

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-2 (ELK LAKE)

SCHEDULE D-2.1E  
Page 2 of 3  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
<u>Billed Revenues Adjustment D-1</u>			
2	RESIDENTIAL		
3	Forecasted Amount	WIP-2	\$0
4	Base Period Amount		0
5	Pro Forma Adjustment		\$0
6			
7	COMMERCIAL		
8	Forecasted Amount	WIP-2	\$0
9	Base Period Amount		0
10	Pro Forma Adjustment		\$0
11			
12	INDUSTRIAL		
13	Forecasted Amount	WIP-2	\$0
14	Base Period Amount		0
15	Pro Forma Adjustment		\$0
16			
17	OTHER PUBLIC AUTHORITY		
18	Forecasted Amount	WIP-2	\$0
19	Base Period Amount		0
20	Pro Forma Adjustment		\$0
21			
22	SALES FOR RESALE (OWU)		
23	Forecasted Amount	WIP-2	\$0
24	Base Period Amount		0
25	Pro Forma Adjustment		\$0
26			
27	PUBLIC FIRE SERVICE		
28	Forecasted Amount	WIP-2	\$0
29	Base Period Amount		0
30	Pro Forma Adjustment		\$0
31			
32	PRIVATE FIRE SERVICE		
33	Forecasted Amount	WIP-2	\$0
34	Base Period Amount		0
35	Pro Forma Adjustment		\$0
36			
37	MISCELLANEOUS		
38	Forecasted Amount	WIP-2	\$0
39	Base Period Amount		0
40	Pro Forma Adjustment		\$0
41			
42	Total Unbilled Water Revenue Adjustment		\$0
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WORKPAPER REFERENCE NO(S): W/P-2 (ELK LAKE)

SCHEDULE D-2.1E  
Page 3 of 3  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Billed Revenues, Adjustment D-1	Workpaper Reference	Amount
2		RESIDENTIAL		
3	Forecasted Amount		W/P-2	\$0
4	Base Period Amount			0
5	Pro Forma Adjustment			\$0
6		COMMERCIAL		
7	Forecasted Amount		W/P-2	\$0
8	Base Period Amount			0
9	Pro Forma Adjustment			\$0
10		INDUSTRIAL		
11	Forecasted Amount		W/P-2	\$0
12	Base Period Amount			0
13	Pro Forma Adjustment			\$0
14		RESIDENTIAL		
15	Forecasted Amount		W/P-2	\$0
16	Base Period Amount			0
17	Pro Forma Adjustment			\$0
18		COMMERCIAL		
19	Forecasted Amount		W/P-2	\$0
20	Base Period Amount			0
21	Pro Forma Adjustment			\$0
22		INDUSTRIAL		
23	Forecasted Amount		W/P-2	\$0
24	Base Period Amount			0
25	Pro Forma Adjustment			\$0
26		RESIDENTIAL		
27	Forecasted Amount		W/P-2	\$0
28	Base Period Amount			0
29	Pro Forma Adjustment			\$0
30		COMMERCIAL		
31	Forecasted Amount		W/P-2	\$0
32	Base Period Amount			0
33	Pro Forma Adjustment			\$0
34		INDUSTRIAL		
35	Forecasted Amount		W/P-2	\$0
36	Base Period Amount			0
37	Pro Forma Adjustment			\$0
38		RESIDENTIAL		
39	Forecasted Amount		W/P-2	\$0
40	Base Period Amount			0
41	Pro Forma Adjustment			\$0
42		COMMERCIAL		
43	Forecasted Amount		W/P-2	\$0
44	Base Period Amount			0
45	Pro Forma Adjustment			\$0
46		INDUSTRIAL		
47	Forecasted Amount		W/P-2	\$0
48	Base Period Amount			0
49	Pro Forma Adjustment			\$0
50				
	Total Sewer Revenue Adjustment			0
	Total Revenue Adjustment			\$11,882

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WORKPAPER REFERENCE NO(S): W/P-2 (ELK LAKE)

SCHEDULE D-2.2E  
Page 1 of 1  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1	Other Revenues, Adjustment D:2		
2	RECONNECTION FEES		
3	Forecasted Amount	W/P-2	\$0
4	Base Period Amount		0
5	Pro Forma Adjustment		\$0
6			
7	OTHER MISC SERV REVENUES		
8	Forecasted Amount	W/P-2	\$0
9	Base Period Amount		0
10	Pro Forma Adjustment		\$0
11			
12	OTHER REVENUES		
13	Forecasted Amount	W/P-2	\$0
14	Base Period Amount		0
15	Pro Forma Adjustment		\$0
16			
17	Total Other Revenue Adjustment		\$0
18			
19			
20			
21	AFUDC Adjustment D:3		
22	AFUDC ABOVE THE LINE		
23	Forecasted Amount	W/P-2	\$0
24	Base Period Amount		0
25	Pro Forma Adjustment		\$0
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The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: X BASE PERIOD X FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL    UPDATED    REVISED  
WORKPAPER REFERENCE NO(S): W/P-3 (ELK LAKE)

SCHEDULE D-2.3E  
Page 1 of 2  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1			
2	Labor expense is being adjusted to reflect an increase due to union wage contracts and an increase of 3% for non-union employees to become effective April 1, 2007 and 2008.	Labor Adjustment D-4 W/P-3-1	\$45,737 41,640 \$4,097
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12	Chemical expense is being adjusted to reflect the level of forecasted sales. Also reflected is the adjustment for contracted chemical prices made to the forecast.	Fuel & Power Adjustment D-5 W/P-3-2	\$0 0 \$0
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22	Management Fees expense reflects the forecasted charges from the Service Company for services rendered during the forecasted period including costs from the Southeast Region Service Company office, Shared Services Center, and the Customer Call Center.	Chemicals Adjustment D-6 W/P-3-3	\$0 0 \$0
23			
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26			
27	Group Insurance reflects the premium to be paid for insurance coverage for employees plus costs associated with FAS 106.	Waste Disposal Adjustment D-7 W/P-3-4	\$0 0 \$0
28			
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31			
32	Pension Expense reflects the forecasted level based on FAS 87 pension costs.	Management Fees Adjustment D-8 W/P-3-5	\$15,539 0 \$15,539
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36			
37	Regulatory Expense reflects a three year amortization of the cost of the current filing, as well as a five year amortization of the cost of service study.	Group Insurance Adjustment D-9 W/P-3-6	\$13,328 (62) \$13,930
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45	insurance Other than Group expense reflects the Company's forecasted cost for liability insurance, worker's compensation and property insurance based upon the most recent actual bills.	Pensions Adjustment D-10 W/P-3-7	\$3,589 (251) \$3,840
46			
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48			
49	The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted test period.	Regulatory Expense Adjustment D-11 W/P-3-8	\$732 0 \$732
50			
		Insurance Other than Group Adjustment D-12 W/P-3-9	\$664 (39) \$702

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DETAILED ADJUSTMENTS  
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DATA:  X  BASE PERIOD  X  FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORKPAPER REFERENCE NO(S): WIP-3 (ELK LAKE)

SCHEDULE D-2.3E  
Page 2 of 2  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1			
2	Customer Accounting expense reflects the cost of customer billing, meter reading and other expenses related to this function, as well as allocations made from Central Division to Tri Village, Elk Lake, and Owenton.	<u>Customer Accounting, Adjustment D-13</u> WIP-3-10	\$3,432
3		Forecasted Amount	1,159
4		Base Period Amount	\$2,273
5		Pro Forma Adjustment	
6			\$0
7			0
8			\$0
9			
10			
11		<u>Rents, Adjustment D-14</u> WIP-3-11	
12		Forecasted Amount	\$0
13		Base Period Amount	0
14		Pro Forma Adjustment	
15			\$0
16			
17		<u>General Office Expense, Adjustment D-15</u> WIP-3-12	\$235
18	General Office expense reflects all expenses related to the Company's office including telephone, employee expenses, supplies, as well as allocations from Central Division to Tri Village, Elk Lake, and Owenton.	Forecasted Amount	1,516
19		Base Period Amount	
20		Pro Forma Adjustment	(\$1,281)
21			
22		<u>Miscellaneous Expenses, Adjustment D-16</u> WIP-3-13	\$5,874
23	Miscellaneous expenses reflect all remaining expenses that are not specifically assigned to the above discussed adjustments. Refer to workpapers for detailed listing. This also includes allocations from Central Division to Tri Village, Elk Lake, and Owenton.	Forecasted Amount	14,727
24		Base Period Amount	
25		Pro Forma Adjustment	(\$8,853)
26			
27		<u>Maintenance Expense, Adjustment D-17</u> WIP-3-14	\$733
28	Maintenance expenses reflect the costs of maintaining the property and assets of the Company. These expenses include amortizations of prior and forecasted deferred maintenance projects. It also includes normal maintenance of pumping equipment, mains, meters, as well as allocations from Central Division to Tri Village, Elk Lake, and Owenton.	Forecasted Amount	2,543
29		Base Period Amount	
30		Pro Forma Adjustment	(\$1,810)
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43		<u>Purchased Water Expense, Adjustment D-21</u> WIP-3-15	\$19,203
44	Purchased Water represents water purchased from the Winchester Municipal System, Georgetown Municipal System, and Owen Water & Sewer.	Forecasted Amount	26,734
45		Base Period Amount	
46		Pro Forma Adjustment	(\$7,531)
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The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted last period.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: X BASE PERIOD X FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL      UPDATED      REVISED  
WORKPAPER REFERENCE NO(S): W/P-4 & W/P-5 (ELK LAKE)

SCHEDULE D-2.4E  
Page 1 of 1  
Witness Responsible: M.A. Miller, S. A. Miller

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1			
2	Depreciation expense reflects an increase due to an increased level of Utility Plant in Service.		
3			\$7,442
4			0
5			\$7,442
6			
7			\$0
8			0
9			\$0
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11			
12	General Taxes represent Property Taxes, Payroll Taxes, PSC Fees and other miscellaneous taxes that are calculated		
13	to be expenses for the forecasted test period. This also includes the allocation of property tax from Central Division		
14	to Tri Village, Elk Lake, and Owenton.		
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32	The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted test period.		
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KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 SUMMARY OF JURISDICTIONAL FACTORS  
 FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
 TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
 WORKPAPER REFERENCE NO(S): (ELK LAKE)

SCHEDULE D-3E  
 Page 1 of 1  
 Witness Responsible: S.A. Miller

Line No.	Acct	Account Title	Jurisdictional Factor	Description of Factor and/or method of Allocation
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
JURISDICTIONAL STATISTICS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: X\_ BASE PERIOD X\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S):: (ELK LAKE)

SCHEDULE D-4E  
Page 1 of 1

Line No.	Description	Statistic Total Company	Adjustment	Adjusted Total Company	Statistic for Jurisdiction	Jurisdictional Ratio
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.



KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 EXPLANATION OF CHANGE IN JURISDICTIONAL PROCEDURES  
 FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

SCHEDULE D-5E  
 Page 1 of 1

DATA: X\_ BASE PERIOD X\_ FORECASTED PERIOD  
 TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
 WORKPAPER REFERENCE NO(S): (ELK LAKE)

Line No.	Account No.	Description	Procedure Approved in Prior Case	Rational for Change
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: X\_ BASE PERIOD X\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL X\_ UPDATED X\_ REVISED  
WORKPAPER REFERENCE NO(S): SCH D-2.1(D-2.2 (OWENTON))

SCHEDULE D-10  
Page 1 of 19  
Witness Responsible: M.A. Miller/ S. A. Miller

Line No.	Account Number	Description	Base Period	Adj. D-1 Sch D-2.1	Adj. D-2 Sch D-2.2	Adj. D-3 Sch D-2.2	Total Adjustments
<b>Water Revenues</b>							
1		Residential - Billed	\$330,581	\$76,402	\$0	\$0	\$76,402
2	461100	Residential - Unbilled	0	0	0	0	0
3	461110	Commercial - Billed	63,106	135,462	0	0	135,462
4	461200	Commercial - Unbilled	0	0	0	0	0
5	461210	Industrial - Billed	0	0	0	0	0
6	461300	Industrial - Unbilled	0	0	0	0	0
7	461310	Miscellaneous - Billed	10,012	(10,012)	0	0	(10,012)
8	461400	Miscellaneous - Unbilled	0	0	0	0	0
9	461410	Miscellaneous - Water Sales Billed Unmatere	0	0	0	0	0
10	462000	Private Fire - Billed	0	0	0	0	0
11	462100	Private Fire - Unbilled	0	0	0	0	0
12	463000	Public Fire - Billed	0	0	0	0	0
13	463100	Public Fire - Unbilled	0	0	0	0	0
14	464200	OPA - Billed	0	0	0	0	0
15	464210	OPA - Unbilled	0	0	0	0	0
16	466000	Sales for Resale - Billed	123,861	(123,861)	0	0	(123,861)
17	466100	Sales for Resale - Unbilled	0	0	0	0	0
18		Total Water Revenues	527,560	77,991	0	0	77,991
<b>Sewer Revenues</b>							
19		Residential - Billed	165,063	(165,063)	0	0	(165,063)
20	461000	Residential - Unbilled	0	0	0	0	0
21	461010	Commercial - Billed	85,622	(85,622)	0	0	(85,622)
22	461020	Commercial - Unbilled	0	0	0	0	0
23	461030	Industrial - Billed	18,863	(18,863)	0	0	(18,863)
24	462100	Industrial - Unbilled	0	0	0	0	0
25	462110	Total Sewer Revenues	269,548	(269,548)	0	0	(269,548)
<b>OTHER OPERATING REVENUES</b>							
26		Reconnection Charges	0	0	0	0	0
27	471100	Other Miscellaneous Service Revenues	536	(536)	0	0	(536)
28	471200	Rents from Water Property	0	0	0	0	0
29	472000	Billing & Collection Services	0	0	0	0	0
30	474100	Other Water Revenues	0	0	0	0	0
31	474300	AFUDC	0	0	0	0	0
32		TOTAL OTHER OPERATING REVENUES	536	(536)	0	0	(536)
33		TOTAL OPERATING REVENUES	\$797,644	(\$191,557)	(\$536)	\$0	(\$192,093)

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SCHEDULE D-10  
Page 2 of 19  
Witness Responsible: M.A. Miller/ S. A. Miller

Line No.	Account Number	Description	Base Period	Adj. D-1 Sch D-2.1	Adj. D-2 Sch D-2.2	Adj. D-3 Sch D-2.2	Total Adjustments
1							
2							
3		Revenues from Water/Wastewater					
4		Residential	\$495,644	(\$88,661)	\$0	\$0	\$0
5		Commercial	148,728	49,840	0	0	49,840
6		Industrial	18,863	(18,863)	0	0	(18,863)
7		Other Public Authority (OPA)	0	0	0	0	0
8		Sales for Resale (OWU)	123,861	(123,861)	0	0	(123,861)
9		Miscellaneous	10,012	(10,012)	0	0	(10,012)
10		Private Fire Service	0	0	0	0	0
11		Public Fire Service	0	0	0	0	0
12							
13		Total Water/Wastewater Revenues	797,108	(191,557)	0	0	(191,557)
14		Other Operating Revenues	536	0	(536)	0	(536)
15							
16		Total Operating Revenues	\$797,644	(\$191,557)	(\$536)	\$0	(\$192,093)
17							
18		TAX RATE					
19		State Income Tax Impact	6.00%	(\$11,493)	\$0	\$0	(\$11,526)
20		Federal Income Tax Impact	35.00%	(\$63,022)	(\$176)	\$0	(\$63,198)
21		Net Operating Income Impact		(\$117,042)	(\$326)	\$0	(\$117,369)
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KENTUCKY-AMERICAN WATER COMPANY  
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FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

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WORKPAPER REFERENCE NO(S): SCH D-2.3 (OWENTON)

