463-	9,779-	96,176
575276.16	Discounts Lost		747	3,000
575320.13	Electricity WI	588	2,613	13,400
575320.14	Electricity TD	7,716	41,359	1,642
575400.16	Bus Servies Proj Exp		15,828-	976-
575480.13	Heat - Oil/Gas WI		355-	9,781-
575480.14	Heat - Oil/Gas TD	1,094	21,606	53
575490.16	Injuries and Damages	100	1,214	1,314
575500.13	Janitorial WI	1,019	8,201	2,676
575500.14	Janitorial TD	758	5,635	746
575545.13	Lab Supplies WI	2,768	42,704	2,916
575610.16	Merger Transactional C	1,608-	11,256-	4,184-
575620.13	Office & Admin Supplie	417	5,391	335-
575620.14	Office & Admin Supplie	746	10,712	16,569
575625.16	Overnight Shipping AG	642	6,185	46
575640.16	Penalties Nondeduct		569	67
575680.16	Research & Development		970-	10,343
575710.16	Security Service AG		2,669	683
575711.16	Add'l Security Costs A	4,580	70,534	745-
575715.16	Software Licenses & Su	1,767	16,893	34,890
575740.11	Telephone SS		92-	11,256-
575740.13	Telephone WI		172-	306
575740.14	Telephone TD	13	206	4,242
575741.13	Cell Phone WI	398	3,411	1,208
575741.14	Cell Phone TD	1,916	10,506	1,715
575780.11	Trash Removal SS	368	4,944	869
575780.14	Trash Removal TD	117	1,532	5,310
575790.16	Trustee Fees AG		3,233	
575820.13	Uniforms WI	332	3,739	179
575820.14	Uniforms TD	1,034	15,398	8,274-
575830.11	Wtr & Waste Wtr Exp SS	1,685	12,823	6,402
575998.16	PCard Undistributed	6,013	7,246	8,834
631000.24	Contr Svc-Eng Maint TD		15,921	39
-----				
P21 Miscellaneous	181,410	1,432,349	272,398	1,422,404
-----				
P25 Maintenance Expense				
620000.21	Mat and Sup Maint SS	3,742	43,633	5,596
620000.22	Mat and Sup Maint P		417	152,744
620000.23	Mat and Sup Maint WI	5,823	28,060	6,669
620000.24	Mat and Sup Maint TD	3,529-	108,994	58,923
620000.26	Mat and Sup Maint AG	2,600	16,986	7,117
635000.24	Contr Svc-Other Maint			73,312
635000.26	Contr Svc-Other Maint	390	17,198	25,675
675000.23	Misc Maint WI	1,526	52,283	2,609
675000.24	Misc Maint TD	891	20,461	506
675000.26	Misc Maint AG	1,010	39,014	10,597
			12,070	42,971
			1,426	13,655
			1,153	5,782
				36,480

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00012 Kentucky-American Water Co				
P25 Maintenance Expense				
675050 21 Amort Def Maint SS		1,449-	267	383-
675050.2120 Amort Def Maint SS Int	483	3,724	1,442	10,092
675050 23 Amort Def Maint WI	13,264	82,499	15,170	92,864
675050 24 Amort Def Maint TD	13,747-	84,774-	16,879-	102,573-
675110 26 Maint Exp ARO/Net Neg	102,083	701,493	93,906	648,667
675650 24 Paving/Backfill TD	9,977	137,880	18,532	134,005
P25 Maintenance Expense	124,513	1,166,419	149,075	1,199,638
P27 Depreciation				
680110 Depr Exp-General	906,808	4,585,362	557,718	3,882,061
680120 Depr Exp-Amort CIAC Tax	97,603-	671,311-	89,941-	579,507-
680199 IAS Adj-Amort Def Maint	27,570	168,037	35,483	216,202
P27 Depreciation	836,775	4,082,088	503,260	3,518,756
P28 Amortization				
680300 Amortization of UPAA	1,801	12,606	1,801	12,606
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	35,957	172,866	54,815	383,708
680620 Amort-Reg Asset	575	4,025	575	4,025
P28 Amortization	38,333	189,497	57,191	400,339
P29 General Taxes				
685100 Utility Reg Assessment Fee	5,914	41,396	5,914	5,914
685200 Property Taxes	195,058	1,330,016	180,058	1,261,368
685320 FUTA	14	5,876	12	5,934
685325 FICA	29,623	233,424	29,237	245,702
685350 SUTA	28	9,164	25	8,308
685430 Other Taxes and Licenses			100-	2,515
685440 Gross Receipts Tax			9,003-	32,435
P29 General Taxes	230,637	1,619,876	206,143	1,562,176
P30 State Income Taxes				
690210 SII-Current	141,592	748,412	30,974-	250,483-
690720.001 Def SIT-PY Adj Asset	3,737-	3,737-		
690720.002 Def SII-PY Adj Liab	29,064-	29,064-		
690730.001 Def SII-Reg Asset	4,982	34,874	4,982	34,874
690730.002 Def SIT-Reg Liab	17,209-	28,063-	1,809-	12,663-
690750.002 Def SII-Other Liab	76,684-	468,872-	285,182	851,222
P30 State Income Taxes	19,880	253,550	257,381	622,950
P31 Federal Income Taxes				
690110 FII-Current	680,242	3,620,231	123,390-	1,032,070-
690620.001 Def FII-PY Adj Asset	36,000	36,000		
690620.002 Def FII-PY Adj Liab	52,115	52,115		
690630.001 Def FII-Reg Asset	58,354-	88,245-	4,982-	34,873-
690630.002 Def FII-Reg Liab	1,365-	81,675-	13,385-	93,695-
690650.002 Def FII-Other Liab	391,408-	2,237,543-	489,787	1,990,251
695220 ITC Restored - 3%	149-	4,462-	719-	5,032-
695230 ITC Restored - 4%	87-	3,640-	592-	4,146-
695240 ITC Restored - 10%	1,394-	41,325-	6,655-	46,586-
P31 Federal Income Taxes	315,600	1,251,456	340,064	773,849
P40 AFUDC Equity				
705100 AFUDC - Equity				
P40 AFUDC Equity				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	157,301-	1,051,396-	172,081-	1,005,380-
715112 AW03 M&J Revenues-AW03		10,802-		28,714-
715112 AW24 M&J Revenues-AW24			207-	207-
715112 AW26 M&J Revenues-AW26				14,614-
716121 M&J Expenses-Outside	26,741	119,601	20,469	138,624

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00012 Kentucky-American Water Co				
P42 M&J Misc Income				
716122 M&J Expenses-Inside	114,166	969,115	169,920	939,235
716123 Pref Stck Cumm Change				
P42 M&J Misc Income	16,394-	26,518	18,101	28,944
P46 Misc Amortization				
755100 Amort UPAA	354-	354-		
P46 Misc Amortization	354-	354-		
P48 Misc Other Deductions				
760100 Donations Deduct	4,575	123,945	4,100	126,238
760200 Other Income Deductions	150	82,395	7,457	92,397
760400 Other Lobbying Expenses		26,274	6,500	45,269
760500 Non-Op Empl Exp Deduct				450
P48 Misc Other Deductions	4,725	232,614	18,057	264,354
P50 State Income Taxes				
780100 SII-Other Inc & Ded Curr	7,922-	18,956-	4,481-	2,300
P50 State Income Taxes	7,922-	18,956-	4,481-	2,300
P51 Federal Income Taxes				
790100 FIT-Oth Inc & Ded-curr	39,609-	94,780-	22,406-	11,501
P51 Federal Income Taxes	39,609-	94,780-	22,406-	11,501
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	963,988	168,833	1,181,833
810400 AW46 Int LTD-Inside AW46	257,154	1,800,079	257,154	1,800,079
860040 Div Dec PS-Out w/ mand	31,763	222,338	222,338	222,338
860103 Div Dec PS-Out w/ mandatory			190,575-	
P56 Interest on LTD	426,630	2,986,405	457,750	3,204,250
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110 AW46 Amort DExp Inside AW46	5,340	37,380	5,340	37,380
820110 IA46 Amort DExp Inside IA46	5,340-	37,380-	5,340-	37,380-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100 AW46 Interest STD Inside	35,358	243,292	12,282	57,822
P58 Interest on Bank Debt	35,358	243,292	12,282	57,822
P59 Other Interest Exp				
840000 Other Interest Expense		46		2,560
P59 Other Interest Exp		46		2,560
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,562	45,942	6,087	46,101
P64 Preferred Dividends	6,562	45,942	6,087	46,101
P69 Common Dividends				
860220 AW02 Div Decl Com Stk In-AW		62,696		893,413
P69 Common Dividends		62,696		893,413

Kentucky-American Water Company  
Statistical Information  
4/4/5 Accounting Period

July 2006

A. Number of customers served - Actual

1	Residential	104,025
2	Commercial	8,535
3	Industrial	23
4	OPA	484
5	Sales for Resale	10
6	Fire	1,838
7	Miscellaneous	33
	Total	<u>114,948</u>

B. System Delivery (Thousand Gallons)

1	Water Produced	1,359,509
2	Water Purchased	7,995
	Total	<u>1,367,504</u>

C. Water Sales (Thousand Gallons)

1	Residential	564,393
2	Commercial	391,733
3	Industrial	75,738
4	OPA	153,839
5	Sales for Resale	38,265
6	Fire	7,542
7	Miscellaneous	
	Total	<u>1,231,510</u>



October 4 2006

Mr. Bill Feldman  
Branch Manager, Annual Report Branch  
Kentucky Public Service Commission  
211 Sower Blvd.  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Mr. Feldman:

Please find enclosed *August 2006* financial statements for Kentucky-American Water Company. These statements are based on our 4/4/5 accounting cycle. This transmittal represents the monthly financial statements initiated with our letter dated August 30, 1978. Enclosed are the following:

1. Balance Sheet
2. Comparative Statement of Income (12-Months to Date)
3. Detail of Operation and Maintenance Expense by Account (A of I)
4. Trial Balance
5. Monthly Operating Statistics

We trust these financial statements will fulfil your reporting requirements in monitoring financial procedures of this company. Please advise if additional information is required.

Sincerely,

A handwritten signature in black ink that reads "Bryan Siler".

Bryan Siler

BS

Enclosures

C: M. A. Miller  
H. A. Miller, Jr.  
L. W. Ingram, Jr.  
File: 2601

Kentucky American Water  
2300 Richmond Road  
Lexington KY 40502  
T (859)268-6350  
F (859)335-3350  
I [www.amwater.com](http://www.amwater.com)

American Water Works Company  
Kentucky-American Water Co.  
Statement of Income with Analysis  
Kentucky PSC Report  
For the Period Ending 08/25/2006

Kentucky-American Water Co.

Description	12 Month Actual	12 Month Previous
OPERATING REVENUES		
1 Water	46,768,886	46,001,304
2 Sewer	285,428	40,613
3 Other	1,889,711	1,418,837
4 Management		
5		
6 Total Revenues	48,944,025	47,460,754
OPERATIONS & MAINTENANCE EXPENSE		
7 Labor	4,904,700	4,608,552
8 Purchased Water	800,000	840,165
9 Fuel & Power	2,882,276	2,137,273
10 Chemicals	1,478,253	1,777,273
11 Waste Disposal	6,262,892	6,900,922
12 Management Fees	1,751,105	1,588,533
13 Group Insurance	1,751,105	1,772,272
14 Residuals	44,405	44,405
15 Regulatory Expense	563,850	357,060
16 Insurance Expense - Urban Group	1,403,384	1,306,731
17 Restroom Accounting	555,884	575,857
18 Rents	932,514	423,133
19 General Office Expense	3,058,010	2,437,819
20 Miscellaneous	1,954,124	1,805,096
21 Other Maintenance		
22		
23 Total Maintenance & Operations Exp	26,310,147	24,067,361
27 Depreciation	6,760,877	6,383,258
28 Amortization	485,355	683,996
29 General Taxes	2,838,871	2,894,861
30 State Income Taxes	707,331	975,230
31 Federal Income Taxes	2,810,144	1,150,136
32 Tax Savings Acquisition Adjustment		
33 Total Operating Expenses	39,912,645	36,194,922
34 Utility Operating Income	9,031,380	11,355,832
35 OTHER INCOME & DEDUCTIONS		
36 Non-Operating Rental Income	21,358	25,039
37 Dividend Income-Common		200,000
38 Dividend Income-Preferred		
39 APUDC Income		1,531
40 APUDC Equity		
41 M & J Miscellaneous Income		
42 Gain/Loss on Disposition		
43 Total Other Income	21,358	176,492
44		
45 Total Other Income	389	
46 Miscellaneous Amortization		
47 Tax Savings Acquisition Adjustment	305,202	339,635
48 Miscellaneous Other Deductions		
49 General Taxes	40,554	4,461
50 State Income Taxes	204,771	18,747
51 Federal Income Taxes	59,088	362,843
52 Total Other Deductions	37,730	186,351
53 Total Other Income	8,993,650	11,169,481
54 Income Before Interest Charges		
55 INTEREST CHARGES		
56 Interest - Term Debt	5,119,551	5,493,000
57 Interest - Long Term Debt		
58 Interest - Short Term Bank Debt	394,560	68,828
59 Other Interest Expense		
60 APUDC-Debt		
61 Total Interest Charges	5,515,066	5,564,622
62 Net Income	3,478,584	5,604,859
63 Preferred Dividend Declared	79,710	80,462
64		
65 Net Income to Common Stock	3,398,874	5,524,397

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 08/25/2006

Description	August Activity	August Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P02 Water Revenues				
401110 Res Sales Billed	2,402,430-	18,282,271-	2,498,965-	17,760,621-
401120 Res Sales Unbilled	56,091	1,369,834	127,011-	73,551
401210 Com Sales Billed	1,093,076-	8,071,973-	1,162,434-	8,049,929-
401220 Com Sales Unbilled	35,787	544,227	78,766-	225,114
401310 Ind Sales Billed	121,161-	977,852-	151,558-	1,006,653-
401320 Ind Sales Unbilled	5,067	67,360	16,849-	34,494-
401410 Pub Fire Billed	182,010-	1,452,746-	176,659-	1,380,795-
401420 Pub Fire Unbilled	19,329	37,450		
401450 Priv Fire Billed	85,077-	689,941-	81,218-	671,268-
401460 Priv Fire Unbilled	11,081	13,058		
401510 Pub Auth Billed	367,278-	2,369,656-	366,769-	2,324,666-
401520 Pub Auth Unbilled	63,705	301,643	63,262-	110,645-
401610 SFR Billed	112,742-	720,207-	116,101-	630,515-
401620 Sales for Resale Unbilled	3,230	3,492-	512-	72,365-
401710 Misc Sales Billed	16,623-	21,299-	24	4,010-
P02 Water Revenues	4,186,107-	30,255,865-	4,840,080-	31,747,296-
P03 Sewer Revenues				
402110 Dom WW Serv Billed	17,476-	120,222-	3,237-	23,835-
402210 Com WW Serv Billed	8,375-	63,454-	607-	4,789-
402310 Ind WW Serv Billed	1,313-	8,532-	195-	1,439-
402510 Pub Auth WW Svc Billed	410	67		
P03 Sewer Revenues	26,754-	192,141-	4,039-	30,063-
P04 Other Revenues				
403101 Oth Rev-Forfeited Discounts				24
403102 Oth Rev-Rents Water Property	10,624-	73,274-	5,303-	48,742-
403103 Oth Rev-Collect for Others	71,876-	587,382-	72,066-	581,553-
403104 Oth Rev-NSF Check Charge	1,170-	13,307-	1,471-	13,606-
403105 Oth Rev-Appl/Initiate Serv Fee	64,104-	439,866-	67,704-	328,383-
403106 Oth Rev-Usage Data Readings			2	118-
403107 Oth Rev-Reconnection Charges	14,284-	139,972-	11,467-	121,065-
403198 Oth Rev-Misc Service Rev		145	25-	1,820-
403199 Oth Rev-Other Water Rev	823	294	1,919-	4,342-
P04 Other Revenues	161,235-	1,253,362-	159,953-	1,099,605-
P08 Labor				
501200.13 Labor Oper WI	57,295	553,892	58,568	588,273
501200.1305 Labor Oper WI Super/En	41,596	344,701	32,233	296,432
501200.14 Labor Oper ID	55,516	559,623	40,420	441,332
501200.1410 Labor Oper ID Storage		631		10
501200.1415 Labor Oper ID Lines	4,487	46,112	7,224	71,790
501200.1420 Labor Oper ID Meter	51,015	444,305	47,296	441,619
501200.15 Labor Oper CA	11,570	93,407	9,844	101,256
501200.1510 Labor Oper CA Mtr Read	47,579	398,177	45,712	411,010
501200.1515 Labor Oper CA Cust Rec	1,658	9,880	2,570	26,348
501200.1520 Labor Oper CA Cust Ser	10,041	83,932	7,731	101,758
501200.16 Labor Oper AG	30,482	125,736	29,915	99,640
501200.21 Labor Maint SS			8,736-	2,529-
501200.22 Labor Maint P	3,584	38,759	382	28,200
501200.23 Labor Maint WI	4,827	40,402	4,792	29,694
501200.2305 Labor Maint WT Super/E	2,676	26,357	3,106	26,144
501200.24 Labor Maint ID	2,980	68,402	2,980	19,395
501200.2405 Labor Maint TD Super/E	892	8,266	1,035	8,826
501200.2410 Labor Maint ID Struct	605	2,260	120	1,826
501200.2415 Labor Maint TD Dist Re	2,062	13,214	1,836	5,749
501200.2420 Labor Maint ID Mains	25,597	226,721	38,479	193,022
501200.2425 Labor Maint TD Fire Ma		49		
501200.2430 Labor Maint TD Service	16,354	145,203	11,369	127,690
501200.2435 Labor Maint TD Meters	7,978	23,696	9,383	53,741
501200.2440 Labor Maint TD Hydrant	9,793	49,830	1,464	31,364
501711 IP-Off-Annual-P/R JE	15,134	26,594	10,730	33,126
501712.16 Incen Plan-Off-Long Te				44,495-
P08 Labor	403,721	3,330,151	358,453	3,091,221



American Water Works Company  
Kentucky-American Water Company  
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Kentucky PSC Report  
For the Period Ending 08/25/2006

Description	August Activity	August Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P09 Purchased Water				
510100.11 Purchased Water-Outsid	53,614	315,475	35,320	316,517
P09 Purchased Water	53,614	315,475	35,320	316,517
P10 Fuel & Power				
515100.12 Purch Power P	18,047	168,969	18,665	136,430
515100.13 Purch Power WT	259,863	1,509,940	223,662	1,259,592
515100.14 Purch Power TD	113	1,097	4	72
515200.11 Fuel for Power Prod SS		4,703	8,001	69,005
P10 Fuel & Power	278,023	1,684,709	250,332	1,465,099
P11 Chemicals				
518000.13 Chemicals WT	162,864	845,753	117,866	639,425
518001.13 Chemicals WT Carbon Le	8,699	64,702	8,144	54,661
P11 Chemicals	171,563	910,455	126,010	694,106
P12 Waste Disposal				
511100.13 Waste Disposal Exp WT	13,442	82,483	10,317	139,095
511200.13 Amort Waste Disp Exp				187,528
P12 Waste Disposal	13,442	82,483	10,317	326,623
P13 Management Fees-Corporate				
534600.16 Mngt Fees-Corporate	309,342	2,699,332	330,538	2,431,166
534620.16 Mngt Fees Bsn Change-C	802	64,246	31,304	210,097
534650.16 Mngt Fees P13880-Corp	20,746	235,089		1,343
534700.16 Mngt Fees-Region	147,538	1,029,832	127,525	1,078,893
534720.16 Mngt Fees Bsn Change-R			61	1,422
534750.16 Mngt Fees P13880-Regio	5,880	34,644		1,545
P13 Management Fees-Corporate	482,704	4,063,143	489,428	3,718,936
P14 Group Insurance				
504100.16 Group Ins Oper AG	85,514	651,521	66,185	593,121
505100.16 PBOP Oper AG	57,312	439,859	55,993	488,575
P14 Group Insurance	142,826	1,091,380	122,178	1,081,696
P15 Pensions				
506100.16 Pension Oper AG	63,540	498,485	62,276	529,715
P15 Pensions	63,540	498,485	62,276	529,715
P16 Regulatory Expense				
566100.16 Reg Comm Amort Rate Ca		228		130,936
566300.16 Reg Comm Amort Mgmt St		8,570	925	13,211
566700.16 Reg Comm Other Oper AG		8,570	1,901	15,208
P16 Regulatory Expense		228	976	132,933
P17 Ins Other Than Group				
557000.16 Ins Gen Liab Oper AG	32,978	365,392	19,841	157,270
558000.16 Ins Work Comp AG	9,557	76,939	10,896	80,556
559000.16 Ins Other Oper AG	8,755	76,349	6,544	53,451
P17 Ins Other Than Group	51,290	518,680	37,281	291,277
P18 Customer Accounting				
520100.15 M & S Oper CA		1,406	32	1,474
570100.15 Uncollectible Accounts	20,359	191,868	41,781	224,175
575000.15 Misc Oper CA	175	2,575	273	15,532
575000.1510 Misc Oper CA Mtr Read	27	197		
575100.15 Bank Service Charges C	26,561	127,723	8,589	122,059
575200.15 Collection Agencies CA	986	16,700	1,259	10,153
575420.15 Forms CA	13,470	103,585	7,657	41,118
575620.15 Office & Admin Supplie	1,725	24,027	632	9,718
575660.15 Postage CA	40,499	330,675	43,345	332,036

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 08/25/2006

Description	August Activity	August Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P18 Customer Accounting				
575740.15 Telephone CA	9,144	48,737	6,164	65,673
575741.15 Cell Phone CA				30-
575820.15 Uniforms CA		216		281
P18 Customer Accounting	112,946	847,709	109,732	822,189
P19 Rents				
541000.14 Rents-Real Prop Oper I		1,899	300	2,831
541000.16 Rents-Real Prop Oper A			80	1,250
541400.13 Rents-Equipment Oper W				1,243
541400.16 Rents-Equipment Oper A	792	17,470	2,600	19,467
P19 Rents	792	19,369	2,980	24,791
P20 General Office Exp				
520100.16 M & S Oper AG	2,913	23,756	1,734	27,926
575002.16 Misc General Office	331	788	175-	13,366
575261.16 Credit Line Fees In	2,137	10,392	449	19,804
575280.16 Dues/Membership Deduct	1,038	15,945	123	17,004
575320.16 Electricity AG	4,967	30,057	3,968	23,774
575340 Empl Exp AG-P/R JE		10		
575340.16 Employee Expenses AG	3,081	25,704	3,791	25,076
575342.16 Empl Exp Conf/Registra	220	1,548	1,937	5,036
575350.16 Meals & Travel Deduct	819	10,237	1,353	12,621
575351.16 Meals & Travel Nonded	806	9,318	1,282	10,771
575420.16 Forms AG		328	2	2,634
575480.16 Heat - Oil/Gas AG	33	12,661	48	13,750
575500.16 Janitorial AG	1,923	29,618	108	17,580
575620.16 Office & Admin Supplie	816	12,884	1,437	12,234
575660.16 Postage AG	323	5,711	2,428	7,468
575670.16 Relocation Expenses				4,758
575740.16 Telephone AG	133-	15,447	686	7,433
575741.16 Cell Phone AG	7,145	46,820	4,475	33,695
575780.16 Trash Removal AG	182-	382-	57	30-
575830.16 Wtr & Waste Wtr Exp AG	127-	32-	361	624
575880.16 Misc Charges - P13880			36,658	39,556
575881.16 Misc Chrgs - STEP W/O		63,363		
P20 General Office Exp	26,110	314,173	60,722	295,080
P21 Miscellaneous				
504500.16 Other Welf Oper AG	3,226	10,291		84
504610.16 Employee Awards AG		6,490	1,131	2,384
504620.16 Employee Physical Exam	558-	4,810	190	3,785
504660.16 Tuition Aid AG	3,390	14,248	546-	21,660
504670.16 Training AG	779	2,132	221	2,280
507100.16 401k Oper AG	5,271	20,963	4,789	45,828
508100.16 EIP Oper AG		14,241-	11,380	26,759
508101.16 DCP Oper AG	3,772	30,422		
508102.16 Retiree Med Oper AG	193	1,573		
520100.12 M & S Oper P		4,323-	1,251	196
520100.13 M & S Oper WI	1,610	14,293	2,895	19,098
520100.14 M & S Oper TD	6,442	75,725	7,542	28,281
531000.14 Contract Svc-Eng Oper		142-	7	19
532000.16 Contr Svc-Acctg Oper A	3,308	35,395	3,018	22,994
533000.16 Contr Svc-Legal Oper A	8,772-	27,977	1,715	31,195-
535000.11 Contr Svc-Other Oper S		161	176	1,716
535000.13 Contr Svc-Other Oper W	15,240	106,544	3,470	86,923
535000.14 Contr Svc-Other Oper T	6,001	37,725	5,829	33,996
535000.15 Contr Svc-Other Oper C	8,688	126,910	2,983	24,482
535000.16 Contr Svc-Other Oper A	20,989	186,343	7,973	71,805
535001.14 Contr Svc-Temp Empl Op		30,131	9,804	17,889
535001.15 Contr Svc-Temp Empl Op		1,015-	174	20,533
535001.16 Contr Svc-Temp Empl Op'		626-	31	12,103
536000.13 Contr Svc-Lab Testing	1,193	5,039	1,821	304
536000.14 Contr Svc-Lab Testing				85-
550000.11 Trans Oper SS		20		
550000.12 Trans Oper P		200-	35	141-
550000.14 Trans Oper ID	1,772	4,624	81	1,460

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 08/25/2006

Description	August Activity	August Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P21 Miscellaneous				
550000.15 Trans Oper CA		446		13
550000.16 Trans Oper AG		30,808-		9,284-
550001.16 Trans Oper AG Lease Co	5,125-	73,200	4,123-	38,554
550002.16 Trans Oper AG Lease Fu	14,055	164,589	9,234	117,172
550003.16 Trans Oper AG Lease Ma	23,195	84,440	17,748	152,778
568010.16 Water Res Conservation	19,132	120,537	8,394	113,541
575000.11 Misc Oper SS	31,974	3,873	29,419	7
575000.12 Misc Oper P	292	521	7	475
575000.13 Misc Oper WI	4,422	38,475	1,004	33,593
575000.14 Misc Oper TD	2,366	47,072	5,242	124,444
575000.1420 Misc Oper TD Meters			6	216
575000.16 Misc Oper AG	84,084-	142,722-	46,092-	303,386-
575001.16 Misc Oper Exp AG Conso		9-		22-
575030.16 Advertising	4,425	18,280	5,605	24,752
575130.16 Brochures and Handouts		5,773		
575220.16 Community Relations		62		
575240.16 Co Dues/Membership Ded	1,390	10,681	6,515	6,225
575244.16 Co Dues Deduct NAWC		24,761	21,469	21,469
575250.16 Condemnation Costs	15,443	101,861	39,666	623,520
575270.16 Directors Fees		12,322	1,500	14,900
575271.16 Directors Expenses		216	1,642-	
575275.16 Discounts Available	1,114-	10,893-	733-	10,514-
575276.16 Discounts Lost		747	91	1,405
575320.13 Electricity WI	634	3,247	712	3,388
575320.14 Electricity TD	4,491	45,850	291	5,115
575400.16 Bus Servies Proj Exp		15,828-	775	3,410-
575480.13 Heat - Oil/Gas WT		355-		335-
575480.14 Heat - Oil/Gas TD	340	21,945	476	17,045
575490.16 Injuries and Damages	100	1,314	12	79
575500.13 Janitorial WI	1,176	9,377	709	11,052
575500.14 Janitorial TD	1,135	6,770	13	6,145
575545.13 Lab Supplies WT	6,258	48,962	12,800	47,690
575610.16 Merger Transactional C	1,608-	12,864-	1,608-	12,864-
575620.13 Office & Admin Supplie	925	6,316	377	4,620
575620.14 Office & Admin Supplie	1,143	11,855	438	2,153
575625.16 Overnight Shipping AG	1,023	7,208	788	6,098
575640.16 Penalties Nondeduct		569	25	25
575680.16 Research & Development		970-	48	8,227-
575710.16 Security Service AG		2,669		
575711.16 Add'l Security Costs A	13,343	83,877	13,188	95,114
575715.16 Software Licenses & Su	1,767	18,660	1,985	19,238
575740.11 Telephone SS		92-	10	42-
575740.13 Telephone WI		172-	8	7
575740.14 Telephone ID	13	219	12	101
575741.13 Cell Phone WT	386	3,797	382	4,115
575741.14 Cell Phone TD	1,464	11,970	406	3,321
575780.11 Trash Removal SS	715	5,659	78	3,356
575780.14 Trash Removal ID	426	1,958	712	1,708
575790.16 Trustee Fees AG		3,233		
575820.13 Uniforms WI	249	3,989	252	3,318
575820.14 Uniforms TD	1,238	16,637	1,971	15,769
575830.11 Wtr & Waste Wtr Exp SS	2,237	15,060	1,210	24,480
575998.16 PCard Undistributed	6,533-	713	892	6,674
631000.24 Contr Svc-Eng Maint ID		15,921		
P21 Miscellaneous	129,837	1,562,187	196,345	1,618,749
P25 Maintenance Expense				
620000.21 Mat and Sup Maint SS	4,457	48,090	9,984	162,727
620000.22 Mat and Sup Maint P		417		
620000.23 Mat and Sup Maint WI	13,622	41,683	7,646	66,569
620000.24 Mat and Sup Maint TD	26,291	135,284	25,146	98,459
620000.26 Mat and Sup Maint AG	1,576-	15,410	2,208	27,884
635000.24 Contr Svc-Other Maint				2,609
635000.26 Contr Svc-Other Maint	1,624	18,822	916	11,513
675000.23 Misc Maint WI	3,866	56,149	435	43,406
675000.24 Misc Maint TD	1,372	21,833	2,711	16,366
675000.2415 Misc Maint TD Dist Res	4,850	4,850		
675000.26 Misc Maint AG	15,429	54,443	13,280	49,760

