

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
ATTORNEY GENERAL'S REQUEST FOR INFORMATION
Item 138 of 312

Witness: Michael A. Miller

138. Provide a copy of any and all revenue ruling requests, IRS responses, and correspondence between the Company and the IRS during the ten years ending December 31, 2006.

Response:

The Company does not have the information available at this time to respond to this question, but will provide a response as soon as possible.

For electronic version, refer to KAW_R_AGDR1#138_061807.pdf

Supplemental Response:

The Company has not requested any revenue rulings since 2004. After a reasonable search of the files, see the attached documents.

For electronic version, refer to KAW_R_AGDR1#138_Supplemental_062507.pdf

Internal Revenue Service

Department of the Treasury

Internal Revenue Service
LMSB:RFPH:1578 2nd Floor
100 Dey Place
Edison, NJ 08817

Date: 12/20/2006

THAMES WATER AQUA US HOLDINGS INC.
1025 LAUREL OAK ROAD
VOORHEES, NJ 08043

ATTN: WILLIAM SCHIAVI

Taxpayer Identification Number:
57-1143168

Tax Year:
12/31/2003 & 12/31/2004

Form Number:
1120

Person to Contact:
Sandra K. Coleman

Employee Identification Number:
22-01929

Contact Telephone Number:
732-777-7162

Fax Number:
732-777-7229

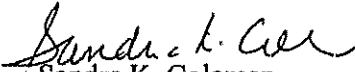
Dear Mr. Schiavi,

I have completed the examination of your tax return for the year(s) shown above. I am pleased to inform you I'm proposing no change to your tax return. As indicated in the enclosed Form 4549, *Examination No Change Report*, my findings are subject to the Area Director's approval. You will receive a final no change letter when we finish processing your file.

If you have any questions, please call me at the telephone number shown above within 10 days from the date of this letter. If you write, please include your telephone number and the most convenient time for me to call.

Thank you for your cooperation.

Sincerely,


Sandra K. Coleman
Examining Officer

Enclosures:
Form 4549

Form 4549-A (Rev. 9-2001)	Department of the Treasury - Internal Revenue Service Income Tax Examination Changes	Page 1 of _____
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Name and Address of Taxpayer THAMES WATER AQUA US HOLDINGS, INC & AFF 1025 LAUREL OAK ROAD VOORHEES, NJ 08043-	Taxpayer Identification Number 57-1143168	Return Form No. 1120
	Person with whom examination changes were discussed	Name and Title WILLIAM SCHIAVI TAX DIRECTOR

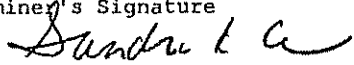
	Year: 12/2003	Year: 12/2004	Year:
1. Adjustments to Income			
a. Per RAR - Form 4549-B's	0	0	
2. Total Adjustments	0	0	
3. Taxable Income Per Return or as Previously Adjusted	-157,992,395	-80,333,795	
4. Corrected Taxable Income	-157,992,395	-80,333,795	
Tax Method			
Filing Status			
5. Tax	0	0	
6. Alternative Taxes, If Applicable			
7. Alternative Minimum Tax (Starting 2000)	0	0	
8. Corrected Tax Liability	0	0	
9. Less Credits:			
a. Foreign Tax Credit	0	0	
b. Other Subpart B Credits	0	0	
c. General Business Credit	0	0	
d. Minimum Tax Credit/Academy Bond	0	0	
10. Balance (Line 8 less total of 9a-9d)	0	0	
11. Plus Other Taxes:			
a. Miscellaneous Tax/Recapture	0	0	
b. Alternative Minimum Tax (Before 2000)	N/A	N/A	
c. Environmental Tax	N/A	N/A	
d. Other Taxes	N/A	N/A	
12. Total Corrected Income Tax Liability (Line 10 plus Lines 11a-11d)	0	0	
13. Total Tax Shown on Return or as Previously Adjusted	0	0	
14. Adjustments to:			
a.	0	0	
b.	0	0	
c.	0	0	
d.	0	0	
15. Deficiency - Increase in Tax or (Overassessment - Decrease in Tax) (Line 12 less Lines 13 & 14a-14d)	0	0	
16. Adjustment to Prepayment Credits - incr (decr)	0	0	
17. Balance Due or (Overpayment) (Line 15 less Line 16) Excluding interest and penalties	0	0	

Form 4549-A (Rev. 9-2001)	Department of the Treasury - Internal Revenue Service Income Tax Examination Changes	Page 2 of _____
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Name of Taxpayer THAMES WATER AQUA US HOLDINGS, INC & AFF	Taxpayer Identification Number 57-1143168	Return Form No. 1120
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18. Penalties Code Section	Year: 12/2003	Year: 12/2004	Year:
a.	0	0	
b.	0	0	
c.	0	0	
d.	0	0	
e.	0	0	
f.	0	0	
g.	0	0	
h.	0	0	
i.	0	0	
j.	0	0	
k.	0	0	
l.	0	0	
m.	0	0	
19. Total Penalties	0	0	
Underpayment attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on underpayment will accrue until paid or assessed.	0	0	
Underpayment attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on underpayment will accrue until paid or assessed.	0	0	
Underpayment attributable to Tax Motivated Transactions (TMT). The interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC Sec. 6621(c)	0	0	
20. Summary of Taxes Penalties and Interest:			
a. Balance Due/(Overpayment) (Line 17)	0	0	
b. Penalties (Line 19) computed to	0	0	
c. Interest (IRC 6601) computed to	0	0	
d. TMT Interest computed to _____ on TMT Underpayment	0	0	
e. Amount due (refund) - (sum of Lines a-d)	0	0	

Other Information:

Examiner's Signature 	22-01929 Employee ID	LMSB; RFPH; 1578; EDISON, Office	11/30/200 Date
Name: SANDRA K COLEMAN			

The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is shared with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms. You may be subject to backup withholding if you don't report all of the interest, dividend, or patronage dividend income you earned and if you don't pay the required tax. Once the tax has been assessed, you will be issued four notices over a 120-day period. If you don't pay the assessed tax, the IRS may require the payers to withhold a percentage of your dividend and/or interest payments.