SCHEDULE D-10  
Page 9 of 19  
Witness Responsible: M.A. Miller, S. A. Miller

Line No.	Account Number	Description	Basis Period	Adj D-4 Sch D-2.3	Adj D-5 Sch D-2.3	Adj D-6 Sch D-2.3	Adj D-7 Sch D-2.3	Adj D-8 Sch D-2.3	Adj D-9 Sch D-2.3	Adj D-10 Sch D-2.3	Adj D-11 Sch D-2.3	Adj D-12 Sch D-2.3	Total Adjustments
<b>ADMINISTRATIVE &amp; GENERAL EXP(A&amp;G) - CONT</b>													
<b>REGULATORY COMMISSION EXPENSES</b>													
2	928100	Amort Expense of Rate Proceedings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,707	\$0	\$2,707
3	928110	Amort Serv Study Exp Cost	0	0	0	0	0	0	0	0	0	0	0
4	928200	Tax Savings	0	0	0	0	0	0	0	0	0	0	0
5	928300	Amort of Other Regulatory Expenses	0	0	0	0	0	0	0	0	0	0	0
6	928400	Other Regulatory Expenses - Current	0	0	0	0	0	0	0	0	0	0	0
7	930200	Amort Misc Charges	0	0	0	0	0	0	0	0	0	0	0
8	930210	Misc General Expenses Current	(5,294)	0	0	0	0	0	0	0	0	0	0
9	930220	Amort Orig Cost Study	0	0	0	0	0	0	0	0	0	0	0
10	930230	Amort Misc General Expenses	0	0	0	0	0	0	0	0	0	0	0
11	930240	Misc Gen Exp - Community Relations	0	0	0	0	0	0	0	0	0	0	0
12	930250	Amort Plant Expansion Study	0	0	0	0	0	0	0	0	0	0	0
13	930260	Meats & Travel Expenses - Taxable	39	0	0	0	0	0	0	0	0	0	0
14	930270	Donations	0	0	0	0	0	0	0	0	0	0	0
15	930280	Data Processing Communication Exp	0	0	0	0	0	0	0	0	0	0	0
16	930300	Research & Development Expenses	0	0	0	0	0	0	0	0	0	0	0
17	930390	Research & Development Exp - Ser Co	0	0	0	0	0	0	0	0	0	0	0
18	930500	Non-deductible Penalties	0	0	0	0	0	0	0	0	0	0	0
19	930510	Lobbying Expenses	0	0	0	0	0	0	0	0	0	0	0
20	930600	Transportation Expenses	384	0	0	0	0	0	0	0	0	0	0
21	930610	Transportation Cap (A&B)	0	0	0	0	0	0	0	0	0	0	0
22	930620	Transportation Cap (C&R)	0	0	0	0	0	0	0	0	0	0	0
23	930630	Transportation Cap (H)	0	0	0	0	0	0	0	0	0	0	0
24	930680	Misc Gen Exp - Company Dues	0	0	0	0	0	0	0	0	0	0	0
25	930690	Misc General Exp-Taxable Co Dues	0	0	0	0	0	0	0	0	0	0	0
26	931000	Rents	0	0	0	0	0	0	0	0	0	0	0
27	932100	Maint A&G Struc & Improv-Material Ord	0	0	0	0	0	0	0	0	0	0	0
28	932110	Maint A&G Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0	0	0
29	932120	Amort A&G Struc & Improv	0	0	0	0	0	0	0	0	0	0	0
30	932200	Maint A&G Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
31	932210	Maint A&G Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
32	932300	Maint A&G Office Furniture-Material Ord	0	0	0	0	0	0	0	0	0	0	0
33	932310	Maint A&G Office Furniture-Material Prg	0	0	0	0	0	0	0	0	0	0	0
34	932400	Maint A&G Office Furniture-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
35	932410	Maint A&G Office Furniture-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
36	932500	Maint A&G Communication Equip-Material	0	0	0	0	0	0	0	0	0	0	0
37	932600	Maint A&G Com Equip-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
38	932610	Maint A&G Com Equip-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
39	932700	Maint A&G Misc Property-Material Ord	0	0	0	0	0	0	0	0	0	0	0
40	932710	Maint A&G Misc Property-Material Prg	0	0	0	0	0	0	0	0	0	0	0
41	932800	Maint A&G Misc Property-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
42	932810	Maint A&G Misc Property-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
43	932810	Maint A&G Misc Property-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
44	932810	Total A & G Expenses	80,057	10,928	0	0	0	57,441	63,569	17,064	2,707	9,328	161,037
45		Total O & M Expenses	\$475,951	\$2,593	\$41,935	\$28,212	\$0	\$57,441	\$63,569	\$17,064	\$2,707	\$9,328	\$222,849

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): SCH D-2.3 (OWENTON)

SCHEDULE D-10  
Page 10 of 19  
Witness Responsible: M.A. Miller/ S. A. Miller

Line No.	Line Number	Description	Base Period	Adj D-4 Sch D-2.3	Adj D-5 Sch D-2.3	Adj D-6 Sch D-2.3	Adj D-7 Sch D-2.3	Adj D-8 Sch D-2.3	Adj D-9 Sch D-2.3	Adj D-10 Sch D-2.3	Adj D-11 Sch D-2.3	Adj D-12 Sch D-2.3	Total Adjustments
2	08	Operation Labor Expenses	\$220,555	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,593
3	24	Maintenance Labor Expenses	0	0	0	0	0	0	0	0	0	0	0
5		Total Labor	\$220,555	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,593
7		Total Operation Expenses	\$403,424	\$41,935	\$28,212	\$0	\$57,441	\$63,569	\$17,064	\$2,707	\$9,328	\$0	\$254,311
8		Total Maintenance Expenses	72,527	(31,462)	0	0	0	0	0	0	0	0	(31,462)
11		Total O & M Expenses	\$475,951	\$41,935	\$28,212	\$0	\$57,441	\$63,569	\$17,064	\$2,707	\$9,328	\$0	\$222,849
17	08	Labor	\$220,555	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,593
18	09	Purchased Water	0	0	0	0	0	0	0	0	0	0	0
19	10	Fuel and Power	45,065	41,935	0	0	0	0	0	0	0	0	41,935
20	11	Chemicals	65,653	0	28,212	0	0	0	0	0	0	0	28,212
21	12	Waste Disposal	0	0	0	0	0	0	0	0	0	0	0
22	13	Management Fees	0	0	0	0	57,441	0	0	0	0	0	57,441
23	14	Group Insurance	(498)	0	0	0	0	63,569	0	0	0	0	63,569
24	15	Pension	(188)	0	0	0	0	0	17,064	0	0	0	17,064
25	16	Regulatory Expense	0	0	0	0	0	0	0	2,707	0	0	2,707
26	17	Insurance Other than Group	(33)	0	0	0	0	0	0	0	9,328	0	9,328
27	18	Customer Accounting	150	0	0	0	0	0	0	0	0	0	0
28	19	Rents	0	0	0	0	0	0	0	0	0	0	0
29	20	General Office Expense	2,565	0	0	0	0	0	0	0	0	0	0
30	21	Miscellaneous	101,618	0	0	0	0	0	0	0	0	0	0
31	25	Other Maintenance	41,065	0	0	0	0	0	0	0	0	0	0
32		Total O & M Expenses	\$475,951	\$41,935	\$28,212	\$0	\$57,441	\$63,569	\$17,064	\$2,707	\$9,328	\$0	\$222,849
33		State Income Tax Impact	6.00%	(\$156)	(\$2,516)	(\$1,693)	(\$3,446)	(\$3,814)	(\$1,024)	(\$162)	(\$560)	(\$560)	(\$13,371)
36		Federal Income Tax Impact	35.00%	(\$962)	(\$15,559)	(\$10,467)	(\$21,310)	(\$23,564)	(\$6,351)	(\$1,004)	(\$3,451)	(\$3,451)	(\$82,677)
37		Net Operating Income Impact		(\$1,475)	(\$23,961)	(\$16,052)	(\$32,685)	(\$36,171)	(\$9,709)	(\$1,541)	(\$5,307)	(\$5,307)	(\$126,901)



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

SCHEDULE D-10  
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Witness Responsible: M.A. Miller/ S. A. Miller

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_X\_ UPDATED \_X\_ REVISED  
WORKPAPER REFERENCE NO(S): SCH D-2.3 (OWENTON)

Line No.	Account Number	Description	Base Period	Adj D-13 Sch D-2.3	Adj D-14 Sch D-2.3	Adj D-15 Sch D-2.3	Adj D-16 Sch D-2.3	Adj D-17 Sch D-2.3	Adj D-21 Sch D-2.3	Total Adjustments	Grand Total Adjustments
<b>PUMPING EXPENSES</b>											
2	620200	Operation Sup & Eng-Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	620300	Operation Sup & Eng-Other	0	0	0	0	0	0	0	0	0
4	622100	Power Production Expenses	0	0	0	0	0	0	0	0	0
5	622200	Power Production Labor	0	0	0	0	0	0	0	0	0
6	623110	Power Purchased for Pumping-Elec	45,065	0	0	0	0	0	0	0	41,935
7	623120	Power Purchased for Pumping-Elec Adj	0	0	0	0	0	0	0	0	0
8	623210	Power Purchased for Pumping-Other	0	0	0	0	0	0	0	0	0
9	624200	Pumping Labor-Electric	0	0	0	0	0	0	0	0	0
10	624300	Pumping Labor-Other	0	0	0	0	0	0	0	0	0
11	624500	Pumping Expenses-Electric	0	0	0	0	0	0	0	0	0
12	624600	Pumping Expenses-Other	0	0	0	0	0	0	0	0	0
13	626200	Misc Pumping Labor-Electric	0	0	0	0	0	0	0	0	0
14	626300	Misc Pumping Labor-Other	0	0	0	0	0	0	0	0	0
15	626500	Misc Pumping Expenses-Electric	0	0	0	0	0	0	0	0	0
16	626600	Misc Pumping Expenses-Other	0	0	0	0	0	0	0	0	0
17	627200	Rents-Electric	0	0	0	0	0	0	0	0	0
18	627300	Rents-Other	0	0	0	0	0	0	0	0	0
19	630200	Maint Sup & Eng-Electric Ord	0	0	0	0	0	0	0	0	0
20	630210	Maint Sup & Eng-Electric Prg	0	0	0	0	0	0	0	0	0
21	630300	Maint Sup & Eng-Other Ord	0	0	0	0	0	0	0	0	0
22	630310	Maint Sup & Eng-Other Prg	0	0	0	0	0	0	0	0	0
23	631100	Maint Pumping Struc & Improv-Material Ord	0	0	0	0	0	0	0	0	0
24	631110	Maint Pumping Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0
25	631200	Maint Pumping Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0
26	631210	Maint Pumping Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0
27	632100	Maint Power Production Equip-Mat Ord	0	0	0	0	0	0	0	0	0
28	632110	Maint Power Production Equip-Mat Prg	0	0	0	0	0	0	0	0	0
29	632200	Maint Power Production Equip-Lab Ord	0	0	0	0	0	0	0	0	0
30	632210	Maint Power Production Equip-Lab Prg	0	0	0	0	0	0	0	0	0
31	633200	Maint Pumping Equip-Material-Electric Ord	0	0	0	0	0	0	0	0	0
32	633210	Maint Pumping Equip-Material-Electric Prg	0	0	0	0	0	0	0	0	0
33	633300	Maint Pumping Equip-Material-Other Ord	0	0	0	0	0	0	0	0	0
34	633310	Maint Pumping Equip-Material-Other Prg	0	0	0	0	0	0	0	0	0
35	633500	Maint Pumping Equip-Labor-Electric Ord	0	0	0	0	0	0	0	0	0
36	633510	Maint Pumping Equip-Labor-Electric Prg	0	0	0	0	0	0	0	0	0
37	633600	Maint Pumping Equip-Labor-Other Ord	0	0	0	0	0	0	0	0	0
38	633610	Maint Pumping Equip-Labor-Other Prg	0	0	0	0	0	0	0	0	0
39		TOTAL PUMPING EXPENSES	45,065	0	0	0	0	0	0	0	41,935

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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: X\_ BASE PERIOD X\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL UPDATED REVISED  
WORKPAPER REFERENCE NO(S): SCH D-2.3 (OWENTON)

SCHEDULE D-10  
Page 13 of 19  
Witness Responsible: M.A. Miller/ S. A. Miller

Line No	Account Number	Description	Base Period	Adj D-13 Sch D-2.3	Adj D-14 Sch D-2.3	Adj D-15 Sch D-2.3	Adj D-16 Sch D-2.3	Adj D-17 Sch D-2.3	Adj D-21 Sch D-2.3	Total Adjustments	Grand Total Adjustments
<b>WATER TREATMENT EXPENSES (WT)</b>											
1			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	640000	Operation Supervision & Engineering	0	0	0	0	0	0	0	0	0
3	641110	Chemicals-Carbon	0	0	0	0	0	0	0	0	0
4	641100	General Chemicals	65,653	0	0	0	0	0	0	0	28,212
5	641200	Softening Chemicals	0	0	0	0	0	0	0	0	0
6	642100	General WT Labor	54,748	0	0	0	0	0	0	0	26,061
7	642200	Softening Labor	0	0	0	0	0	0	0	0	0
8	642300	General WT Expenses	(78)	0	0	0	78	0	0	78	78
9	642390	General WT Administration	0	0	0	0	0	0	0	0	0
10	642400	Softening Expenses	0	0	0	0	0	0	0	0	0
11	643100	Misc Expenses	0	0	0	0	0	0	0	0	0
12	643190	Misc Expenses - Service Co	0	0	0	0	0	0	0	0	0
13	643200	Misc Labor	0	0	0	0	0	0	0	0	0
14	643300	Waste Disposal Expenses	0	0	0	0	0	0	0	0	0
15	643310	Amort Waste Disposal Expenses	0	0	0	0	0	0	0	0	0
16	644000	Rents	0	0	0	0	0	0	0	0	0
17	650000	Maint Supervision & Engineering Ord	0	0	0	0	0	0	0	0	0
18	650010	Maint Supervision & Engineering Prg	0	0	0	0	0	0	0	0	0
19	651100	Maint WT Struc & Improvements-Mat Ord	0	0	0	0	0	0	0	0	0
20	651110	Maint WT Struc & Improvements-Mat Prg	0	0	0	0	0	0	0	0	0
21	651120	Amort WT Structures	0	0	0	0	0	0	0	0	0
22	651200	Maint WT Struc & Improvements-Labor Ord	0	0	0	0	0	0	0	0	0
23	651210	Maint WT Struc & Improvements-Labor Prg	0	0	0	0	0	0	0	0	0
24	652100	Maint General WT Equipment-Mat Ord	0	0	0	0	0	0	0	0	0
25	652110	Maint General WT Equipment-Mat Prg	0	0	0	0	0	0	0	0	0
26	652200	Maint Softening Equipment-Materials	0	0	0	0	0	0	0	0	0
27	652300	Maint General WT Equipment-Labor Ord	0	0	0	0	0	0	0	0	0
28	652310	Maint General WT Equipment-Labor Prg	0	0	0	0	0	0	0	0	0
29											
30		TOTAL WT EXPENSES	120,323	0	0	0	78	0	0	78	54,351













KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL \_X\_ UPDATED \_X\_ REVISED  
WORKPAPER REFERENCE NO(S): SCH D-2.3 (OWENTON)