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Description	August Activity	August Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P25 Maintenance Expense				
675050 21 Amort Def Maint SS		1,449-	71	312-
675050.2120 Amort Def Maint SS Int	967	4,691	1,442	11,534
675050.23 Amort Def Maint WI	13,264	95,763	13,770	106,634
675050.24 Amort Def Maint ID	14,231-	99,005-	15,283-	117,856-
675110.26 Maint Exp ARO/Net Neg	102,754	804,247	93,906	742,572
675650.24 Paving/Backfill TD	40,257-	97,623	17,005	151,010
P25 Maintenance Expense	132,432	1,298,851	173,237	1,372,675
P27 Depreciation				
680110 Depr Exp-General	624,088	5,209,450	557,675	4,439,736
680120 Depr Exp-Amort CIAC Tax	98,312-	769,623-	91,770-	671,277-
680199 IAS Adj-Amort Def Maint	28.053	196.090	32,442	248,644
P27 Depreciation	553,829	4,635,917	498,347	4,017,103
P28 Amortization				
680300 Amortization of UPAA	1,801	14,407	1,801	14,407
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	83,574	256,441	54,815	438,524
680620 Amort-Reg Asset	575	4,600	575	4,600
P28 Amortization	85,950	275,448	57,191	457,531
P29 General Taxes				
685100 Utility Reg Assessment Fee	6,862	48,258	5,914	11,827
685200 Property Taxes	195,058	1,525,074	180,058	1,441,426
685320 FUIA	45	5,921	42-	5,892
685325 FICA	29,262	262,686	25,830	271,532
685350 SUTA	359-	8,805	33-	8,275
685430 Other Taxes and Licenses	3,153	3,153		2,515
685440 Gross Receipts Tax				32,435
P29 General Taxes	234,021	1,853,897	211,727	1,773,902
P30 State Income Taxes				
690210 SIT-Current	258,165-	490,247	122,605	127,878-
690720 001 Def SIT-PY Adj Asset		3,737-		
690720.002 Def SIT-PY Adj Liab		29,064-		
690730.001 Def SIT-Reg Asset	4,982	39,856	4,982	39,856
690730.002 Def SIT-Reg Liab	4,009-	32,072-	1,809-	14,472-
690750.002 Def SIT-Other Liab	331,892	136,980-	89,197	940,418
P30 State Income Taxes	74,700	328,250	214,975	837,924
P31 Federal Income Taxes				
690110 FIT-Current	1,181,403-	2,438,828	590,063	442,007-
690620.001 Def FIT-PY Adj Asset		36,000		
690620.002 Def FIT-PY Adj Liab		52,115		
690630.001 Def FIT-Reg Asset	4,982-	93,227-	4,982-	39,855-
690630.002 Def FIT-Reg Liab	11,669-	93,344-	13,385-	107,080-
690650.002 Def FIT-Other Liab	1,500,612	736,931-	284,233-	1,706,018
695220 ITC Restored - 3%	638-	5,100-	719-	5,751-
695230 ITC Restored - 4%	525-	4,165-	592-	4,738-
695240 ITC Restored - 10%	5,903-	47,228-	6,655-	53,241-
P31 Federal Income Taxes	295,492	1,546,948	279,497	1,053,346
P40 AFUDC Equity				
705100 AFUDC - Equity				
P40 AFUDC Equity				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	137,356-	1,188,752-	165,624-	1,171,004-
715112 AW03 M&J Revenues-AW03		10,802-		28,714-
715112.AW24 M&J Revenues-AW24				207-
715112 AW26 M&J Revenues-AW26				14,614-
716121 M&J Expenses-Outside	8,763	128,364	30,808	169,432

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 08/25/2006

Description	August Activity	August Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P42 M&J Misc Income				
716122 M&J Expenses-Inside	126,775	1,095,889	131,157	1,070,392
716123 Pref Stck Cummm Change				
P42 M&J Misc Income	1,818-	24,699	3,659-	25,285
P46 Misc Amortization				
755100 Amort UPAA	35-	389-		
P46 Misc Amortization	35-	389-		
P48 Misc Other Deductions				
760100 Donations Deduct	4,493	128,438	7,162	133,400
760200 Other Income Deductions	6,395	88,790	75	92,472
760400 Other Lobbying Expenses		26,274	5,036	50,305
760500 Non-Op Empl Exp Deduct				450
P48 Misc Other Deductions	10,888	243,502	12,273	276,627
P50 State Income Taxes				
780100 SII-Other Inc & Ded Curr		18,956-	2,531-	231-
P50 State Income Taxes		18,956-	2,531-	231-
P51 Federal Income Taxes				
790100 FIT-Oth Inc & Ded-curr		94,780-	12,655-	1,154-
P51 Federal Income Taxes		94,780-	12,655-	1,154-
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	1,101,700	168,833	1,350,667
810400 AW46 Int LTD-Inside AW46	257,154	2,057,233	257,154	2,057,233
860040 Div Dec PS-Out w/ mand	31,763	254,100	31,763	254,100
P56 Interest on LTD	426,630	3,413,033	457,750	3,662,000
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110 AW46 Amort DExp Inside AW46	5,340	42,720	5,340	42,720
820110 IA46 Amort DExp Inside IA46	5,340-	42,720-	5,340-	42,720-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100 AW46 Interest STD Inside	31,664	274,956	6,211	64,033
P58 Interest on Bank Debt	31,664	274,956	6,211	64,033
P59 Other Interest Exp				
840000 Other Interest Expense		46	55	2,614
P59 Other Interest Exp		46	55	2,614
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,562	52,505	6,568	52,669
P64 Preferred Dividends	6,562	52,505	6,568	52,669
P69 Common Dividends				
860220 AW02 Div Decl Com Stk In-AW		62,696		893,413
P69 Common Dividends		62,696		893,413

Kentucky-American Water Company  
Statistical Information  
4/4/5 Accounting Period

August 2006

A. Number of customers served - Actual

1	Residential	104,444
2	Commercial	8,554
3	Industrial	23
4	OPA	485
5	Sales for Resale	11
6	Fire	1,829
7	Miscellaneous	35
	Total	<u>115,381</u>

B. System Delivery (Thousand Gallons)

1	Water Produced	1,495,345
2	Water Purchased	7,932
	Total	<u>1,503,277</u>

C. Water Sales (Thousand Gallons)

1	Residential	608,258
2	Commercial	391,181
3	Industrial	62,981
4	OPA	151,377
5	Sales for Resale	41,373
6	Fire	
7	Miscellaneous	1,527
	Total	<u>1,256,697</u>



October 27 2006

Mr Bill Feldman  
Branch Manager, Annual Report Branch  
Kentucky Public Service Commission  
211 Sower Blvd.  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Mr Feldman:

Please find enclosed *September 2006* financial statements for Kentucky-American Water Company. These statements are based on our 4/4/5 accounting cycle. This transmittal represents the monthly financial statements initiated with our letter dated August 30, 1978. Enclosed are the following:

1. Balance Sheet
2. Comparative Statement of Income (12-Months to Date)
3. Detail of Operation and Maintenance Expense by Account (A of I)
4. Trial Balance
5. Monthly Operating Statistics

We trust these financial statements will fulfil your reporting requirements in monitoring financial procedures of this company. Please advise if additional information is required.

Sincerely,

A handwritten signature in cursive script that reads "Bryan Siler". Below the signature is a rectangular stamp with illegible text.

BS

Enclosures

C: M. A. Miller  
H. A. Miller, Jr.  
L. W. Ingram, Jr.  
File: 2601

Kentucky American Water  
2300 Richmond Road  
Lexington KY 40502  
T (859) 268-6350  
F (859) 335-3350  
I www.amwater.com

American Water Works Company  
Kentucky American Water  
Statements of Kentucky SEC Report  
For the Period Ending 09/29/2006

Kentucky-American Water Co.

DESCRIPTION	12 Month Actual	12 Month Previous
OPERATING REVENUES		
1 Water	47,719,633	46,584,482
2 Sewer	296,334	52,441
3 Other	1,894,657	1,527,376
4 Management		
5		
6 Total Revenues	49,910,624	48,164,299
OPERATIONS & MAINTENANCE EXPENSE		
7 Labor	5,073,389	4,566,924
8 Purchased Water	474,018	537,522
9 Fuel & Power	2,739,863	2,351,463
10 Chemicals	1,495,896	1,172,234
11 Waste Disposal	124,201	364,058
12 Management Fees	6,486,437	6,305,808
13 Group Insurance	1,904,123	1,592,227
14 Penalties	741,303	778,994
15 Regulatory Expense	612,077	368,711
16 Insurance Other than Group	1,390,718	1,296,711
17 Parts	1,577,656	1,341,146
18 Depreciation	931,031	435,235
19 General Office Expense	3,156,498	2,442,444
20 Miscellaneous	1,970,378	1,873,289
21 Other Maintenance		
22		
23 Total Maintenance & Operations Exp	26,860,770	24,304,577
27 Depreciation	6,829,423	6,383,779
28 Amortization	471,254	684,571
29 General Taxes	2,851,963	2,819,965
30 State Income Taxes	621,986	1,071,436
31 Federal Income Taxes	3,712,664	4,460,363
32 Tax Savings Acquisition Adjustment		
33 Total Operating Expenses	41,348,060	34,703,965
34 Utility Operating Income	8,562,564	13,460,334
35 OTHER INCOME & DEDUCTIONS		
36 Non-Operating Rental Income		
37 Dividend Income-Common		
38 Dividend Income-Preferred		
39 Interest Income		
40 AFUDC Equity		1,531
41 M & J Miscellaneous Income	242,683	258,699
42 Gain/Loss on Disposition		200,900
43 Total Other Income	242,683	57,168
44	425	
45 Miscellaneous Amortizatio		
46 Tax Savings Acquisition Adjustment	292,418	345,891
47 Miscellaneous Other Deductions		
48 General Taxes	40,142	5,906
49 State Income Taxes	200,710	24,421
50 Federal Income Taxes	51,141	376,218
51 Total Other Deductions	191,542	433,386
52	8,754,106	13,026,948
53 Total Other Income	5,119,551	5,461,879
54 Income Before Interest Charges	404,213	89,003
55 INTEREST CHARGES	413	3,156
56 Interest on Long-Term Debt		
57 Amortization and Expense		
58 Interest on Short-Term Bank Debt		
59 Other Interest Expense		
60 AFUDC-Debt		
61 Total Interest Charges	5,524,177	5,554,038
62 Net Income	3,229,929	7,472,910
64 Preferred Dividend Declared	78,772	81,014
65 Net Income to Common Stock	3,151,157	7,391,896



American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 09/29/2006

Description	September Activity	September Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P02 Water Revenues				
401110 Res Sales Billed	2,746,802-	21,029,073-	2,890,036-	20,650,657-
401120 Res Sales Unbilled	196,074-	1,173,760	621,389	694,940
401210 Com Sales Billed	1,247,024-	9,318,996-	1,468,753-	9,518,681-
401220 Com Sales Unbilled	139,563-	404,664	265,915	491,030
401310 Ind Sales Billed	153,135-	1,130,987-	168,804-	1,175,457-
401320 Ind Sales Unbilled	20,162-	47,198	13,021	21,473-
401410 Pub Fire Billed	181,639-	1,634,385-	177,494-	1,558,288-
401420 Pub Fire Unbilled	43,523-	6,073-		
401450 Priv Fire Billed	88,087-	778,029-	83,378-	754,646-
401460 Priv Fire Unbilled	16,089-	3,032-		
401510 Pub Auth Billed	343,041-	2,712,697-	514,951-	2,839,617-
401520 Pub Auth Unbilled	41,252-	260,391	105,758	4,886-
401610 SFR Billed	121,362-	841,569-	131,615-	762,129-
401620 Sales for Resale Unbilled	14,200-	17,692-	33,276	39,089-
401710 Misc Sales Billed	5,535	15,764-		4,010-
P02 Water Revenues	5,346,418-	35,602,284-	4,395,672-	36,142,963-
P03 Sewer Revenues				
402110 Dom WW Serv Billed	19,131-	139,353-	1,578-	25,413-
402120 Dom WW Serv Unbilled			12,600-	12,600-
402210 Com WW Serv Billed	44	63,410-	618-	5,407-
402310 Ind WW Serv Billed	6,759-	15,291-	105-	1,544-
402510 Pub Auth WW Svc Billed		67	39-	39-
P03 Sewer Revenues	25,846-	217,987-	14,940-	45,003-
P04 Other Revenues				
403101 Oth Rev-Forfeited Discounts				24
403102 Oth Rev-Rents Water Property	12,303-	85,577-	5,303-	54,045-
403103 Oth Rev-Collect for Others	86,024-	673,406-	71,838-	653,391-
403104 Oth Rev-NSF Check Charge	2,160-	15,467-	2,268-	15,874-
403105 Oth Rev-Appl/Initiate Serv Fee	81,506-	521,372-	92,400-	420,783-
403106 Oth Rev-Usage Data Readings				118-
403107 Oth Rev-Reconnection Charges	18,540-	158,512-	21,877-	142,942-
403198 Oth Rev-Misc Service Rev	3-	142	50-	1,870-
403199 Oth Rev-Other Water Rev	324	618	1,530-	5,872-
P04 Other Revenues	200,212-	1,453,574-	195,266-	1,294,871-
P08 Labor				
501200.13 Labor Oper WT	89,008	642,900	58,684	646,957
501200.1305 Labor Oper WT Super/En	59,791	404,492	32,449	328,882
501200.14 Labor Oper ID	81,815	641,438	42,499	483,831
501200.1410 Labor Oper TD Storage		631		10
501200.1415 Labor Oper TD Lines	6,068	52,180	6,922	78,712
501200.1420 Labor Oper TD Meter	80,694	524,999	48,228	489,848
501200.15 Labor Oper CA	18,157	111,563	8,406	109,662
501200.1501 Labor Oper CA Off/Dir			140	140
501200.1510 Labor Oper CA Mtr Read	65,633	463,810	36,401	447,411
501200.1515 Labor Oper CA Cust Rec		9,880	1,878	28,225
501200.1520 Labor Oper CA Cust Ser	13,465	97,397	7,392	109,150
501200.16 Labor Oper AG	15,273-	110,465	48,633	148,273
501200.21 Labor Maint SS			2,529	
501200.22 Labor Maint P	7,590	46,349	3,595	31,795
501200.23 Labor Maint WT	5,685	46,087	5,457	35,151
501200.2305 Labor Maint WT Super/E	2,409	28,765	3,279	29,423
501200.24 Labor Maint TD	4,453	72,855	3,024	22,419
501200.2405 Labor Maint TD Super/E	833	9,098	1,093	9,919
501200.2410 Labor Maint TD Struct	1,155	3,415	106	1,932
501200.2415 Labor Maint TD Dist Re	1,829	15,043	1,020	6,769
501200.2420 Labor Maint TD Mains	31,404	258,125	27,797	220,819
501200.2425 Labor Maint TD Fire Ma		49		
501200.2430 Labor Maint TD Service	24,681	169,884	17,680	145,370
501200.2435 Labor Maint TD Meters	325-	23,371	5,269	59,010
501200.2440 Labor Maint TD Hydrant	13,756	63,586	1,567	32,931
501711 IP-Off-Annual-P/R JE	50,641	1,235	10,730	8,857
501712.16 Incen Plan-Off-Long Te				44,495-
P08 Labor	543,469	3,797,617	374,778	3,431,001

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 09/29/2006

Description	September Activity	September Balance	Prior Year Activity	Prior Year Balance
P09 Purchased Water				
510100.11 Purchased Water-Outsid	37,545	353,020	43,583	360.100
P09 Purchased Water	37,545	353,020	43,583	360,100
P10 Fuel & Power				
515100.12 Purch Power P	18.664	187,633	25.735	65.165
515100.13 Purch Power WT	344,718	1,854,658	297,554	1,557,147
515100.14 Purch Power TD	199	1,296	6	78
515200.11 Fuel for Power Prod SS		4,703	17,050-	51.955
P10 Fuel & Power	363,581	2,048.290	306,245	1,674.345
P11 Chemicals				
518000.13 Chemicals WT	223.271	1,069.025	157,070	796.494
518001.13 Chemicals WT Carbon Le	8.699	73.401	8.144	62.825
P11 Chemicals	231,970	1,142,426	165,214	859.319
P12 Waste Disposal				
511100.13 Waste Disposal Exp WT	15,148	97.631	9,200	148.295
511200.13 Amort Waste Disp Exp				187.528
P12 Waste Disposal	15.148	97.631	9.200	335,823
P13 Management Fees-Corporate				
534000.16 Contr Svc-Mgmt Oper AG	11.362-	11.362-		
534600.16 Mmgt Fees-Corporate	461.479	3,160,811	349,264	2,780,431
534620.16 Mmgt Fees Bsn Change-C	152	64,398	15,713	225,810
534650.16 Mmgt Fees P13880-Corp	132.490	367,579		1,343-
534700.16 Mmgt Fees-Region	166,433	1,196,265	159,078	1,237,971
534720.16 Mmgt Fees Bsn Change-R			5	1,417-
534750.16 Mmgt Fees P13880-Regio	4.473	39.117		1.545
P13 Management Fees-Corporate	753,665	4,816.808	524,060	4,242.997
P14 Group Insurance				
504100.16 Group Ins Oper AG	72.129	723.650	75,069	668.190
505100.16 PBOP Oper AG	50,763	490.622	61,738	550.313
P14 Group Insurance	122,892	1,214.272	136.807	1,218,503
P15 Pensions				
506100.16 Pension Oper AG	57,455	555.941	67.432	597,147
P15 Pensions	57,455	555.941	67.432	597,147
P16 Regulatory Expense				
566100.16 Reg Comm Amort Rate Ca		228		130.936
566300.16 Reg Comm Amort Mgmt St		8,570-	925-	14.136-
566700.16 Reg Comm Other Oper AG		8,570	1,901	17,109
P16 Regulatory Expense		228	976	133,909
P17 Ins Other Than Group				
557000.16 Ins Gen Liab Oper AG	30,784-	334,608	19,841	177,111
558000.16 Ins Work Comp AG	8,478	85,417	10,037	90,593
559000.16 Ins Other Oper AG	8.755	85,104	6,544	59,995
P17 Ins Other Than Group	13.551-	505,129	36,422	327,699
P18 Customer Accounting				
520100.15 M & S Oper CA		1.406	87-	1,387
570100.15 Uncollectible Accounts	23.415	215,283	48,820	272,995
575000.15 Misc Oper CA	964	3,539	2,097	17,629
575000.1510 Misc Oper CA Mtr Read		197		
575100.15 Bank Service Charges C	16,138	143,861	12,906	134.965
575200.15 Collection Agencies CA	2,191	18,891	3,284	13,437
575420.15 Forms CA	11.365	114.949	4.827	45,945
575620.15 Office & Admin Supplie	1,121	25,147	3,892	13.610

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 09/29/2006

Description	September Activity	September Balance	Prior Year Activity	Prior Year Balance
-----				
00012 Kentucky-American Water Co.				
P18 Customer Accounting				
575660.15 Postage CA	49,040	379,715	39,262	371,297
575740.15 Telephone CA	7,492	56,229	9,389	75,063
575741.15 Cell Phone CA				30-
575820.15 Uniforms CA		216		281
-----				
P18 Customer Accounting	111,726	959,433	124,390	946,579
-----				
P19 Rents				
541000.14 Rents-Real Prop Oper T	227	2,126		2,831
541000.16 Rents-Real Prop Oper A				1,250
541400.13 Rents-Equipment Oper W				1,243
541400.16 Rents-Equipment Oper A	3,170	20,640	825	20,292
-----				
P19 Rents	3,397	22,766	825	25,616
-----				
P20 General Office Exp				
520100.16 M & S Oper AG	3,361	27,117	7,682	35,608
575002.16 Misc General Office	378	1,165	460	13,826
575260.16 Credit Line Fees	57	57		
575261.16 Credit Line Fees In	1,610	12,002	2,717	22,521
575280.16 Dues/Membership Deduct	577	16,522	1,676	18,680
575320.16 Electricity AG	4,292	34,350	4,097	27,870
575340 Empl Exp AG-P/R JE		10		
575340.16 Employee Expenses AG	2,234	27,939	4,523	29,600
575342.16 Empl Exp Conf/Registra	240	1,788	526	5,562
575350.16 Meals & Travel Deduct	1,740	11,977	1,519	14,140
575351.16 Meals & Travel Nonded	1,585	10,902	1,629	12,400
575420.16 Forms AG		328	194	2,828
575480.16 Heat - Oil/Gas AG	163	12,824	113	13,863
575500.16 Janitorial AG	2,884	32,502	2,392	19,972
575620.16 Office & Admin Supplie	2,328	15,211	1,062	13,296
575660.16 Postage AG	942	6,652	737	8,206
575670.16 Relocation Expenses				4,758
575740.16 Telephone AG	3,862	19,308	440	7,873
575741.16 Cell Phone AG	5,356	52,176	3,432	37,127
575780.16 Trash Removal AG		382-	30-	60-
575830.16 Wtr & Waste Wtr Exp AG	125	93	47	671
575880.16 Misc Charges - P13880				39,556
575881.16 Misc Chrgs - STEP W/O		63,363		
-----				
P20 General Office Exp	31,734	345,904	33,216	328,297
-----				
P21 Miscellaneous				
504500.16 Other Welf Oper AG	715	11,005		84
504610.16 Employee Awards AG	777	7,266	15-	2,369
504620.16 Employee Physical Exam	302	5,112	123	3,908
504640.16 Safety Incentive			68	68
504660.16 Tuition Aid AG	2,580	16,828	4,096	25,755
504670.16 Training AG	407	2,539	363	2,643
507100.16 401k Oper AG	6,432	27,395	3,856	49,684
508100.16 EIP Oper AG		14,241-	630-	26,129
508101.16 DCP Oper AG	5,666	36,088		
508102.16 Retiree Med Oper AG	180	1,753		
520100.12 M & S Oper P		4,323-	683	879
520100.13 M & S Oper WI	1,064	15,356	1,631	20,728
520100.14 M & S Oper TD	11,337	87,062	6,080	34,360
531000.14 Contract Svc-Eng Oper		142-	24-	5-
532000.16 Contr Svc-Acctg Oper A	13,811	49,206	2,712	25,706
533000.16 Contr Svc-Legal Oper A	8,087	36,064	280	30,915-
535000.11 Contr Svc-Other Oper S		161	384	2,100
535000.13 Contr Svc-Other Oper W	7,396	113,940	12,398	99,321
535000.14 Contr Svc-Other Oper T	15,209	52,934	4,156	38,152
535000.15 Contr Svc-Other Oper C	15,274	142,184	400-	24,082
535000.16 Contr Svc-Other Oper A	18,577	204,920	16,624	88,429
535001.14 Contr Svc-Temp Empl Op		30,131	2,617	20,506
535001.15 Contr Svc-Temp Empl Op		1,015-	600-	19,933
535001.16 Contr Svc-Temp Empl Op		626-	106-	11,997
536000.13 Contr Svc-Lab Testing	1,554	6,593	818-	515-
536000.14 Contr Svc-Lab Testing				85-

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
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Description	September Activity	September Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P21 Miscellaneous				
550000.11 Trans Oper SS		20		
550000.12 Trans Oper P		200-	122-	263-
550000.13 Trans Oper WI	85	85		
550000.14 Trans Oper ID	461	5,085	499	1,959
550000.15 Trans Oper CA	40	486		13
550000.16 Trans Oper AG	5,546-	36,354-	1,108	8,177-
550001.16 Trans Oper AG Lease Co	10,714	83,914	8,062	46,615
550002.16 Trans Oper AG Lease Fu	25,026	189,615	23,131	140,303
550003.16 Trans Oper AG Lease Ma	14,104	98,544	29,883	182,661
568010.16 Water Res Conservation	11,800	132,336	17,578	131,119
575000.11 Misc Oper SS	135	4,008	225	232
575000.12 Misc Oper P	33	553	40	515
575000.13 Misc Oper WI	4,975	43,450	4,000	37,593
575000.14 Misc Oper TD	14,443	61,515	15,417	139,861
575000.1420 Misc Oper ID Meters				216
575000.16 Misc Oper AG	32,963-	175,685-	50,013-	353,398-
575001.16 Misc Oper Exp AG Conso		9-		22-
575030.16 Advertising	249	18,529	1,806-	22,946
575130.16 Brochures and Handouts		5,773		
575220.16 Community Relations		62	47	47
575240.16 Co Dues/Membership Ded	1,390	12,071	1,725	7,950
575242.16 Co Dues Deduct AWWA			143	143
575244.16 Co Dues Deduct NAWC		24,761		21,469
575250.16 Condemnation Costs	24,416	126,277	61,458	684,977
575270.16 Directors Fees		12,322		14,900
575271.16 Directors Expenses		216		
575275.16 Discounts Available	388-	11,282-	848-	11,362-
575276.16 Discounts Lost		747	202	1,607
575320.13 Electricity WI	576	3,823	335	3,724
575320.14 Electricity ID	5,286	51,136	1,216	6,331
575400.16 Bus Servies Proj Exp		15,828-	2,677-	1,113,086-
575480.13 Heat - Oil/Gas WI		355-		335-
575480.14 Heat - Oil/Gas TD	539	22,484	140	17,185
575490.16 Injuries and Damages		1,314	42-	37
575500.13 Janitorial WI	541	9,918	736	11,788
575500.14 Janitorial ID	568	7,337	475	6,620
575545.13 Lab Supplies WI	16,804	65,766	3,461	51,151
575610.16 Merger Transactional C	1,608-	14,472-	1,608-	14,472-
575620.13 Office & Admin Supplie	473	6,789	500	5,120
575620.14 Office & Admin Supplie	1,814	13,669	171	2,324
575625.16 Overnight Shipping AG	1,249	8,458	111-	5,987
575640.16 Penalties Nondeduct	42,185	42,755	25	50
575680.16 Research & Development		970-	164-	8,391-
575710.16 Security Service AG		2,669		
575711.16 Add'l Security Costs A	15,849	99,726	7,097	2,694,790-
575715.16 Software Licenses & Su	1,767	20,427	1,138	20,375
575740.11 Telephone SS		92-	36-	77-
575740.13 Telephone WI		172-	29-	22-
575740.14 Telephone ID	13	231	11	112
575741.13 Cell Phone WI	449	4,246	745	4,860
575741.14 Cell Phone ID	3,045	15,016	213	3,534
575780.11 Trash Removal SS	441	6,100	11-	3,346
575780.14 Trash Removal ID	194	2,152	133-	1,575
575790.16 Trustee Fees AG		3,233	4,375	4,375
575820.13 Uniforms WI	3,414	7,402	241	3,559
575820.14 Uniforms ID	8,584	25,220	1,283	17,052
575830.11 Wtr & Waste Wtr Exp SS	2,172	17,232	9,326	33,806
575998.16 PCard Undistributed	360	1,073	1,319-	5,355
631000.24 Contr Svc-Eng Maint TD		15,921		
P21 Miscellaneous	283,057	1,845,237	189,565	2,095,690-
P25 Maintenance Expense				
620000.21 Mat and Sup Maint SS	7,114	55,204	6,542	169,270
620000.22 Mat and Sup Maint P		417		
620000.23 Mat and Sup Maint WI	7,205	48,888	9,895	76,464
620000.24 Mat and Sup Maint ID	24,402	159,686	6,714	105,172
620000.26 Mat and Sup Maint AG	1,765	17,175	2,460	30,344
635000.24 Contr Svc-Other Maint				2,609

