

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
ATTORNEY GENERAL'S REQUEST FOR INFORMATION
Item 171 of 312

Witness: Michael A. Miller

171. Please provide a comparison of the annual cost of removal and gross salvage amounts shown on KAWC's federal tax returns with the corresponding book amounts, for the last 5 years. Provide the annual deferred tax expense associated with each of the differences. Also, provide the beginning and ending accumulated deferred tax balances and state whether they are rate base additions or rate base deductions.

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#171_061807.pdf

Supplemental Response:

	<u>Per Tax Return</u>	<u>Book</u>
2006	Tax Return not complete	174
2005	116	774
2004	446	336
2003	663	330
2002	760	400

Note: For tax purposes the permitted deductions represent cost of removal on ADR property and abandonment losses for other tax vintage property permitted under the IRS code which are not "apples to apples" comparisons with the book amounts for salvage net of retirement costs.

Please see the supplemental response to AGDR1#114e for deferred income tax effect for 2004-2006.

Please see the supplemental responses to AGDR1#129 and AGDR1#130 for the accumulated deferred tax balances and rate base treatment.

For electronic version, refer to KAW_R_AGDR1#171_Supplemental_062507.pdf