SCHEDULE D-10  
Page 19 of 19  
Witness Responsible: M.A. Miller/ S. A. Miller

Line No.	Account Number	Description	Base Period	Adj D-18 Sch D-2.4	Adj D-19 Sch D-2.4	Adj D-20 Sch D-2.4	Total Adjustment
1	403000	Depreciation	\$68,420	\$11,343	\$0	\$0	\$11,343
2	403100	Depreciation - CIAC	(21,230)	21,230	\$0	\$0	21,230
3			\$46,190	\$32,573	\$0	\$0	\$32,573
5		State Income Tax Impact	6.00%	(\$1,954)	\$0	\$0	\$0
6		Federal Income Tax Impact	35.00%	(\$12,084)	\$0	\$0	\$0
7		Net Operating Income Impact		\$2,695	\$0	\$0	\$0
8							
9							
10		AMORTIZATION EXPENSE					
11	404100	Amortization Lim Term Ut Plant	\$0	\$0	\$0	\$0	\$0
12	404110	Amortization Franchise Expense	0	0	0	0	0
13	404430	Amortization Regulatory Asset - AFUDC	0	0	0	0	0
14	406000	Amortization Utility Plant Acquisition Adj	0	0	0	0	0
15	407000	Amortization Property Losses	0	0	0	0	0
16		TOTAL AMORTIZATION	\$0	\$0	\$0	\$0	\$0
17							
18		State Income Tax Impact	6.00%	\$0	\$0	\$0	\$0
19		Federal Income Tax Impact	35.00%	\$0	\$0	\$0	\$0
20		Net Operating Income Impact		\$0	\$0	\$0	\$0
21							
22							
23							
24		TAXES, OTHER THAN INCOME					
25	408100	Real & Personal Property Taxes	\$0	\$0	\$42,681	\$0	\$42,681
26	408110	Gross Income & Receipts Taxes	0	0	896	0	896
27	408120	Invested Capital Tax	0	0	0	0	0
28	408130	Other General Taxes	0	0	0	0	0
29	408140	FUTA	228	0	317	0	317
30	408150	FUTA Capitalized - (A Work Order)	0	0	(189)	0	(189)
31	408040	FUTA Capitalized - (H Work Order)	0	0	0	0	0
32	408050	FUTA Capitalized - (C & R Work Order)	0	0	0	0	0
33	408160	FICA	13,120	0	5,755	0	5,755
34	408170	FICA Capitalized - (A Work Order)	0	0	(1,805)	0	(1,805)
35	408060	FICA Capitalized - (H Work Order)	0	0	0	0	0
36	408070	FICA Capitalized - (C & R Work Order)	0	0	0	0	0
37	408180	SUTA	291	0	97	0	97
38	408190	SUTA Capitalized - (A Work Order)	0	0	(115)	0	(115)
39	408080	SUTA Capitalized - (H Work Order)	0	0	0	0	0
40	408090	SUTA Capitalized - (C & R Work Order)	0	0	0	0	0
41	408220	Environmental Tax	0	0	0	0	0
42			\$13,639	\$0	\$47,737	\$0	\$47,737
43							
44		State Income Tax Impact	6.00%	\$0	\$0	\$0	\$0
45		Federal Income Tax Impact	35.00%	\$0	\$0	\$0	\$0
46		Net Operating Income Impact		\$0	\$0	\$0	\$0
47							
48							
49							
50							

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-2 (OWENTON)

SCHEDULE D-2.10  
Page 1 of 3  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1	<b>Billed Revenues Adjustment D-1</b>		
2	To adjust Residential billed water revenue for the change in billing determinants at present rates for the forecasted test period.		
3	RESIDENTIAL	WIP-2	\$406,983
4	Forecasted Amount		330,581
5	Base Period Amount		\$76,402
6	Pro Forma Adjustment		
7	COMMERCIAL	WIP-2	\$198,566
8	Forecasted Amount		63,106
9	Base Period Amount		\$135,462
10	Pro Forma Adjustment		
11	INDUSTRIAL	WIP-2	\$0
12	Forecasted Amount		0
13	Base Period Amount		\$0
14	Pro Forma Adjustment		
15	OTHER PUBLIC AUTHORITY	WIP-2	\$0
16	Forecasted Amount		0
17	Base Period Amount		\$0
18	Pro Forma Adjustment		
19	SALES FOR RESALE (OWU)	WIP-2	\$0
20	Forecasted Amount		123,861
21	Base Period Amount		(\$123,861)
22	Pro Forma Adjustment		
23	PUBLIC FIRE SERVICE	WIP-2	\$0
24	Forecasted Amount		0
25	Base Period Amount		\$0
26	Pro Forma Adjustment		
27	PRIVATE FIRE SERVICE	WIP-2	\$0
28	Forecasted Amount		0
29	Base Period Amount		\$0
30	Pro Forma Adjustment		
31	MISCELLANEOUS	WIP-2	\$0
32	Forecasted Amount		10,012
33	Base Period Amount		(\$10,012)
34	Pro Forma Adjustment		
35	Total Billed Water Revenue Adjustment		\$77,991
43	The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.		

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_\_\_ UPDATED \_\_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-2 (OWENTON)

SCHEDULE D-2.10  
Page 2 of 3  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1	<b>Billed Revenues Adjustment D-1</b>		
2	RESIDENTIAL		
3	Forecasted Amount	WIP-2	\$0
4	Base Period Amount		0
5	Pro Forma Adjustment		\$0
6			
7	COMMERCIAL		
8	Forecasted Amount	WIP-2	\$0
9	Base Period Amount		0
10	Pro Forma Adjustment		\$0
11			
12	INDUSTRIAL		
13	Forecasted Amount	WIP-2	\$0
14	Base Period Amount		0
15	Pro Forma Adjustment		\$0
16			
17	OTHER PUBLIC AUTHORITY		
18	Forecasted Amount	WIP-2	\$0
19	Base Period Amount		0
20	Pro Forma Adjustment		\$0
21			
22	SALES FOR RESALE (OWU)		
23	Forecasted Amount	WIP-2	\$0
24	Base Period Amount		0
25	Pro Forma Adjustment		\$0
26			
27	PUBLIC FIRE SERVICE		
28	Forecasted Amount	WIP-2	\$0
29	Base Period Amount		0
30	Pro Forma Adjustment		\$0
31			
32	PRIVATE FIRE SERVICE		
33	Forecasted Amount	WIP-2	\$0
34	Base Period Amount		0
35	Pro Forma Adjustment		\$0
36			
37	MISCELLANEOUS		
38	Forecasted Amount	WIP-2	\$0
39	Base Period Amount		0
40	Pro Forma Adjustment		\$0
41			
42	Total Unbilled Water Revenue Adjustment		\$0
43			
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-2 (OWENTON)

SCHEDULE D-2.10  
Page 3 of 3  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1	Billed Revenues, Adjustment D-1		
2	RESIDENTIAL		
3	Forecasted Amount	WIP-2	\$0
4	Base Period Amount		165,063
5	Pro Forma Adjustment		(\$165,063)
6			
7	COMMERCIAL		
8	Forecasted Amount	WIP-2	\$0
9	Base Period Amount		85,622
10	Pro Forma Adjustment		(\$85,622)
11			
12	INDUSTRIAL		
13	Forecasted Amount	WIP-2	\$0
14	Base Period Amount		18,863
15	Pro Forma Adjustment		(\$18,863)
16			
17	RESIDENTIAL		
18	Forecasted Amount	WIP-2	\$0
19	Base Period Amount		0
20	Pro Forma Adjustment		\$0
21			
22	COMMERCIAL		
23	Forecasted Amount	WIP-2	\$0
24	Base Period Amount		0
25	Pro Forma Adjustment		\$0
26			
27	INDUSTRIAL		
28	Forecasted Amount	WIP-2	\$0
29	Base Period Amount		0
30	Pro Forma Adjustment		\$0
31			
32			
33			
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39			
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42			
43	Total Sewer Revenue Adjustment		(269,548)
44			
45	Total Revenue Adjustment		(\$191,557)
46			
47			
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-2 (OWENTON)

SCHEDULE D-2.ZO  
Page 1 of 1  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1	Other Revenues, Adjustment D-2		
2	RECONNECTION FEES		
3	Forecasted Amount	WIP-2	\$0
4	Base Period Amount		0
5	Pro Forma Adjustment		\$0
6			
7	OTHER MISC SERV REVENUES		
8	Forecasted Amount	WIP-2	\$0
9	Base Period Amount		536
10	Pro Forma Adjustment		(\$536)
11			
12	OTHER REVENUES		
13	Forecasted Amount	WIP-2	\$0
14	Base Period Amount		0
15	Pro Forma Adjustment		\$0
16			
17	Total Other Revenue Adjustment		(\$536)
18			
19			
20			
21			
22			
23	AEJDC, Adjustment D-3		
24	AFUDC ABOVE THE LINE		
25	Forecasted Amount	WIP-2	\$0
26	Base Period Amount		0
27	Pro Forma Adjustment		\$0
28			
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The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: X BASE PERIOD X FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL    UPDATED    REVISED  
WORKPAPER REFERENCE NO(S): WIP-3 (OWENTON)

SCHEDULE D-2.30  
Page 1 of 2  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1			
2	Labor expense is being adjusted to reflect an increase due to union wage contracts and an increase of 3% for non-union employees to become effective April 1, 2007 and 2008.	Labor Adjustment D-4 WIP-3-1	Forecasted Amount \$223,148 Base Period Amount 220,555 Pro Forma Adjustment \$2,593
3			
4			
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11			
12	Chemical expense is being adjusted to reflect the level of forecasted sales. Also reflected is the adjustment for contracted chemical prices made to the forecast.	Fuel & Power Adjustment D-5 WIP-3-2	Forecasted Amount \$87,000 Base Period Amount 45,065 Pro Forma Adjustment \$41,935
13			
14			
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21			
22	Management Fees expense reflects the forecasted charges from the Service Company for services rendered during the forecasted period including costs from the Southeast Region Service Company office, Shared Services Center, and the Customer Call Center.	Chemicals Adjustment D-6 WIP-3-3	Forecasted Amount \$93,865 Base Period Amount 65,653 Pro Forma Adjustment \$28,212
23			
24			
25			
26			
27	Group Insurance reflects the premium to be paid for insurance coverage for employees plus costs associated with FAS 106.	Waste Disposal Adjustment D-7 WIP-3-4	Forecasted Amount \$0 Base Period Amount 0 Pro Forma Adjustment \$0
28			
29			
30			
31			
32	Pension Expense reflects the forecasted level based on FAS 87 pension costs.	Management Fees Adjustment D-8 WIP-3-5	Forecasted Amount \$57,441 Base Period Amount 0 Pro Forma Adjustment \$57,441
33			
34			
35			
36			
37	Regulatory Expense reflects a three year amortization of the cost of the current filing, as well as a five year amortization of the cost of service study.	Group Insurance Adjustment D-9 WIP-3-6	Forecasted Amount \$63,070 Base Period Amount (469) Pro Forma Adjustment \$63,569
38			
39			
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44			
45	insurance Other than Group expense reflects the Company's forecasted cost for liability insurance, worker's compensation and property insurance based upon the most recent actual bills.	Pensions Adjustment D-10 WIP-3-7	Forecasted Amount \$16,876 Base Period Amount (188) Pro Forma Adjustment \$17,064
46			
47	The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted test period.	Regulatory Expense Adjustment D-11 WIP-3-8	Forecasted Amount \$2,707 Base Period Amount 0 Pro Forma Adjustment \$2,707
48			
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-3 (OWENTON)

SCHEDULE D-2.30  
Page 2 of 2  
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1	Customer Accounting expense reflects the cost of customer billing, meter reading and other expenses related to this function, as well as allocations made from Central Division to Tri Village, Elk Lake, and Owenton.	WIP-3-10	\$13,959
2			150
3			\$13,808
4			
5			
6			
7			\$0
8			0
9			\$0
10			
11			
12	General Office expense reflects all expenses related to the Company's office including telephone, employee expenses, supplies, as well as allocations from Central Division to Tri Village, Elk Lake, and Owenton.	WIP-3-12	\$2,812
13			2,565
14			\$247
15			
16			
17	Miscellaneous expenses reflect all remaining expenses that are not specifically assigned to the above discussed adjustments. Refer to workpapers for detailed listing. This also includes allocations from Central Division to Tri Village, Elk Lake, and Owenton.	WIP-3-13	\$123,341
18			101,618
19			\$21,723
20			
21			
22	Maintenance expense reflect the costs of maintaining the property and assets of the Company. These expenses include amortizations of prior and forecasted deferred maintenance projects. It also includes normal maintenance of pumping equipment, mains, meters, as well as allocations from Central Division to Tri Village, Elk Lake, and Owenton.	WIP-3-14	\$96,328
23			41,065
24			\$57,263
25			
26			
27	Purchased Water represents water purchased from the Winchester Municipal System, Georgetown Municipal System, and Owen Water & Sewer.	WIP-3-15	\$0
28			0
29			\$0
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43	The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted test period.		
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
DETAILED ADJUSTMENTS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA:   X   BASE PERIOD   X   FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL        UPDATED        REVISED  
WORKPAPER REFERENCE NO(S): WIP-4 & WIP-5 (OWENTON)

SCHEDULE D-2.40  
Page 1 of 1  
Witness Responsible: M.A. Miller/ S. A. Miller

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1			
2	Depreciation expense reflects an increase due to an increased level of Utility Plant in Service.		
3		WIP-4-1	\$80,763
4			48,190
5			<u>\$32,573</u>
6			
7			
8		WIP-4-1	\$0
9			0
10			<u>\$0</u>
11			
12	General Taxes represent Property Taxes, Payroll Taxes, PSC Fees and other miscellaneous taxes that are calculated to be expenses for the forecasted test period. This also includes the allocation of property tax from Central Division to Tri Village, Elk Lake, and Owenton.		
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33	The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted test period.		
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KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 SUMMARY OF JURISDICTIONAL FACTORS  
 FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
 TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
 WORKPAPER REFERENCE NO(S): (OWENTON)

SCHEDULE D-30  
 Page 1 of 1  
 Witness Responsible: S.A. Miller

Line No.	Acct	Account Title	Jurisdictional Factor	Description of Factor and/or method of Allocation
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
JURISDICTIONAL STATISTICS  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

SCHEDULE D-40  
Page 1 of 1

DATA: \_\_X\_\_ BASE PERIOD \_\_X\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_X\_\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S):: (OWENTON)

Line No.	Description	Statistic Total Company	Adjustment	Adjusted Total Company	Statistic for Jurisdiction	Jurisdictional Ratio
1						
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 EXPLANATION OF CHANGE IN JURISDICTIONAL PROCEDURES  
 FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

DATA:  BASE PERIOD  FORECASTED PERIOD  
 TYPE OF FILING:  ORIGINAL  UPDATED  REVISED  
 WORKPAPER REFERENCE NO(S): (OWENTON)

SCHEDULE D-50  
 Page 1 of 1

Line No.	Account No.	Description	Procedure Approved in Prior Case	Rational for Change
1				
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TOTAL COMPANY

SCHEDULE E-1,1  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD \_\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_\_ UPDATED \_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$49,644,888	\$0	\$49,644,888
3				
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	27,551,992	0	27,551,992
7	Depreciation & Amortization	8,429,251	0	8,429,251
8	Taxes other than income	2,972,209	0	2,972,209
9	State income taxes - Current	(207,892)	0	(207,892)
10	Federal Income Taxes	0	0	0
11	Net below the line income (loss)	47,725	(47,725)	0
12	Total Operating Expenses before FIT	38,793,295	0	38,745,560
13				
14	Operating Income before Federal Income Taxes	10,851,603	0	10,899,328
15	Reconciling Items:			
16	Interest Charges	(5,583,349)	0	(5,583,349)
17	Permanent Differences			
18	Taxable Meals/lobbying	9,714	0	9,714
19	Nondeductible donations	234,221	0	234,221
20	Medicare Subsidy	(245,767)	0	(245,767)
21		(1,832)		(1,832)
22	Book Depreciation	7,936,958	0	7,936,958
23	Tax Depreciation	(7,652,802)	0	(7,652,802)
24	Additional Depreciation	(1,153,669)	0	(1,153,669)
25	Other Amortizations	430,902	0	430,902
26	Tax AFUDC	352,714	0	352,714
27	Deferred Maintenance	106,047	0	106,047
28	Abandonment losses	(722,011)	0	(722,011)
29	Misc Deferred Debits	313,778	0	313,778
30	Uncollectible	176,135	0	176,135
31	Vacation Pay	127,996	0	127,996
32	All other	(10,400,666)	0	(10,400,666)
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36				
37	Total Reconciling Items	(10,482,639)	0	(10,482,639)
38				
39	Federal Taxable Income	(5,216,216)	0	(5,216,216)
40				
41	Federal Income Tax Rate	35.00%	35.00%	35.00%
42	Federal Income Tax Liability	(1,825,676)	0	(1,825,676)
43	Adjustment of Prior Year	862,320	(862,320)	0
44				
45	Federal Income Taxes - Current	(663,356)	\$862,320	(1,825,676)
46				
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TOTAL COMPANY