American Water Works Company  
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Description	September Activity	September Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P25 Maintenance Expense				
635000 26 Contr Svc-Other Maint	372	19,194	57-	11,456
675000 23 Misc Maint WT	1,615	57,764	423-	42,983
675000 24 Misc Maint ID	2,433	24,266	404	16,770
675000 2415 Misc Maint ID Dist Res		4,850		
675000 2440 Misc Maint ID Hydrants	233	233		
675000 26 Misc Maint AG	3,002	57,445	3,478	53,238
675050 21 Amort Def Maint SS		1,449-	245-	557-
675050 2120 Amort Def Maint SS Int	483	5,174	1,442	12,976
675050 23 Amort Def Maint WT	13,264	109,027	11,514	118,148
675050 24 Amort Def Maint TD	13,747-	112,752-	12,711-	130,566-
675110 26 Maint Exp ARO/Net Neg	103,976	908,223	94,683	837,256
675650 24 Paving/Backfill ID	12,167-	85,456		151,010
P25 Maintenance Expense	139,950	1,438,801	123,696	1,496,573
P27 Depreciation				
680110 Depr Exp-General	628,439	5,837,889	567,377	5,007,112
680120 Depr Exp-Amort CIAC Tax	100,385-	870,008-	107,839-	779,116-
680199 IAS Adj-Amort Def Maint	27,570	223,660	27,540	276,184
P27 Depreciation	555,624	5,191,541	487,078	4,504,180
P28 Amortization				
680300 Amortization of UPAA	1,801	16,208	1,801	16,208
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	40,714	297,154	54,815	493,339
680620 Amort-Reg Asset	575	5,175	575	5,175
P28 Amortization	43,090	318,537	57,191	514,722
P29 General Taxes				
685100 Utility Reg Assessment Fee	7,811	56,069	5,914	17,741
685200 Property Taxes	195,058	1,720,133	195,058	1,636,485
685320 FUTA	24	5,944	12	5,904
685325 FICA	37,015	287,701	25,857	263,388
685350 SUTA	33	8,838	9	8,284
685430 Other Taxes and Licenses		3,153		2,515
685440 Gross Receipts Tax				32,435
P29 General Taxes	239,941	2,081,838	226,850	1,966,752
P30 State Income Taxes				
690210 SIT-Current	194,233	684,480	15,411-	143,289-
690720 001 Def SIT-PY Adj Asset		3,737-		
690720 002 Def SIT-PY Adj Liab		29,064-		
690730 001 Def SIT-Reg Asset	4,982	44,838	4,982	44,838
690730 002 Def SIT-Reg Liab	4,009-	36,081-	1,809-	16,281-
690750 002 Def SIT-Other Liab	127,048-	264,028-	165,660	1,106,079
P30 State Income Taxes	68,158	396,408	153,422	991,347
P31 Federal Income Taxes				
690110 FIT-Current	750,563	3,189,391	52,380-	494,387-
690620 001 Def FIT-PY Adj Asset		36,000		
690620 002 Def FIT-PY Adj Liab		52,115		
690630 001 Def FIT-Reg Asset	4,982-	98,209-	4,982-	44,837-
690630 002 Def FIT-Reg Liab	11,669-	105,013-	13,385-	120,465-
690650 002 Def FIT-Other Liab	169,362-	906,292-	273,678	1,979,696
695220 ITC Restored - 3%	638-	5,738-	719-	6,470-
695230 ITC Restored - 4%	525-	4,690-	592-	5,330-
695240 ITC Restored - 10%	5,903-	53,131-	6,655-	59,896-
P31 Federal Income Taxes	557,484	2,104,433	194,965	1,248,311
P40 AFUDC Equity				
705100 AFUDC - Equity				
P40 AFUDC Equity				

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
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Description	September Activity	September Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	121,629-	1,310,382-	169,360-	1,340,363-
715112.AW03 M&J Revenues-AW03		10,802-		28,714-
715112.AW24 M&J Revenues-AW24				207-
715112.AW26 M&J Revenues-AW26				14,614-
716121 M&J Expenses-Outside	12,191	140,555	8,053	177,484
716122 M&J Expenses-Inside	160,592	1,256,481	143,785	1,214,177
716123 Pref Stck Cumm Change				290,000
P42 M&J Misc Income	51,154	75,852	17,522-	297,763
P46 Misc Amortization				
755100 Amort UPAA	35-	425-		
P46 Misc Amortization	35-	425-		
P48 Misc Other Deductions				
760100 Donations Deduct	5,387	133,824	15,790	149,190
760200 Other Income Deductions	4,392	93,182	250	92,722
760400 Other Lobbying Expenses		26,274	6,523	56,828
760500 Non-Op Empl Exp Deduct				450
P48 Misc Other Deductions	9,779	253,280	22,563	299,190
P50 State Income Taxes				
780100 SIT-Other Inc & Ded Curr	209	18,747-	603-	834-
P50 State Income Taxes	209	18,747-	603-	834-
P51 Federal Income Taxes				
790100 FIT-Oth Inc & Ded-curr	1,046	93,734-	3,015-	4,169-
P51 Federal Income Taxes	1,046	93,734-	3,015-	4,169-
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	1,239,413	137,713	1,488,379
810400.AW46 Int LTD-Inside AW46	257,154	2,314,388	257,154	2,314,388
860040 Div Dec PS-Out w/ mand	31,763	285,863	31,763	285,863
P56 Interest on LTD	426,630	3,839,664	426,630	4,088,630
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110.AW46 Amort DExp Inside AW46	5,340	48,060	5,340	48,060
820110.IA46 Amort DExp Inside IA46	5,340-	48,060-	5,340-	48,060-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100.AW46 Interest STD Inside	32,354	307,310	22,700	86,734
P58 Interest on Bank Debt	32,354	307,310	22,700	86,734
P59 Other Interest Exp				
840000 Other Interest Expense		46	541	3,156
P59 Other Interest Exp		46	541	3,156
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,562	59,067	7,500	60,169
P64 Preferred Dividends	6,562	59,067	7,500	60,169
P69 Common Dividends				

American Water Works Company  
 Kentucky-American Water Company  
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Description	September Activity	September Balance	Prior Year Activity	Prior Year Balance
860220 AW02 Div Decl Com Stk In-AW	689,652	752,348		893,413
P69 Common Dividends	689,652	752,348		893,413

Kentucky-American Water Company  
 Statistical Information  
 4/4/5 Accounting Period

September 2006

A. Number of customers served - Actual

1	Residential	104,715
2	Commercial	8,584
3	Industrial	23
4	OPA	487
5	Sales for Resale	11
6	Fire	1,867
7	Miscellaneous	35
	Total	<u>115,722</u>

B. System Delivery (Thousand Gallons)

1	Water Produced	1,665,098
2	Water Purchased	8,006
	Total	<u>1,673,104</u>

C. Water Sales (Thousand Gallons)

1	Residential	708,470
2	Commercial	455,324
3	Industrial	80,304
4	OPA	139,728
5	Sales for Resale	46,685
6	Fire	
7	Miscellaneous	(1,206)
	Total	<u>1,429,305</u>





January 5 2007

Mr. Bill Feldman  
Branch Manager, Annual Report Branch  
Kentucky Public Service Commission  
211 Sower Blvd.  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Mr. Feldman:

Please find enclosed **October and November 2006** financial statements for Kentucky-American Water Company. These statements are based on our 4/4/5 accounting cycle. This transmittal represents the monthly financial statements initiated with our letter dated August 30, 1978. Enclosed are the following:

1. Balance Sheet
2. Comparative Statement of Income (12-Months to Date)
3. Detail of Operation and Maintenance Expense by Account (A of I)
4. Trial Balance
5. Monthly Operating Statistics

We trust these financial statements will fulfil your reporting requirements in monitoring financial procedures of this company. Please advise if additional information is required.

Sincerely,

A handwritten signature in cursive script that reads "Bryan Siler".

Bryan Siler

BS

Enclosures

C: M. A. Miller  
L. W. Ingram, Jr  
File: 2601

Kentucky American Water  
2300 Richmond Road  
Lexington KY 40502  
T (859) 268-6350  
F (859) 335-3350  
I [www.amwater.com](http://www.amwater.com)

American Water Works Company  
Kentucky-American Water Co.  
Financial Statement  
Statement of Income with Analysis  
Kentucky PSC Report  
For the Period Ending 10/27/2006

Kentucky-American Water Co.

Description	12 Month Actual	12 Month Previous
1 OPERATING REVENUES		
2 Water	46,955,417	47,611,417
3 Sewer	300,464	76,983
4 Other	1,904,395	1,606,405
5 Management		
6 Total Revenues	49,160,276	49,294,805
7 OPERATIONS & MAINTENANCE EXPENSE		
8 Labor	5,116,546	4,610,680
9 Purchased Water	491,239	541,396
10 Fuel & Power	2,579,354	2,371,406
11 Chemicals	1,527,581	1,178,367
12 Waste Disposal	126,336	368,687
13 Management Fees	6,583,674	6,412,972
14 Group Insurance	1,508,395	1,509,463
15 Pensions	740,025	277,898
16 Regulatory Expense	627,294	472,479
17 Insurance Other Than Group	1,370,770	1,381,402
18 Customer Accounting	58,216	377,326
19 Rents	929,258	429,963
20 General Office Expense	2,122,933	2,480,962
21 Miscellaneous	1,956,911	1,821,720
22 Other Maintenance		
23 Total Maintenance & Operations Exp	26,813,860	24,781,153
27 Depreciation	6,977,152	6,107,352
28 Amortization	452,395	685,146
29 General Taxes	2,855,718	2,836,360
30 State Income Taxes	513,340	1,157,572
31 Federal Income Taxes	2,361,419	2,851,817
32 Tax Savings Acquisition Adjustment		
33 Total Operating Expenses	39,973,884	36,419,400
34 Utility Operating Income	9,186,392	12,875,405
35 OTHER INCOME & DEDUCTIONS		
36 Non-Operating Rental Income		
37 Dividend Income-Common		
38 Dividend Income-Preferred		
39 Interest Income		
40 AFUDC Equity		1,531
41 M & J Miscellaneous Income	204,016	219,203
42 Gain/Loss on Disposition		
43 Total Other Income	204,016	217,672
45 Miscellaneous Amortization	460	
46 Tax Savings Acctivity Adjustment	292,394	332,383
47 Miscellaneous Other Deductions		
48 General Taxes	41,872	10,106
49 State Income Taxes	209,360	41,972
50 Federal Income Taxes		
51 Total Other Deductions	40,702	384,461
52 Total Other Income	163,314	602,133
53 Income Before Interest Charges	9,349,706	12,273,272
54 INTEREST CHARGES		
55 Interest on Long-Term Debt	5,119,551	5,430,758
56 Amortization and Debt Expense	401,664	121,877
57 Interest-Short Term Bank Debt	1,645	3,523
58 Other Interest Expense		
59 AFUDC-Debt		
60 Total Interest Charges	5,522,860	5,556,158
61 Net Income	3,826,846	6,717,114
62 Preferred Dividend Declared		
63 Net Income to Common Stock	3,748,081	6,636,479

American Water Works Company  
Kentucky-American Water Company  
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Description	October Activity	October Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P02 Water Revenues				
401110 Res Sales Billed	2,011,655-	23,040,728-	2,196,903-	22,847,560-
401120 Res Sales Unbilled	144,356	1,318,116	137,124-	557,816
401210 Com Sales Billed	966,022-	10,285,018-	1,026,936-	10,545,618-
401220 Com Sales Unbilled	106,092	510,755	11,490-	479,539
401310 Ind Sales Billed	99,279-	1,230,266-	167,238-	1,342,695-
401320 Ind Sales Unbilled	9,556	56,755	23,796	2,323
401410 Pub Fire Billed	182,108-	1,816,493-	177,494-	1,735,782-
401420 Pub Fire Unbilled	30,234	24,161		
401450 Priv Fire Billed	90,127-	868,156-	81,566-	836,211-
401460 Priv Fire Unbilled	12,066	9,034		
401510 Pub Auth Billed	326,784-	3,039,482-	393,807-	3,233,425-
401520 Pub Auth Unbilled	75,758-	184,632	44,519-	49,406-
401610 SFR Billed	90,150-	931,719-	96,301-	858,430-
401620 Sales for Resale Unbilled	10,794	6,898-	15,504	23,585-
401710 Misc Sales Billed	2,835-	18,600-	1,760-	5,770-
P02 Water Revenues	3,531,620-	39,133,907-	4,295,838-	40,438,804-
P03 Sewer Revenues				
402110 Dom WW Serv Billed	13,878-	153,231-	40,134-	65,547-
402120 Dom WW Serv Unbilled			12,600	
402210 Com WW Serv Billed	15,369-	78,779-	493-	5,900-
402310 Ind WW Serv Billed	3,083-	18,374-	140-	1,685-
402510 Pub Auth WW Svc Billed		67	32-	71-
P03 Sewer Revenues	32,330-	250,317-	28,199-	73,203-
P04 Other Revenues				
403101 Oth Rev-Forfeited Discounts			2	26
403102 Oth Rev-Rents Water Property			5,303-	59,348-
403103 Oth Rev-Collect for Others	11,560-	97,136-	71,135-	724,526-
403104 Oth Rev-NSF Check Charge	73,058-	746,464-	16,643-	16,810-
403105 Oth Rev-Appl/Initiate Serv Fee	1,176-	1,176-	936-	
403106 Oth Rev-Usage Data Readings	55,296-	576,668-	50,304-	471,087-
403107 Oth Rev-Reconnection Charges				118-
403107 Oth Rev-Reconnection Charges	17,191-	175,703-	18,528-	161,470-
403198 Oth Rev-Misc Service Rev	405-	263-	1,070-	2,940-
403199 Oth Rev-Other Water Rev	184	803	1,490-	7,362-
P04 Other Revenues	158,502-	1,612,074-	148,764-	1,443,635-
P08 Labor				
501200.13 Labor Oper WT	62,870	705,770	58,651	705,607
501200.1305 Labor Oper WT Super/En	41,079	445,571	30,568	359,449
501200.14 Labor Oper ID	66,021	707,459	59,176	543,007
501200.1410 Labor Oper TD Storage	45	677		10
501200.1415 Labor Oper TD Lines	4,530	56,710	6,555	85,267
501200.1420 Labor Oper TD Meter	53,680	578,679	45,245	535,093
501200.15 Labor Oper CA	11,853	123,416	7,017	116,679
501200.1501 Labor Oper CA Off/Dir				140
501200.1510 Labor Oper CA Mtr Read	40,511	504,320	42,914	490,325
501200.1515 Labor Oper CA Cust Rec	1,816	11,696	2,341	30,567
501200.1520 Labor Oper CA Cust Ser	6,549	103,946	7,462	116,612
501200.16 Labor Oper AG	32,361	142,826	25,509	173,782
501200.21 Labor Maint SS	56	56		
501200.22 Labor Maint P	4,724	51,073	3,130	34,925
501200.23 Labor Maint WT	4,231	50,318	5,102	40,253
501200.2305 Labor Maint WT Super/E	3,316	32,081	2,358	31,781
501200.24 Labor Maint TD	2,043	74,898	2,399	24,817
501200.2405 Labor Maint TD Super/E	1,130	10,228	633	10,552
501200.2410 Labor Maint TD Struct	715	4,130	239	2,171
501200.2415 Labor Maint TD Dist Re	1,376	16,419	1,143	7,912
501200.2420 Labor Maint TD Mains	19,447	277,572	26,176	246,995
501200.2425 Labor Maint TD Fire Ma		49		
501200.2430 Labor Maint TD Service	14,113	183,997	17,328	162,698
501200.2435 Labor Maint ID Meters	693	24,064	4,115	63,125
501200.2440 Labor Maint TD Hydrant	7,030	70,616	5,996	38,927
501711 IP-Off-Annual-P/R JE	17,025	18,259		8,857
501712.16 Incen Plan-Off-Long Te				44,495-
P08 Labor	397,214	4,194,830	354,057	3,785,056

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Description	October Activity	October Balance	Prior Year Activity	Prior Year Balance
-----				
P09 Purchased Water				
510100.11 Purchased Water-Outsid	74,118	427,139	56,898	416,998
-----				
P09 Purchased Water	74,118	427,139	56,898	416,998
-----				
P10 Fuel & Power				
515100.12 Purch Power P	15,824	203,457	17,407	82,572
515100.13 Purch Power WT	110,971	1,965,630	270,987	1,828,134
515100.14 Purch Power ID	255	1,551	6	85
515200.11 Fuel for Power Prod SS		4,703	841-	51,113
-----				
P10 Fuel & Power	127,050	2,175,341	287,559	1,961,904
-----				
P11 Chemicals				
518000.13 Chemicals WT	117,463	1,186,488	86,334	882,828
518001.13 Chemicals WT Carbon Le	8,699	82,100	8,144	70,969
-----				
P11 Chemicals	126,162	1,268,588	94,478	953,797
-----				
P12 Waste Disposal				
511100.13 Waste Disposal Exp WT	10,806	108,437	8,671	156,966
511200.13 Amort Waste Disp Exp				187,528
-----				
P12 Waste Disposal	10,806	108,437	8,671	344,494
-----				
P13 Management Fees-Corporate				
534000.16 Contr Svc-Mgmt Oper AG	11,362			
534600.16 Mngt Fees-Corporate	290,500	3,451,311	280,044	3,060,474
534620.16 Mngt Fees Bsn Change-C	207	64,605	11,654	237,464
534650.16 Mngt Fees P13880-Corp	79,954	447,533		1,343-
534700.16 Mngt Fees-Region	121,901	1,318,166	119,043	1,357,014
534720.16 Mngt Fees Bsn Change-R				1,417-
534750.16 Mngt Fees P13880-Regio	3,995	43,113		1,545
-----				
P13 Management Fees-Corporate	507,919	5,324,728	410,741	4,653,737
-----				
P14 Group Insurance				
504100.16 Group Ins Oper AG	82,585	806,235	74,775	742,965
505100.16 PBOP Oper AG	55,848	546,470	59,378	609,691
-----				
P14 Group Insurance	138,433	1,352,705	134,153	1,352,656
-----				
P15 Pensions				
506100.16 Pension Oper AG	63,360	619,300	64,464	661,610
-----				
P15 Pensions	63,360	619,300	64,464	661,610
-----				
P16 Regulatory Expense				
566100.16 Reg Comm Amort Rate Ca		228	124	131,061
566300.16 Reg Comm Amort Mgmt St		8,570-	925-	15,061-
566700.16 Reg Comm Other Oper AG		8,570	1,901	19,010
-----				
P16 Regulatory Expense		228	1,100	135,010
-----				
P17 Ins Other Than Group				
557000.16 Ins Gen Liab Oper AG	32,978	367,586	19,841	196,952
558000.16 Ins Work Comp AG	9,346	94,764	9,813	100,406
559000.16 Ins Other Oper AG	8,755	93,858	6,544	66,539
-----				
P17 Ins Other Than Group	51,079	556,208	36,198	363,897
-----				
P18 Customer Accounting				
520100.15 M & S Oper CA		1,406	42	1,430
570100.15 Uncollectible Accounts	32,305	247,588	95,246	368,241
575000.15 Misc Oper CA	449	3,987	97	17,726
575000.1510 Misc Oper CA Mtr Read		197		
575100.15 Bank Service Charges C	20,203	164,065	16,793	151,758
575200.15 Collection Agencies CA	2,227	21,118	274	13,711
575420.15 Forms CA	16,057	131,007	5,681	51,626
575620.15 Office & Admin Supplie	521	25,668	784	14,394

American Water Works Company  
Kentucky-American Water Company  
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Description	October Activity	October Balance	Prior Year Activity	Prior Year Balance	
00012 Kentucky-American Water Co.					
P18 Customer Accounting					
575660.15	Postage CA	39,208	418,923	40,425	411,723
575740.15	Telephone CA	6,932	63,161	8,508	83,571
575741.15	Cell Phone CA				30-
575820.15	Uniforms CA		216		281
-----					
P18 Customer Accounting	117,902	1,077,336	167,850	1,114,431	
P19 Rents					
541000.14	Rents-Real Prop Oper T		2,126	559	3,390
541000.16	Rents-Real Prop Oper A				1,250
541400.13	Rents-Equipment Oper W				1,243
541400.16	Rents-Equipment Oper A	5,180	25,820	4,060	24,351
-----					
P19 Rents	5,180	27,946	4,619	30,234	
P20 General Office Exp					
520100.16	M & S Oper AG	2,391	29,508	4,522	40,130
575002.16	Misc General Office	87	1,252	49	13,875
575260.16	Credit Line Fees	57	114		
575261.16	Credit Line Fees In	4,277	16,279	151	22,672
575280.16	Dues/Membership Deduct	1,052	17,574	1,124	19,805
575320.16	Electricity AG	3,404	37,754	4,025	31,895
575340 Empl Exp	AG-P/R JE	15	25		
575340.16	Employee Expenses AG	5,282	33,220	4,234	33,834
575342.16	Empl Exp Conf/Registra		1,788	458-	5,103
575350.16	Meals & Travel Deduct	2,205	14,182	1,051	15,192
575351.16	Meals & Travel Nonded	1,665	12,567	975	13,376
575420.16	Forms AG		328	68	2,896
575480.16	Heat - Oil/Gas AG	200	13,024	188	14,051
575500.16	Janitorial AG	2,827	35,329	2,945	22,917
575620.16	Office & Admin Supplie	1,455	16,667	1,513	14,809
575660.16	Postage AG	1,451	8,103	15,706	23,912
575670.16	Relocation Expenses				4,758
575740.16	Telephone AG	1,534	20,843	1,015	8,888
575741.16	Cell Phone AG	4,649	56,825	4,456	41,583
575780.16	Trash Removal AG	304	78-	27-	88-
575830.16	Wtr & Waste Wtr Exp AG	303	396	5-	666
575880.16	Misc Charges - P13880				39,556
575881.16	Misc Chrgs - STEP W/O		63,363		
-----					
P20 General Office Exp	33,158	379,063	41,532	369,830	
P21 Miscellaneous					
504500.16	Other Welf Oper AG	351	11,357	485	569
504610.16	Employee Awards AG	412	7,678	471	2,840
504620.16	Employee Physical Exam	70	5,182	2,388	6,295
504640.16	Safety Incentive			18	86
504660.16	Tuition Aid AG	996	17,824	1,133	26,889
504670.16	Training AG	25	2,564	302-	2,342
507100.16	401k Oper AG	5,818	33,213	5,100	54,784
508100.16	EIP Oper AG		14,241-	338	26,466
508101.16	DCP Oper AG	3,973	40,061		
508102.16	Retiree Med Oper AG	170	1,923		
520100.12	M & S Oper P		4,323-	579	1,458
520100.13	M & S Oper WI	1,849	17,205	1,547	22,275
520100.14	M & S Oper TD	8,429	95,491	11,914	46,274
531000.14	Contract Svc-Eng Oper		142-	12	7
532000.16	Contr Svc-Acctg Oper A	6,535	55,741	3,065	28,771
533000.16	Contr Svc-Legal Oper A	14,822	50,887	2,923	27,992-
535000.11	Contr Svc-Other Oper S		161	1,044	3,144
535000.13	Contr Svc-Other Oper W	7,407	121,347	17,264	116,585
535000.14	Contr Svc-Other Oper T	798	53,732	7,565	45,718
535000.15	Contr Svc-Other Oper C	19,060	161,244	3,383	27,465
535000.16	Contr Svc-Other Oper A	12,203	217,123	6,933	95,362
535001.14	Contr Svc-Temp Empl Op		30,131	5,612	26,117
535001.15	Contr Svc-Temp Empl Op		1,015-	292	20,225
535001.16	Contr Svc-Temp Empl Op		626-	585	12,583
536000.13	Contr Svc-Lab Testing	155	6,748	399	116-
536000.14	Contr Svc-Lab Testing				85-

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00012 Kentucky-American Water Co				
P21 Miscellaneous				
550000.11	Trans Oper SS	20		
550000.12	Trans Oper P	200-	60	204-
550000.13	Trans Oper WT	85		
550000.14	Trans Oper TD	856	197	2,156
550000.15	Trans Oper CA		486	304
550000.16	Trans Oper AG	1,417	291	7,948-
550001.16	Trans Oper AG Lease Co	10,743	229	52,194
550002.16	Trans Oper AG Lease Fu	20,859	5,579	161,105
550003.16	Trans Oper AG Lease Ma	16,594	20,803	210,825
568010.16	Water Res Conservation	128	28,164	139,899
575000.11	Misc Oper SS		8,779	232
575000.12	Misc Oper P	96		617
575000.13	Misc Oper WT	3,220	46,670	40,953
575000.14	Misc Oper TD	1,816-	59,699	150,289
575000.1420	Misc Oper TD Meters		10,429	216
575000.16	Misc Oper AG	17,316-	36,471-	389,870-
575001.16	Misc Oper Exp AG Conso		9-	22-
575030.16	Advertising	295	18,824	25,141
575130.16	Brochures and Handouts		5,773	
575220.16	Community Relations		62	
575240.16	Co Dues/Membership Ded	1,390	13,461	1,356
575242.16	Co Dues Deduct AWWA			9,307
575244.16	Co Dues Deduct NAWC		24,761	143
575250.16	Condemnation Costs	21,811	148,088	21,469
575270.16	Directors Fees	3,000	15,322	728,329
575271.16	Directors Expenses		216	14,900
575275.16	Discounts Available	117-	11,398-	3,602
575276.16	Discounts Lost		747	12,620-
575320.13	Electricity WT	427	4,250	18
575320.14	Electricity TD	4,740	55,876	1,625
575400.16	Bus Servies Proj Exp		15,828-	673
575480.11	Heat - Oil/Gas SS			719
575480.13	Heat - Oil/Gas WT		355-	1,304
575480.14	Heat - Oil/Gas TD	647	23,131	1,111,782-
575490.16	Injuries and Damages		1,314	143
575500.13	Janitorial WT	582	10,500	335-
575500.14	Janitorial TD	568	7,905	17,795
575545.13	Lab Supplies WT	4,778	70,544	1,023
575610.16	Merger Transactional C	1,608-	16,080-	12,564
575620.13	Office & Admin Supplie	463	7,252	7,246
575620.14	Office & Admin Supplie	2,525	16,194	54,523
575625.16	Overnight Shipping AG	859	9,317	184
575640.16	Penalties Nondeduct	3,607-	39,148	5,303
575680.16	Research & Development		970-	3,554
575710.16	Security Service AG		2,669	7,792
575711.16	Add'l Security Costs A	10,675	110,401	50
575715.16	Software Licenses & Su	1,683	22,110	8,311-
575740.11	Telephone SS		92-	16,646
575740.13	Telephone WT		172-	1,138
575740.14	Telephone TD	74	305	17
575741.13	Cell Phone WT	406	4,652	14
575741.14	Cell Phone TD	1,450	16,466	13
575780.11	Trash Removal SS	664	6,764	107
575780.14	Trash Removal TD	365	2,517	4,967
575790.16	Trustee Fees AG		3,233	4,030
575820.13	Uniforms WT	421	7,823	257
575820.14	Uniforms TD	3,310	28,530	3,602
575830.11	Wtr & Waste Wtr Exp SS	1,828	19,060	1,891
575998.16	Pcard Undistributed	49-	1,024	4,375
631000.24	Contr Svc-Eng Maint TD		15,921	3,662
				19,137
				33,906
				8,616
<hr/>				
P21 Miscellaneous	175,434	2,020,674	198,937	1,896,756-
<hr/>				
P25 Maintenance Expense				
620000.21	Mat and Sup Maint SS	5,143	60,347	173,722
620000.22	Mat and Sup Maint P		417	
620000.23	Mat and Sup Maint WT	5,581	54,469	1,625
620000.24	Mat and Sup Maint TD	30,288	189,975	78,089
620000.26	Mat and Sup Maint AG	1,765	18,940	17,587
				122,760
				2,641
				32,985

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-----				
00012 Kentucky-American Water Co.				
P25 Maintenance Expense				
635000.24 Contr Svc-Other Maint				2,609
635000.26 Contr Svc-Other Maint	933	20,127	223	11,679
675000.23 Misc Maint WT	503	58,267	13,002	55,985
675000.24 Misc Maint TD	8,130	32,395	1,470	18,239
675000.2415 Misc Maint TD Dist Res		4,850		
675000.2440 Misc Maint TD Hydrants	6	239		
675000.26 Misc Maint AG	1,807	59,253	8,223	61,461
675050.21 Amort Def Maint SS		1,449-	119	438-
675050.2120 Amort Def Maint SS Int	483	5,657	1,442	14,418
675050.23 Amort Def Maint WI	12,993	122,020	14,116	132,264
675050.24 Amort Def Maint TD	13,477-	126,229-	15,678-	146,244-
675110.26 Maint Exp ARO/Net Neg	104,540	1,012,764	95,341	932,597
675650.24 Paving/Backfill TD	8,969	94,426	36,567	187,577
-----				
P25 Maintenance Expense	167,664	1,606,468	181,130	1,677,703
P27 Depreciation				
680110 Depr Exp-General	633,232	6,471,121	571,903	5,579,016
680120 Depr Exp-Amort CIAC Tax	99,990-	969,998-	192,284-	971,400-
680199 IAS Adj-Amort Def Maint	27,299	250,959	33,194	309,378
-----				
P27 Depreciation	560,541	5,752,082	412,813	4,916,994
P28 Amortization				
680300 Amortization of UPAA	1,801	18,009	1,801	18,009
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	35,957	333,111	54,815	548,155
680620 Amort-Reg Asset	575	5,750	575	5,750
-----				
P28 Amortization	38,333	356,870	57,191	571,914
P29 General Taxes				
685100 Utility Reg Assessment Fee	6,862	62,931	5,914	23,655
685200 Property Taxes	195,058	1,915,191	195,058	1,831,543
685320 FUTA	41	5,985	133	6,037
685325 FICA	28,669	316,370	25,655	289,044
685350 SUTA	52	8,890	167	8,451
685430 Other Taxes and Licenses		3,153		2,515
685440 Gross Receipts Tax				32,435
-----				
P29 General Taxes	230,682	2,312,520	226,927	2,193,680
P30 State Income Taxes				
690210 SIT-Current	76,053	760,533	407,782	264,493
690220.002 SIT-PrYr Adj Over Accr			13,739-	13,739-
690720.001 Def SII-PY Adj Asset		3,737-		
690720.002 Def SII-PY Adj Liab		29,064-		
690730.001 Def SII-Reg Asset	4,982	49,820	4,982	49,820
690730.002 Def SII-Reg Liab	4,009-	40,090-	1,809-	18,090-
690750.002 Def SII-Other Liab	39,964-	303,992-	251,507-	854,571
-----				
P30 State Income Taxes	37,062	433,470	145,709	1,137,055
P31 Federal Income Taxes				
690110 FIT-Current	354,377	3,510,768	1,966,670	2,846,283
690120.002 FII-PrYr Adj Over Accr			53,477-	53,477-
690620.001 Def FII-PY Adj Asset		36,000		
690620.002 Def FII-PY Adj Liab		52,115		
690630.001 Def FII-Reg Asset	4,982-	103,191-	4,982-	49,819-
690630.002 Def FII-Reg Liab	11,669-	116,682-	13,385-	133,850-
690650.002 Def FIT-Other Liab	124,366-	1,030,659-	1,736,322-	243,374
695220 ITC Restored - 3%	638-	6,376-	719-	7,189-
695230 ITC Restored - 4%	525-	5,215-	592-	5,923-
695240 ITC Restored - 10%	5,903-	59,034-	6,655-	66,551-
-----				
P31 Federal Income Taxes	206,294	2,277,726	150,538	2,772,848
P40 AFUDC Equity				
705100 AFUDC - Equity				

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Description	October Activity	October Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P40 AFUDC Equity				
P40 AFUDC Equity				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	140,728-	1,451,110-	158,659-	1,499,022-
715112 .AW03 M&J Revenues-AW03	3,179-	13,981-		28,714-
715112 .AW24 M&J Revenues-AW24				207-
715112 .AW26 M&J Revenues-AW26	5,701-	5,701-		14,614-
716121 M&J Expenses-Outside	16,498	157,053	11,754	189,238
716122 M&J Expenses-Inside	143,748	1,400,229	118,877	1,333,054
716123 Pref Stck Cumm Change				290,000
P42 M&J Misc Income	10,638	86,490	28,028-	269,735
P46 Misc Amortization				
755100 Amort UPAA	35-	460-		
P46 Misc Amortization	35-	460-		
P48 Misc Other Deductions				
760100 Donations Deduct	4,176	138,000	4,315	153,505
760200 Other Income Deductions	1,737	94,919	1,622	94,344
760400 Other Lobbying Expenses		26,274		56,828
760500 Non-Op Empl Exp Deduct				450
P48 Misc Other Deductions	5,913	259,193	5,937	305,127
P50 State Income Taxes				
780100 SII-Other Inc & Ded Curr	2,083-	20,830-	353-	1,187-
P50 State Income Taxes	2,083-	20,830-	353-	1,187-
P51 Federal Income Taxes				
790100 FII-Oth Inc & Ded-curr	10,415-	104,149-	1,765-	5,934-
P51 Federal Income Taxes	10,415-	104,149-	1,765-	5,934-
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	1,377,125	137,713	1,626,092
810400 .AW46 Int LTD-Inside AW46	257,154	2,571,542	257,154	2,571,542
860040 Div Dec PS-Out w/ mand	31,763	317,625	31,763	317,625
P56 Interest on LTD	426,630	4,266,292	426,630	4,515,259
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110 .AW46 Amort DExp Inside AW46	5,340	53,400	5,340	53,400
820110 .IA46 Amort DExp Inside IA46	5,340-	53,400-	5,340-	53,400-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100 AW46 Interest STD Inside	31,522	338,831	34,071	120,804
P58 Interest on Bank Debt	31,522	338,831	34,071	120,804
P59 Other Interest Exp				
840000 Other Interest Expense	1,599	1,645	367	3,523
P59 Other Interest Exp	1,599	1,645	367	3,523
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,562	65,629	6,568	66,738



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Description	October Activity	October Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co				
P64 Preferred Dividends				
P64 Preferred Dividends	6,562	65,629	6,568	66,738
P69 Common Dividends				
860220 AW02 Div Decl Com Stk In-AW		752,348		893,413
P69 Common Dividends		752,348		893,413

**Kentucky-American Water Company**  
**Statistical Information**  
**4/4/5 Accounting Period**

October 2006

**A. Number of customers served - Actual**

1	Residential	104,797
2	Commercial	8,584
3	Industrial	23
4	OPA	487
5	Sales for Resale	11
6	Fire	1,868
7	Miscellaneous	35
	<b>Total</b>	<u><u>115,805</u></u>

**B. System Delivery (Thousand Gallons)**

1	Water Produced	1,247,475
2	Water Purchased	3,585
	<b>Total</b>	<u><u>1,251,060</u></u>

**C. Water Sales (Thousand Gallons)**

1	Residential	465,710
2	Commercial	335,508
3	Industrial	51,069
4	OPA	132,413
5	Sales for Resale	30,404
6	Fire	-
7	Miscellaneous	15
	<b>Total</b>	<u><u>1,015,119</u></u>

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Kentucky-American Water Co.

.....	Description	12 Month Actual	12 Month Previous
1	OPERATING REVENUES		
2	Water	46,763,082	48,130,446
3	Sewer	1,296,095	1,103,811
4	Other	1,905,989	1,674,007
5	Management		
6	Total Revenues	48,965,166	49,908,264
7	OPERATIONS & MAINTENANCE EXPENSE		
8	Labor	5,208,558	4,701,317
9	Purchased Water	1,499,516	511,985
10	Fuel & Power	2,560,280	2,450,177
11	Chemicals	1,532,476	1,208,675
12	Waste Disposal	117,431	374,284
13	Management Fees	6,657,974	6,476,454
14	Group Insurance	1,633,974	1,599,211
15	Pensions	749,592	779,053
16	Regulatory Expense		199,090
17	Insurance Other Than Group	643,647	433,456
18	Customer Accounting	1,438,507	1,398,200
19	Rents	31,762	60,247
20	General Office Expense	223,784	420,521
21	Miscellaneous	1,690,912	1,877,320
22	Other Maintenance	1,992,906	1,877,320
23	Total Maintenance & Operations Exp	27,131,672	24,917,904
27	Depreciation	7,008,251	6,051,045
28	Amortization	1,433,536	1,685,721
29	General Taxes	3,201,444	2,849,441
30	State Income Taxes	565,893	2,761,081
31	Federal Income Taxes	751,344	2,506,031
32	Tax Savings Acquisition Adjustment		
33	Total Operating Expenses	37,589,452	37,771,223
34	Utility Operating Income	11,375,714	12,137,041
35	OTHER INCOME & DEDUCTIONS		
36	Non-Operating Rental Income		
37	Dividend Income-Common		435
38	Dividend Income-Preferred		
39	Interest Income		
40	AFUDC Equity		
41	M & J Miscellaneous Income	76,820	97,050
42	Gain/Loss on Disposition		
43	Total Other Income	76,820	97,050
45	Total Other Income	76,820	97,485
46	Miscellaneous Amortizatio		
47	Tax Savings Acquisition Adjustm	495	
48	Miscellaneous Other Deductions	282,342	348,446
49	General Taxes	45,502	2,292
50	State Income Taxes	237,508	9,453
51	Federal Income Taxes		
52	Total Other Deductions	8,837	336,701
53	Total Other Income	85,657	239,216
54	Income Before Interest Charges	11,290,057	11,897,825
55	INTEREST CHARGES		
56	Interest on Long-Term Debt	5,119,550	5,399,638
57	Amortization and Debt Expense	407,983	147,632
58	Interest-Short Term Bank Debt	1,645	3,523
59	Other Interest Expense		
60	AFUDC-Debt		
61	Total Interest Charges	5,529,178	5,550,793
62	Net Income	5,760,879	6,347,032
63	Preferred Dividend Declared	78,760	80,254
64	Net Income to Common Stock	5,682,119	6,266,778
65			

American Water Works Company  
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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P02 Water Revenues				
401110 Res Sales Billed	2,290,126-	25,330,854-	2,155,269-	25,002,830-
401120 Res Sales Unbilled	4,773	1,322,889	231,333-	326,483
401210 Com Sales Billed	999,070-	11,284,088-	1,023,776-	11,569,394-
401220 Com Sales Unbilled	1,788	512,543	25,115-	454,425
401310 Ind Sales Billed	113,226-	1,343,492-	127,751-	1,470,447-
401320 Ind Sales Unbilled	620-	56,135	14,498	16,821
401410 Pub Fire Billed	182,104-	1,998,597-	182,126-	1,917,908-
401420 Pub Fire Unbilled	30,403-	6,242-		
401450 Priv Fire Billed	89,790-	957,946-	83,033-	919,245-
401460 Priv Fire Unbilled	12,043-	3,009-		
401510 Pub Auth Billed	274,725-	3,314,207-	297,986-	3,531,411-
401520 Pub Auth Unbilled	39,466	224,098	53,055-	102,461-
401610 SFR Billed	89,316-	1,021,035-	73,826-	932,256-
401620 Sales for Resale Unbilled	26,085-	32,983-	15,133-	38,718-
401710 Misc Sales Billed	91-	18,690-		5,770-
P02 Water Revenues	4,061,572-	43,195,478-	4,253,905-	44,692,711-
P03 Sewer Revenues				
402110 Dom WW Serv Billed	15,607-	168,838-	28,244-	93,791-
402210 Com WW Serv Billed	7,620-	86,399-	1,219-	7,119-
402310 Ind WW Serv Billed	2,193-	20,567-	296-	1,980-
402510 Pub Auth WW Svc Billed		67	30-	102-
P03 Sewer Revenues	25,420-	275,737-	29,789-	102,992-
P04 Other Revenues				
403101 Oth Rev-Forfeited Discounts				26
403102 Oth Rev-Rents Water Property	8,892-	106,029-	5,303-	64,650-
403103 Oth Rev-Collect for Others	80,729-	827,193-	74,900-	799,426-
403104 Oth Rev-NSF Check Charge	1,372-	18,015-	1,816-	18,626-
403105 Oth Rev-Appl/Initiate Serv Fee	53,568-	630,236-	50,610-	521,697-
403106 Oth Rev-Usage Data Readings				118-
403107 Oth Rev-Reconnection Charges	17,582-	193,286-	19,082-	180,553-
403198 Oth Rev-Misc Service Rev	25-	288-	25-	2,965-
403199 Oth Rev-Other Water Rev	7,631	8,434	1,207-	8,569-
P04 Other Revenues	154,537-	1,766,613-	152,943-	1,596,578-
P08 Labor				
501200.13 Labor Oper WI	58,352	764,122	55,107	760,715
501200.1305 Labor Oper WI Super/En	40,946	486,518	26,195	385,644
501200.14 Labor Oper ID	62,876	770,335	34,227	577,233
501200.1410 Labor Oper TD Storage		677		10
501200.1415 Labor Oper ID Lines	3,943	60,653	2,370	87,638
501200.1420 Labor Oper ID Meter	55,336	634,015	40,131	575,224
501200.15 Labor Oper CA	12,926	136,342	3,992	120,672
501200.1501 Labor Oper CA Off/Dir				140
501200.1510 Labor Oper CA Mtr Read	45,766	550,086	37,790	528,115
501200.1515 Labor Oper CA Cust Rec	166	11,862	2,305	32,872
501200.1520 Labor Oper CA Cust Ser	10,140	114,086	8,623	125,236
501200.16 Labor Oper AG	145,189	288,016	128,309	302,091
501200.21 Labor Maint SS		56		
501200.22 Labor Maint P	5,816	56,889	5,181	40,106
501200.23 Labor Maint WI	5,617	55,935	4,457	44,710
501200.2305 Labor Maint WI Super/E	3,152	35,233	3,279	35,060
501200.24 Labor Maint ID	7,630	82,528	2,026	26,843
501200.2405 Labor Maint ID Super/E	1,011	11,239	1,093	11,645
501200.2410 Labor Maint TD Struct	143	4,273	178	2,349
501200.2415 Labor Maint ID Dist Re	1,061	17,480	2,257	10,169
501200.2420 Labor Maint ID Mains	17,896	295,468	23,438	270,432
501200.2425 Labor Maint ID Fire Ma		49		
501200.2430 Labor Maint ID Service	11,257	195,254	16,315	179,012
501200.2435 Labor Maint ID Meters	16,164	40,228	12,275	75,399
501200.2440 Labor Maint ID Hydrant	6,220	76,836	6,376	45,303
501711 IP-Off-Annual-P/R JE	17,491	35,750	21,163	30,019
501712.16 Incen Plan-Off-Long Te				44,495-
P08 Labor	529,098	4,723,930	437,087	4,222,142

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-----				
00012 Kentucky-American Water Co.				
P09 Purchased Water				
510100 11 Purchased Water-Outsid	41,358	468,496	33,080	450,078
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P09 Purchased Water	41,358	468,496	33,080	450,078
P10 Fuel & Power				
515100 12 Purch Power P	28,757	232,214	14,674	97,246
515100 13 Purch Power WT	185,956	2,151,586	209,846	2,037,980
515100 14 Purch Power TD	252	1,803	7	91
515200 11 Fuel for Power Prod SS		4,703	9,513	60,626
-----				
P10 Fuel & Power	214,965	2,390,306	234,040	2,195,943
P11 Chemicals				
518000 13 Chemicals WT	123,440	1,309,928	119,099	1,001,926
518001 13 Chemicals WT Carbon Le	8,699	90,799	8,144	79,113
-----				
P11 Chemicals	132,139	1,400,727	127,243	1,081,039
P12 Waste Disposal				
511100 13 Waste Disposal Exp WT	3,759	112,197	12,665	169,631
511200 13 Amort Waste Disp Exp				187,528
-----				
P12 Waste Disposal	3,759	112,197	12,665	357,159
P13 Management Fees-Corporate				
534600 16 Mmgt Fees-Corporate	394,940	3,846,251	329,220	3,389,694
534620 16 Mmgt Fees Bsn Change-C		64,605	16,305	253,769
534650 16 Mmgt Fees P13880-Corp	50,294	497,827		1,343-
534700 16 Mmgt Fees-Region	121,534	1,439,700	150,936	1,507,950
534720 16 Mmgt Fees Bsn Change-R				1,417-
534750 16 Mmgt Fees P13880-Regio	3,990	47,103		1,545
-----				
P13 Management Fees-Corporate	570,758	5,895,486	496,461	5,150,198
P14 Group Insurance				
504100 16 Group Ins Oper AG	85,412	891,647	64,524	807,489
505100 16 PBOP Oper AG	56,428	602,898	51,738	661,429
-----				
P14 Group Insurance	141,840	1,494,545	116,262	1,468,918
P15 Pensions				
506100 16 Pension Oper AG	63,952	683,252	54,384	715,995
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P15 Pensions	63,952	683,252	54,384	715,995
P16 Regulatory Expense				
566100 16 Reg Comm Amort Rate Ca		228	124-	130,936
566300 16 Reg Comm Amort Mgmt St		8,570-	925-	15,986-
566700 16 Reg Comm Other Oper AG		8,570	1,901	20,910
-----				
P16 Regulatory Expense		228	852	135,860
P17 Ins Other Than Group				
557000 16 Ins Gen Liab Oper AG	32,978	400,563	19,841	216,793
558000 16 Ins Work Comp AG	9,361	104,124	9,019	109,425
559000 16 Ins Other Oper AG	8,755	102,613	6,544	73,083
-----				
P17 Ins Other Than Group	51,094	607,300	35,404	399,301
P18 Customer Accounting				
520100 15 M & S Oper CA	25	1,430	56	1,486
570100 15 Uncollectible Accounts	134,914	382,502	44,308	412,549
575000 15 Misc Oper CA	84-	3,904	261	17,987
575000 1510 Misc Oper CA Mtr Read		197		
575100 15 Bank Service Charges C	17,202	181,267	15,642	167,400
575200 15 Collection Agencies CA	1,767	22,885	2,359	16,069
575420 15 Forms CA	10,151	141,158	5,387	57,012
575620 15 Office & Admin Supplie	1,049	26,717	3,130	17,524
575660 15 Postage CA	47,152	466,075	45,990	457,713

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00012 Kentucky-American Water Co.				
P18 Customer Accounting				
575740.15 Telephone CA	9,024	72,185	6,331	89,902
575741.15 Cell Phone CA				30-
575820.15 Uniforms CA		216		281
P18 Customer Accounting	221,200	1,298,536	123,464	1,237,893
P19 Rents				
541000.14 Rents-Real Prop Oper I		2,126		3,390
541000.16 Rents-Real Prop Oper A			104	1,354
541400.13 Rents-Equipment Oper W				1,243
541400.14 Rents-Equipment Oper I			24,436	24,436
541400.16 Rents-Equipment Oper A	264	26,083	2,178	26,529
P19 Rents	264	28,209	26,718	56,952
P20 General Office Exp				
520100.16 M & S Oper AG	3,243	32,750	4,424	44,554
575002.16 Misc General Office	195	1,447	36-	13,840
575260.16 Credit Line Fees	57	170		
575261.16 Credit Line Fees In	1,891	18,170	1,115	23,787
575280.16 Dues/Membership Deduct	445	18,019	566	20,371
575320.16 Electricity AG	4,426	42,180	4,017	35,913
575340 Empl Exp AG-P/R JE		25		
575340.16 Employee Expenses AG	2,316	35,537	7,179	41,012
575342.16 Empl Exp Conf/Registra		1,788	245-	4,859
575350.16 Meals & Travel Deduct	2,935	17,117	608	15,799
575351.16 Meals & Travel Nonded	2,463	15,030	751	14,127
575420.16 Forms AG		328	233	3,128
575480.16 Heat - Oil/Gas AG	1,769	14,793	514	14,565
575500.16 Janitorial AG	2,741	38,070	3,081	25,998
575620.16 Office & Admin Supplie	1,327	17,994	731	15,540
575660.16 Postage AG	240-	7,863	637	24,549
575670.16 Relocation Expenses				4,758
575740.16 Telephone AG	1,140	21,983	1,158	10,046
575741.16 Cell Phone AG	5,623	62,448	4,205	45,788
575780.16 Trash Removal AG	15-	93-	44	44-
575830.16 Wtr & Waste Wtr Exp AG	38	433	44	710
575880.16 Misc Charges - P13880				39,556
575881.16 Misc Chrgs - STEP W/O		63,363		
P20 General Office Exp	30,354	409,415	29,026	398,856
P21 Miscellaneous				
504500.16 Other Welf Oper AG	3,271	14,627	1,476	2,045
504610.16 Employee Awards AG	696	8,374	190-	2,650
504620.16 Employee Physical Exam	108	5,290	3,674	9,969
504640.16 Safety Incentive			86-	
504660.16 Tuition Aid AG		17,824	613-	26,276
504670.16 Training AG	4,598	7,162	875	3,217
507100.16 401k Oper AG	6,090	39,303	4,039	58,823
508100.16 EIP Oper AG		14,241-	1,651-	24,815
508101.16 DCP Oper AG	3,678	43,739		
508102.16 Retiree Med Oper AG	168	2,091		
520100.12 M & S Oper P		4,323-	475	1,933
520100.13 M & S Oper WT	949	18,155	3,048	25,323
520100.14 M & S Oper TD	8,390	103,882	7,183	53,457
531000.14 Contract Svc-Eng Oper		142-	16	23
532000.16 Contr Svc-Acctg Oper A	4,625	60,366	3,103	31,875
533000.13 Contr Svc-Legal Oper W	232	232		
533000.16 Contr Svc-Legal Oper A	1,022-	49,865	4,828	23,164-
535000.11 Contr Svc-Other Oper S		161	1,357	4,501
535000.13 Contr Svc-Other Oper W	3,539	124,886	2,531	119,116
535000.14 Contr Svc-Other Oper I	3,817	57,549	2,940	48,658
535000.15 Contr Svc-Other Oper C	15,980	177,223	2,414	29,879
535000.16 Contr Svc-Other Oper A	20,437	237,560	16,383	111,745
535001.14 Contr Svc-Temp Empl Op		30,131	2,244	28,362
535001.15 Contr Svc-Temp Empl Op		1,015-	879	21,104
535001.16 Contr Svc-Temp Empl Op		626-	89	12,671
536000.13 Contr Svc-Lab Testing	468	7,215	532	416

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00012 Kentucky-American Water Co.				
P21 Miscellaneous				
536000.14 Contr Svc-Lab Testing				85-
536000.16 Contr Svc-Lab Testing	720	720		
550000.11 Trans Oper SS		20		
550000.12 Trans Oper P		200-	79	124-
550000.13 Trans Oper WT		85		
550000.14 Trans Oper TD	89	6,031	290	2,446
550000.15 Trans Oper CA		486	21	325
550000.16 Trans Oper AG	978-	35,915-	2,858-	10,806-
550001.16 Trans Oper AG Lease Co	12,285	106,941	6,809	59,004
550002.16 Trans Oper AG Lease Fu	18,264	228,738	22,683	183,789
550003.16 Trans Oper AG Lease Ma	8,568	123,706	18,477	229,302
568010.16 Water Res Conservation		132,464	10,581	150,480
575000.11 Misc Oper SS	360	4,368	346	579
575000.12 Misc Oper P	88	737	16	632
575000.13 Misc Oper WT	5,696	52,366	3,663	44,616
575000.14 Misc Oper TD	10,705	70,403	4,765	155,054
575000.1420 Misc Oper ID Meters				216
575000.16 Misc Oper AG	58,789-	251,791-	183,111-	572,981-
575001.16 Misc Oper Exp AG Conso		9-		22-
575030.16 Advertising	3,803	22,627	5,554	30,695
575120.16 Bill Inserts AG	200	200		
575130.16 Brochures and Handouts		5,773		
575220.16 Community Relations		62	75	75
575240.16 Co Dues/Membership Ded	1,390	14,850	42	9,348
575242.16 Co Dues Deduct AWWA			2,167	2,310
575244.16 Co Dues Deduct NAWC		24,761		21,469
575250.16 Condemnation Costs	41,541	189,629	143,295	871,624
575270.16 Directors Fees	1,500	16,822	4,500	19,400
575271.16 Directors Expenses		216	3,216-	387
575275.16 Discounts Available	189-	11,587-	1,055-	13,675-
575276.16 Discounts Lost		747	144	1,769
575320.13 Electricity WI	595	4,844	686	5,082
575320.14 Electricity TD	5,940	61,816	612	7,662
575400.16 Bus Servies Proj Exp		15,828-	1,739	1,110,043-
575480.11 Heat - Oil/Gas SS			143-	
575480.13 Heat - Oil/Gas WT		355-	36	299-
575480.14 Heat - Oil/Gas TD	2,346	25,477	846	18,642
575490.16 Injuries and Damages		1,314	527	1,551
575500.13 Janitorial WI	866	11,366	1,607	14,170
575500.14 Janitorial ID	1,135	9,040	615	7,861
575545.13 Lab Supplies WT	7,530	78,074	6,762	61,285
575610.16 Merger Transactional C	1,608-	17,688-	1,608-	17,689-
575620.13 Office & Admin Supplie	854	8,106	1,309	6,612
575620.14 Office & Admin Supplie	2,153	18,346	1,061	4,615
575625.16 Overnight Shipping AG	853	10,170	623	8,416
575640.16 Penalties Nondeduct	12,381-	26,766		50
575680.16 Research & Development		970-	107	8,204-
575710.16 Security Service AG		2,669		
575711.16 Add'l Security Costs A	8,019	118,420	14,252	2,663,892-
575715.16 Software Licenses & Su	1,991	24,101	3,206	24,719
575740.11 Telephone SS		92-	23	37-
575740.13 Telephone WT		172-	19	11
575740.14 Telephone TD	83	388	1	125
575741.13 Cell Phone WI	617	5,269	435	5,403
575741.14 Cell Phone TD	1,689	18,155	545	4,574
575780.11 Trash Removal SS	553	7,318	1,274	4,876
575780.14 Trash Removal TD	255	2,773	679	2,571
575790.16 Trustee Fees AG		3,233		4,375
575820.13 Uniforms WI	559	8,382	524	4,185
575820.14 Uniforms TD	1,356	29,886	1,165	20,301
575830.11 Wtr & Waste Wtr Exp SS	2,074	21,134	9,576	43,482
575998.16 PCard Undistributed	1,024-		2,721	11,337
631000.24 Contr Svc-Eng Maint ID		15,921		
P21 Miscellaneous	145,732	2,166,401	138,012	1,758,738-
P25 Maintenance Expense				
620000.21 Mat and Sup Maint SS	12,652	72,999	4,641	178,363
620000.22 Mat and Sup Maint P		417		