SCHEDULE E-1.1  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISSED  
WORKPAPER REFERENCE NO(S): WIP-8

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred Income Taxes:			
5	Def FIT Regulatory Asset/Liability	\$134,176	\$0	\$134,176
6	Def FIT Other	\$3,433,414	\$0	3,433,414
7	Def FIT Prior Year Adj.	(\$1,002,045)	\$1,002,045	0
8	Amort Deferred ITC	2,565,545	1,002,045	3,567,590
9		(84,792)	0	(84,792)
10		<u>\$2,480,753</u>	<u>\$1,002,045</u>	<u>\$3,482,798</u>
11	Total Deferred Federal Income Taxes			
12		<u>\$1,517,387</u>	<u>\$1,002,045</u>	<u>\$1,557,122</u>
13	Total Federal Income Taxes			
14				
15				
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TOTAL COMPANY

SCHEDULE E-1.2  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD: FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL, UPDATED, REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$49,644,888	\$0	\$49,644,888
3				
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	27,551,892	0	27,551,892
7	Depreciation & Amortization	8,429,251	0	8,429,251
8	Taxes other than Income	2,972,209	0	2,972,209
9	State Income Taxes - Current	0	0	(47,725)
10	Federal Income Taxes	0	0	0
11	Net below the line income (loss)	47,725	(47,725)	0
12	Total Operating Expenses before SIT	39,001,177	(47,725)	38,858,002
13				
14	Operating Income before State Income Taxes	10,643,711	0	10,786,886
15	Reconciling Items:			
16	Interest Charges	(5,583,349)	0	(5,583,349)
17	Permanent differences	0	0	0
18	Taxable meals/lobbying	9,714	0	9,714
19	Nondeductible donations	234,221	0	234,221
20	Medicare Subsidy	(245,767)	0	(245,767)
21		(1,832)	0	(1,832)
22	Book Depreciation	7,938,958	0	7,938,958
23	Tax Depreciation	(7,652,802)	0	(7,652,802)
24	Additional depreciation	(1,153,669)	0	(1,153,669)
25	Other Amortizations	430,902	0	430,902
26	Tax AFUDC	352,714	0	352,714
27	Deferred Maintenance	106,047	0	106,047
28	Abandonment losses	(722,011)	0	(722,011)
29	Misc Deferred Debits	313,778	0	313,778
30	Uncollectible	176,135	0	176,135
31	Vacation Pay	127,986	0	127,986
32	All other	(10,400,686)	0	(10,400,686)
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	(10,482,638)	0	(10,484,470)
38				
39	State Taxable Income	(5,424,108)	0	(5,424,108)
40	State Depr in Excess of Federal	1,960,071	0	1,960,071
41	State Income Tax Rate	6.00%	6.00%	6.00%
42	State Income Tax Liability	(207,842)	0	(207,842)
43				
44	State Income Taxes - Current	(207,842)	0	(207,842)
45	Less: Prior Year Adjustment	(140,122)	140,122	0
46		(\$347,964)	\$140,122	(\$207,842)
47				
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TOTAL COMPANY

SCHEDULE E-1.2  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: X BASE PERIOD     FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL     UPDATED     REVISED  
WORKPAPER REFERENCE NO(S): W/P-8

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred State Income Taxes:			
5	Def SIT Regulatory Asset/Liability	26,367	0	26,367
6	Def SIT Other	579,686	0	579,686
7	Def SIT Prior Year Adj	128,090	(128,090)	0
8	Amort Deferred ITC	734,143	(128,090)	606,053
9		0	0	0
10	Total Deferred State Income Taxes	\$ 734,143	\$ (128,090)	\$ 606,053
11				
12	Total State Income Taxes	\$ 386,179	\$ 12,032	\$ 398,211
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008  
TOTAL COMPANY

SCHEDULE E-1.3  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_\_ BASE PERIOD \_\_\_X\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_\_\_ ORIGINAL \_\_\_ \_\_\_ UPDATED \_\_\_ \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$52,823,292	\$0	\$52,823,292	\$11,094,101	\$63,917,393
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	27,428,783	0	27,428,783	94,300	27,524,083
6	Depreciation & Amortization	8,519,143	0	8,519,143	0	8,519,143
7	Taxes other than Income	3,308,571	0	3,308,571	18,638	3,327,209
8	State Income Taxes - Current	326,032	0	326,032	668,869	994,901
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	39,583,529	0	39,583,529	771,807	40,355,336
12						
13	Operating Income before Federal Income Taxes	13,239,763	0	13,239,763	10,322,294	23,562,057
14	Reconciling Items:					
15	Interest Charges	(6,955,110)	0	(6,955,110)	0	(6,955,110)
16						
17	Permanent Differences					
18	Taxable meals/lobbying	9,714	0	9,714	0	9,714
19	Nondeductible donations	0	0	0	0	0
20	Medicare Subsidy	0	0	0	0	0
21		9,714	0	9,714	0	9,714
22						
23	Book depreciation	8,068,172	0	8,068,172	0	8,068,172
24	Tax Depreciation	(11,955,338)	0	(11,955,338)	0	(11,955,338)
25	Non-Deductible Meals/Lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(475,565)	0	(475,565)	0	(475,565)
27	Deferred Debits	425,244	0	425,244	0	425,244
28	Amortization of UPAA	13,051	0	13,051	0	13,051
29	Deferred Maintenance	293,441	0	293,441	0	293,441
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	30,480	0	30,480	0	30,480
32	Taxable Advances and CIAC	2,413,976	0	2,413,976	0	2,413,976
33	Reserved	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	(1,186,539)	0	(1,186,539)	0	(1,186,539)
39						
40	Federal Taxable Income	5,107,828	0	5,107,828	10,322,294	15,430,122
41						
42	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
43						
44	Federal Income Tax Liability	1,787,740	0	1,787,740	3,612,803	5,400,543
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008  
TOTAL COMPANY

SCHEDULE E-1.3  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$167,544	\$0	\$167,544	\$0	\$167,544
4	Def FIT UPIs	\$797,895	\$0	\$797,895	\$0	\$797,895
5	Def FIT Deferred Maintenance	(\$96,540)	\$0	(\$96,540)	\$0	(\$96,540)
6	Def FIT Deferred Debils	(\$139,908)	\$0	(\$139,908)	\$0	(\$139,908)
7	Def FIT Property Losses	\$0	\$0	\$0	\$0	\$0
8	Def FIT Community Education Costs	\$0	\$0	\$0	\$0	\$0
9						
10		728,991	0	728,991	0	728,991
11	Amort Deferred ITC	(84,797)	0	(84,797)	0	(84,797)
12						
13	Total Deferred Federal Income Taxes	644,194	0	644,194	0	644,194
14						
15	Total Federal Income Taxes	2,431,934	-	2,431,934	3,612,803	6,044,737
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008  
TOTAL COMPANY

SCHEDULE E-1.4  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$ 52,823,292	\$ -	\$ 52,823,292	\$ 11,094,101	\$ 63,917,393
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 27,429,783	\$ -	\$ 27,429,783	\$ 94,300	\$ 27,524,083
6	Depreciation & Amortization	8,519,143	0	8,519,143	0	8,519,143
7	Taxes other than Income	3,308,571	0	3,308,571	18,638	3,327,209
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 39,257,497	\$ -	\$ 39,257,497	\$ 112,938	\$ 39,370,435
12						
13	Operating Income before Federal Income Taxes	\$ 13,565,795	\$ -	\$ 13,565,795	\$ 10,981,163	\$ 24,546,958
14	Reconciling Items:					
15	Interest Charges	(6,955,110)	0	(6,955,110)	0	(6,955,110)
16						
17	Permanent Differences					
18	Taxable meals/lobbying	9,714	0	9,714	0	9,714
19	Nondeductible donations/lobbying	0	0	0	0	0
20	Medicare Subsidy	0	0	0	0	0
21		9,714	0	9,714	0	9,714
22						
23	Book Depreciation	8,068,172	0	8,068,172	0	8,068,172
24	Tax Depreciation	(11,955,338)	0	(11,955,338)	0	(11,955,338)
25	Non-Deductible Meals	0	0	0	0	0
26	Additional Taxable AFUDC	(475,565)	0	(475,565)	0	(475,565)
27	Deferred Debits	425,244	0	425,244	0	425,244
28	Amortization of UPAA	13,051	0	13,051	0	13,051
29	Deferred Maintenance	293,441	0	293,441	0	293,441
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	30,480	0	30,480	0	30,480
32	Community Education Costs	2,413,976	0	2,413,976	0	2,413,976
33	Taxable Advances and CIAC	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	\$ (1,166,539)	\$ -	\$ (1,166,539)	\$ -	\$ (1,166,539)
39						
40	State Taxable Income	\$ 5,433,860	\$ -	\$ 5,433,860	\$ 10,981,163	\$ 16,415,023
41						
42	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
43						
44	State Income Tax Liability	\$ 326,032	\$ -	\$ 326,032	\$ 668,870	\$ 994,901
45						
46						
47	State Income Taxes - Current	\$ 326,032	\$ -	\$ 326,032	\$ 668,870	\$ 994,901
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008  
TOTAL COMPANY

SCHEDULE E-1.4  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates		At Proposed Rates	
		Unadjusted	Adjustments	Adjusted	Adjusted
1					
2	Deferred Income Taxes:				
3	Def SIT Regulatory Asset/Liability	\$47,125	\$0	\$47,125	\$47,125
4	Def SIT UPIS	\$145,513	\$0	145,513	145,513
5	Def SIT Deferred Maintenance	(\$17,598)	\$0	(17,598)	(17,598)
6	Def SIT Deferred Debits	(\$25,512)	\$0	(25,512)	(25,512)
7	Def SIT Property Losses	\$0	\$0	0	0
8					
9					
10		149,528	0	149,528	149,528
11	Amort Deferred ITC	0	0	0	0
12					
13	Total Deferred State Income Taxes	149,528	0	149,528	149,528
14					
15	Total State Income Taxes	\$475,560	\$0	\$475,560	\$1,134,429
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF INCOME TAX ADJUSTMENTS  
TOTAL COMPANY

SCHEDULE E-1.5  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Reference Base Period	Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
2						
3			State Income Taxes			
4	Sch E-1.2	Sch E-1.4	Current	(\$207,842)	\$ 326,032	\$ 533,874
5	Sch E-1.2	Sch E-1.4	Deferred	734,143	149,528	(584,615)
6			Reserved	0	0	0
7			Reserved	0	0	0
8			Total State Income Taxes	\$ 526,301	\$ 475,560	\$ (50,741)
9						
10						
11						
12			Federal Income Taxes			
13	Sch E-1.1	Sch E-1.3	Current	(863,359)	\$ 1,787,740	\$ 2,751,096
14	Sch E-1.1	Sch E-1.3	Deferred	2,565,545	728,981	(1,836,564)
15	Sch E-1.1	Sch E-1.3	Deferred - ITC	(84,792)	(84,797)	(5)
16			Reserved	0	0	0
17			Reserved	0	0	0
18			Total Federal Income Taxes	\$ 1,517,397	\$ 2,431,834	\$ 914,437
19						
20						
21						
22			Total Income Taxes	\$ 2,043,698	\$ 2,907,494	\$ 863,796
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KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
 FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008  
 TOTAL COMPANY

SCHEDULE E-2  
 PAGE 1 of 1  
 Witness Responsible: M.A. Miller

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
 TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_\_\_ REVISED  
 WORKPAPER REFERENCE NO(S):

Line No.	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.  
 100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1.1C  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X, BASE PERIOD, FORECASTED PERIOD  
TYPE OF FILING: X, ORIGINAL, UPDATED, REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$47,881,538	\$0	\$47,881,538
3				
4	Operating Expenses			
5	Operation & Maintenance Expenses	26,105,058	0	26,105,058
6	Depreciation & Amortization	8,342,406	0	8,342,406
7	Taxes other than income	2,949,630	0	2,949,630
8	State Income Taxes - Current	(208,811)	0	(208,811)
9	Federal Income Taxes	0	0	0
10	Net below the line income (loss)	47,725	-47,725	0
11	Total Operating Expenses before FIT	37,236,008	0	37,188,283
12				
13				
14	Operating Income before Federal Income Taxes	10,645,530	0	10,693,255
15	Reconciling Items:			
16	Interest Changes	(5,389,627)	0	(5,389,627)
17	Permanent differences			
18	Taxable Meals/lobbying	9,714	0	9,714
19	Non-deductible donations	234,221	0	234,221
20	Medicare Subsidy	(245,767)	0	(245,767)
21		(1,832)	0	(1,832)
22	Book Depreciation	7,843,486	0	7,843,486
23	Tax Depreciation	(7,560,203)	0	(7,560,203)
24	Additional depreciation	(1,153,689)	0	(1,153,689)
25	Other Amortizations	430,902	0	430,902
26	Tax AFUDC	352,714	0	352,714
27	Deferred Maintenance	106,047	0	106,047
28	Abandonment losses	(722,011)	0	(722,011)
29	Misc Deferred Debits	313,778	0	313,778
30	Uncollectible	176,135	0	176,135
31	Vacation Pay	127,996	0	127,996
32	All other	(10,400,686)	0	(10,400,686)
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36				
37	Total Reconciling Items	(10,485,509)	0	(10,485,509)
38				
39	Federal Taxable Income	(5,231,438)	0	(5,231,438)
40				
41	Federal Income Tax Rate	35.00%	35.00%	35.00%
42	Federal Income Tax Liability	(1,831,003)	0	(1,831,003)
43	Adjustment of Prior Year	832,401	(832,401)	0
44				
45	Federal Income Taxes - Current	(988,602)	\$832,401	(166,201)
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1.1C  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1	Deferred Income Taxes:			
2				
3				
4	Def FIT Regulatory Asset/Liability	129,520	\$0	\$129,520
5	Def FIT Other	3,314,287	0	3,314,287
6	Def FIT Prior Year	(967,278)	967,278	0
7		2,476,529	967,278	3,443,807
8	Amort Deferred ITC	(64,792)	0	(64,792)
9				
10	Total Deferred Federal Income Taxes	\$2,391,737	\$967,278	\$3,359,015
11				
12	Total Federal Income Taxes	\$1,393,135	\$1,799,679	\$3,192,814
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1.2C  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$47,681,638	\$0	\$47,681,638
3				
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	26,105,058	0	26,105,058
7	Depreciation & Amortization	8,342,406	0	8,342,406
8	Taxes other than Income	2,949,630	0	2,901,965
9	State Income Taxes - Current	0	0	(47,725)
10	Federal Income Taxes	0	0	0
11	Net below the line income (loss)	47,725	(47,725)	0
12	Total Operating Expenses before SIT	37,444,819	(47,725)	37,301,644
13				
14	Operating Income before State Income Taxes	10,436,719	0	10,579,894
15	Reconciling Items:			
16	Interest Charges	(5,389,627)	0	(5,389,627)
17	Permanent differences			
18	Taxable Meals/lobbying	9,714	0	9,714
19	Nondeductible contributions	234,221	0	234,221
20	Medicare Subsidy	(245,767)	0	(245,767)
21		(1,832)		(1,832)
22	Book Depreciation	7,843,488	0	7,843,488
23	Tax Depreciation	(7,560,203)	0	(7,560,203)
24	Additional depreciation	(1,153,689)	0	(1,153,689)
25	Other Amortizations	430,902	0	430,902
26	Tax AFUDC	352,714	0	352,714
27	Deferred Maintenance	106,047	0	106,047
28	Abandonment losses	(722,011)	0	(722,011)
29	Misc Deferred Debits	313,778	0	313,778
30	Uncollectible	176,135	0	176,135
31	Vacation Pay	127,996	0	127,996
32	All other	(10,400,686)	0	(10,400,686)
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	(10,485,509)	0	(10,485,509)
38	State Taxable Income	(5,440,249)	0	(5,440,249)
39	State Depr in excess of Federal	1,960,071	0	1,960,071
40	State Income Tax Rate	6.00%	6.00%	6.00%
41	State Income Tax Liability	(208,811)	0	(208,811)
42				
43	State Income Taxes - Current	(208,811)		(208,811)
44	Less: Prior Year Adjustment	135,251		0
45		(3,344,072)	\$135,251	(\$208,811)
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1.2C  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD \_\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_\_ UPDATED \_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred State Income Taxes:			
5	Def SIT Regulatory Asset/Liability	\$25,452	\$ -	\$ 25,452
6	Def SIT Other	559,573	0	559,573
7	Def SIT Prior Year Adj	123,646	(123,646)	0
8	Amort Deferred ITC	708,671	(123,646)	585,025
9		0	0	0
10	Total Deferred State Income Taxes	\$ 708,671	\$ (123,646)	\$ 585,025
11				
12	Total State Income Taxes	\$ 364,599	\$ 11,615	\$ 376,214
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

DATA: \_\_\_\_ BASE PERIOD \_\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_\_ ORIGINAL \_\_\_\_ UPDATED \_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

SCHEDULE E-1.3C  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1	Operating Revenues	\$50,959,874	\$0	\$50,959,874	\$9,671,521	\$60,631,395
2	Operating Expenses					
3	Operating & Maintenance Expenses	25,388,433	0	25,388,433	82,208	25,470,641
4	Depreciation & Amortization	8,252,287	0	8,252,287	0	8,252,287
5	Taxes other than Income	3,162,378	0	3,162,378	16,248	3,178,626
6	State Income Taxes - Current	376,748	0	376,748	574,383	951,131
7	Federal Income Taxes					
8	Total Operating Expenses before FIT	37,179,846	0	37,179,846	672,839	37,852,685
9	Operating Income before Federal Income Taxes	13,780,028	0	13,780,028	8,998,682	22,778,710
10	Reconciling Items:					
11	Interest Charges	(6,721,921)	0	(6,721,921)	0	(6,721,921)
12	Permanent Differences					
13	Taxable meals/lobbying	9,714	0	9,714	0	9,714
14	Nondeductible donations	0	0	0	0	0
15	Medicare Subsidy	0	0	0	0	0
16	Total Reconciling Items	9,714	0	9,714	0	9,714
17	Book Depreciation	7,801,316	0	7,801,316	0	7,801,316
18	Tax Depreciation	(11,559,971)	0	(11,559,971)	0	(11,559,971)
19	Non-Deductible Meals/lobbying	0	0	0	0	0
20	Additional Taxable AFUDC	(474,580)	0	(474,580)	0	(474,580)
21	Deferred Debts	425,244	0	425,244	0	425,244
22	Amortization of UPAA	13,051	0	13,051	0	13,051
23	Deferred Maintenance	235,764	0	235,764	0	235,764
24	Property Losses	0	0	0	0	0
25	Amort Regulatory Assets / Liabilities	25,728	0	25,728	0	25,728
26	Taxable Advances and CIAC	2,368,004	0	2,368,004	0	2,368,004
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Reserved	0	0	0	0	0
31	Total Reconciling Items	(1,165,444)	0	(1,165,444)	0	(1,165,444)
32	Federal Taxable Income	5,802,377	0	5,802,377	8,998,682	14,801,059
33	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
34	Federal Income Tax -Current	2,065,832	0	2,065,832	3,149,539	5,215,371

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1,3C  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-5

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted	AI Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$162,004	\$0	\$162,004	\$0	\$162,004
4	Def FIT UPIS	771,508	0	771,508	0	771,508
5	Def FIT Deferred Maintenance	(77,568)	0	(77,568)	0	(77,568)
6	Def FIT Deferred Debits	(139,908)	0	(139,908)	0	(139,908)
7	Def FIT Property Losses	0	0	0	0	0
8						
9						
10		716,036	0	716,036	0	716,036
11	Amort Deferred ITC	(84,797)	0	(84,797)	0	(84,797)
12						
13	Total Deferred Federal Income Taxes	631,239	0	631,239	0	631,239
14						
15	Total Federal Income Taxes	\$2,697,071	\$0	\$2,697,071	\$3,149,539	\$5,846,610
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1,4C  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_ BASE PERIOD \_\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_\_ ORIGINAL \_\_\_\_ UPDATED \_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1	Operating Revenues	\$ 50,959,874	\$ -	\$ 50,959,874	\$ 9,671,521	\$ 60,631,395
2	Operating Expenses					
3	Operation & Maintenance Expenses	\$ 25,388,433	\$ -	\$ 25,388,433	\$ 62,208	\$ 25,450,641
4	Depreciation & Amortization	8,252,287	0	8,252,287	0	8,252,287
5	Taxes other than Income	3,162,378	0	3,162,378	16,248	3,178,626
6	State Income Taxes - Current					
7	Federal Income Taxes					
8	Total Operating Expenses before FIT	\$ 36,803,098	\$ -	\$ 36,803,098	\$ 98,456	\$ 36,901,554
9	Operating Income before Federal Income Taxes	\$ 14,156,776	\$ -	\$ 14,156,776	\$ 9,573,065	\$ 23,729,841
10	Reconciling Items:					
11	Interest Charges	(6,721,921)	0	(6,721,921)	0	(6,721,921)
12	Permanent differences					
13	Taxable meals/lobbying	9,714	0	9,714	0	9,714
14	Nondeductible donations	0	0	0	0	0
15	Medicare Subsidy	0	0	0	0	0
16	Total Reconciling Items	9,714	0	9,714	0	9,714
17	Book Depreciation	7,801,316	0	7,801,316	0	7,801,316
18	Tax Depreciation	(11,559,971)	0	(11,559,971)	0	(11,559,971)
19	Non-Deductible Meals/lobbying	0	0	0	0	0
20	Additional Taxable AFUDC	(474,580)	0	(474,580)	0	(474,580)
21	Deferred Debits	425,244	0	425,244	0	425,244
22	Amortization of UPAA	13,051	0	13,051	0	13,051
23	Deferred Maintenance	235,764	0	235,764	0	235,764
24	Property Losses	0	0	0	0	0
25	Amort Regulatory Assets / Liabilities	25,728	0	25,728	0	25,728
26	Taxable Advances and CIAC	2,368,004	0	2,368,004	0	2,368,004
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Reserved	0	0	0	0	0
31	Total Reconciling Items	\$ (1,165,444)	\$ -	\$ (1,165,444)	\$ -	\$ (1,165,444)
32	State Taxable Income	\$ 6,279,125	\$ -	\$ 6,279,125	\$ 9,573,065	\$ 15,852,190
33	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
34	State Income Tax Liability	\$ 376,748	\$ -	\$ 376,748	\$ 574,384	\$ 951,131
35	State Income Taxes - Current	\$ 376,748	\$ -	\$ 376,748	\$ 574,384	\$ 951,131

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
CENTRAL DIVISION

SCHEDULE E-1,4C  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	All Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset(Liability)	\$45,567	\$0	\$45,567	\$0	\$45,567
4	Def SIT UPIs	140,700	0	140,700	0	140,700
5	Def SIT Deferred Maintenance	(14,142)	0	(14,142)	0	(14,142)
6	Def SIT Deferred Debits	(25,512)	0	(25,512)	0	(25,512)
7	Def SIT Property Losses	0	0	0	0	0
8						
9						
10		146,613	0	146,613	0	146,613
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred State Income Taxes	146,613	0	146,613	0	146,613
14						
15	Total State Income Taxes	\$523,361	\$0	\$523,361	\$574,364	\$1,097,744
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF INCOME TAX ADJUSTMENTS  
CENTRAL DIVISION

SCHEDULE E-1,5C  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD X\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Reference Base Period	Description	Forecasted Period	AI Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3						
4	Sch E-1.2	State Income Taxes	Sch E-1.4			
5	Sch E-1.2	Current	Sch E-1.4	(\$208,811)	\$ 376,748	\$585,559
6		Deferred		585,025	146,613	(438,412)
7		Reserved		0	0	0
8		Reserved		0	0	0
9		Total State Income Taxes		\$ 376,214	\$ 523,361	\$ 147,147
10						
11						
12						
13						
14	Sch E-1.1	Federal Income Taxes	Sch E-1.3			
15	Sch E-1.1	Current	Sch E-1.3	(166,201)	\$ 2,065,832	\$2,232,033
16	Sch E-1.1	Deferred	Sch E-1.3	3,443,607	716,036	(2,727,771)
17	Sch E-1.1	Deferred - ITC	Sch E-1.3	(84,792)	(84,797)	(\$)
18		Reserved		0	0	0
19		Reserved		0	0	0
20		Total Federal Income Taxes		\$ 3,192,814	\$ 2,697,071	\$ (495,743)
21						
22		Total Income Taxes		\$ 3,569,028	\$ 3,220,432	\$ (348,596)
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KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
 FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
 CENTRAL DIVISION

DATA:  BASE PERIOD  FORECASTED PERIOD  
 TYPE OF FILING:  ORIGINAL  UPDATED  REVISED  
 WORKPAPER REFERENCE NO(S):

SCHEDULE E-2C  
 PAGE 1 of 1  
 Witness Responsible: M.A. Miller

Line No.	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.  
 100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1,1T  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	AI Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$883,950	\$0	\$883,950
5	Operating Expenses			
6	Operation & Maintenance Expenses	883,555	0	883,555
7	Depreciation & Amortization	38,653	0	38,653
8	Taxes other than Income	7,901	0	7,901
9	State Income Taxes - Current	(8,981)	0	(8,981)
10	Federal Income Taxes	0	0	0
11	Total Operating Expenses before FIT	921,130	0	921,130
14	Operating Income before Federal Income Taxes	(37,180)	0	(37,180)
15	Reconciling Items:			
16	Interest Charges	(112,772)	0	(112,772)
17	Permanent Differences	0	0	0
18	Taxable Meals/ lobbying	0	0	0
19	Nondeductible donations	0	0	0
20	Medicare Subsidy	0	0	0
21		0	0	0
22	Book Depreciation	38,653	0	38,653
23	Tax Depreciation	(37,499)	0	(37,499)
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36				
37	Total Reconciling Items	1,154	0	1,154
38	Federal Taxable Income	(148,788)	0	(148,788)
40	Federal Income Tax Rate	35.00%	35.00%	35.00%
41	Federal Income Tax Liability	(52,079)	0	(52,079)
42	Adjustment of Prior Year	17,417	(17,417)	0
43				
44	Federal Income Taxes - Current	(34,662)	-\$17,417	(\$52,079)
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.1T  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: X\_BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred Income Taxes:			
5	Def FIT Regulatory Asset/Liability	\$2,710	\$0	\$2,710
6	Def FIT Other	69,348	0	69,348
7	Def FIT Prior Year Adj	(20,239)	20,239	0
8	Amort Deferred ITC	51,819	20,239	72,058
9		0	0	0
10	Total Deferred Federal Income Taxes	\$51,819	\$20,239	\$72,058
11				
12	Total Federal Income Taxes	\$17,157	\$2,522	\$19,979
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.2T  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD \_\_\_\_ FORECASTED PERIOD \_\_\_\_  
TYPE OF FILING: X\_ ORIGINAL \_\_\_\_ UPDATED \_\_\_\_ REVISED \_\_\_\_  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$983,950	\$0	\$983,950
3				
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	883,555	0	883,555
7	Depreciation & Amortization	38,655	0	38,655
8	Taxes other than Income	7,901	0	7,901
9	State Income Taxes - Current	0	0	0
10	Federal Income Taxes	0	0	0
11				
12	Total Operating Expenses before SIT	930,111	0	930,111
13				
14	Operating Income before State Income Taxes	(46,161)	0	(46,161)
15	Reconciling Items:			
16	Interest Charges	(112,772)	0	(112,772)
17	Permanent Differences			
18	Taxable Meals/ Lobbying	0	0	0
19	Non-deductible donations	0	0	0
20	Medicare Subsidy	0	0	0
21				
22	Book Depreciation	38,653	0	38,653
23	Tax Depreciation	(37,499)	0	(37,499)
24	Taxable Customer Adv and CIAC	0	0	0
25	Other Net	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	1,154	0	1,154
38				
39	State Taxable Income	(157,779)	0	(157,779)
40				
41	State Income Tax Rate	6.00%	6.00%	6.00%
42	State Income Tax Liability	(9,981)	0	(9,978)
43				
44	State Income Taxes - Current	(6,981)	0	(6,978)
45	Less: Prior Year Adjustment	(2,830)	2,830	0
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.21  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3				
4	Deferred State Income Taxes:			
5	Def SIT Regulatory Asset/Liability	\$ 533	\$ -	\$ 533
6	Def SIT Other	11,708	0	11,708
7	Def SIT Prior Year Adj	2,587	(2,587)	0
8	Amort Deferred ITC	14,828	(2,587)	12,241
9		0	0	0
10	Total Deferred State Income Taxes	\$ 14,828	\$ (2,587)	\$ 12,241
11	Total State Income Taxes	\$ 3,017	\$ 243	\$ 3,263
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1.3T  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_\_ BASE PERIOD \_\_\_X\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_\_\_ ORIGINAL \_\_\_\_\_ UPDATED \_\_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1	Operating Revenues	\$1,164,229	\$0	\$1,164,229	\$701,661	\$1,866,110
2	Operating Expenses					
3	Operating & Maintenance Expenses	1,140,442	0	1,140,442	5,966	1,146,408
4	Depreciation & Amortization	178,651	0	178,651	0	178,651
5	Taxes other than Income	78,749	0	78,749	1,179	79,928
6	State Income Taxes - Current	(23,051)	0	(23,051)	41,664	18,633
7	Federal Income Taxes					
8	Total Operating Expenses before FIT	1,374,792	0	1,374,792	48,828	1,423,621
9	Operating Income before Federal Income Taxes	(210,563)	(0)	(210,563)	653,052	442,489
10	Reconciling Items:					
11	Interest Charges	(128,879)	0	(128,879)	0	(128,879)
12	Permanent differences					
13	Taxable meals/lobbying	0	0	0	0	0
14	Non-deductible donations	0	0	0	0	0
15	Medicare Subsidy	0	0	0	0	0
16	Book Depreciation	178,651	0	178,651	0	178,651
17	Tax Depreciation	(264,694)	0	(264,694)	0	(264,694)
18	Non-Deductible Meals/lobbying	0	0	0	0	0
19	Additional Taxable AFUDC	0	0	0	0	0
20	Deferred Debits	0	0	0	0	0
21	Amortization of UPAA	18,384	0	18,384	0	18,384
22	Deferred Maintenance	0	0	0	0	0
23	Property Losses	0	0	0	0	0
24	Amort Regulatory Assets / Liabilities	0	0	0	0	0
25	Taxable Advances and CIAC	45,972	0	45,972	0	45,972
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Total Reconciling Items	(21,687)	0	(21,687)	0	(21,687)
31	Federal Taxable Income	(361,129)	(0)	(361,129)	653,052	291,923
32	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
33	Federal Income Tax -Current	(126,395)	0	(126,395)	228,568	102,173