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-----				
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P25 Maintenance Expense				
620000.23 Mat and Sup Maint WT	3,744	58,213	6,630	84,720
620000.24 Mat and Sup Maint ID	10,349	200,323	20,533	143,293
620000.26 Mat and Sup Maint AG	1,850	20,790	2,726	35,711
635000.24 Contr Svc-Other Maint				2,609
635000.26 Contr Svc-Other Maint	425	20,552	832	12,511
675000.23 Misc Maint WT	1,723	59,989	1,913-	54,072
675000.24 Misc Maint ID	1,855	34,251	609	19,048
675000.2415 Misc Maint ID Dist Res		4,850		
675000.2440 Misc Maint ID Hydrants		239		
675000.26 Misc Maint AG	15,460	74,712	2,065	63,526
675050.21 Amort Def Maint SS		1,449-	159	279-
675050.2120 Amort Def Maint SS Int	483	6,141	1,442	15,860
675050.23 Amort Def Maint WT	9,663	131,683	14,401	146,664
675050.24 Amort Def Maint ID	10,146-	136,375-	16,002-	162,245-
675110.26 Maint Exp ARO/Net Neg	105,101	1,117,865	96,607	1,029,204
675650.24 Paving/Backfill ID	50,440	144,866	34,672	222,249
-----				
P25 Maintenance Expense	203,599	1,810,066	167,602	1,845,306
P27 Depreciation				
680110 Depr Exp-General	640,304	7,111,425	589,617	6,168,632
680120 Depr Exp-Amort CIAC Tax	100,293-	1,070,291-	90,547-	1,061,948-
680199 IAS Adj-Amort Def Maint	23,969	274,928	33,811	343,189
-----				
P27 Depreciation	563,980	6,316,062	532,881	5,449,873
P28 Amortization				
680300 Amortization of UPAA	1,801	19,810	1,801	19,810
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	35,957	369,068	54,815	602,970
680620 Amort-Reg Asset	575	6,325	575	6,325
-----				
P28 Amortization	38,333	395,203	57,191	629,105
P29 General Taxes				
685100 Utility Reg Assessment Fee	6,862	69,793	5,914	29,568
685200 Property Taxes	523,569	2,438,760	195,058	2,026,602
685320 FUTA	38	6,023	157	6,194
685325 FICA	39,110	355,480	22,491	311,534
685350 SUTA	57	8,947	197	8,648
685430 Other Taxes and Licenses		3,153	93	2,608
685440 Gross Receipts Tax				32,435
-----				
P29 General Taxes	569,636	2,882,156	223,910	2,417,589
P30 State Income Taxes				
690210 SII-Current	76,053	836,586	108,140	372,633
690220.002 SII-PrYr Adj Over Accr	361,462-	361,462-		13,739-
690720.001 Def SII-PY Adj Asset		3,737-		
690720.002 Def SII-PY Adj Liab	40,622	11,558		
690730.001 Def SII-Reg Asset	4,982	54,802	4,982	54,802
690730.002 Def SII-Reg Liab	4,009-	44,099-	1,809-	19,899-
690750.002 Def SII-Other Liab	63,325-	367,317-	471,005-	383,566
-----				
P30 State Income Taxes	307,139-	126,331	359,692-	777,363
P31 Federal Income Taxes				
690110 FIT-Current	153,623-	3,357,145	410,056	3,256,339
690120.002 FIT-PrYr Adj Over Accr	250,562-	250,562-		53,477-
690620.001 Def FIT-PY Adj Asset		36,000		
690620.002 Def FIT-PY Adj Liab	722,830-	670,715-		
690630.001 Def FIT-Reg Asset	4,982-	108,173-	4,982-	54,801-
690630.002 Def FIT-Reg Liab	11,669-	128,351-	13,385-	147,235-
690650.002 Def FIT-Other Liab	188,936-	1,219,594-	1,389,373	1,632,748
695220 ITC Restored - 3%	638-	7,014-	719-	7,908-
695230 ITC Restored - 4%	525-	5,740-	592-	6,515-
695240 ITC Restored - 10%	5,903-	64,937-	6,655-	73,206-
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P31 Federal Income Taxes	1,339,668-	938,059	1,773,096	4,545,945



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00012 Kentucky-American Water Co.				
P40 AFUDC Equity				
705100 AFUDC - Equity				
P40 AFUDC Equity				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	220,525-	1,671,635-	143,908-	1,642,930-
715112.AW03 M&J Revenues-AW03		13,981-		28,714-
715112.AW24 M&J Revenues-AW24				207-
715112.AW26 M&J Revenues-AW26		5,701-		14,614-
716121 M&J Expenses-Outside	52,725	209,778	8,556	197,794
716122 M&J Expenses-Inside	157,195	1,557,423	133,909	1,466,963
716123 Pref Stck Cum Change			290,000-	
P42 M&J Misc Income	10,605-	75,884	291,443-	21,708-
P46 Misc Amortization				
755100 Amort UPAA	35-	495-		
P46 Misc Amortization	35-	495-		
P48 Misc Other Deductions				
760100 Donations Deduct	13,531	151,531	4,727	158,232
760200 Other Income Deductions	848	95,767	130	94,474
760400 Other Lobbying Expenses		26,274	19,574	76,401
760500 Non-Op Empl Exp Deduct				450
P48 Misc Other Deductions	14,379	273,572	24,431	329,557
P50 State Income Taxes				
780100 SII-Other Inc & Ded Curr	2,083-	22,913-	1,547	360
P50 State Income Taxes	2,083-	22,913-	1,547	360
P51 Federal Income Taxes				
790100 FIT-Oth Inc & Ded-curr	10,415-	114,564-	7,733	1,799
P51 Federal Income Taxes	10,415-	114,564-	7,733	1,799
P56 Interest on LTD				
810100 Int LID-Outside Reg	137,713	1,514,838	137,713	1,763,804
810400.AW46 Int LID-Inside AW46	257,154	2,828,696	257,154	2,828,696
860040 Div Dec PS-Out w/ mand	31,763	349,388	31,763	349,388
P56 Interest on LTD	426,630	4,692,922	426,630	4,941,888
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110.AW46 Amort DExp Inside AW46	5,340	58,740	5,340	58,740
820110.IA46 Amort DExp Inside IA46	5,340-	58,740-	5,340-	58,740-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100.AW46 Interest STD Inside	31,985	370,817	25,667	146,471
P58 Interest on Bank Debt	31,985	370,817	25,667	146,471
P59 Other Interest Exp				
840000 Other Interest Expense		1,645		3,523
P59 Other Interest Exp		1,645		3,523
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 12/01/2006

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
860100 Div Dec Pref Stk-Outside	6,562	72,192	6,568	73,306
P64 Preferred Dividends	6,562	72,192	6,568	73,306
P69 Common Dividends				
860220 AW02 Div Decl Com Stk In-AW		752,348		893,413
P69 Common Dividends		752,348		893,413

**Kentucky-American Water Company**  
**Statistical Information**  
**4/4/5 Accounting Period**

November 2006

**A. Number of customers served - Actual**

1	Residential	104,822
2	Commercial	8,586
3	Industrial	23
4	OPA	487
5	Sales for Resale	11
6	Fire	1,894
7	Miscellaneous	36
	Total	<u>115,859</u>

**B. System Delivery (Thousand Gallons)**

1	Water Produced	1,429,442
2	Water Purchased	4,283
	Total	<u>1,433,725</u>

**C. Water Sales (Thousand Gallons)**

1	Residential	523,749
2	Commercial	340,498
3	Industrial	58,631
4	OPA	108,136
5	Sales for Resale	28,792
6	Fire	14
7	Miscellaneous	46
	Total	<u>1,059,866</u>



February 28 2007

Mr. Bill Feldman  
Branch Manager, Annual Report Branch  
Kentucky Public Service Commission  
211 Sower Blvd.  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Mr. Feldman:

Please find enclosed **December 2006** financial statements for Kentucky-American Water Company. These statements are based on our 4/4/5 accounting cycle. This transmittal represents the monthly financial statements initiated with our letter dated August 30, 1978. Enclosed are the following:

1. Balance Sheet
2. Comparative Statement of Income (12-Months to Date)
3. Detail of Operation and Maintenance Expense by Account (A of I)
4. Trial Balance
5. Monthly Operating Statistics

We trust these financial statements will fulfil your reporting requirements in monitoring financial procedures of this company. Please advise if additional information is required

Sincerely,

A handwritten signature in cursive script that reads "Bryan Siler".

Bryan Siler

BS

Enclosures

C: M. A. Miller  
A. W. Turner  
L. W. Ingram, Jr.  
File: 2601

Kentucky American Water  
2300 Richmond Road  
Lexington KY 40502  
T (859) 268-6350  
F (859) 335-3350  
I [www.amwater.com](http://www.amwater.com)

American Water Works Company  
Kentucky-American Water Co.  
Statement of Income with Analysis  
Kentucky PSC Report  
For the Period Ending 12/31/2006  
  
Kentucky-American Water Co.

	Description	12 Month Actual	12 Month Previous
1	OPERATING REVENUES		
2	Water	46,795,023	48,250,315
3	Sewer	302,692	123,350
4	Other	1,912,432	1,735,954
5	Management		
6	Total Revenues	49,010,147	50,119,619
7	OPERATIONS & MAINTENANCE EXPENSE		
8	Labor	5,170,892	4,706,771
9	Purchased Water	2,098,970	1,859,068
10	Heat & Power	2,495,987	2,377,790
11	Chemical Disposal	1,448,387	1,362,333
12	Waste Management Fees	6,612,414	5,912,684
13	Management	1,644,403	1,568,346
14	Group Insurance	1,803,126	1,782,335
15	Pensions	1,228,728	1,159,985
16	Regulatory Expense	689,489	435,647
17	Insurance/Other Than Group	1,399,605	1,377,865
18	Customer Accounting	52,237	60,506
19	Rents	470,171	93,427
20	General Office Expense	2,475,120	784,425
21	Miscellaneous	1,982,446	2,028,146
22	Other Maintenance		
23	Total Maintenance & Operations Exp	26,389,294	21,529,485
27	Depreciation	6,249,877	6,142,063
28	Amortization	2,620,527	2,576,828
29	General Taxes	2,880,888	2,778,977
30	State Income Taxes		
31	Federal Income Taxes	3,193,635	2,858,542
32	Tax Savings Acquisition Adjustment		
33	Total Operating Expenses	40,184,357	35,219,310
34	Utility Operating Income	8,825,790	14,900,289
35	OTHER INCOME & DEDUCTIONS		
36	Non-Operating Rental Income		
37	Dividend Income-Common		
38	Dividend Income-Preferred	2,213	
39	Interest Income		
40	AFUDC Equity		
41	M & J Miscellaneous Income	130,318	20,772
42	Gain/Loss on Disposition		
43	Total Other Income	128,105	20,772
45	Total Other Income	531	
46	Miscellaneous Amortizatio		
47	Tax Savings Acquisition Adjustment	278,501	338,328
48	Miscellaneous Other Deductions		
49	General Taxes	28,426	22,229
50	State Income Taxes	142,126	17,145
51	Federal Income Taxes		
52	Total Other Deductions	107,418	204,954
53	Total Other Income	235,523	184,182
54	Income Before Interest Charges	8,590,267	14,716,107
55	INTEREST CHARGES		
56	Interest on Long-Term Debt	5,111,245	5,368,517
57	Amortization and Debt Expense	408,695	183,637
58	Interest-Short Term Bank Debt	4,102	3,523
59	Other Interest Expense		
60	AFUDC-Debt		
61	Total Interest Charges	5,524,042	5,555,677
62	Net Income	3,066,225	9,160,430
64	Preferred Dividend Declared	78,706	79,874
65	Net Income to Common Stock	2,987,519	9,080,556

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 12/31/2006

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P02 Water Revenues				
401110 Res Sales Billed	1,931,832-	27,262,686-	1,438,076-	26,440,906-
401120 Res Sales Unbilled	38,525	1,361,414	560,524-	234,041-
401210 Com Sales Billed	858,917-	12,143,005-	624,025-	12,193,418-
401220 Com Sales Unbilled	78,702-	433,841	239,326-	215,099
401310 Ind Sales Billed	101,056-	1,444,547-	98,762-	1,569,209-
401320 Ind Sales Unbilled	11,178	67,313	46,540-	29,719-
401410 Pub Fire Billed	183,777-	2,182,373-	178,501-	2,096,410-
401420 Pub Fire Unbilled	6,242			
401450 Priv Fire Billed	94,103-	1,052,049-	87,960-	1,007,204-
401460 Priv Fire Unbilled	2,514	495-		
401510 Pub Auth Billed	251,049-	3,565,255-	239,913-	3,771,324-
401520 Pub Auth Unbilled	78,914-	145,184	17,188-	119,649-
401610 SFR Billed	88,358-	1,109,393-	68,028-	1,000,284-
401620 Sales for Resale Unbilled	9,525	23,458-	31,236	7,482-
401710 Misc Sales Billed	822-	19,513-	2	5,768-
<b>P02 Water Revenues</b>	<b>3,599,546-</b>	<b>46,795,022-</b>	<b>3,567,605-</b>	<b>48,260,315-</b>
P03 Sewer Revenues				
402110 Dom WW Serv Billed	17,090-	185,928-	19,352-	113,143-
402210 Com WW Serv Billed	6,957-	93,356-	1,007-	8,126-
402310 Ind WW Serv Billed	2,908-	23,475-		1,980-
402510 Pub Auth WW Svc Billed		67		102-
<b>P03 Sewer Revenues</b>	<b>26,955-</b>	<b>302,692-</b>	<b>20,359-</b>	<b>123,351-</b>
P04 Other Revenues				
403101 Oth Rev-Forfeited Discounts				26
403102 Oth Rev-Rents Water Property	8,892-	114,921-	17,303-	81,953-
403103 Oth Rev-Collect for Others	78,103-	905,296-	73,475-	872,901-
403104 Oth Rev-NSF Check Charge	1,416-	19,431-	1,152-	19,778-
403105 Oth Rev-Appl/Initiate Serv Fee	39,840-	670,076-	33,600-	555,297-
403106 Oth Rev-Usage Data Readings				118-
403107 Oth Rev-Reconnection Charges	16,800-	210,086-	13,338-	193,891-
403198 Oth Rev-Misc Service Rev		288-	255	2,710-
403199 Oth Rev-Other Water Rev	768-	7,666	763-	9,332-
<b>P04 Other Revenues</b>	<b>145,819-</b>	<b>1,912,432-</b>	<b>139,376-</b>	<b>1,735,954-</b>
P08 Labor				
501200.13 Labor Oper WI	75,469	839,591	66,459	827,174
501200.1305 Labor Oper WI Super/En	41,184	527,702	33,561	419,205
501200.14 Labor Oper TD	87,283	857,619	64,986	642,219
501200.1410 Labor Oper TD Storage		677	162	171
501200.1415 Labor Oper TD Lines	5,140	65,793	5,762	93,400
501200.1420 Labor Oper TD Meter	54,964	688,980	46,969	622,193
501200.15 Labor Oper CA	17,888	154,229	14,796	135,467
501200.1501 Labor Oper CA Off/Dir				140
501200.1510 Labor Oper CA Mtr Read	42,575	592,661	44,996	573,111
501200.1515 Labor Oper CA Cust Rec		11,862	75	32,947
501200.1520 Labor Oper CA Cust Ser	10,333	124,419	9,793	135,028
501200.16 Labor Oper AG	45,957	333,973	39,434	341,526
501200.21 Labor Maint SS		56		
501200.22 Labor Maint P	4,635	61,524	4,139	44,245
501200.23 Labor Maint WI	2,826	58,761	4,129	48,839
501200.2305 Labor Maint WI Super/E	1,665	36,898	2,013	37,073
501200.24 Labor Maint ID	1,947	84,475	3,581	30,424
501200.2405 Labor Maint ID Super/E	714	11,953	633	12,277
501200.2410 Labor Maint ID Struct	436	4,709	183	2,532
501200.2415 Labor Maint TD Dist Re	546	18,026	924	11,093
501200.2420 Labor Maint TD Mains	20,054	315,522	36,836	307,269
501200.2425 Labor Maint ID Fire Ma		49		
501200.2430 Labor Maint ID Service	11,042	206,295	18,078	197,091
501200.2435 Labor Maint ID Meters	7,763	47,991	5,192	80,592
501200.2440 Labor Maint TD Hydrant	6,488	83,323	6,956	52,259
501711 IP-Off-Annual-P/R JE	8,046	43,796	86,847	116,866
501711.16 Incen Plan-Off-Annual			21,521-	21,521-
501712.16 Incen Plan-Off-Long Te			9,646	34,849-
<b>P08 Labor</b>	<b>446,955</b>	<b>5,170,884</b>	<b>484,629</b>	<b>4,706,771</b>

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
P09 Purchased Water				
510100.11 Purchased Water-Outsid	38,130	506,626	31,020	481,098
P09 Purchased Water	38,130	506,626	31,020	481,098
P10 Fuel & Power				
515100.12 Purch Power P	22,535	254,749	13,749	110,996
515100.13 Purch Power WT	223,256	2,374,842	216,845	2,254,825
515100.14 Purch Power TD	199	2,002	7	98
515200.11 Fuel for Power Prod SS	1,975	6,678	60,626	
P10 Fuel & Power	247,965	2,638,271	169,975	2,365,919
P11 Chemicals				
518000.13 Chemicals WT	86,462	1,396,389	123,404	1,125,330
518001.13 Chemicals WT Carbon Le	8,699	99,498	8,346	87,459
P11 Chemicals	95,161	1,495,887	131,750	1,212,789
P12 Waste Disposal				
511100.13 Waste Disposal Exp WT	133,490	245,687	5,234	174,865
511200.13 Amort Waste Disp Exp	202,500	202,500		187,528
P12 Waste Disposal	335,990	448,187	5,234	362,393
P13 Management Fees-Corporate				
534000.16 Contr Svc-Mgmt Oper AG			880	880
534600.16 Mmgt Fees-Corporate	484,519	4,330,770	553,345	3,943,039
534620.16 Mmgt Fees Bsn Change-C	24,718	89,322	25,368	279,136
534650.16 Mmgt Fees P13880-Corp	54,354	552,181	27,760	26,417
534700.16 Mmgt Fees-Region	149,313	1,589,013	155,274	1,663,223
534720.16 Mmgt Fees Bsn Change-R			139	1,556
534750.16 Mmgt Fees P13880-Regio	4,025	51,128		1,545
P13 Management Fees-Corporate	716,929	6,612,414	762,488	5,912,684
P14 Group Insurance				
504100.16 Group Ins Oper AG	92,284	983,931	78,501	885,989
505100.16 PBOP Oper AG	57,475	660,373	60,928	722,356
P14 Group Insurance	149,759	1,644,304	139,429	1,608,345
P15 Pensions				
505100.16 Pension Oper AG	119,874	803,126	66,340	782,335
P15 Pensions	119,874	803,126	66,340	782,335
P16 Regulatory Expense				
566100.16 Reg Comm Amort Rate Ca		228	124	131,061
566300.16 Reg Comm Amort Mgmt St		8,570		15,986
566700.16 Reg Comm Other Oper AG		8,570		20,910
P16 Regulatory Expense		228	124	135,985
P17 Ins Other Than Group				
557000.16 Ins Gen Liab Oper AG	63,744	464,307	19,841	236,634
558000.16 Ins Work Comp AG	9,690	113,814	9,961	119,386
559000.16 Ins Other Oper AG	8,755	111,368	6,544	79,627
P17 Ins Other Than Group	82,189	689,489	36,346	435,647
P18 Customer Accounting				
520100.15 M & S Oper CA	563	1,993	566	2,052
570100.15 Uncollectible Accounts	23,309	405,811	64,809	477,358
570100.16 Uncollectible Accts-MI	3,658	3,658		
575000.15 Misc Oper CA	6,112	10,015	933	18,920
575000.1510 Misc Oper CA Mtr Read		197		
575100.15 Bank Service Charges C	19,078	200,345	13,956	161,355
575200.15 Collection Agencies CA	1,332	24,217	2,878	18,948
575420.15 Forms CA	4,179	145,337	1,734	58,746

American Water Works Company  
Kentucky-American Water Company  
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For the Period Ending 12/31/2006

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P18 Customer Accounting				
575620.15	Office & Admin Supplie	1,506	999	18,523
575660.15	Postage CA	40,130	43,494	501,207
575740.15	Telephone CA	1,204	10,603	100,504
575741.15	Cell Phone CA			30-
575820.15	Uniforms CA		216	281
<hr/>				
P18 Customer Accounting	101,071	1,399,606	139,972	1,377,864
P19 Rents				
541000.14	Rents-Real Prop Oper T	300		3,390
541000.16	Rents-Real Prop Oper A			1,354
541400.13	Rents-Equipment Oper W			1,243
541400.14	Rents-Equipment Oper T	20,300		24,436
541400.16	Rents-Equipment Oper A	3,428	3,553	30,083
<hr/>				
P19 Rents	24,028	52,238	3,553	60,506
P20 General Office Exp				
520100.16	M & S Oper AG	4,105	2,349	46,903
575002.16	Misc General Office	220	518	14,357
575260.16	Credit Line Fees	57		
575261.16	Credit Line Fees In	4,427	93	23,881
575280.16	Dues/Membership Deduct	4,683	2,547	22,918
575320.16	Electricity AG	2,454	4,200	40,113
575340 Empl Exp	AG-P/R JE			25
575340.16	Employee Expenses AG	5,447	7,215	48,228
575342.16	Empl Exp Conf/Registra	1,500	321	5,180
575350.16	Meals & Travel Deduct	3,007	3,223	19,023
575351.16	Meals & Travel Nonded	1,477	3,225	17,352
575420.16	Forms AG		328	18
575480.16	Heat - Oil/Gas AG	1,094	1,623	16,189
575500.16	Janitorial AG	33	3,835	29,833
575620.16	Office & Admin Supplie	3,060	3,328	18,868
575660.16	Postage AG	1,976	9,839	25,843
575670.16	Relocation Expenses			4,758
575740.16	Telephone AG	995	2,319	12,365
575741.16	Cell Phone AG	8,834	4,948	50,736
575780.16	Trash Removal AG	4	89-	41
575830.16	Wtr & Waste Wtr Exp AG	103	537	217
575880.16	Misc Charges - P13880			927
575881.16	Misc Chrgs - STEP W/O	17,281	80,645	39,556
<hr/>				
P20 General Office Exp	60,757	470,174	514,569	913,430
P21 Miscellaneous				
504500.16	Other Welf Oper AG	9,164		23,792
504610.16	Employee Awards AG	1,010	457	9,384
504620.16	Employee Physical Exam	140	1,137-	5,430
504660.16	Tuition Aid AG	327	1,192	18,151
504670.16	Training AG	100	2,658	7,262
507100.16	401k Oper AG	5,803	19,247	45,106
508100.16	EIP Oper AG		4,099	14,241-
508101.16	DCP Oper AG	4,195		47,934
508102.16	Retiree Med Oper AG	1,600		3,690
520100.12	M & S Oper P	12	2,338	4,311-
520100.13	M & S Oper WI	2,184	1,035	20,339
520100.14	M & S Oper TD	5,740	14,364	109,622
531000.14	Contract Svc-Eng Oper			142-
532000.16	Contr Svc-Acctg Oper A	6,002	14,279	66,367
533000.13	Contr Svc-Legal Oper W			232
533000.16	Contr Svc-Legal Oper A	6	4,772	49,871
535000.11	Contr Svc-Other Oper S	21	107	182
535000.13	Contr Svc-Other Oper W	13,180	10,953	138,066
535000.14	Contr Svc-Other Oper I	7,878	1,570	65,427
535000.15	Contr Svc-Other Oper C	19,572	13,139	196,796
535000.16	Contr Svc-Other Oper A	13,777	63,632	251,337
535001.14	Contr Svc-Temp Empl Op	414	15,837	30,546
535001.15	Contr Svc-Temp Empl Op		2,711	1,015-
535001.16	Contr Svc-Temp Empl Op		305	626-



American Water Works Company  
Kentucky-American Water Company  
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For the Period Ending 12/31/2006

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P21 Miscellaneous				
536000.13 Contr Svc-Lab Testing	377	7,592	2,357	2,773
536000.14 Contr Svc-Lab Testing				85-
536000.16 Contr Svc-Lab Testing		720		
550000.11 Trans Oper SS		20		
550000.12 Trans Oper P	12	188-	352	227
550000.13 Trans Oper WI		85		
550000.14 Trans Oper ID	83	6,113	712	3,159
550000.15 Trans Oper CA		486		325
550000.16 Trans Oper AG	360-	36,276-	9,624	1,182-
550001.16 Trans Oper AG Lease Co	14,054	120,996	10,502	69,506
550002.16 Trans Oper AG Lease Fu	32,301	261,039	18,711	202,500
550003.16 Trans Oper AG Lease Ma	21,963	145,669	15,439	244,741
568010.16 Water Res Conservation	18,374	150,838	1,797	152,277
575000.11 Misc Oper SS	420	4,788	5,678	6,256
575000.12 Misc Oper P	182-	555	240	872
575000.13 Misc Oper WI	3,948	56,314	4,380	48,997
575000.14 Misc Oper ID	7,365	77,769	19,189	174,243
575000.1420 Misc Oper ID Meters				216
575000.16 Misc Oper AG	128,562	123,229-	520,952	52,029-
575001.16 Misc Oper Exp AG Conso		9-		22-
575030.16 Advertising	4,170	26,797	4,066-	26,629
575120.16 Bill Inserts AG	2,780	2,980		
575130.16 Brochures and Handouts		5,773		
575220.16 Community Relations		62	75-	
575240.16 Co Dues/Membership Ded	1,390	16,240	4,846	14,195
575242.16 Co Dues Deduct AWWA			2,167-	143
575244.16 Co Dues Deduct NAWC		24,761		21,469
575250.16 Condemnation Costs	252,782-	63,153-	128,958	1,000,582
575270.16 Directors Fees	1,500	18,322		19,400
575271.16 Directors Expenses		216	387-	
575275.16 Discounts Available	1,060-	12,647-	778-	14,453-
575276.16 Discounts Lost		747	285	2,054
575320.13 Electricity WI	819	5,664	1,108	6,190
575320.14 Electricity ID	4,378	66,194	3,166	10,828
575400.16 Bus Servies Proj Exp		15,828-	7,712	1,102,331-
575480.13 Heat - Oil/Gas WI		355-	318	20
575480.14 Heat - Oil/Gas ID	3,429	28,906	3,036	21,678
575490.16 Injuries and Damages		1,314	121	1,672
575500.13 Janitorial WI	1,559	12,925	1,045	15,216
575500.14 Janitorial ID	34	9,074	867	8,727
575545.13 Lab Supplies WI	10,452	88,526	16,073	77,358
575610.16 Merger Transactional C	1,608-	19,296-	1,608-	19,297-
575620.13 Office & Admin Supplie	657	8,763	353	6,965
575620.14 Office & Admin Supplie	1,876	20,223	2,638	7,253
575625.16 Overnight Shipping AG	711	10,881	1,332	9,748
575640.16 Penalties Nondeduct	190,243	217,010		50
575680.16 Research & Development		970-	473	7,731-
575710.16 Security Service AG		2,669		
575711.16 Add'l Security Costs A	15,079	133,500	11,004	2,652,888-
575715.16 Software Licenses & Su	1,814	25,915	3,206	27,924
575740.11 Telephone SS		92-	254	217
575740.13 Telephone WI		172-	84	94
575740.14 Telephone ID	13	401	16	142
575741.13 Cell Phone WI	248	5,517	514	5,916
575741.14 Cell Phone ID	156	18,312	1,303	5,878
575780.11 Trash Removal SS	1,278	8,596	421	5,297
575780.14 Trash Removal ID	1,992	4,764	463	3,034
575790.16 Trustee Fees AG		3,233		4,375
575820.13 Uniforms WI	967	9,350	354	4,540
575820.14 Uniforms ID	1,460	31,346	2,483	22,785
575830.11 Wtr & Waste Wtr Exp SS	124	21,259	3,218	46,700
575998.16 PCard Undistributed			6,181	17,518
631000.24 Contr Svc-Eng Maint ID		15,921		
P21 Miscellaneous	309,721	2,476,129	974,311	784,421-
P25 Maintenance Expense				
620000.21 Mat and Sup Maint SS	4,777	77,775	12,429	190,792
620000.22 Mat and Sup Maint P		417		

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 12/31/2006

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
-----				
00012 Kentucky-American Water Co.				
P25 Maintenance Expense				
620000.23 Mat and Sup Maint WT	2,697	60,909	12,515	97,235
620000.24 Mat and Sup Maint TD	16,582	216,906	21,553	164,847
620000.26 Mat and Sup Maint AG	1,765	22,556	3,229	38,941
635000.24 Contr Svc-Other Maint				2,609
635000.26 Contr Svc-Other Maint	1,324	21,876	1,235	13,746
675000.23 Misc Maint WT	34	60,023	95	54,167
675000.24 Misc Maint TD	2,039	36,289	2,315-	16,733
675000.2415 Misc Maint TD Dist Res	291	5,141		
675000.2440 Misc Maint TD Hydrants		239		
675000.26 Misc Maint AG	3,695	78,408	14,163	77,689
675050.21 Amort Def Maint SS		1,449-	706	427
675050.2120 Amort Def Maint SS Int	483	6,624	1,101	16,961
675050.23 Amort Def Maint WI	12,993	144,676	18,305	164,970
675050.24 Amort Def Maint ID	13,477-	149,852-	20,113-	182,358-
675110.26 Maint Exp ARO/Net Neg	108,654	1,226,519	98,376	1,127,580
675650.24 Paving/Backfill TD	30,523	175,388	21,559	243,808
-----				
P25 Maintenance Expense	172,380	1,982,445	182,838	2,028,147
P27 Depreciation				
680110 Depr Exp-General	710,450	7,821,875	602,440	6,771,072
680120 Depr Exp-Amort CIAC Tax	103,933-	1,174,224-	47,796	1,014,151-
680199 IAS Adj-Amort Def Maint	27,299	302,227	41,953	385,142
-----				
P27 Depreciation	633,816	6,949,878	692,189	6,142,063
P28 Amortization				
680300 Amortization of UPAA	1,801	21,611	1,801	21,611
680540 Amort-Reg Asset AFUDC				
680600 Amort-Prop Losses	35,957	405,026	35,957	638,927
680620 Amort-Reg Asset	575	6,900	575	6,900
-----				
P28 Amortization	38,333	433,537	38,333	667,438
P29 General Taxes				
685100 Utility Reg Assessment Fee	6,862	76,655	5,914	35,482
685200 Property Taxes	61,914-	2,376,846	260,058	2,286,660
685320 FUTA	9	6,033	109	6,303
685325 FICA	33,322	388,802	53,324	364,858
685350 SUTA	22	8,968	118-	8,530
685430 Other Taxes and Licenses		3,153		2,608
685440 Gross Receipts Tax				32,435
-----				
P29 General Taxes	21,699-	2,860,457	319,287	2,736,876
P30 State Income Taxes				
690210 SIT-Current	551,072-	285,514	153,082	525,715
690220.002 SIT-PrYr Adj Over Accr		361,462-	363,207-	376,946-
690710.001 Def SIT-CY Asset			15,311-	15,311-
690720.001 Def SIT-PY Adj Asset	3,737			
690720.002 Def SIT-PY Adj Liab	230,720	242,278	869,131	869,131
690730.001 Def SIT-Reg Asset	4,982	59,784	4,982	59,784
690730.002 Def SIT-Reg Liab	4,009-	48,108-	1,809-	21,708-
690750.002 Def SIT-Other Liab	546,169	178,852	207,306-	176,260
-----				
P30 State Income Taxes	230,527	356,858	439,562	1,216,925
P31 Federal Income Taxes				
690110 FII-Current	2,345,152-	2,654,993	928,833-	2,327,506
690120.002 FII-PrYr Adj Over Accr		250,562-	403,099-	456,576-
690610.001 Def FII-CY Asset			78,841-	78,841-
690610.002 Def FII-CY Liab			133,392-	133,392-
690620.001 Def FII-PY Adj Asset	19,954-	16,046		
690620.002 Def FII-PY Adj Liab	773,775	103,060	179,766-	179,766-
690630.001 Def FII-Reg Asset	4,982-	113,154-	4,982-	59,782-
690630.002 Def FII-Reg Liab	11,669-	140,021-	13,385-	160,620-
690650.002 Def FII-Other Liab	2,227,624	1,008,030	60,861	1,693,609
695220 ITC Restored - 3%	638-	7,652-	719-	8,627-
695230 ITC Restored - 4%	525-	6,265-	592-	7,107-

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 12/31/2006

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P31 Federal Income Taxes				
695240 ITC Restored - 10%	5,903-	70,840-	6,655-	79,862-
P31 Federal Income Taxes	612,576	3,193,635	1,689,403-	2,856,542
P39 Interest Income				
710500 AW46 Int Inc-Inside AW46	2,213-	2,213-		
P39 Interest Income	2,213-	2,213-		
P40 AFUDC Equity				
705100 AFUDC - Equity				
P40 AFUDC Equity				
P42 M&J Misc Income				
715111 M&J Revenues-Outside	167,971-	1,839,606-	159,138-	1,802,068-
715112 AW03 M&J Revenues-AW03		13,981-	133-	28,847-
715112 AW24 M&J Revenues-AW24				207-
715112 AW26 M&J Revenues-AW26	699-	6,400-	9,342-	23,956-
716121 M&J Expenses-Outside	22,353	232,131	9,481	207,275
716122 M&J Expenses-Inside	200,751	1,758,174	160,069	1,627,032
P42 M&J Misc Income	54,434	130,318	937	20,771-
P46 Misc Amortization				
755100 Amort UPAA	35-	531-		
P46 Misc Amortization	35-	531-		
P48 Misc Other Deductions				
760100 Donations Deduct	3,779	155,310	6,020	164,252
760200 Other Income Deductions	1,150	96,917	250	94,724
760400 Other Lobbying Expenses		26,274	2,500	78,901
760500 Non-Op Empl Exp Deduct				450
P48 Misc Other Deductions	4,929	278,501	8,770	338,327
P50 State Income Taxes				
780100 SIT-Other Inc & Ded Curr	5,513-	28,426-	22,589-	22,229-
P50 State Income Taxes	5,513-	28,426-	22,589-	22,229-
P51 Federal Income Taxes				
790100 FIT-Oth Inc & Ded-curr	27,562-	142,126-	112,944-	111,145-
P51 Federal Income Taxes	27,562-	142,126-	112,944-	111,145-
P56 Interest on LTD				
810100 Int LTD-Outside Reg	137,713	1,652,550	137,713	1,901,517
810200 Int LTD-Outside IFB	4,590-	4,590-		
810210 AW46 Int LTD-IFB Insd AW46	2,958	2,958		
810400 AW46 Int LTD-Inside AW46	251,541	3,080,236	257,154	3,085,850
860040 Div Dec PS-Out w/ mand	30,704	380,091	31,763	381,150
P56 Interest on LTD	418,326	5,111,245	426,630	5,368,517
P57 Amort Debt Exp				
755201 Amort PS Exp w/ mandatory				
820100 Amort Debt Disc & Exp				
820110 AW46 Amort DExp Inside AW46	5,340	64,080	5,340	64,080
820110 IA46 Amort DExp Inside IA46	5,340-	64,080-	5,340-	64,080-
P57 Amort Debt Exp				
P58 Interest on Bank Debt				
830100 AW46 Interest STD Inside	37,878	408,695	37,166	183,637
P58 Interest on Bank Debt	37,878	408,695	37,166	183,637

American Water Works Company  
Kentucky-American Water Company  
Analysis of Income  
Kentucky PSC Report  
For the Period Ending 12/31/2006

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
P59 Other Interest Exp				
840000 Other Interest Expense	2,457	4,102		3,523
P59 Other Interest Exp	2,457	4,102		3,523
P60 AFUDC Debt				
850000 AFUDC Debt				
P60 AFUDC Debt				
P64 Preferred Dividends				
860100 Div Dec Pref Stk-Outside	6,515	78,706	6,568	79,874
P64 Preferred Dividends	6,515	78,706	6,568	79,874
P69 Common Dividends				
860220 .AW02 Div Decl Com Stk In-AW	1,253,913	2,006,260	830,717	1,724,130
P69 Common Dividends	1,253,913	2,006,260	830,717	1,724,130

**Kentucky-American Water Company**  
**Statistical Information**  
**4/4/5 Accounting Period**

December 2006

**A. Number of customers served - Actual**

1	Residential	104,780
2	Commercial	8,586
3	Industrial	23
4	OPA	486
5	Sales for Resale	11
6	Fire	1,899
7	Miscellaneous	35
	<b>Total</b>	<b>115,820</b>

**B. System Delivery (Thousand Gallons)**

1	Water Produced	1,077,570
2	Water Purchased	3,634
	<b>Total</b>	<b>1,081,204</b>

**C. Water Sales (Thousand Gallons)**

1	Residential	431,596
2	Commercial	285,699
3	Industrial	52,041
4	OPA	97,677
5	Sales for Resale	28,721
6	Fire	-
7	Miscellaneous	76
	<b>Total</b>	<b>895,810</b>



April 13 2007

Mr. Michael Burford  
Annual Report Branch  
Kentucky Public Service Commission  
211 Sower Blvd  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Mr Burford.

Please find enclosed *January and February 2007* financial statements for Kentucky-American Water Company. These statements are based on a calendar month reporting cycle. This transmittal represents the monthly financial statements initiated with our letter dated August 30, 1978. Enclosed are the following:

1. Balance Sheet
2. Comparative Statement of Income (12-Months to Date)
3. Detail of Operation and Maintenance Expense by Account (A of I)
4. Trial Balance
5. Monthly Operating Statistics

We trust these financial statements will fulfil your reporting requirements in monitoring financial procedures of this company. Please advise if additional information is required

Sincerely,

A handwritten signature in cursive script that reads "Bryan Siler".

Bryan Siler

BS

Enclosures

C: M. A. Miller  
A. W. Turner  
L. W. Ingram, Jr.  
File: 2601

Kentucky American Water  
2300 Richmond Road  
Lexington KY 40502  
T (859)268-6350  
F (859)335-3350  
I www.amwater.com

American Water Works Company  
Kentucky-American Water Co 12  
Month Ended (US\$MM)  
Income Statement 12 Month Ended  
For the Period Ending 01/31/2007

Kentucky-American Water Co.

Description	12 Month Actual	12 Month Plan	Variance	12 Month Previous	Annual Forecast
1 OPERATING REVENUES					
2 Water	46,688,888	49,188,435	2,499,547-	48,440,505	49,911,817
3 Sewer	301,998	348,091	46,093-	146,412	277,659
4 Other	1,898,180	1,759,577	138,603	1,795,202	1,891,158
5 Management					
6 Total Revenues	48,889,066	51,296,103	2,407,037-	50,382,119	52,080,634
7 OPERATIONS & MAINTENANCE EXPENSE					
8 Labor	5,201,568	5,247,888	46,320-	4,868,587	5,836,735
9 Purchased Water	503,737	472,800	30,937	468,614	496,300
10 Fuel & Power	2,481,061	2,456,099	24,962	2,494,264	2,960,000
11 Chemicals	1,482,950	1,324,598	158,352	1,321,418	1,590,118
12 Waste Disposal	326,022	356,629	70,193	279,224	232,325
13 Management Fees	6,865,101	6,322,174	542,927	5,747,472	6,287,757
14 Group Insurance	1,651,795	1,813,752	161,957-	1,612,070	1,653,852
15 Pensions	732,625	775,043	42,418-	782,132	455,774
16 Regulatory Expense	370,082	354,052	16,030	348,194	405,531
17 Insurance Other than Group	657,564	525,136	132,368	473,345	780,864
18 Customer Accounting	1,433,489	1,173,614	259,875	1,405,017	1,386,901
19 Rents	53,693	44,386	9,307	57,912	32,000
20 General Office Expense	2,910,496	2,452,891	457,605	1,938,437	4,79,085
21 Maintenance	2,290,509	1,402,599	887,910	2,541,293	2,740,291
25 Other Maintenance					
Total Maintenance & Operations Expense	27,532,215	24,778,219	2,753,996	27,035,943	29,082,334
27 Depreciation	6,745,989	7,297,778	551,789-	5,761,274	6,874,214
28 Amortization	457,659	479,792	22,133-	674,883	410,580
29 General Taxes	2,932,374	2,736,119	196,255	2,761,611	2,855,510
30 State Income Taxes	417,344	945,798	528,454-	1,097,173	364,602
31 Federal Income Taxes	2,015,638	3,450,579	1,434,941-	2,462,503	2,595,113
32 Tax Savings Acquisition Adjustment					
33 Total Operating Expenses	40,101,219	39,688,285	412,934	39,795,387	42,182,353
34 Utility Operating Income	8,787,847	11,607,810	2,819,971-	10,586,732	9,898,481
35 OTHER INCOME & DEDUCTIONS					
36 Non-Operating Rental Income					
37 Dividend Income-Common					
38 Dividend Income-Preferred					
39 Interest Income	3,782	183,379	179,597	373,410	561,063
40 AFUDC Equity	266,952	59,436	186,128-	56,155-	
41 AFUDC Miscellaneous Income					
42 Gain/Loss on Disposition	143,602	242,815	99,133-	317,255	681,061
43 Total Other Income	566-	768	1,334-	64-	768
46 Miscellaneous Amortization	204,221	202,686	1,535	305,932	277,323
47 Tax Savings Acquisition Adjustment					
48 Misc. Other Deductions	25,509-	24,520-	989-	29,555-	22,877-
49 General Taxes	131,550-	95,453-	36,097-	119,032-	89,055-
50 State Income Taxes	126,596	163,481	36,885-	237,281	166,159
51 Federal Income Taxes	17,086	79,334	62,248-	79,974	514,904
52 Total Other Deductions	8,804,933	11,687,152	2,882,219-	10,666,706	10,413,385
53 Total Other Income					
54 Income Before Interest Charges	5,111,245	4,785,654	325,591	5,369,158	5,686,455
55 INTEREST CHARGES					
56 Interest on Long-Term Debt	72,873	73,233	360-	76,722	131,465
57 Amortization and Debt Expense	397,184	578,995	181,811-	220,361	291,367
58 Interest-Short term Bank Debt	4,102	4,102		3,523	
59 Other Interest Expense	114,484-	83,270-	31,206-	158,259-	309,296-
60 AFUDC-Debt					
61 Total Interest Charges	5,470,920	5,354,604	116,316	5,511,505	5,799,991
62 Net Income	3,334,013	6,332,548	2,998,535-	5,155,201	4,613,394
64 Preferred Dividend Declared	78,695	459,900	381,205-	47,731	459,900
65 Net Income to Common Stock	3,255,318	5,872,648	2,617,330-	5,107,470	4,153,494

American Water Works Company  
Kentucky American Water Co  
Total Company (US\$K) by  
Analysis of Income Month & YTD  
For the Period Ending 01/31/2007

Description	Yr to Date		Yr to date		Yr to date		Yr to date		Annual Forecast
	January Actual	January Plan	January Variance	January Plan	January Variance	Prior Year	January		
00012 Kentucky-American Water Co.									
P02 Water Revenues									
401110 Res Sales Billed	2,098,466CR	2,098,082CR	384CR	2,098,466CR	2,098,082CR	384CR	2,624,359CR	2,624,359CR	27,715,647CR
401120 Res Sales Unbilled	2,085CR		2,085CR	2,085CR		2,085CR	525,937	525,937	
401210 Com Sales Billed	877,125CR	855,250CR	21,875CR	877,125CR	855,250CR	21,875CR	1,128,492CR	1,128,492CR	12,345,169CR
401220 Com Sales Unbilled	130,334		130,334	130,334		130,334	289,615	289,615	
401310 Ind Sales Billed	97,741CR	115,309CR	17,568	97,741CR	115,309CR	17,568	138,440CR	138,440CR	1,552,979CR
401320 Ind Sales Unbilled	7,072		7,072	7,072		7,072	31,600	31,600	
401410 Pub Fire Billed	183,386CR	179,492CR	3,894CR	183,386CR	179,492CR	3,894CR	178,250CR	178,250CR	2,200,805CR
401420 Pub Fire Unbilled							5,201CR	5,201CR	
401450 Priv Fire Billed	90,185CR	83,512CR	6,673CR	90,185CR	83,512CR	6,673CR	84,946CR	84,946CR	1,041,746CR
401460 Priv Fire Unbilled	195		195	195		195	358CR	358CR	
401510 Pub Auth Billed	227,882CR	224,485CR	3,397CR	227,882CR	224,485CR	3,397CR	327,522CR	327,522CR	3,787,531CR
401520 Pub Auth Unbilled	123,868		123,868	123,868		123,868	257,040	257,040	
401610 SFR Billed	85,534CR	94,839CR	9,305	85,534CR	94,839CR	9,305	72,745CR	72,745CR	1,267,940CR
401620 Sales for Resale Unbilled	19,133		19,133	19,133		19,133	35,015CR	35,015CR	
401710 Misc Sales Billed	195CR		195CR	195CR		195CR	5	5	
P02 Water Revenues	3,381,997CR	3,650,969CR	268,972	3,381,997CR	3,650,969CR	268,972	3,488,131CR	3,488,131CR	49,911,817CR
P03 Sewer Revenues									
402110 Dom Wv Serv Billed	16,036CR	16,847CR	811	16,036CR	16,847CR	811	27,056CR	27,056CR	178,241CR
402210 Com Wv Serv Billed	9,612CR	6,620CR	2,992CR	9,612CR	6,620CR	2,992CR	1,135CR	1,135CR	82,394CR
402310 Ind Wv Serv Billed	2,174CR	1,323CR	851CR	2,174CR	1,323CR	851CR	219CR	219CR	17,024CR
402510 Pub Auth Wv Svc Billed							86CR	86CR	
P03 Sewer Revenues	27,822CR	24,790CR	3,032CR	27,822CR	24,790CR	3,032CR	28,516CR	28,516CR	277,659CR
P04 Other Revenues									
403101 Oth Rev-Forfeited Discounts									
403102 Oth Rev-Rentals Water Property	7,303CR	7,197CR	106CR	7,303CR	7,197CR	106CR	7,303CR	7,303CR	86,354CR
403103 Oth Rev-Collect for Otherpart	78,121CR	75,294CR	2,827CR	78,121CR	75,294CR	2,827CR	73,030CR	73,030CR	903,528CR
403104 Oth Rev-NSF Check Charge	2,004CR	1,799CR	205CR	2,004CR	1,799CR	205CR	1,896CR	1,896CR	21,588CR
403105 Oth Rev-App/Initiate Serv Fee	40,464CR	55,024CR	15,360	40,464CR	55,024CR	15,360	56,448CR	56,448CR	669,888CR
403107 Oth Rev-Reconnection Charges	16,696CR	17,500CR	804	16,696CR	17,500CR	804	21,255CR	21,255CR	210,000CR
403198 Oth Rev-Misc Service Rev	545CR		545CR	545CR		545CR	320	320	
403199 Oth Rev-Other Water Rev	950CR		950CR	950CR		950CR	722CR	722CR	
P04 Other Revenues	146,083CR	157,614CR	11,531	146,083CR	157,614CR	11,531	160,334CR	160,334CR	1,891,358CR
P08 Labor									
501200 Labor									
13 Labor Operer WT	74,453	100,201	74,453	74,453	100,201	74,453	100,201	100,201	
1305 Labor Operer Wf Super/Eng	40,713	53,385	40,713	40,713	53,385	40,713	40,713	53,385	
14 Labor Operer TD	89,557	103,560	89,557	89,557	103,560	89,557	103,560	103,560	
1410 Labor Operer TD Storage	79	336	79	79	336	79	336	336	
1415 Labor Operer TD Lines	4,420	6,319	4,420	4,420	6,319	4,420	6,319	6,319	
1420 Labor Operer TD Meter	53,915	70,660	53,915	53,915	70,660	53,915	70,660	70,660	
15 Labor Operer CA	23,683	22,498	23,683	23,683	22,498	23,683	22,498	22,498	
1510 Labor Operer CA Mtr Read	38,153	52,033	38,153	38,153	52,033	38,153	52,033	52,033	
1515 Labor Operer CA Cust Rec		1,089			1,089		1,089	1,089	
1520 Labor Operer CA Cust Serv	6,888	9,577	6,888	6,888	9,577	6,888	9,577	9,577	





American Water Works Company  
Kentucky-American Water-Co 12  
Total Company (USGNAP)  
Analysis of Income Month & YTD  
For the Period Ending 01/31/2007

Description	January	January	Yr to Date	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Actual	Plan	Actual	Plan	Forecast
56100 Reg Comm Amort Rate Case	30,086	30,091	30,086	30,091	5CR	30,091	405,531
16 Reg Comm Amort Rate Case	30,086	30,091	30,086	30,091	5CR	30,091	405,531
P16 Regulatory Expense							
P17 Ins Other Than Group	30,148	52,250	30,148	52,250	22,102CR	22,232	627,000
16 Ins Gen Lab Oper AG	13,244	9,822	13,244	9,822	3,422	8,877	117,864
16 Ins Work Comp AG	8,568	3,000	8,568	3,000	5,568	12,508	36,000
16 Ins Other Oper AG	51,960	65,072	51,960	65,072	13,112CR	43,617	780,864
P18 Customer Accounting							
520100 M & S Oper CA	211CR	211CR	211CR	211CR	211CR	455CR	439,225
15 M & S Oper CA	3,911	32,164	3,911	32,164	28,253CR	7,567CR	439,225
570100 Uncollectible Accounts	444	444	444	444	444	444	
15 Uncollectible Accounts	1,430	1,430	1,430	1,430	1,430	1,430	139
575000 Misc Oper CA	14,152	15,600	14,152	15,600	1,448CR	1,448CR	187,200
15 Bank Service Charges CA	1,377	1,377	1,377	1,377	456CR	456CR	21,996
575200 Collection Agencies CA	8,080	12,000	8,080	12,000	3,920CR	3,920CR	144,000
15 Misc Oper CA	878	340	878	340	538	538	4,080
575620 Office & Admin Supplies CA	47,677	40,000	47,677	40,000	7,677	7,677	480,000
15 Office & Admin Supplies CA	11,072	9,000	11,072	9,000	2,072	2,072	108,000
575740 Postage CA	200	200	200	200	206CR	206CR	2,400
15 Telephone CA	88,810	111,137	88,810	111,137	22,327CR	22,327CR	1,386,901
575741 Cell Phone CA							
15 Cell Phone CA							
P18 Customer Accounting							
P19 Rents							
541000 Rents-Real Property	300	300	300	300	300CR	550	3,600
14 Rents-Real Prop Oper TD	538CR	538CR	538CR	538CR	538CR	538CR	
16 Rents-Real Prop Oper AG	4,868	2,700	4,868	2,700	2,168	2,168	28,400
541400 Rents-Equipment	4,330	3,000	4,330	3,000	1,330	1,330	32,000
16 Rents-Equipment Oper AG							
P19 Rents							
P20 General Office Exp							
520100 M & S Oper AG	5,109	3,495	5,109	3,495	1,614	1,614	41,435
16 M & S Oper AG	455	558	455	558	103CR	103CR	2,048
575002 Misc General Office	57	57	57	57	57	57	
16 Misc General Office	1,746	2,000	1,746	2,000	254CR	254CR	24,000
575260 Credit Line Fees	5,582	9,292	5,582	9,292	3,710CR	3,710CR	25,674
16 Credit Line Fees	1,960	2,600	1,960	2,600	1,360	1,360	52,506
575200 Dues/Membership Deduc	54	54	54	54	54	54	
16 Dues/Membership Deduc	6,767	1,610	6,767	1,610	5,157	5,157	35,785
575320 Electricity AG	4,148	1,850	4,148	1,850	2,298	2,298	32,650
16 Electricity AG	1,794	1,705	1,794	1,705	89	89	28,060
575340 Empl Exp AG-P/R JE	4,555	1,490	4,555	1,490	65	65	24,012
16 Empl Exp AG-P/R JE	364	364	364	364	364	364	2,300
575342 Empl Exp Conf/Registration AG	2,603	4,100	2,603	4,100	1,497CR	1,497CR	25,500
16 Empl Exp Conf/Registration AG	5,888	3,400	5,888	3,400	2,488	2,488	48,800
575350 Meals Deduct-P/R JE	2,851	1,608	2,851	1,608	1,243	1,243	20,866
16 Meals & Travel Deduc							
575351 Meals & Travel Deduc							
16 Meals & Travel Deduc							
575420 Forms AG							
16 Forms AG							
575480 Heat - Oil/Gas AG							
16 Heat - Oil/Gas AG							
575500 Janitorial AG							
16 Janitorial AG							
575620 Office & Admin Supplies AG							
16 Office & Admin Supplies AG							
575660 Postage AG							
16 Postage AG							

American Water Works Company  
Kentucky-American Water-Co 12  
Total Company (USGAAP)  
Analysis of Income Month & YTD  
For the Period Ending 01/31/2007

Description	January	January	Yr to Date	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Actual	Plan	Variance	Prior Year	Forecast
16 Postage AG	819	3,025	819	3,025	2,206CR	2,846	8,375
575670 Relocation Expenses							1,000
575740 Telephone AG	4,413	5,845	4,413	5,845	4,432CR	728CR	78,030
575741 Cell Phone AG	1,011	3,527	1,011	3,527	2,516CR	5,677	29,344
575780 Trash Removal AG	280	280		280	200CR	85CR	2,480
575830 Wtr & Waste Mtr Exp AG	16	200	16	200	184CR	76CR	2,400
575880 Misc Charges - P13880	962		962		962		
16 Misc Charges - P13880	47,154	46,505	47,154	46,505	649	26,142	479,085
F20 General Office Exp							
P21 Miscellaneous							
504500 Other Well Oper AG	214	500	214	500	286CR	18	20,500
16 Other Well Oper AG							
504610 Employee Awards AG	1,292	3,000	1,292	3,000	292	3,772	16,650
16 Employee Awards AG							
504620 Employee Physical Exam AG	1,836	1,100	1,836	1,100	736	1,575	12,500
16 Employee Physical Exam AG							
504640 Safety Incentive	280	280		280	200CR	71	8,700
16 Safety Incentive							
504660 Tuition Aid AG	4,486	1,000	4,486	1,000	1,486	925	36,000
16 Tuition Aid AG							
504670 Training AG	530	1,000	530	1,000	2,470CR		10,750
16 Training AG							
507100 401k Oper AG	7,113	3,757	7,113	3,757	3,356	2,527	45,798
16 401k Oper AG							
508100 EIP Oper AG	500	500		500	500CR		6,000
16 EIP Oper AG							
508101 DCP Oper AG	4,172	3,541	4,172	3,541	631	1,067	42,334
16 DCP Oper AG							
508102 Retiree Med Reimb	270		270		270		
16 Retiree Med Oper AG							
920100 M & S Oper P							
12 M & S Oper P							
13 M & S Oper HT	1,452	2,675	1,452	2,675	200CR	4,252CR	5,000
14 M & S Oper TD	15,191	7,150	15,191	7,150	1,223CR	1,988	29,300
531000 Contract Svc-Engineering							
14 Contract Svc-Eng Oper TD							
532000 Contract Svc-Accounting							
16 Contract Svc-Accty Oper AG	4,537	6,000	4,537	6,000	1,463CR	8,242	104,200
16 Contract Svc-Accty Oper AG							
533000 Contract Svc-Legal							
16 Contract Svc-Legal Oper AG	20,035	6,250	20,035	6,250	13,785	6,908	72,000
16 Contract Svc-Legal Oper AG							
535000 Contract Svc-Other							
11 Contract Svc-Other Oper SS							
13 Contract Svc-Other Oper WT	18,680	22,150	18,680	22,150	4,470CR	161	227,240
14 Contract Svc-Other Oper TD	618	4,000	618	4,000	3,382CR	5,845	70,220
15 Contract Svc-Other Oper CA	19,848	9,800	19,848	9,800	10,048	19,389	117,600
16 Contract Svc-Other Oper AG	12,418	14,908	12,418	14,908	2,490CR	25,488	200,350
935001 Contr Svc-Temp Empl Oper TD							
14 Contr Svc-Temp Empl Oper TD	4,384	4,500	4,384	4,500	116CR	16,853	54,000
16 Contr Svc-Temp Empl Oper CA							
536000 Contract Svc-Lab Testing Oper							
16 Contract Svc-Lab Testing Oper							
536000 Contract Svc-Lab Testing Oper							
11 Contract Svc-Lab Testing Oper	1,870	1,450	1,870	1,450	420	3,568CR	2,355
12 Contract Svc-Lab Testing Oper							
550000 Trans Oper P							
12 Trans Oper P	57		57		57		
14 Trans Oper TD	79	600	79	600	521CR	64	7,200
16 Trans Oper AG	2,250	28,000	2,250	28,000	25,750CR	11,981CR	348,000
550001 Trans Oper AG Lease Cost							
16 Trans Oper AG Lease Cost	1,430	14,200	1,430	14,200	13,770CR	10,802	180,900
550002 Trans Oper AG Lease Fuel							
16 Trans Oper AG Lease Fuel	20,049	15,500	20,049	15,500	4,549	19,737	186,000
550003 Trans Oper AG Lease Maint							
16 Trans Oper AG Lease Maint	4,766	20	4,766	20	4,746	2,446	240
568010 Water Res Conservation							
16 Water Res Conservation	6,223		6,223		6,223		151,404
575000 Misc Oper SS							
11 Misc Oper SS	10CR	200	10CR	200	210CR	614	2,400
12 Misc Oper P							
13 Misc Oper WT	7,271	4,175	7,271	4,175	3,096	3,838	53,600
14 Misc Oper TD	11,426	9,400	11,426	9,400	2,026	1,482	112,600
16 Misc Oper AG	9,658	8,300	9,658	8,300	1,358	8,635	110,050
575801 Misc Oper Exp AG Conso							
16 Misc Oper Exp AG Conso							
575830 Advertising							
16 Advertising							







American Water Works Company  
Kentucky-American Water-Co 12  
Total Company (US\$KAP)  
Analysis of Income Month & YTD  
For the Period Ending 01/31/2007

Description	January Actual	January Plan	January Variance	January Prior Year	Yr to Date January Actual	Yr to date January Plan	Yr to date January Variance	Yr to date January Prior Year	Annual Forecast
P57 Amort Debt Exp									
75201 Amort FS Exp w/ mandatory	64	64	64	64	64	64	64	64	
820100 Amort Debt Disc w/ Exp	669	7,134	6,465CR	669	669	7,134	6,465CR	669	131,465
820110 Amort Debt Disc & Exp	5,340	5,340	5,340	5,340	5,340	5,340	5,340	5,340	
NW46 Amort Debt Exp Inside	6,073	7,134	1,061CR	6,073	6,073	7,134	1,061CR	6,073	131,465
P58 Interest on Bank Debt									
030100 Interest STD Inside	35,471	1,848	33,623	46,982	35,471	1,848	33,623	46,982	291,367
NW45 Interest STD Inside	35,471	1,848	33,623	46,982	35,471	1,848	33,623	46,982	291,367
P59 Other Interest Exp									
840000 Other Interest Expense									
Other Interest Expense									
P59 Other Interest Exp									
P60 AFUDC Debt									
850008 AFUDC Debt	16,870CR	11,196CR	5,674CR	18,902CR	16,870CR	11,196CR	5,674CR	18,902CR	309,296CR
AFUDC Debt	16,870CR	11,196CR	5,674CR	18,902CR	16,870CR	11,196CR	5,674CR	18,902CR	309,296CR
P60 AFUDC Debt									
P64 Preferred Dividends									
060100 Div Dec Prof Sbk-Outside	6,557	38,325	31,768CR	6,568	6,557	38,325	31,768CR	6,568	459,900
Div Dec Prof Sbk-Outside	6,557	38,325	31,768CR	6,568	6,557	38,325	31,768CR	6,568	459,900
P64 Preferred Dividends									
00012 Kentucky-American Water Co.	41,712	1,718	37,994	231,074CR	41,712	1,718	37,994	231,074CR	4,153,494CR

**Kentucky-American Water Company  
Statistical Information  
Calendar Month Reporting**

January 2007

**A. Number of customers served - Actual**

1	Residential	104,801
2	Commercial	8,586
3	Industrial	21
4	OPA	485
5	Sales for Resale	11
6	Fire	1,912
7	Miscellaneous	35
	<b>Total</b>	<b><u>115,851</u></b>

**B. System Delivery (Thousand Gallons)**

1	Water Produced	1,204,539
2	Water Purchased	3,919
	<b>Total</b>	<b><u>1,208,458</u></b>

**C. Water Sales (Thousand Gallons)**

1	Residential	479,722
2	Commercial	290,953
3	Industrial	50,234
4	OPA	86,507
5	Sales for Resale	27,781
6	Fire	1
7	Miscellaneous	43
	<b>Total</b>	<b><u>935,241</u></b>



American Water Works Company  
Kentucky-American Water-Co 12  
Total Company (USGAAP)  
Income Statement 12 Month Ended  
For the Period Ending 02/28/2007

Kentucky-American Water Co.