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRIVILLAGE

SCHEDULE E-1.3T  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	AI Current Rates		Adjustments		AI Proposed Rates	
		Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
2	Deferred Income Taxes:						
3	Def FIT Regulatory Asset/Liability	\$3,709	\$3,709	\$0	\$0	\$3,709	\$3,709
4	Def FIT UPI/S	17,666	17,666	0	0	17,666	17,666
5	Def FIT Deferred Maintenance	(6,048)	(6,048)	0	0	(6,048)	(6,048)
6	Def FIT Deferred Debits	0	0	0	0	0	0
7	Def FIT Property Losses	0	0	0	0	0	0
10		<u>15,327</u>	<u>15,327</u>	<u>0</u>	<u>0</u>	<u>15,327</u>	<u>15,327</u>
11	Amort Deferred JTC	0	0	0	0	0	0
13	Total Deferred Federal Income Taxes	<u>15,327</u>	<u>15,327</u>	<u>0</u>	<u>0</u>	<u>15,327</u>	<u>15,327</u>
15	Total Federal Income Taxes	<u>(\$111,066)</u>	<u>(\$111,066)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$111,066)</u>	<u>(\$111,066)</u>
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-1,4T  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_\_ BASE PERIOD \_\_\_X\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_\_\_ ORIGINAL \_\_\_ \_\_\_ UPDATED \_\_\_ \_\_\_ REVISED \_\_\_  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1	Operating Revenues	\$1,164,229	\$0	\$1,164,229	\$701,681	\$1,866,110
2	Operating Expenses					
3	Operation & Maintenance Expenses	1,140,442	0	1,140,442	5,966	1,146,408
4	Depreciation & Amortization	178,651	0	178,651	0	178,651
5	Taxes other than Income	78,749	0	78,749	1,179	79,928
6	State Income Taxes - Current					
7	Federal Income Taxes					
8	Total Operating Expenses before FIT	1,397,843	0	1,397,843	7,145	1,404,988
9	Operating Income before Federal Income Taxes	(233,614)	0	(233,614)	694,736	461,122
10	Reconciling Items:					
11	Interest Charges	(128,879)	0	(128,879)	0	(128,879)
12	Permanent differences					
13	Taxable meals/lobbying	0	0	0	0	0
14	Non-deductible donations	0	0	0	0	0
15	Medicare Subsidy	0	0	0	0	0
16	Book Depreciation	178,651	0	178,651	0	178,651
17	Tax Depreciation	(264,694)	0	(264,694)	0	(264,694)
18	Non-Deductible Meals/lobbying	0	0	0	0	0
19	Additional Taxable AFUDC	0	0	0	0	0
20	Deferred Debts	0	0	0	0	0
21	Amortization of UPAA	18,384	0	18,384	0	18,384
22	Deferred Maintenance	0	0	0	0	0
23	Property Losses	0	0	0	0	0
24	Amort Regulatory Assets / Liabilities	0	0	0	0	0
25	Taxable Advances and CIAC	45,972	0	45,972	0	45,972
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Total Reconciling Items	(21,687)	-	(21,687)	-	(21,687)
31	State Taxable Income	(384,180)	-	(384,180)	694,736	310,566
32	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
33	State Income Tax Liability	(23,051)	-	(23,051)	41,684	18,633
34	State Income Taxes - Current	(23,051)	-	(23,051)	41,684	18,633

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
TRI VILLAGE

SCHEDULE E-14T  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$1,043	\$0	\$1,043	\$0	\$1,043
4	Def SIT UPIS	3,222	0	3,222	0	3,222
5	Def SIT Deferred Maintenance	(1,104)	0	(1,104)	0	(1,104)
6	Def SIT Deferred Debts	0	0	0	0	0
7	Def SIT Property Losses	0	0	0	0	0
8						
9						
10		3,161	0	3,161	0	3,161
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred State Income Taxes	3,161	0	3,161	0	3,161
14						
15	Total State Income Taxes	(\$19,890)	\$0	(\$19,890)	\$41,684	\$21,794
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KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
 FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
 TRIVILLAGE

DATA:  BASE PERIOD  FORECASTED PERIOD  
 TYPE OF FILING:  ORIGINAL  UPDATED  REVISED  
 WORKPAPER REFERENCE NO(S):

SCHEDULE E-2T  
 PAGE 1 of 1  
 Witness Responsible: M.A. Miller

Line No.	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
1					
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.  
 100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-90143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.1E  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X, BASE PERIOD FORECASTED PERIOD  
TYPE OF FILING: X, ORIGINAL, UPDATED, REVISED  
WORKPAPER REFERENCE NO(S): WP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$81,756	\$0	\$81,756
5	Operating Expenses			
6	Operation & Maintenance Expenses	87,428	0	87,428
7	Depreciation & Amortization	0	0	0
8	Taxes other than Income	1,039	0	1,039
9	State Income Taxes - Current	(720)	0	(720)
10	Federal Income Taxes			
11	Total Operating Expenses before FIT	87,747	0	87,747
12				
13	Operating Income before Federal Income Taxes	(5,991)	0	(5,991)
14	Reconciling Items:			
15	Interest Charges	(6,141)	0	(6,141)
16	Permanent Differences			
17	Taxable meals/lobbying	0	0	0
18	Non-deductible donations	0	0	0
19	Medicare Subsidy	0	0	0
20		0	0	0
21		0	0	0
22	Book Depreciation	8,627	0	8,627
23	Tax Depreciation	(8,418)	0	(8,418)
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36				
37	Total Reconciling Items	209	0	209
38				
39	Federal Taxable Income	(11,923)	0	(11,923)
40				
41	Federal Income Tax Rate	35.00%	35.00%	35.00%
42	Federal Income Tax Liability	(4,173)	0	(4,173)
43	Adjustment of Prior Year	948	(948)	0
44				
45	Federal Income Taxes - Current	(63,225)	(948)	(\$64,173)
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.1E  
PAGE 2 of 2  
Witness Responsible: M.A. Miler

DATA: X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred Income Taxes:			
4	Def FIT Regulatory Asset/Liability	\$148	\$0	\$148
5	Def FIT Other	3,776	0	3,776
6	Def FIT Prior Year Adj	(1,102)	1,102	0
7		<u>2,822</u>	<u>1,102</u>	<u>3,924</u>
8	Amort Deferred ITC	0	0	0
9		<u>\$2,822</u>	<u>\$1,102</u>	<u>\$3,924</u>
10	Total Deferred Federal Income Taxes			
11		<u>(\$403)</u>	<u>\$154</u>	<u>(\$249)</u>
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.2E  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD: FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL / UPDATED / REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$81,756	\$0	\$81,758
3	Operating Expenses			
4	Operation & Maintenance Expenses	87,428	0	87,428
5	Depreciation & Amortization	0	0	0
6	Taxes other than Income	1,039	0	1,039
7	State Income Taxes - Current	0	0	0
8	Federal Income Taxes	0	0	0
9	Total Operating Expenses before SIT	88,467	0	88,467
10	Operating Income before State Income Taxes	(6,711)	0	(6,711)
11	Reconciling Items:			
12	Interest Charges	(6,141)	0	(6,141)
13	Permanent differences			
14	Taxable meals/lobbying	0	0	0
15	Non-deductible donations	0	0	0
16	Medicare Subsidy	0	0	0
17	Book Depreciation	8,627	0	8,627
18	Tax Depreciation	(6,416)	0	(6,416)
19	Reserved	0	0	0
20	Reserved	0	0	0
21	Reserved	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	209	0	209
38	State Taxable Income	(12,643)	0	(12,643)
39	State Income Tax Rate	6.00%	6.00%	6.00%
40	State Income Tax Liability	(720)	0	(720)
41	State Income Taxes - Current	(720)	0	(720)
42	Less: Prior Year Adjustment	(154)	154	0
43		(874)	\$154	(\$720)
44				
45				
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.2E  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Asses/Liability	\$29	0	29
5	Def SIT Other	638	0	638
6	Def SIT Prior Year Adj	141	(141)	0
7	Amort Deferred ITC	808	(141)	667
8		0	0	0
9				
10	Total Deferred State Income Taxes	\$808	(141)	667
11				
12	Total State Income Taxes	(\$56)	13	(53)



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.3E  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_ BASE PERIOD \_\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_\_ ORIGINAL \_\_\_\_ UPDATED \_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-8

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
2	Operating Revenues	\$93,630	\$0	\$93,630	\$52,718	\$146,356
3	Operating Expenses					
4	Operation & Maintenance Expenses	109,066	0	109,066	448	109,514
5	Depreciation & Amortization	7,442	0	7,442	0	7,442
6	Taxes other than Income	6,088	0	6,088	89	6,157
7	State Income Taxes - Current	(2,289)	0	(2,289)	3,131	842
8	Federal Income Taxes					
9	Total Operating Expenses before FIT	120,287	0	120,287	3,658	123,955
10	Operating Income before Federal Income Taxes	(26,649)	(0)	(26,649)	49,050	22,401
11	Reconciling Items:					
12	Interest Charges	(6,995)	0	(6,995)	0	(6,995)
13	Permanent differences					
14	Taxable meals/lobbying	0	0	0	0	0
15	Nondeductible donations	0	0	0	0	0
16	Medicare Subsidy	0	0	0	0	0
17	Total Reconciling Items	0	0	0	0	0
18	Book Depreciation	7,442	0	7,442	0	7,442
19	Tax Depreciation	(10,999)	0	(10,999)	0	(10,999)
20	Non-Deductible Meals/Lobbying	0	0	0	0	0
21	Additional Taxable AFUDC	0	0	0	0	0
22	Deferred Debits	0	0	0	0	0
23	Amortization of UPAA	0	0	0	0	0
24	Deferred Maintenance	0	0	0	0	0
25	Property Losses	0	0	0	0	0
26	Amort Regulatory Assets / Liabilities	1,043	0	1,043	0	1,043
27	Taxable Advances and CIAC	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Reserved	0	0	0	0	0
31	Reserved	0	0	0	0	0
32	Total Reconciling Items	(2,514)	0	(2,514)	0	(2,514)
33	Federal Taxable Income	(35,656)	(0)	(35,656)	49,050	13,192
34	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
35	Federal Income Tax -Current	(12,550)	0	(12,550)	17,169	4,617

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.3E  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_ BASE PERIOD \_\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_\_ ORIGINAL \_\_\_\_ UPDATED \_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-8

Line No.	Description	At Current Rates		At Proposed Rates	
		Unadjusted	Adjusted	Unadjusted	Adjusted
1					
2	Deferred Income Taxes:				
3	Def FIT Regulatory Asset/Liability	\$154	\$154	\$0	\$154
4	Def FIT UPIS	734	734	0	734
5	Def FIT Deferred Maintenance	0	0	0	0
6	Def FIT Deferred Debts	0	0	0	0
7	Def FIT Property Losses	0	0	0	0
8					
9					
10		888	888	0	888
11	Amort Deferred ITC	0	0	0	0
12					
13	Total Deferred Federal Income Taxes	888	888	0	888
14					
15	Total Federal Income Taxes	(\$11,862)	(\$11,862)	\$0	\$5,505
16				\$17,168	
17					
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.4E  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1	Operating Revenues	\$ 93,630	\$ -	\$ 93,630	\$ 52,718	\$ 146,356
2	Operating Expenses					
3	Operation & Maintenance Expenses	\$ 109,066	\$ -	\$ 109,066	\$ 448	\$ 109,514
4	Depreciation & Amortization	7,442	0	7,442	0	7,442
5	Taxes other than Income	6,068	0	6,068	89	6,157
6	State Income Taxes - Current					
7	Federal Income Taxes					
8	Total Operating Expenses before FIT	\$ 122,576	\$ -	\$ 122,576	\$ 537	\$ 123,113
9	Operating income before Federal Income Taxes	\$ (28,938)	\$ -	\$ (28,938)	\$ 52,181	\$ 23,243
10	Reconciling items:					
11	Interest Charges	(6,695)	0	(6,695)	0	(6,695)
12	Permanent differences					
13	Taxable meals/lobbying	0	0	0	0	0
14	Nondeductible donations	0	0	0	0	0
15	Medicare Subsidy	0	0	0	0	0
16	Book Depreciation	7,442	0	7,442	0	7,442
17	Tax Depreciation	(10,999)	0	(10,999)	0	(10,999)
18	Non-Deductible Meals/lobbying	0	0	0	0	0
19	Additional Taxable AFUDC	0	0	0	0	0
20	Deferred Debts	0	0	0	0	0
21	Amortization of UPAA	0	0	0	0	0
22	Deferred Maintenance	0	0	0	0	0
23	Property Losses	0	0	0	0	0
24	Amort Regulatory Assets / Liabilities	1,043	0	1,043	0	1,043
25	Taxable Advances and CIAC	0	0	0	0	0
26	Reserved	0	0	0	0	0
27	Reserved	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Total Reconciling Items	\$ (2,514)	\$ -	\$ (2,514)	\$ -	\$ (2,514)
31	State Taxable Income	\$ (38,147)	\$ -	\$ (38,147)	\$ 52,181	\$ 14,034
32	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
33	State Income Tax Liability	\$ (2,289)	\$ -	\$ (2,289)	\$ 3,131	\$ 842
34	State Income Taxes - Current	\$ (2,289)	\$ -	\$ (2,289)	\$ 3,131	\$ 842

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
ELK LAKE

SCHEDULE E-1.4E  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_ ORIGINAL \_\_\_ \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Processed Rates Adjustments	Adjusted
2	Deferred Income Taxes:					
3	Def SIT Regulatory Asset/Liability	\$43	\$0	\$43	\$0	\$43
4	Def SIT UPIs	134	0	134	0	134
5	Def SIT Deferred Maintenance	0	0	0	0	0
6	Def SIT Deferred Debts	0	0	0	0	0
7	Def SIT Property Losses	0	0	0	0	0
8						
9						
10		177	0	177	0	177
11	Amort Deferred ITC	0	0	0	0	0
12						
13	Total Deferred State Income Taxes	177	0	177	0	177
14						
15	Total State Income Taxes	(\$2,112)	\$0	(\$2,112)	(\$2,131)	\$1,019
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF INCOME TAX ADJUSTMENTS  
ELK LAKE

SCHEDULE E-1,5E  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD, X\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL, X\_ UPDATED, X\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Reference Base Period	Description	Forecasted Period	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
3	Sch E-1,2	State Income Taxes				
4	Sch E-1,4	Current	Sch E-1,4	(\$720)	\$ (2,289)	\$ (1,569)
5	Sch E-1,4	Deferred	Sch E-1,4	667	177	(490)
6		Reserved		0	0	0
7		Reserved		0	0	0
8		Total State Income Taxes		\$ (63)	\$ (2,112)	\$ (2,059)
13	Sch E-1,1	Federal Income Taxes				
14	Sch E-1,1	Current	Sch E-1,3	(4,173)	(12,550)	(8,377)
15	Sch E-1,1	Deferred	Sch E-1,3	3,924	888	(3,036)
16	Sch E-1,1	Deferred - ITC	Sch E-1,3	0	0	0
17		Reserved		0	0	0
18		Reserved		0	0	0
19		Total Federal Income Taxes		\$ (249)	\$ (11,662)	\$ (11,413)
23		Total Income Taxes		\$ (302)	\$ (13,774)	\$ (13,472)

KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
 FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
 ELK LAKE

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
 TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_\_\_ REVISED  
 WORKPAPER REFERENCE NO(S):

SCHEDULE E-2E  
 PAGE 1 of 1  
 Witness Responsible: M.A. Miller

Line No.	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
1					
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.  
 100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

SCHEDULE E-1.10  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: X\_L BASE PERIOD FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL UPDATED REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
2	Operating Revenues	\$797,644	\$0	\$797,644
3	Operating Expenses			
4	Operation & Maintenance Expenses	475,951	0	475,951
5	Depreciation & Amortization	48,190	0	48,190
6	Taxes other than Income	13,639	0	13,639
7	State Income Taxes - Current	10,620	0	10,620
8	Federal Income Taxes			
9	Total Operating Expenses before FIT	548,400	0	548,400
10	Operating Income before Federal Income Taxes	249,244	0	249,244
11	Reconciling Items:			
12	Interest Charges	(74,809)	0	(74,809)
13	Permanent Differences	0	0	0
14	Taxable meals/lobbying	0	0	0
15	Nondeductible donations	0	0	0
16	Medicare Subsidy	0	0	0
17	Book Depreciation	48,190	0	48,190
18	Tax Depreciation	(46,682)	0	(46,682)
19	Reserved	0	0	0
20	Reserved	0	0	0
21	Reserved	0	0	0
22	Reserved	0	0	0
23	Reserved	0	0	0
24	Reserved	0	0	0
25	Reserved	0	0	0
26	Reserved	0	0	0
27	Reserved	0	0	0
28	Reserved	0	0	0
29	Reserved	0	0	0
30	Reserved	0	0	0
31	Reserved	0	0	0
32	Reserved	0	0	0
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	1,508	0	1,508
38	Federal Taxable Income	175,943	0	175,943
39	Federal Income Tax Rate	35.00%	35.00%	35.00%
40	Federal Income Tax Liability	61,560	0	61,560
41	Adjustment of Prior Year	11,554	(11,554)	0
42	Federal Income Taxes - Current	\$73,134	-\$11,554	\$61,580