Description	12 Month Actual	12 Month Plan	Variance	12 Month Previous	Annual Forecast
1 OPERATING REVENUES					
2 Water	46,641,046	48,956,341	2,315,295-	48,505,878	49,911,817
3 Sewer	301,710	342,428	40,718-	172,575	277,659
4 Other	1,904,137	1,771,558	132,579	1,850,336	1,891,358
5 Management					
6 Total Revenues	48,946,893	51,070,327	2,123,434-	50,529,389	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE					
8 Labor	5,267,399	5,292,782	25,383-	4,819,373	5,836,735
9 Purchased Water	485,957	473,356	12,601	441,148	426,000
10 Fuel & Power	1,505,819	2,178,258	672,439	2,578,748	2,580,000
11 Chemicals	1,328,819	1,264,216	64,603	1,268,794	1,280,118
12 Waste Disposal	6,967,837	6,897,168	70,669	7,278,123	7,313,325
13 Management Fees	1,654,667	1,806,582	151,915	1,597,547	1,687,257
14 Group Insurance	1,654,667	1,806,582	151,915	1,597,547	1,687,257
15 Rent	750,717	746,014	4,703	766,972	855,724
16 Contingency Expense	370,076	354,692	15,384	376,385	405,531
17 Insurance, Other Than Group	634,044	548,384	85,660	511,516	780,864
18 Customer Accounting	1,474,776	1,185,551	289,225	1,340,219	1,386,901
19 Rents	49,331	43,060	6,271	61,413	32,800
20 General Office Expense	413,166	377,592	35,574	963,337	479,085
21 Miscellaneous	3,183,150	2,592,649	590,509	3,639,335	3,044,851
25 Other Maintenance	2,292,958	1,825,714	467,244	2,615,295	2,740,291
Total Maintenance & Operations Expense	37,914,948	38,133,437	2,181,511	37,070,677	39,082,314
28 Depreciation	6,774,778	7,253,463	478,685-	5,715,216	6,074,214
29 Amortization	456,051	473,500	17,449-	656,024	410,580
29 General Taxes	2,919,548	2,746,297	173,251	2,776,600	2,855,510
30 State Income Taxes	370,624	894,297	523,673-	1,127,212	364,602
31 Federal Income Taxes	1,820,736	1,287,827	532,909-	2,623,802	2,595,113
32 Tax Savings Acquisition Adjustment					
33 Total Operating Expenses	40,256,685	39,788,821	467,864	39,969,531	42,182,353
34 Utility Operating Income	8,590,208	11,281,506	2,691,298-	10,559,858	9,898,401
35 OTHER INCOME & DEDUCTIONS					
36 Non-Operating Rental Income					
37 Dividend Income-Common					
38 Dividend Income-Preferred					
39 Interest Income	4,525	199,714	195,189	386,082	681,063
40 AFUDC Equity	280,319	51,498	228,821	67,615	
42 M & J Miscellaneous Income	130,669		130,669		
43 Gain/(Loss) Disposition	154,175	251,212	97,037-	453,697	661,063
45 Total Other Income	602	760	158	128	768
46 Miscellaneous Amortization					
47 Tax Savings Acquisition Adjustment	280,294	275,853	4,441	364,088	277,323
48 Misc. Other Deductions	17,202	24,116-	6,914	36,881-	22,877-
49 General Taxes	95,910-	93,882-	2,028-	180,658-	89,055-
50 State Income Taxes	166,900	158,623	8,277	146,421	166,159
51 Federal Income Taxes	12,405	92,589	80,184	107,276	514,904
52 Total Other Deductions	8,577,803	11,374,095	2,796,292-	10,867,134	10,413,385
53 Total Other Income					
54 Income Before Interest Charges	5,111,445	4,832,904	278,541	5,169,800	5,686,455
55 INTEREST CHARGES	72,873	74,358	1,485-	76,246	131,465
56 Amortization on Long-Term Debt Expense	405,491	539,204	133,713-	242,337	291,367
57 Amortization and Debt Expense	65,207	90,696-	25,489-	3,523	309,296-
58 Interest-Short Term Bank Debt	121,209-	90,696-	30,513-	163,098-	309,296-
59 Other Interest Expense	5,533,607	5,355,770	177,837	5,528,808	5,799,991
60 AFUDC-Debt	3,044,196	6,018,325	2,974,129-	5,338,326	4,613,194
61 Total Interest Charges	78,684	459,900	381,216-	15,588	459,900
62 Net Income	2,965,512	5,558,435	2,592,923-	5,322,738	4,153,494
64 Preferred Dividend Declared					
65 Net Income to Common Stock					









American Water Works Company  
Kentucky-American Water-Co 12  
Total Company (USGAAP)  
Analysis of Income Month & YTD  
For the Period Ending 02/28/2007

00012 Kentucky-American Water Co.		February Actual	February Plan	February Prior Year	Yr to Date February Actual	Yr to Date February Plan	Yr to Date February Variance	Yr to date February Prior Year	Annual Forecast
P21 Miscellaneous									
11	Misc Oper SS	207	200	307	10CR	400	110CR	921	2,400
12	Misc Oper P	2,944	5,375	1	207	9,550	287	7,526CR	53,800
13	Misc Oper WT	3,733	9,400	2,384	10,215	18,500	3,68CR	18,511	172,800
14	Misc Oper TD	5,907	8,600	16,824	15,180	16,900	1,335CR	40,849	110,950
16	Misc Oper AG			32,224	15,985				
575001	Misc Oper Exp AG Consol			9				9CR	
16	Misc Oper Exp AG Consol		500	4,611	108	1,700	1,592CR	9,437	24,050
575030	Advertising								
16	Advertising								
575120	Billing								
16	Billing								
575130	Brochures and Handouts		2,500	4,766	166	3,500	1,266		51,500
16	Brochures and Handouts	1,995							
575220	Community Relations	8,348	11,835	3,487CR	13,014	18,620	5,605CR		45,120
16	Community Relations	1,424	15	1,409	1,816	200	1,536	2,408	3,225
575240	CO Dues/Membership Deduct	1,115			2,183				17,200
16	CO Dues Deduct AWWA								28,000
575244	CO Dues Deduct NAWC								
16	CO Dues Deduct NAWC								
575250	Condemnation Costs								
16	Condemnation Costs								
575270	Directors Fees			11,059	962CR		962CR	17,090	18,000
16	Directors Fees	1,506CR		2,907CR	3,000	4,500	1,500CR	1,376CR	
575275	Discounts Available								
16	Discounts Available			1,270CR	2,164CR		2,164CR	3,023CR	
575276	Discounts Lost			428				824	
16	Discounts Lost								
575320	Electricity WT	482	600	1,049	1,049	1,198	149CR	339CR	6,998
13	Electricity WT	4,222	5,002	1,966	12,596	10,004	2,592	2,258	60,024
14	Electricity TD								
575400	Bus Services Proj Exp								
16	Bus Services Proj Exp			15,828CR				15,828CR	4,300
575400	Heat - Oil/Gas WT	3,023	10,000	13,396	6,706	12,000	5,294CR	12,744	32,348
13	Heat - Oil/Gas WT	400	1,500	39	688	3,000	2,220CR	972	18,088
575490	Injuries and Damages	2,676	4,800	1,654	5,563	3,400	2,163	2,761	17,450
13	Injuries and Damages		1,288	2,372	1,135	2,408	1,265CR	2,655	14,408
575500	Janitorial WT	2,924	8,800	8,275	8,912	12,600	1,688CR	10,278	71,100
13	Janitorial WT								
575545	Lab Supplies WT	993	1,075	653	1,256	2,350	1,094CR	1,879	10,750
13	Lab Supplies WT	1,640	1,100	1,483	4,413	2,200	2,213	1,831	13,200
575620	Office & Admin Supplies WT	702	100	579	1,486	200	200CR	1,610	1,200
13	Office & Admin Supplies WT	220,405	1,175			2,350	864CR		14,100
16	Office & Admin Supplies WT								
575680	Research & Development Exp				220,405		220,405		
16	Research & Development Exp								
575711	Add'l Security Costs AG	10,675	10,024	16,882	19,141	20,048	907CR	19,387	120,288
16	Add'l Security Costs AG								
575715	Software Licenses & Support	3,012	2,300	2,668	5,169	4,600	569	4,437	33,600
16	Software Licenses & Support								
575740	Telephone SS	71							
11	Telephone SS								
13	Telephone WT								
575741	Cell Phone WT	390	1,075	624	778	2,150	1,372CR	1,430	12,900
13	Cell Phone WT	4,565	1,751	863	4,175	3,502	973	813	21,042
14	Cell Phone TD								
575780	Trash Removal SS	40	535	221	807	1,170	363CR	895	8,075
11	Trash Removal SS	44	508	10	597	1,000	403CR	343CR	6,800
14	Trash Removal TD								
575820	Uniforms WT	429	500	513	1,477	1,000	477	1,909	6,008
13	Uniforms WT	2,079	1,930	2,412	3,382	3,860	478CR	4,326	23,160
14	Uniforms TD								
575830	Wtr & Waste Wtr Exp SS	1,508	2,000	1,661	2,759	4,000	1,241CR	2,667	24,000
11	Wtr & Waste Wtr Exp SS								
575998	PCard Undistributed			1,350	1,746		1,746	32CR	
16	PCard Undistributed								
P21	Miscellaneous	416,907	265,539	223,845	656,226	496,530	159,696	406,505	3,044,851







American Water Works Company  
Kentucky-American Water-Co 12  
Total Company (USGAAP)  
Analysis of Income Month & YTD  
For the Period Ending 02/28/2007

Description	February Actual	February Plan	February Variance	February Prior Year	Yr to Date February Actual	Yr to Date February Plan	Yr to Date February Variance	Yr to date February Prior Year	Annual Forecast
INT LTD-Outside Reg	137,713	137,713		137,713	275,425	275,425		275,425	
810400 Int Int LTD-Inside AW46	257,154	442,117	184,963CR	257,154	514,308	884,234	369,926CR	514,308	5,606,455
860040 Div Dec PS-Out w/ mand	31,763		31,763	31,763	63,525		63,525	63,525	
	426,630	442,117	15,487CR	426,630	853,258	884,234	30,976CR	853,258	5,606,455
P56 Interest on LTD									
P57 Amort Debt Exp									
755201 Amort P9 Exp w/ mandatory	64		64	64	128		128	128	
Amort P5 Exp w/ mandatory									
820100 Amort Debt Disc & Exp	669	7,134	6,465CR	669	1,337	14,268	12,931CR	1,337	131,465
820110 Amort Debt Exp Inside	5,340		5,340	5,340	10,680		10,680	10,680	
AW46 Amort DEXP Inside AW46	6,073	7,134	1,061CR	6,073	12,145	14,268	2,123CR	12,145	131,465
P57 Amort Debt Exp									
P58 Interest on Bank Debt									
830100 Interest STD Inside	36,762	6,627	30,135	28,455	72,233	8,475	63,758	75,437	291,367
AW46 Interest STD Inside	36,762	6,627	30,135	28,455	72,233	8,475	63,758	75,437	291,367
P58 Interest on Bank Debt									
P59 Other Interest Exp									
840000 Other Interest Expense	61,105		61,105	61,105	61,105		61,105	61,105	
Other Interest Expense	61,105		61,105	61,105	61,105		61,105	61,105	
P59 Other Interest Exp									
P60 AFUDC Debt									
850000 AFUDC Debt	20,352CR	15,138CR	5,214CR	13,628CR	37,222CR	26,334CR	10,888CR	32,529CR	309,296CR
AFUDC Debt	20,352CR	15,138CR	5,214CR	13,628CR	37,222CR	26,334CR	10,888CR	32,529CR	309,296CR
P60 AFUDC Debt									
P64 Preferred Dividendp									
860100 Div Dec Pref Stk-Outside	6,557	38,325	31,768CR	6,560	13,114	76,650	63,536CR	13,136	459,900
Div Dec Pref Stk-Outside	6,557	38,325	31,768CR	6,560	13,114	76,650	63,536CR	13,136	459,900
P64 Preferred Dividends									
80012 Kentucky-American Water Co.	57,627	29,297CR	86,924	232,175CR	99,340	25,579CR	124,919	463,266CR	4,153,494CR

**Kentucky-American Water Company  
Statistical Information  
Calendar Month Reporting**

February 2007

**A. Number of customers served - Actual**

1	Residential	104,890
2	Commercial	8,580
3	Industrial	21
4	OPA	485
5	Sales for Resale	11
6	Fire	1,915
7	Miscellaneous	35
	<b>Total</b>	<b><u>115,937</u></b>

**B. System Delivery (Thousand Gallons)**

1	Water Produced	1,208,417
2	Water Purchased	5,149
	<b>Total</b>	<b><u>1,213,566</u></b>

**C. Water Sales (Thousand Gallons)**

1	Residential	444,528
2	Commercial	301,100
3	Industrial	61,014
4	OPA	91,677
5	Sales for Resale	31,969
6	Fire	1
7	Miscellaneous	1
	<b>Total</b>	<b><u>930,290</u></b>



June 11 2007

Mr. Michael Burford  
Annual Report Branch  
Kentucky Public Service Commission  
211 Sower Blvd.  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Mr. Burford:

Please find enclosed **March and April 2007** financial statements for Kentucky-American Water Company. These statements are based on a calendar month reporting cycle and are unaudited. This transmittal represents the monthly financial statements initiated with our letter dated August 30, 1978. Enclosed are the following:

1. Balance Sheet
2. Comparative Statement of Income (12-Months to Date)
3. Detail of Operation and Maintenance Expense by Account (A of I)
4. Trial Balance
5. Monthly Operating Statistics

We trust these financial statements will fulfil your reporting requirements in monitoring financial procedures of this company. Please advise if additional information is required

Sincerely,

A handwritten signature in cursive script that reads "Bryan Siler".

Bryan Siler

BS

Enclosures

C: M. A. Miller  
A. W. Turner  
L. W. Ingram, Jr.  
File: 2601

Kentucky American Water  
2300 Richmond Road  
Lexington KY 40502  
T (859)268-6350  
F (859)335-3350  
I [www.amwater.com](http://www.amwater.com)

83500 Kentucky-American Water Co.  
 830121ST Kentucky-American Water Co 12  
 \_150703 Local Company (USRAP)  
 Income Statement - 12 Month Ended  
 For the Period Ending 03/31/2007

Description	12 Month Actual	12 Month Plan	Variance	12 Month Previous	Annual Forecast
1 OPERATING REVENUES					
2 Water	46,975,957	48,594,306	1,618,349	48,853,643	49,911,817
3 Sewer	327,298	336,435	9,137	168,826	277,659
4 Other	1,897,230	1,783,539	113,691	1,868,588	1,891,358
5 Management					
6 Total Revenues	49,200,485	50,714,280	1,513,795	50,891,257	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE					
8 Labor	5,376,656	5,325,876	50,780	4,814,112	5,836,735
9 Purchased Water	475,167	475,750	583	2,440,095	496,300
10 Fuel & Power	2,538,379	2,172,527	365,852	2,548,571	2,960,000
11 Chemicals	1,548,358	1,369,971	178,387	1,290,065	1,590,118
12 Waste Disposal	349,447	270,628	78,819	275,726	232,325
13 Management Fees	7,022,502	6,464,452	558,050	5,936,848	6,987,757
14 Group Insurance	1,695,326	1,788,508	93,182	1,587,648	1,653,852
15 Pensions	742,172	716,985	25,187	760,236	453,724
16 Regulatory Expense	370,072	355,332	14,740	454,575	787,821
17 Insurance Other than Group	597,431	557,332	40,099	547,243	787,821
18 Customer Accounting	1,496,431	1,193,452	292,979	1,315,243	1,366,901
19 Other	48,480	41,894	6,586	50,954	32,080
20 General Office Expense	380,108	388,914	8,806	990,250	479,085
21 Miscellaneous	1,187,005	2,670,429	1,483,424	2,661,500	3,044,851
22 Other	2,255,256	1,628,597	626,659	2,423,910	2,740,291
23 Miscellaneous					
Total Maintenance & Operations Expense	27,956,880	25,440,857	2,516,023	27,094,772	29,082,334
27 Depreciation	6,801,374	7,209,825	408,451	5,946,054	6,874,214
28 Amortization	531,668	467,208	64,460	559,366	410,580
29 General Taxes	2,833,092	2,755,402	77,690	2,747,749	2,855,510
30 State Income Taxes	392,857	835,518	442,661	1,142,652	364,602
31 Federal Income Taxes	4,931,474	3,106,028	1,825,446	2,622,007	2,595,113
32 Tax Savings Acquisition Adjustment					
33 Total Operating Expenses	40,447,345	39,814,838	632,507	40,112,600	42,182,353
34 Utility Operating Income	8,753,140	10,899,442	2,146,302	10,778,657	9,898,481
35 OTHER INCOME & DEDUCTIONS					
36 Non-Operating Rental Income					
37 Dividend Income-Common	4,645		4,645		
38 Dividend Income-Preferred	299,019	223,598	75,421	395,063	681,063
39 Interest Income	80,234	44,460	124,634	47,489	
40 AFUDC-Equity					
42 M & J Miscellaneous Income					
43 Gain(Loss)on Disposition					
45 Total Other Income	223,430	267,998	44,568	442,552	681,063
46 Miscellaneous Amortization	637	768	1,405	193	768
47 Tax Savings Acquisition Adjustment					
48 Misc. Other Deductions	289,195	279,970	9,225	345,873	277,323
49 General Taxes	10,428	24,542	14,114	35,769	22,877
50 State Income Taxes	69,771	95,541	25,770	168,586	89,055
51 Federal Income Taxes					
52 Total Other Deductions	208,359	160,055	47,754	141,325	186,159
53 Total Other Income	15,071	107,393	92,322	301,227	514,904
54 Income Before Interest Charges	8,768,211	11,006,835	2,238,624	11,079,884	10,413,385
55 INTEREST CHARGES					
56 Interest on Long-Term Debt	5,110,653	4,862,406	248,247	5,370,442	5,686,455
57 Amortization and Debt Expense	77,973	75,593	2,380	75,768	131,465
58 Interest-Short Term Bank Debt	427,385	507,437	80,052	266,903	231,367
59 Other Interest Expense	65,191	101,543	28,567	3,539	309,296
60 AFUDC-Debt	130,110	101,543	28,567	166,294	309,296
61 Total Interest Charges	5,545,992	5,343,893	202,099	5,550,388	5,799,991
62 Net Income	3,222,219	5,662,942	2,440,723	5,529,526	4,613,394
64 Preferred Dividend Declared	78,886	459,900	181,214	16,565	459,900
65 Net Income to Common Stock	3,143,533	5,203,042	2,059,509	5,512,961	4,153,494



06/15/07  
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American Water Works Company  
Kentucky-American Water-CO 12  
Total Company (USGAP)  
Analysis of Income Month & YTD  
For the Period Ending 03/31/2007

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Description	March	March	March	Yr to date	Yr to date	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Variance	March Actual	March Plan	Variance	March Actual	March Plan	Forecast
00012 Kentucky-American Water Co.									
P08 Labor									
501200 Labor									
22 Labor Maint P	4,742		4,742	15,801		15,801	15,374		
23 Labor Maint WT	5,609		4,129	15,394		15,394	16,730		
2305 Labor Maint WT Super/Eng	2,409		2,991	9,129		9,129	10,239		
24 Labor Maint TD	581		3,694	7,010		7,010	14,172		
2405 Labor Maint TD Super/Eng	803		1,035	2,527		2,527	2,933		
2410 Labor Maint TD Struct & Imp	715		113	1,216		1,216	358		
2420 Labor Maint TD Dist Res	889		1,713	2,780		2,780	4,466		
2430 Labor Maint TD Mains	26,076		25,908	89,493		89,493	94,031		
2435 Labor Maint TD Services	18,294		18,328	59,234		59,234	60,810		
2440 Labor Maint TD Meters	7,986		11,145	2,088CR		2,088CR	6,437		
2440 Labor Maint TD Hydrants	3,766		1,638	13,885		13,885	9,179		
501711 IP-Off-Annual-P/R JE	19,379CR	19,936	39,315CR	25,440	58,906	33,466CR	109,872CR		243,598
16 Incen Plan-Off-Annual									
P08 Labor	438,466	480,917	42,451CR	1,351,276	1,426,367	75,091CR	1,145,500		5,836,735
P09 Purchased Water									
510100 Purchased Water-Outside									
11 Purchased Water-Outside	31,902	39,650	7,748CR	79,643	117,000	37,357CR	107,102		496,300
P09 Purchased Water	31,902	39,650	7,748CR	79,643	117,000	37,357CR	107,102		496,300
P10 Fuel & Power									
515100 Purch Power									
12 Purch Power P	17,887	715	17,172	62,349	2,145	60,204	80,431		8,580
13 Purch Power WT	181,281	174,665	6,616	426,333	536,476	110,143CR	504,718		2,951,420
14 Purch Power TD	233		233	721		721	25		
515200 Fuel for Power Prod SS									
11 Fuel for Power Prod SS			4,120				4,120		
P10 Fuel & Power	189,401	175,380	24,021	489,403	538,621	49,218CR	589,234		2,960,000
P11 Chemicals									
518000 Chemicals WT									
12 Chemicals WT	118,141	107,481	10,660	302,641	332,864	30,223CR	247,678		1,487,949
13 Chemicals WT Carbon Lease	6,122	8,935	2,713CR	23,520	22,654	866	26,013		102,169
13 Chemicals WT Carbon Lease	124,263	116,316	7,947	326,161	355,458	29,297CR	273,691		1,590,118
P11 Chemicals	148,526	132,722	15,804	352,181	380,976	37,363CR	297,362		1,690,236
P12 Waste Disposal									
511100 Waste Disposal Exp WT									
13 Waste Disposal Exp WT	17,441	11,625	5,816	52,802	39,150	13,652	29,674		136,325
13 Amort Waste Dis Exp	8,438	8,000	438	25,313	24,000	1,313	23,441		96,000
P12 Waste Disposal	25,879	19,625	6,254	78,115	63,150	14,965	53,115		232,325
P13 Management Fees-Corporate									
534600 Mngt Fees-Corporate									
16 Mngt Fees-Corporate	271,194	403,826	132,632CR	1,020,159	1,178,751	158,592CR	969,889		4,819,564
534620 Mngt Fees Bsn Change-Corp		9,390	9,390CR	10	28,170	28,160CR	39,966		107,226
534650 Mngt Fees Pl3880-Corp	119,940	58,861	61,079	317,692	177,662	140,030	27,458		410,574
534700 Mngt Fees-Region	155,536	136,190	19,346	447,053	400,869	46,184	349,680		1,650,393
534750 Mngt Fees-Region	4,062		4,062	12,171		12,171	3		
16 Mngt Fees Pl3880-Region	550,740	608,467	57,727CR	1,797,085	1,785,452	11,633	1,386,996		6,987,757
P13 Management Fees-Corporate	1,091,472	1,156,774	65,302CR	3,587,124	3,572,776	14,348CR	2,737,082		11,876,514
P14 Group Insurance									
504100 Group Insurance									
16 Group Ins Oper AG	134,475	97,358	37,117	306,235	292,074	14,161	239,254		1,168,286
505100 P80P Oper AG	43,762	40,463	3,299	145,251	121,389	23,862	161,208		485,556
16 P80P Oper AG	178,237	137,821	40,416	451,486	413,463	38,023	400,462		1,653,852
P14 Group Insurance	356,974	275,642	81,332	897,972	826,926	71,046	800,926		3,107,734
P15 Pensions									
506100 Pension Oper AG									
16 Pension Oper AG	43,679	37,977	5,702	147,068	113,931	33,137	153,170		455,724
P15 Pensions	43,679	37,977	5,702	147,068	113,931	33,137	153,170		455,724



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American Water Works Company  
Kentucky-American Water-Co 12  
Total Company (USGAP)  
ANALYSIS OF INCOME MONTH & YTD  
For the period ending 03/31/2007

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16	Description	March Actual	March Plan	March Variance	Yr to Date Actual	Yr to Date March	Yr to Date Variance	Yr to date March	Yr to date Prior Year	Annual Forecast
16	Heat - Oil/Gas AG	305	3,500	1,195CR	2,724	4,762	7,338CR	9,656		25,500
16	575500 Janitorial AG	6,391	3,400	2,991	370CR	12,279	2,079	10,074		40,800
16	575500 Janitorial AG	1,008	1,998	900CR	1,426	6,994	1,370	3,935		20,866
16	575620 Office & Admin Supplies AG	2,235CR	25	2,260CR	242	982CR	4,257CR	3,519		9,375
16	575670 Relocation Expenses	825	7,345	6,520CR	4,971	3,245	17,790CR	4,611		1,000
16	575740 Telephone AG	5,132	2,347	2,785	3,643	10,466	2,245	9,727		29,344
16	575741 Cell Phone AG		200	200CR	91CR		608CR	56CR		2,400
16	575780 Trash Removal AG	127	200	73CR	15	204	396CR	111		2,400
16	575830 Wtr & Waste Wtr Exp AG	2,201CR		2,201CR	962		982			
16	575880 Misc Charges - F13880									
16	575881 Misc Chrgs - STEP W/O F13880									
16	220 General Office Exp	29,633	41,968	12,335CR	62,691	99,159	50,841CR	189,224		479,085
221	Miscellaneous									
16	504500 Other Welf Oper AG	250	3,000	2,750CR	2,093	10,365	865	7,195		20,500
16	504510 Employee Awards AG	146	1,000	854CR	1,061	4,078	432CR	4,995		16,650
16	504620 Employee Physical Exam AG	70	4,100	4,030CR	780	2,483	717CR	2,365		12,500
16	504640 Safety Incentive	2,364	3,000	636CR	82	8,507	200CR	3,741		8,700
16	504660 Tuition Aid AG	120	3,749	120	198	2,750	250CR	578		36,000
16	504570 Training AG	7,667	500	500CR	257CR	20,929	10,016	8,761CR		10,750
16	507100 401k	4,572	3,518	1,054	3,269	15,349	1,500CR	3,769CR		45,798
16	508100 EIP Oper AG	125	200	75CR	1,987	4,820	1,987	9,281		6,000
16	508101 DCFOP Oper AG	87	200	113CR	34CR	87	513CR	4,278CR		42,334
16	508102 Retiree Med Reimb	2,405	2,225	180	2,770	5,462	1,663CR	5,868		5,000
16	520100 M & S Oper P	15,740	7,150	8,590	17,484	34,941	13,491	32,982		29,300
12	M & S Oper P									104,200
13	M & S Oper WT									
14	M & S Oper TD									
14	511000 Contract Svc-Engineering									
14	532000 Contract Svc-Eng Oper TD									
16	532000 Contract Svc-Accounting	5,050	6,000	950CR	3,352	14,233	3,767CR	14,945		72,000
16	533000 Contract Svc-Legal	3,860CR	6,250	10,110CR	3,086	22,427	10,677	11,140		75,000
16	535000 Contract Svc-Other	11,523	12,200	677CR	6,591	41,300	10,200CR	161		227,240
13	Contr Svc-Other Oper SS	1,774	4,000	2,226CR	3,128	2,560	9,440CR	35,164		70,220
14	Contr Svc-Other Oper TD	21,912	9,800	12,112	20,366	50,606	21,206	19,025		17,600
16	Contr Svc-Other Oper CA	9,750	15,208	5,458CR	36,476	38,054	6,570CR	53,156		200,360
16	535001 Contr Svc-Temp Empl Oper TD	4,549	4,500	49	8,625	11,031	2,469CR	30,166		54,000
14	Contr Svc-Temp Empl Oper TD									
15	Contr Svc-Temp Empl Oper CA									
15	535000 Contr Svc-Temp Empl Oper AG	2,261	5,300	3,039CR	5,349	5,910	2,290CR	689		2,355
16	540000 Trans Oper P	1,732	600	1,132	181	57	57	541CR		7,200
14	Trans Oper TD	9,989CR	26,000	37,989CR	15,197CR	6,406	111,397CR	37		348,000
16	550001 Trans Oper AG Lease Cost	2,500	14,200	11,700CR	3,391	6,406	36,194CR	20,376		180,900
16	550002 Trans Oper AG Lease Fuel	21,674	15,500	6,174	17,025	61,823	15,323	55,330		166,000
16	550003 Trans Oper AG Lease Maint	4,854	20	4,834	17,421	34,321	34,261	20,593		240
16	568010 Water Res Conservation	14,261	14,117	144	1,167	19,511	5,723CR	37,635		151,404









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American Water Works Company  
Kentucky-American Water Co 12  
Total Company (USCAP)  
Annual 1998 of Income Month & YTD  
For the Period Ending 03/31/2007

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Description	March Actual	March Plan	March Variance	March Prior Year	Yr to date Actual	Yr to date March Plan	Yr to date March Variance	Yr to date Prior Year	Annual Forecast
00012 Kentucky-American Water Co.									
P51 Federal Income Taxes	4,939CR	4,939CR	0	31,079CR	20,882CR	20,882CR	23,589	93,237CR	89,055CR
P56 Interest on LTD									
810100 Int LTD-Outside Reg	137,713	137,713	0	1,308,603	413,138	413,138	537,732CR	771,463	5,666,455
AW46 Int LTD-Inside	356,563	424,369	167,806CR	31,763	770,871	1,308,603	95,288	95,288	
860040 Div Dec PS-Out w/ mand	31,763				95,288				
P57 Amort Debt Exp	426,039	424,369	1,670	426,630	1,279,297	1,308,603	29,306CR	1,279,889	5,686,455
P57 Amort Debt Exp									
755201 Amort PS Exp w/ mandatory	64	64	0	64	193	193		193	
820100 Amort Debt Disc & Exp	669	7,244	6,575CR	669	2,006	21,512	19,506CR	2,006	131,465
AW46 Amort Debt Exp Inside	5,340			5,340	16,020		16,020	16,020	
P57 Amort Debt Exp	6,073	7,244	1,171CR	6,073	18,219	21,512	3,293CR	18,219	131,465
P58 Interest on Bank Debt									
830100 Interest STD Inside	53,951	16,251	37,700	32,056	126,183	24,726	101,457	107,493	281,367
AW46 Interest STD Inside	51,951	16,251	37,700	32,056	126,183	24,726	101,457	107,493	281,367
P59 Other Interest Exp									
840000 Other Interest Expense	16			16	61,105		61,105	16	
P60 AFUDC Debt									
850000 AFUDC Debt	21,928CR	19,059CR	2,869CR	13,028CR	59,151CR	45,393CR	13,758CR	45,557CR	309,296CR
P60 AFUDC Debt	21,928CR	19,059CR	2,869CR	13,028CR	59,151CR	45,393CR	13,758CR	45,557CR	309,296CR
P64 Preferred Dividends									
860100 Div Dec Pref Stk-Outside	6,560	38,325	31,765CR	6,557	19,673	114,975	95,302CR	19,693	459,900
P64 Preferred Dividends	6,560	38,325	31,765CR	6,557	19,673	114,975	95,302CR	19,693	459,900
P69 Common Dividends									
860220 Div Decl Com Stk In	971,782		971,782		971,782		971,782		
AW02 Div Decl Com Stk In-AW02	971,782		971,782		971,782		971,782		
P69 Common Dividends	971,782		971,782		971,782		971,782		
00012 Kentucky-American Water Co.	576,965	59,680CR	636,645	216,793CR	676,309	85,259CR	761,568	680,051CR	4,153,494CR

# PUBLIC SERVICE COMMISSION

## Monthly Water Loss Report

Water Utility: Kentucky American Water

For the Month of: March Year: 2007

LINE #	ITEM	GALLONS (Omit 000's)
1	<b>WATER PRODUCED, PURCHASED &amp; DISTRIBUTED</b>	
2	Water Produced	1136254
3	Water Purchased	4565
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<b>1190819</b>
5		
6	<b>WATER SALES</b>	
7	Residential	466834
8	Commercial	299133
9	Industrial	55870
10	Bulk Loading Stations	5
11	Resale	24380
12	Other Sales	94968
13	<b>TOTAL WATER SALES</b>	<b>941190</b>
14		
15	<b>OTHER WATER USED</b>	
16	Utility and/or Water Treatment Plant	2020
17	Wastewater Plant	
18	System Flushing	1933
19	Fire Department	109
20	Other	10980
21	<b>TOTAL OTHER WATER USED</b>	<b>15042</b>
22		
23	<b>WATER LOSS</b>	
24	Tank Overflows	
25	Line Breaks	52910
26	Line Leaks	181677
27	Other	
28	<b>TOTAL LINE LOSS</b>	<b>234587</b>
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	<b>WATER LOSS PERCENTAGE</b>	
33	Unaccounted-For Water (Line 28 divided by Line 4)	<b>19.70%</b>

**Kentucky-American Water Company  
Statistical Information  
Calendar Month Reporting**

March 2007

**A. Number of customers served - Actual**

1	Residential	105,065
2	Commercial	8,585
3	Industrial	21
4	OPA	485
5	Sales for Resale	11
6	Fire	1,912
7	Miscellaneous	35
	Total	<u>116,114</u>

83500 American Water Works Company  
 6/15/07  
 11:14:56  
 Kentucky-American Water-Co 12  
 Total Company (USGAP)  
 Income Statement 12 Month Ended  
 For the Period Ending 04/30/2007

Description	13 Month Actual	13 Month Plan	Variance	12 Month Previous	Annual Forecast
1 OPERATING REVENUES					
2 Water	46,858,757	48,257,011	1,398,254	48,953,372	49,911,817
3 Sewer	327,885	329,664	1,779	1,946,962	277,659
4 Other	1,945,187	1,795,520	149,667	1,860,820	1,891,358
5 Management					
6 Total Revenues	49,131,829	50,382,195	1,250,366	51,009,154	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE					
8 Labor	5,447,032	5,179,263	67,769	4,775,478	5,836,735
9 Purchased Water	478,903	479,250	347	447,786	496,300
10 Fuel & Power	2,522,366	2,228,986	303,380	2,554,873	2,960,000
11 Chemicals	1,564,413	1,410,058	154,355	1,340,844	1,590,118
12 Waste Disposal	363,529	266,140	97,389	275,986	232,125
13 Management Fees	7,149,824	6,529,711	620,113	5,906,888	6,987,757
14 Group Insurance	1,732,456	1,776,710	44,254	1,594,061	1,653,852
15 Pensions	699,338	687,956	11,382	806,702	455,724
16 Regulatory Expense	370,057	358,972	11,085	373,964	789,831
17 Insurance Other than Group	593,172	594,800	1,628	543,749	182,864
18 Customer Accounting	1,511,696	1,231,813	279,883	1,283,861	1,392,500
19 Rents	32,147	402,670	19,523	56,772	479,085
20 General office Expense	3,135,873	2,748,691	386,022	2,540,635	3,044,851
21 Miscellaneous	2,737,226	1,620,395	617,331	2,381,883	2,740,291
25 Other Maintenance					
Total Maintenance & Operations Expense	28,256,898	25,739,655	2,517,243	26,885,045	29,082,334
27 Depreciation	6,860,735	7,166,842	306,107	5,988,112	6,874,214
28 Amortization	530,060	460,916	69,144	540,508	410,580
29 General Taxes	2,854,010	2,766,359	87,651	2,751,545	2,855,510
30 State Income Taxes	377,792	779,210	401,418	1,137,843	364,602
31 Federal Income Taxes	1,878,189	2,921,615	1,043,426	2,635,879	2,595,113
32 Tax Savings Acquisition Adjustment					
33 Total Operating Expenses	40,757,684	39,834,597	923,087	39,938,933	42,182,353
34 Utility Operating Income	8,374,145	10,547,598	2,173,453	11,070,221	9,898,481
35 OTHER INCOME & DEDUCTIONS					
36 Non-Operating Rental Income					
37 Dividend Income-Common					
38 Dividend Income-Preferred					
39 Interest Income	4,690	262,361	4,620	398,585	681,063
40 Equity	33,452	37,834	1,658	54,134	
41 Gain/Loss on Disposition					
42 Gain/Loss on Disposition					
43 Gain/Loss on Disposition					
44 Gain/Loss on Disposition					
45 Total Other Income	374,273	300,175	74,098	452,779	681,063
46 Miscellaneous Amortization	673	768	1,441	257	768
47 Tax Savings Acquisition Adjustment					
48 Misc. Other Deductions	293,751	301,287	7,536	347,152	277,323
49 General Taxes	17,402	25,116	7,714	20,873	22,877
50 State Income Taxes	86,340	97,774	11,434	104,367	89,055
51 Federal Income Taxes	189,336	179,165	10,171	221,655	166,159
52 Total Other Deductions	184,937	121,910	63,927	231,124	514,904
53 Total Other Income	8,559,082	10,668,608	2,109,526	11,301,345	10,413,305
54 Income Before Interest Charges					
55 INTEREST CHARGES					
56 Interest on Long-Term Debt	5,092,906	4,939,267	153,639	5,371,084	5,606,455
57 Amortization and Debt Expense	72,873	81,601	8,728	75,292	131,465
58 Anticirc-Short term Bank Debt	480,536	485,170	4,634	294,933	291,367
59 Other Interest Expense	145,229	119,147	26,082	167,617	309,296
60 Anticirc-Debt					
61 Total Interest Charges	5,585,554	5,367,091	218,463	5,879,723	5,789,991
62 Net Income	2,991,528	5,281,517	2,289,989	5,725,622	4,613,194
64 Preferred Dividend Declared	78,684	459,900	381,216	48,684	459,900
65 Net Income to Common Stock	2,912,844	4,821,617	1,906,773	5,774,306	4,153,294

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American Water Works Company  
Kentucky-American Water-Co 12  
Total Company (USGMAP)  
Analysis of Income Month & YTD  
For the Period Ending 04/30/2007

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-AI0704

Description	April Actual	April Plan	April Variance	April Prior Year	Yr to Date April Actual	Yr to Date April Plan	Yr to Date April Variance	Yr to Date April Prior Year	Annual Forecast
00012 Kentucky-American Water Co.									
P02 Water Revenues									
40110 Res Sales Billed	2,051,050CR	1,991,446CR	59,604CR	1,560,317CR	8,224,720CR	8,025,763CR	197,957CR	8,600,128CR	27,715,647CR
40112 Res Sales Unbilled	50,887		50,887	458,322CR	119,584		119,584	649,679	
404210 Com Sales Billed	945,236CR	880,771CR	64,465CR	764,026CR	3,626,107CR	3,466,039CR	160,068CR	3,782,014CR	12,345,169CR
404220 Com Sales Unbilled	32,266		32,266	147,938CR	140,354		140,354	287,414	
404310 Ind Sales Billed	140,663CR	119,283CR	21,400CR	117,221CR	459,500CR	450,643CR	8,857CR	472,140CR	1,552,979CR
404320 Ind Sales Unbilled	10,078CR		10,078CR	59,205CR	3,917		3,917	4,402	
404410 Pub Fire Billed	183,936CR	180,430CR	3,500CR	180,300CR	734,868CR	719,845CR	15,023CR	721,496CR	2,200,805CR
404420 Pub Fire Unbilled				12,483CR				12,483CR	
40450 Priv Fire Billed	94,387CR	84,765CR	9,622CR	88,492CR	378,350CR	336,554CR	41,796CR	342,212CR	1,041,746CR
40460 Priv Fire Unbilled	94		94	4,989CR	373		373	4,989CR	
404510 Pub Auth Billed	277,214CR	283,208CR	5,994	261,403CR	999,905CR	949,802CR	40,103CR	1,076,170CR	3,787,531CR
404520 Pub Auth Unbilled	42,358CR		42,358CR	126,946CR	93,954		93,954	112,024	
404610 SFR Billed	90,744CR	83,179CR	7,565CR	84,545CR	351,711CR	337,295CR	14,416CR	315,004CR	1,267,948CR
404620 Sales for Resale Unbilled	1,800CR		1,800CR	4,728CR	31,594		31,594	33,930CR	
404710 Misc Sales Billed				517CR	211CR		211CR	4,807CR	
Misc Sales Unbilled				3,871,432CR	14,375,596CR	14,286,941CR	88,655CR	14,311,863CR	49,911,817CR
P02 Water Revenues	3,754,233CR	3,623,202CR	130,951CR	3,871,432CR	14,375,596CR	14,286,941CR	88,655CR	14,311,863CR	49,911,817CR
P03 Sewer Revenues									
40210 Dom Wv Serv Billed	17,141CR	15,072CR	2,069CR	15,732CR	64,012CR	63,671CR	341CR	52,718CR	178,241CR
40220 Com Wv Serv Billed	9,347CR	6,276CR	3,071CR	11,770CR	37,017CR	25,534CR	11,483CR	30,299CR	82,394CR
40230 Ind Wv Serv Billed	2,781CR	1,272CR	1,509CR	1,180CR	10,261CR	5,331CR	4,930CR	2,737CR	17,024CR
402510 Pub Auth Wv Serv Billed								343CR	
Pub Auth Wv Svc Unbilled									
P03 Sewer Revenues	29,269CR	22,620CR	6,649CR	28,682CR	111,290CR	94,536CR	16,754CR	86,097CR	277,659CR
P04 Other Revenues									
403101 Oth Rev-Forfeited Discounts									
403102 Oth Rev-Rents Water Property									
403103 Oth Rev-Collect for Others									
403104 Oth Rev-RSF Check Charge									
403105 Oth Rev-App/Initiate Serv Fee									
403107 Oth Rev-Reconnection Charge									
403198 Oth Rev-Misc Service Rev									
403199 Oth Rev-Other Water Rev									
P04 Other Revenues	184,678CR	157,614CR	27,064CR	136,722CR	624,336CR	630,456CR	6,120	591,581CR	1,891,358CR
P06 Labor									
501200 Labor									
13 Labor Oper HT	60,013		60,013	60,236	283,626		283,626	376,378	
1305 Labor Oper HT Super/Eng	47,292		47,292	37,499	190,255		190,255	162,567	
14 Labor Oper TD	93,721		93,721	62,707	343,974		343,974	305,530	
1410 Labor Oper TD Storage				154	266		266	490	
1415 Labor Oper TD Lines	4,428		4,428	6,838	19,344		19,344	23,409	
1420 Labor Oper TD Meter	59,734		59,734	4,531	281,009		281,009	224,745	
15 Labor Oper CA	11,733		11,733	47,751	52,612		52,612	39,737	
1510 Labor Oper CA Mtr Read	35,478		35,478	46,321	176,791		176,791	197,790	
1515 Labor Oper CA Cust Rec				1,708	7,651		7,651		
1520 Labor Oper CA Cust Svc	8,774		8,774	9,854	33,381		33,381	35,683	







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American Water Works Company  
Kentucky-American Water CO 12  
Total Company (USGNAP)  
Analysis of Income Month & YTD  
For the Period Ending 04/30/2007

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Description	Yr to date Actual		Yr to date April Plan		Yr to date Actual		Yr to date April Plan		Yr to date Variance		Yr to date Prior Year		Annual Forecast
	Actual	Plan	Actual	Plan	Actual	Plan	Variance	Plan	Variance	Prior Year	Forecast		
16 Misc Charge - STEP W/O P13860	794	1,540	601	4,661	9,376	4,745CR	4,135	24,012					
575420 Formd AG		900	127	652	1,500	848CR	40,174	3,300					
57480 Heat Oil/Gas AG		2,384	2,285	7,146	14,700	7,554CR	11,940	25,500					
575600 Janitorial AG		2,894	6,202	15,173	13,600	1,573	16,276	40,800					
575620 Office & Admin Supplies AG		1,580	3,309	8,574	7,232	1,342	7,244	20,866					
575660 Postage AG	174	700	603	808CR	1,000	4,783CR	4,121	8,375					
575670 Relocation Expenses		1,000			1,000	1,000CR		1,000					
575740 Telephone AG	11,227	7,745	2,442	14,471	28,780	14,309CR	7,853	78,090					
575741 Cell Phone AG	6,531	2,347	9,425	16,997	10,568	6,429	19,152	29,344					
575780 Trash Removal AG		200	27CR		800	800CR	85CR	2,400					
575810 Wtr & Waste Wtr Exp AG	48	200	50	252	800	540CR	161	2,400					
575880 Misc Charges - P13860	962CR												
575881 Misc Charge - STEP W/O P13860													
16 Misc Charge - STEP W/O P13860	41,817	43,617	35,475	140,974	193,617	52,643CR	224,696	479,085					
P20 General Office Exp													
P21 Miscellaneous													
504500 Other Welf Oper AG	500CR		275CR	9,855	9,500	365	6,919	20,500					
16 Other Welf Oper AG													
504610 Employee Awards AG	924	300	251	5,003	4,800	203	5,247	16,650					
504620 Employee Physical Exam AG	35	1,000	347	2,518	4,200	1,682CR	2,712	12,500					
504640 Safety Incentive		400	120		600	600CR	120	8,700					
504660 Tuition Aid AG	2,516	3,000	2,931	11,023	12,000	977CR	6,672	36,000					
504670 Training AG		650	2,990	2,750	3,650	900CR	3,568	10,750					
507100 401k Oper AG	7,226	3,722	5,901	26,155	14,635	11,520	13,568CR	45,798					
508100 EIP Oper AG		500	10,071CR		2,000	2,000CR	13,839CR	6,000					
508101 DCP Oper AG	4,196	1,515	3,500	19,545	14,044	5,501	12,782	42,334					
508102 Retiree Med Rchld													
52100 M & S Oper P	385		833	2,372		2,372	833						
12 M & S Oper P	683	200	15	770	800	30CR	4,263CR	5,000					
13 M & S Oper WT	1,898	2,375	2,407	7,349	9,500	2,151CR	8,275	29,300					
14 M & S Oper TD	11,802	7,150	12,731	46,744	28,600	18,144	45,713	104,200					
531000 Contract Svc-Engineering													
532000 Contract Svc-Accounting	4,647	5,000	18,080	18,080	24,000	5,120CR	14,945	72,000					
533000 Contract Svc-Legal	18,191	6,250	4,408	47,618	25,000	22,618	15,547	75,000					
535000 Contract Svc-Other	10,844	16,000	10,816	52,144	67,500	15,356CR	161	227,340					
11 Contr Svc-Other Oper SS	3,269	13,500	3,377	5,829	25,500	19,671CR	22,402	70,220					
13 Contr Svc-Other Oper TD	13,442	9,800	3,642	24,848	39,200	34,848	77,799	117,600					
15 Contr Svc-Other Oper CA	11,608	18,636	11,836	49,662	63,640	13,978CR	84,296	200,360					
535001 Contr Svc-Temp Empl Oper TD	1,326	4,500	2,453	14,357	18,000	3,643CR	32,619	54,000					
14 Contr Svc-Temp Empl Oper TD			312		850	850CR	313	2,355					
15 Contr Svc-Temp Empl Oper CA													
536000 Contr Svc-Lab Testing Oper WT	443	1,450	1,424	6,353	9,650	3,297CR	2,113	29,550					
12 Trans Oper P			225	57		57	317CR	7,200					
14 Trans Oper TD	432	600	919	3,250	2,400	890	37	348,000					
15 Trans Oper CA	5,862CR	28,000	1,261CR	21,259CR	124,000	145,259CR	19,891CR	180,900					
550001 Trans Oper AG Lease Cost	557	24,700	14,791	6,962	67,300	60,338CR	35,167	180,900					
550002 Trans Oper AG Lease Fuel	22,179	15,500	17,908	84,002	62,000	22,002	73,237	186,000					







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American Water Works Company  
Kentucky-American Water Co L2  
Total Company (US\$3AE)  
Analysis of Income Month & YTD  
For the Period Ending 04/30/2007

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Description	April Actual	April Plan	April Variance	Yr to Date Actual		Yr to Date Plan		Yr to Date Variance	Yr to Date Prior Year	Annual Forecast
				Actual	Prior Year	Plan	Prior Year			
780100 SIT-Other Inc & Ded Curr		1,665CR	1,665	13,645	13,645	13,089CR	13,089	8,333CR		22,877CR
SIT-Other Inc & Ded Curr			6,671	2,691	2,691		2,691			
780113 SIT-BTL Interim Curr	6,671	1,665CR	8,336	13,645	13,645	13,089CR	15,780	8,333CR		22,877CR
P50 State Income Taxes										
P51 Federal Income Taxes		6,482CR	6,482	51,570	51,570	50,953CR	50,953	41,667CR		89,055CR
FIT-Other Inc & Ded-Curr	35,001	35,001	35,001	14,119	14,119		14,119			
FIT-OTH Inc & Ded-Curr										
FIT-BTL Interim Curr	35,001	6,482CR	41,483	51,570	51,570	50,953CR	65,072	41,667CR		89,055CR
P56 Interest on LTD										
810100 Int LTD-Outside Reg	137,713	137,713	137,713	550,850	550,850	550,850	550,850	550,850		5,686,455
Int LTD-Outside Reg										
810400 Int LTD-Inside AW46	239,407	471,728	232,321CR	257,154	257,154	1,780,331	1,780,331	1,028,617		5,686,455
Int LTD-Inside AW46										
860040 Div Dec PS-Out w/ mand	31,763		31,763	127,050	127,050	127,050	127,050	127,050		
Div Dec PS-Out w/ mand										
P56 Interest on LTD	408,883	471,728	62,845CR	426,630	426,630	1,780,331	1,780,331	1,706,517		5,686,455
P57 Amort Debt Exp										
755201 Amort PS Exp w/ mandatory	64	64	64	257	257	257	257	257		
Amort PS Exp w/ mandatory										
820100 Amort Debt Disc & Exp	669	12,217	11,548CR	669	669	33,729	33,729	2,674		131,465
Amort Debt Disc & Exp										
820110 Amort Debt Exp Inside	5,340		5,340	21,360	21,360	21,360	21,360	21,360		
Amort DEXP Inside AW46										
P57 Amort Debt Exp	6,073	12,217	6,144CR	6,073	6,073	33,729	33,729	9,438CR		131,465
P58 Interest on Bank Debt										
830100 Interest STD Inside	86,160	27,709	58,451	33,009	33,009	212,343	212,343	159,908		291,367
Interest STD Inside										
P58 Interest on Bank Debt	86,160	27,709	58,451	33,009	33,009	212,343	212,343	159,908		291,367
P59 Other Interest Exp										
840000 Other Interest Expense										
Other Interest Expense										
P59 Other Interest Exp										
P60 AFUDC Debt										
850000 AFUDC Debt										
AFUDC Debt										
P60 AFUDC Debt	26,942CR	22,991CR	3,951CR	11,122CR	11,122CR	68,384CR	68,384CR	56,679CR		309,296CR
P64 Preferred Dividends										
860100 Div Dec Pref Stk-Outside	6,560	38,325	31,765CR	6,562	6,562	153,300	153,300	127,067CR		459,900
Div Dec Pref Stk-Outside										
P64 Preferred Dividends	6,560	38,325	31,765CR	6,562	6,562	153,300	153,300	127,067CR		459,900
P69 Common Dividends										
860200 Div Decl Com Stk In										
Div Decl Com Stk In-AW02										
P69 Common Dividends										
00012 Kentucky-American Water Co.	286,390CR	24,805CR	261,584CR	517,078CR	517,078CR	110,065CR	110,065CR	497,972	1,197,137CR	4,153,494CR

# PUBLIC SERVICE COMMISSION

## Monthly Water Loss Report

Water Utility: Kentucky American Water

For the Month of: April Year: 2007

LINE #	ITEM	GALLONS (Omit 000's)
1	<b>WATER PRODUCED, PURCHASED &amp; DISTRIBUTED</b>	
2	Water Produced	1148073
3	Water Purchased	28511
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<b>1150924</b>
5		
6	<b>WATER SALES</b>	
7	Residential	467174
8	Commercial	326225
9	Industrial	71015
10	Bulk Loading Stations	
11	Resale	28998
12	Other Sales	109779
13	<b>TOTAL WATER SALES</b>	<b>1004188</b>
14		
15	<b>OTHER WATER USED</b>	
16	Utility and/or Water Treatment Plant	1477
17	Wastewater Plant	
18	System Flushing	17374
19	Fire Department	150
20	Other	837
21	<b>TOTAL OTHER WATER USED</b>	<b>19835</b>
22		
23	<b>WATER LOSS</b>	
24	Tank Overflows	
25	Line Breaks	8216
26	Line Leaks	18685
27	Other	
28	<b>TOTAL LINE LOSS</b>	<b>126901</b>
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	<b>WATER LOSS PERCENTAGE</b>	
33	Unaccounted-For Water (Line 28 divided by Line 4)	<b>11.03%</b>



**Kentucky-American Water Company  
Statistical Information  
Calendar Month Reporting**

April 2007

**A. Number of customers served - Actual**

1	Residential	105,303
2	Commercial	8,626
3	Industrial	21
4	OPA	485
5	Sales for Resale	13
6	Fire	1,941
7	Miscellaneous	33
	Total	<u>116,422</u>