The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

SCHEDULE E-1.10  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_X\_ BASE PERIOD \_\_\_\_\_ FORECASTED PERIOD \_\_\_\_\_  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_\_\_ UPDATED \_\_\_\_\_ REVISED \_\_\_\_\_  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred Income Taxes:			
4	Def FIT Regulatory Asset/Liability	\$1,798	\$0	\$1,798
5	Def FIT Other	46,003	0	46,003
6	Def FIT Prior Year Adj	(13,426)	13,426	0
7	Amort Deferred ITC	34,375	13,426	47,801
8		0	0	0
9				
10	Total Deferred Federal Income Taxes	\$34,375	\$13,426	\$47,801
11				
12	Total Federal Income Taxes	\$107,509	\$1,872	\$109,381
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

SCHEDULE E-1.20  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD \_\_\_  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED \_\_\_  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates	
		Unadjusted	Adjusted
2	Operating Revenues	\$797,644	\$797,644
5	Operating Expenses		
6	Operation & Maintenance Expenses	475,951	475,951
7	Depreciation & Amortization	48,190	48,190
8	Taxes other than Income	13,639	13,639
9	State Income Taxes - Current	0	0
10	Federal Income Taxes	0	0
11	Total Operating Expenses before SIT	537,780	537,780
12	Operating Income before State Income Taxes	259,864	259,864
13	Reconciling items:		
14	Interest Charges	(74,809)	(74,809)
15	Permanent Differences	0	0
16	Taxable meals/lobbying	0	0
17	Nondeductible donations	0	0
18	Medicare Subsidy	0	0
19	Book Depreciation	0	0
20	Book Depreciation	0	0
21	Tax Depreciation	48,190	48,190
22	Reserved	(46,682)	(46,682)
23	Reserved	0	0
24	Reserved	0	0
25	Reserved	0	0
26	Reserved	0	0
27	Reserved	0	0
28	Reserved	0	0
29	Reserved	0	0
30	Reserved	0	0
31	Reserved	0	0
32	Reserved	0	0
33	Reserved	0	0
34	Reserved	0	0
35	Reserved	0	0
36	Reserved	0	0
37	Reserved	0	0
38	Total Reconciling Items	1,508	1,508
39	State Taxable Income	186,563	186,563
40	State Income Tax Rate	6.00%	6.00%
41	State Income Tax Liability	10,620	10,620
42	State Income Taxes - Current	0	0
43	Less: Prior Year Adjustment	(1,877)	1,877
44		\$6,743	\$10,620
45			
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

SCHEDULE E-1.20  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: X\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Asset/Liability	\$353	0	353
5	Def SIT Other	7,767	0	7,767
6	Def SIT Prior Year Adj	1,716	(1,716)	0
7		9,836	(1,716)	8,120
8	Amort Deferred ITC	0	0	0
9		\$9,836	(1,716)	8,120
10	Total Deferred State Income Taxes	\$18,579	161	18,740
11				
12				
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

SCHEDULE E-1,30  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_\_ BASE PERIOD \_\_\_X\_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_\_\_ ORIGINAL \_\_\_ \_\_\_ UPDATED \_\_\_ \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$605,551	\$0	\$605,551	\$657,951	\$1,273,532
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	791,842	0	791,842	5,678	797,520
6	Depreciation & Amortization	80,763	0	80,763	0	80,763
7	Taxes other than Income	61,376	0	61,376	1,122	62,498
8	State Income Taxes - Current	(25,376)	0	(25,376)	39,671	14,295
9	Federal Income Taxes					
10	Total Operating Expenses before FIT	908,605	0	908,605	45,471	955,076
11						
12	Operating Income before Federal Income Taxes	(303,054)	(0)	(303,054)	621,510	318,456
13	Reconciling Items:					
14	Interest Charges	(87,615)	0	(87,615)	0	(87,615)
15						
16	Permanent differences					
17	Taxable meals/lobbying	0	0	0	0	0
18	Nondeductible donations	0	0	0	0	0
19	Medicare subsidy	0	0	0	0	0
20						
21						
22						
23	Book Depreciation	80,763	0	80,763	0	80,763
24	Tax Depreciation	(119,674)	0	(119,674)	0	(119,674)
25	Non-Deductible Meals/Lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(985)	0	(985)	0	(985)
27	Deferred Debits	0	0	0	0	0
28	Amortization of UPAA	0	0	0	0	0
29	Deferred Maintenance	38,283	0	38,283	0	38,283
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	3,709	0	3,709	0	3,709
32	Taxable Advances and CIAC	0	0	0	0	0
33	Reserved	0	0	0	0	0
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37	Total Reconciling Items	3,106	0	3,106	0	3,106
38						
39	Federal Taxable Income	(397,562)	(0)	(397,562)	621,510	223,946
40						
41	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
42	Federal Income Tax Liability	(139,147)	0	(139,147)	217,529	78,382
43						
44	Investment Tax Credits	0	0	0	0	0
45						
46	Federal Income Taxes - Current	(139,147)	-	(139,147)	217,529	78,382
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
FEDERAL INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

SCHEDULE E-1.30  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_X\_ ORIGINAL \_\_\_ \_\_\_ UPDATED \_\_\_ \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-5

Line No.	Description	At Current Rates		At Proposed Rates	
		Unadjusted	Adjusted	Adjustments	Adjusted
2	Deferred Income Taxes:				
3	Def FIT Regulatory Asset/Liability	\$1,677	\$1,677	\$0	\$1,677
4	Def FIT UPLIS	7,987	7,987	0	7,987
5	Def FIT Deferred Maintenance	(12,924)	(12,924)	0	(12,924)
6	Def FIT Deferred Debits	0	0	0	0
7	Def FIT Property Losses	0	0	0	0
8					
9					
10	Amort Deferred ITC	(3,260)	(3,260)	0	(3,260)
11		0	0	0	0
12					
13	Total Deferred Federal Income Taxes	(3,260)	(3,260)	0	(3,260)
14					
15	Total Federal Income Taxes	(\$142,407)	(\$142,407)	\$217,529	\$75,122
16					
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

SCHEDULE E-1.40  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
TYPE OF FILING: \_\_\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-5

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
2	Operating Revenues	\$ 605,551	\$ -	\$ 605,551	\$ 667,981	\$ 1,273,532
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 791,842	\$ -	\$ 791,842	\$ 5,678	\$ 797,520
6	Depreciation & Amortization	80,763	0	80,763	0	80,763
7	Taxes other than Income	81,376	0	81,376	1,122	82,498
8	State Income Taxes - Current					
9	Federal Income Taxes					
10	Total Operating Expenses before FIT	\$ 933,981	\$ -	\$ 933,981	\$ 6,800	\$ 940,781
11	Operating Income before Federal Income Taxes	\$ (328,430)	\$ -	\$ (328,430)	\$ 861,181	\$ 332,751
12	Reconciling Items:					
13	Interest Charges	(97,615)	0	(97,615)	0	(97,615)
14	Permanent differences					
15	Taxable meals/lobbying	0	0	0	0	0
16	Nondeductible donations	0	0	0	0	0
17	Medicare subsidy	0	0	0	0	0
18	Book Depreciation	80,763	0	80,763	0	80,763
19	Tax Depreciation	(119,674)	0	(119,674)	0	(119,674)
20	Non-Deductible Meals/lobbying	0	0	0	0	0
21	Additional Taxable AFUDC	(985)	0	(985)	0	(985)
22	Deferred Debits	0	0	0	0	0
23	Amortization of UPAA	0	0	0	0	0
24	Deferred Maintenance	38,293	0	38,293	0	38,293
25	Property Losses	0	0	0	0	0
26	Amort Regulatory Assets / Liabilities	3,709	0	3,709	0	3,709
27	Taxable Advances and CIAC	0	0	0	0	0
28	Reserved	0	0	0	0	0
29	Reserved	0	0	0	0	0
30	Reserved	0	0	0	0	0
31	Total Reconciling Items	\$ 3,106	\$ -	\$ 3,106	\$ -	\$ 3,106
32	State Taxable Income	\$ (422,938)	\$ -	\$ (422,938)	\$ 861,181	\$ 238,243
33	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
34	State Income Tax Liability	\$ (25,376)	\$ -	\$ (25,376)	\$ 39,671	\$ 14,295
35	State Income Taxes - Current	\$ (25,376)	\$ -	\$ (25,376)	\$ 39,671	\$ 14,295

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
STATE INCOME TAX CALCULATION  
FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
OWENTON

DATA: BASE PERIOD X FORECASTED PERIOD  
TYPE OF FILING: X ORIGINAL UPDATED REVISED  
WORKPAPER REFERENCE NO(S): WIP-6

SCHEDULE E-140  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

Line No.	Description	A: Current Rates		A: Proposed Rates	
		Unadjusted	Adjusted	Unadjusted	Adjusted
1					
2	Deferred Income Taxes:				
3	Def SIT Regulatory Asset/Liability	\$472	\$0	\$472	\$0
4	Def SIT UPIS	1,457	0	1,457	0
5	Def SIT Deferred Maintenance	(2,352)	0	(2,352)	0
6	Def SIT Deferred Debts	0	0	0	0
7	Def SIT Property Losses	0	0	0	0
8					
9					
10		(423)	0	(423)	0
11	Amort Deferred ITC	0	0	0	0
12					
13	Total Deferred State Income Taxes	(423)	0	(423)	0
14					
15	Total State Income Taxes	(\$25,799)	\$0	(\$25,799)	\$13,872
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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
SUMMARY OF INCOME TAX ADJUSTMENTS  
OWENTON

SCHEDULE E-1.50  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

DATA: X\_BASE PERIOD X\_FORECASTED PERIOD  
TYPE OF FILING: X\_ORIGINAL X\_UPDATED X\_REVIS  
WORKPAPER REFERENCE NO(S): W/P-6

Line No.	Description	Reference Base Period	Forecasted Period	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
2	State Income Taxes					
3	Current	Sch E-1.2	Sch E-1.4	\$10,620	\$ (25,376)	\$ (35,996)
4	Deferred	Sch E-1.2	Sch E-1.4	8,120	(423)	(8,543)
5	Reserved			0	0	0
6	Reserved			0	0	0
7						
8						
9						
10	Total State Income Taxes			\$ 18,740	\$ (25,799)	\$ (44,539)
11						
12	Federal Income Taxes					
13	Current	Sch E-1.1	Sch E-1.3	61,580	(139,147)	(200,727)
14	Deferred	Sch E-1.1	Sch E-1.3	47,801	(3,260)	(51,061)
15	Deferred - ITC	Sch E-1.1	Sch E-1.3	0	0	0
16	Reserved			0	0	0
17	Reserved			0	0	0
18						
19	Total Federal Income Taxes			\$ 109,381	\$ (142,407)	\$ (251,789)
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50	Total Income Taxes			\$ 128,121	\$ (168,206)	\$ (296,327)

KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES  
 FOR THE TWELVE MONTHS ENDED: JULY 31, 2007  
 OWENTON

SCHEDULE E-20  
 PAGE 1 of 1  
 Witness Responsible: M.A. Miller

DATA:  BASE PERIOD  FORECASTED PERIOD  
 TYPE OF FILING:  ORIGINAL  UPDATED  REVISED  
 WORKPAPER REFERENCE NO(S):

Line No.	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.  
 100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
GROSS REVENUE CONVERSION FACTOR  
FOR THE TWELVE MONTHS ENDED: NOVEMBER 30, 2008

SCHEDULE H  
PAGE 1 OF 1  
Witness Responsible: S.A. Miller

DATA: \_X\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-3

Line No.	Description	Central Div	Tri-Village	Elk Lake	Owenton
2	Operating Revenues	100.00000%	100.00000%	100.00000%	100.00000%
5	Less: Uncollectibles	0.850000%	0.850000%	0.850000%	0.850000%
7	Less: PSC Fees	0.16800%	0.16800%	0.16800%	0.16800%
9	Net Revenues	98.9820%	98.9820%	98.9820%	98.9820%
11	SIT Rate:	6.00%	5.93892%	5.93892%	5.93892%
13	Income before Federal Income Taxes	93.04308%	93.04308%	93.04308%	93.04308%
15	FIT Rate:	35.00%	32.56508%	32.56508%	32.56508%
17	Operating Income Percentage	60.47800%	60.47800%	60.47800%	60.47800%
20	Gross Revenue Conversion Factor (1)	1.6534938	1.6534938	1.6534938	1.6534938

(1) CALCULATED BY DIVIDING 100% BY THE OPERATING INCOME PERCENTAGE

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KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
OVERALL FINANCIAL SUMMARY  
November 30, 2008

SCHEDULE J-1  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_ FORECASTED PERIOD  
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR  
TYPE OF FILING: \_\_\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): W/P-7

Line No.	Class of Capital	Reference	Net Carrying Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost	13 Month Average Weighted Cost
2	Short-Term Debt	J-2, Page 1	\$1,439,023	0.600%	\$6,272	\$1,445,295	5.250%	0.030%	0.150%
4	Long-Term Debt	J-3, Page 1	119,898,986	53.200%	556,112	120,456,098	6.460%	3.440%	3.330%
6	Preferred Stock	J-4, Page 1	5,945,110	2.600%	27,178	5,972,288	7.750%	0.200%	0.230%
8	Common Equity		98,257,453	43.600%	455,762	98,713,215	11.400%	4.970%	4.960%
10	Total Capital		\$225,541,572	100.000%	\$ 1,045,324	\$226,586,896		8.640%	8.690%
17	(1) JDITC				\$ 1,045,324				

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
COST OF CAPITAL SUMMARY  
AS OF JULY 31, 2007

SCHEDULE J-1  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

DATA: X, BASE PERIOD, FORECASTED PERIOD  
DATE OF CAPITAL STRUCTURE: AS OF END OF BASE PERIOD  
TYPE OF FILING: X, ORIGINAL, UPDATED, REVISED  
WORKPAPER REFERENCE NO(S): WIP-7

Line No.	Class of Capital	Reference	Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost
2	Short-Term Debt	J-2, Page 2	\$51,725,625	28.652%	\$ 328,974	\$52,054,799	5.250%	1.500%
3								
4	Long-Term Debt	J-3, Page 2	49,502,222	27.421%	314,840	49,817,062	6.550%	1.800%
5								
6	Preferred Stock	J-4, Page 2	5,944,066	3.293%	37,809	5,981,895	7.750%	0.260%
7								
8	Common Equity		73,357,159	40.634%	466,549	73,823,708	11.400%	4.630%
9								
10	Total Capital		\$180,529,292	100.000%	\$ 1,148,172	\$181,677,464		8.190%
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(1) JDITC: \$ 1,148,172

KENTUCKY-AMERICAN WATER COMPANY

CASE NO: 2007-00143

COST OF CAPITAL SUMMARY AT CURRENT AND PROPOSED RATES

13 MONTH AVERAGE

SCHEDULE J-1, 1/J-1.2  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
DATE OF CAPITAL STRUCTURE: AVERAGE FOR FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-7

Line No.	Class of Capital	13 Month Average Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Average Weighted Cost
2	Short-Term Debt	\$5,795,786	2.835%	\$ 30,728	\$5,826,514	5.250%	0.15%
4	Long-Term Debt	103,387,163	50.580%	548,233	103,935,396	6.580%	3.33%
6	Preferred Stock	5,844,726	2.908%	31,520	5,976,246	7.750%	0.23%
8	Common Equity	89,276,928	43.677%	473,412	89,750,340	11.400%	4.88%
10	Total Capital	\$204,404,603	100.000%	\$ 1,083,893	\$205,488,496		8.69%

(1) JDITC: \$ 1,083,892

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50

KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 EMBEDDED COST OF SHORT-TERM DEBT  
 FROM AUGUST 1, 2006 TO NOVEMBER 30, 2008

SCHEDULE J-2  
 PAGE 1 of 2  
 Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
 DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR  
 TYPE OF FILING: \_X\_ ORIGINAL \_\_\_\_\_ UPDATED \_\_\_ REVISED  
 WORKPAPER REFERENCE NO(S): WIP-7

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
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3				
4	Promissory Note	\$ 1,439,023	5.250%	\$ 75,549
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7	Weighted Cost of Short-Term Debt	5.250%		
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KENTUCKY-AMERICAN WATER COMPANY  
 CASE NO: 2007-00143  
 EMBEDDED COST OF SHORT-TERM DEBT  
 AS OF JULY 31, 2007

SCHEDULE J-2  
 PAGE 2 of 2  
 Witness Responsible: M.A. Miller

DATA:  BASE PERIOD ..... FORECASTED PERIOD  
 DATE OF CAPITAL STRUCTURE: AS OF END OF BASE PERIOD  
 TYPE OF FILING:  ORIGINAL ..... UPDATED  REVISED  
 WORKPAPER REFERENCE NO(S): WIP-7

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
2				
3				
4	Promissory Note	<u>\$51,725,825</u>	<u>5.250%</u>	<u>\$2,715,606</u>
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6				
7	Weighted Cost of Short-Term Debt	<u>5.250%</u>		
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Line No.	Amount @ Jan-2007	Amount @ Feb-2007	Amount @ Mar-2007	Amount @ Apr-2007	Amount @ May-2007	Amount @ Jun-2007	Amount @ Jul-2007	Amount @ Aug-2007	Amount @ Sep-2007	Amount @ Oct-2007	Amount @ Nov-2007	Amount @ Dec-2007
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10	\$ 7,677,627	\$ 9,328,585	\$ 15,864,490	\$ 19,008,140	\$ 22,083,482	\$ 49,244,134	\$ 51,725,825	\$ 54,160,891	\$ 55,851,322	\$ 425,815	\$ 3,163,866	\$ 7,414,309
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PROMISSORY NOTE

Line No.	Amount @ Jan-2008	Amount @ Feb-2008	Amount @ Mar-2008	Amount @ Apr-2008	Amount @ May-2008	Amount @ Jun-2008	Amount @ Jul-2008	Amount @ Aug-2008	Amount @ Sep-2008	Amount @ Oct-2008	Amount @ Nov-2008	13 Month Average
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10	\$ 10,902,539	\$ 12,387,610	\$ 820,446	\$ 820,446	\$ 4,007,270	\$ 9,206,224	\$ 13,632,482	\$ 17,254,649	\$ 23,081,291	\$ 350,408	\$ 1,439,023	\$ 5,795,765
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PROMISSORY NOTE

Forecast rate base  
 202,100,690

Forecast rate base (Slippage)  
 \$198,859,510

2,241,180

**KENTUCKY-AMERICAN WATER COMPANY  
FORECASTED PERIOD PROPERTY TAX EXPENSE  
CASE NO: 2007-00143**

	TAX BASE @ 12/31/2005	TAX BASE @ 12/31/2006	TAX BASE @ 12/31/2007
Utility Plant in Service	\$ 303,346,602	\$ 323,642,452	\$ 359,669,956
Construction Work in Progress (50%)	5,708,493	5,867,675	4,282,622
Acquisition Adjustment	338,465	56,553	43,502
Materials & Supplies	425,930	515,515	523,761
Accumulated Depreciation	(68,781,987)	(75,828,389)	(91,230,692)
<b>TOTAL TAX BASE</b>	<b>\$ 241,037,503</b>	<b>\$ 254,253,807</b>	<b>\$ 273,289,150</b>
Property Tax Payments Paid in 2006	<u>\$ 2,430,738</u>		
Rate Per \$ 100	<u>1.0084</u>		
Property Tax for the Forecasted Portion of 2007		<u>\$ 213,658</u>	
Property Tax for the Forecasted Portion of 2008		<u>\$ 213,658</u>	
Property Tax for the Forecasted Period ended 11/30/08		<u>\$ 2,739,852</u>	
		Monthly Amt	<u>\$ 2,526,194</u>
		Monthly Amt	<u>\$ 229,654</u>

**PROPERTY TAXES PAID**

Taxing Authority	2006 Tax Amount		
Bourbon County	23,528	23,528	2005 tax
Fayette County/ LFUCG	1,386,021		
Harrison County	4,904		
Jessamine County	39,357	38,717	2005 tax pd 3/07
Scott County	138,872		
City of Georgetown	3,718		
City of Sadieville	928	928	
Woodford County	7,268		
Clark County	13,092		
Kentucky	579,973		
Owen	233,077		
<b>Total</b>	<u>\$ 2,430,738</u>		

KENTUCKY-AMERICAN WATER COMPANY		LEXINGTON		TRI-VILLAGE		ELK LAKE	
DEFERRED INCOME TAXES		Forecasted	Avg Forecast	Base	Forecasted	Avg Forecast	Forecasted
CASE NO: 2007-00143		Forecasted	Avg Forecast	Base	Forecasted	Avg Forecast	Forecasted
<b>Deferred Debits</b>							
Deferred Taxes							
SIT Liability	117,382	111,771	113,875	0	0	0	0
FIT Liability	643,644	612,880	624,417	0	0	0	0
Total	761,026	724,651	736,292	0	0	0	0
<b>Deferred Maintenance</b>							
Deferred Taxes							
SIT Liability	68,341	49,108	55,854	15,088	13,790	19,720	0
FIT Liability	374,738	289,273	306,267	82,732	75,618	76,760	0
Total	443,079	318,381	362,121	97,820	89,408	96,480	0
<b>Deferred Tax Info for UPIS</b>							
Deferred Taxes							
SIT & FIT Liability	32,892,611	35,371,548	35,220,328	78,846	84,788	84,426	0
Subtotal	32,892,611	35,371,548	35,220,328	78,846	84,788	84,426	0
Reg Assets/Liab	(4,539,351)	(4,943,169)	(4,667,535)	(10,881)	(11,849)	(11,188)	0
Total	28,353,260	30,428,379	30,552,793	67,965	72,939	73,238	0

KENTUCKY-AMERICAN WATER COMPANY  
DEPRECIABLE PROPERTY NET OF CIAC  
REFERENCED TO ACCOUNT SCHEDULE B  
LEXINGTON

Acct No	Account Title	Forecasted Depreciation Expense on End of Forecasted Test Year Plant			Forecasted Depreciation Expense on End of Base Test Year Plant			Forecasted Depreciation Expense on Average Test Year Plant		
		Balance November 30, 2009	Net UPIS	Depr Exp	Balance Jul-07	Net UPIS	Depr Exp	Average Balance	Net UPIS	Depr Rates
3031	OTHER PIECE INVENTORY	0	0	0	0	0	0	0	0	0.00%
3036	OTHER PIECE COMPREHENSIVE STUDIES	0	0	0	0	0	0	0	0	0.00%
311	SS STRUCTURES & IMPROVEMENTS	5,162,512	5,162,512	157,973	2,088,251	2,088,251	66,985	4,227,551	4,227,551	3.06%
312	COLL & IMPROVING RESERVS	1,016,553	1,016,553	10,916	1,016,553	1,016,553	22,384	1,016,553	1,016,553	2.07%
314	WELLS & SPRINGS	561,430	561,430	14,146	561,430	561,430	12,071	561,430	561,430	2.15%
316	SUPPLY MAINS	5,099,822	5,099,822	97,949	5,099,822	5,099,822	58,275	5,099,822	5,099,822	1.13%
321	PUMPING STRUCTURES & IMPROVEMENTS	5,237,403	5,237,403	105,272	5,237,403	5,237,403	121,509	5,237,403	5,237,403	2.01%
322	BOILER PLANT EQUIPMENT	0	0	0	0	0	0	0	0	0.00%
3232	OTHER POWER PROD EQPT	572,454	572,454	19,463	572,454	572,454	19,177	572,454	572,454	3.36%
325	ELECTRIC PUMPING EQUIPMENT	10,580,510	10,580,510	280,124	9,781,854	9,781,854	363,279	10,580,279	10,580,279	2.58%
326	DIESEL PUMPING EQUIPMENT	1,661,187	1,661,187	43,524	1,661,187	1,661,187	51,165	1,661,187	1,661,187	2.62%
3282	GASOLINE PUMPING EQPT	138,288	138,288	3,194	63,874	63,874	0	90,339	90,339	2.31%
3283	OTHER PUMPING EQUIPMENT	0	0	0	0	0	0	0	0	0.00%
331	WT STRUCTURES & IMPROVMENT	13,066,484	13,066,484	256,891	11,349,165	11,349,165	203,160	13,066,099	13,066,099	1.96%
332	WATER TREATMENT EQUIPMENT	24,394,383	24,394,383	583,510	24,394,383	24,394,383	983,084	24,394,383	24,394,383	2.31%
341	T & O STRUCTURES & IMP	1,656,901	1,656,901	76,715	1,656,901	1,656,901	89,616	1,656,901	1,656,901	4.83%
342	DIST RES & STANDPIES	9,449,252	9,449,252	219,232	9,334,163	9,334,163	206,364	9,449,252	9,449,252	2.20%
343	T & D MAINS	37,845,783	37,845,783	2,414,795	15,447,197	15,447,197	1,518,906	16,966,152	16,966,152	4.03%
345	SERVICES	38,128,476	38,128,476	552,252	36,019,342	36,019,342	700,321	37,881,734	37,881,734	1.47%
346	METERS	0	0	0	0	0	0	0	0	0.00%
3461	METERS - BRONZE CASE	45,064	45,064	1,325	45,064	45,064	460	45,064	45,064	2.81%
3462	METERS - PLASTIC CASE	5,506,920	5,506,920	163,005	1,939,605	1,939,605	96,398	4,128,604	4,128,604	2.56%
3463	METERS - OTHER	7,237,938	7,237,938	170,457	7,311,771	7,311,771	167,021	7,096,831	7,096,831	2.85%
347	METER INSTALLATIONS	15,671,321	15,671,321	481,110	15,288,469	15,288,469	373,039	15,530,138	15,530,138	3.07%
348	HYDRANTS	11,856,279	10,474,705	185,402	10,623,707	10,623,707	241,027	11,222,357	11,222,357	1.77%
3901	OFFICE STRUCTURES	4,023,063	4,023,063	84,484	4,023,063	4,023,063	67,587	4,023,063	4,023,063	2.10%
3902	STORES, SHOP & GAR STRUCT	24,046	24,046	993,633	993,633	993,633	16,395	993,633	993,633	2.42%
3903	MISC STRUCTURES	1,863,265	1,863,265	89,471	1,593,265	1,593,265	62,062	1,863,265	1,863,265	4.38%
3904	OFFICE FURNITURE	983,119	983,119	100,653	742,965	742,965	30,960	983,119	983,119	10.43%
3912	PERSONAL COMP & PERIPH EQPT	35,169,419	35,169,419	1,194,442	1,426,432	1,426,432	15,138	276,922	276,922	14.31%
39122	OTHER OFFICE MACH & EQPT	1,194,442	1,194,442	1,194,442	1,194,442	1,194,442	1,194,442	1,194,442	1,194,442	25.33%
39123	OFFICE MACH & EQPT - SOFTWARE	604,950	604,950	163,557	604,950	604,950	20,082	604,950	604,950	3.47%
39125	MAINFRAME SOFTWARE	4,588,909	4,588,909	474,034	4,588,909	4,588,909	959,005	4,588,909	4,588,909	10.33%
39126	PERSONAL COMP SOFTWARE	638,669	638,669	127,734	638,669	638,669	141,765	638,669	638,669	20.00%
39128	OTHER SOFTWARE	522,313	522,313	137,786	522,313	522,313	110,469	522,313	522,313	26.38%
3913	OTHER OFFICE EQUIPMENT	151,294	151,294	14,781	151,294	151,294	10,515	151,294	151,294	9.77%
39211	TRANS EQUIP - LIGHT TRUCKS	2,063,090	2,063,090	187,110	1,677,818	1,677,818	237,851	1,792,857	1,792,857	8.10%
39212	TRANS EQUIP - HEAVY TRUCKS	834,877	834,877	59,846	834,877	834,877	120,194	834,877	834,877	7.17%
3922	TRANS EQUIP - CARS	184,876	184,876	26,106	184,876	184,876	40,555	184,876	184,876	13.58%
3923	OTHER TRANS EQUIP	130,747	130,747	8,512	130,747	130,747	18,788	130,747	130,747	6.51%
393	TOOLS, SHOP & GARAGE EQUIP	35,547	35,547	35,547	35,547	35,547	1,378	35,547	35,547	3.88%
394	LABORATORY EQUIPMENT	2,705,773	2,705,773	173,981	1,640,693	1,640,693	118,489	2,124,340	2,124,340	7.10%
395	POWER OPERATED EQUIPMENT	886,179	886,179	983,179	886,179	886,179	98,948	886,179	886,179	10.94%
397	COMMUNICATION EQUIPMENT	1,304,657	1,304,657	70,418	1,304,657	1,304,657	137,205	1,304,657	1,304,657	9.12%
3972	COMMUNICATION EQUIPMENT	1,301,392	1,301,392	135,473	1,301,392	1,301,392	92,028	1,301,392	1,301,392	4.78%
39721	COMMUNICATION EQUIPMENT	0	0	0	0	0	0	0	0	0.00%
398	MISC EQUIPMENT	1,182,286	1,182,286	86,328	1,182,286	1,182,286	55,668	1,182,286	1,182,286	4.71%
398	OTHER TANGIBLE PROPERTY	137,985	137,985	8,279	137,985	137,985	28,025	137,985	137,985	20.89%
<b>TOTAL</b>		<b>\$ 365,238,304</b>	<b>\$ 61,693,216</b>	<b>\$ 8,033,621</b>	<b>\$ 323,706,420</b>	<b>\$ 46,241,690</b>	<b>\$ 7,914,444</b>	<b>\$ 349,699,313</b>	<b>\$ 55,986,165</b>	<b>\$ 7,601,316</b>

Kentucky-American Water Company Depreciable Property, Net of CIAC TRAILVILLE	Account Title	Forecasted Depreciation Expense on End of Forecasted Test Year Plant			Forecasted Depreciation Expense on End of Base Test Year Plant			Forecasted Depreciation Expense on Average Test Year Plant		
		November 30, 2008	December 30, 2008	Net LUIS	Depr. Rates	Depr. Exp.	November 30, 2008	December 30, 2008	Net LUIS	Depr. Rates
3031	OTHER PIE INTANGIBLES				28.14%				28.14%	
3036	OTHER PIE COMPREHENSIVE STUDIES				3.06%	13,538			3.06%	13,538
311	SS STRUCTURES & IMPROVEMENTS	442,402	442,402	442,402	3.14%	13,891			3.14%	13,891
312	COLL & INFOUNDING RESERY				1.67%				1.67%	
313	LAKE, RIVER, & OTHER INTAKES				2.52%				2.52%	
314	WELLS & SPRINGS				0.00%				0.00%	
315	SUPPLY MAINS				1.93%				1.93%	
321	PUMPING STRUCTURES & IMPROVEMENTS				2.01%				2.01%	
322	BOILER PLANT EQUIPMENT				0.00%				0.00%	
3232	ELECTRIC POWER PROD EQPT				3.40%				3.40%	
325	ELECTRIC PUMPING EQUIPMENT	128,875	128,875	128,875	2.88%	3,733			2.88%	3,733
325	DIESEL PUMPING EQUIPMENT				2.82%				2.82%	
3262	GASOLINE PUMPING EQPT				2.31%				2.31%	
3283	OTHER PUMPING EQUIPMENT				0.00%				0.00%	
331	WT STRUCTURES & IMPROVMT	168,110	168,110	168,110	1.65%	3,295			1.65%	3,295
332	WATER TREATMENT EQUIPMENT	51,538	51,538	51,538	2.31%	1,191			2.31%	1,191
334	GAC				0.00%				0.00%	
341	T & D STRUCTURES & IMP	22,120	22,120	22,120	4.03%	2,077			4.03%	2,077
342	DIST RES & STANDPIPES	858,732	858,732	858,732	2.33%	19,933			2.33%	19,933
343	T & D MAINS	4,438,215	2,389,180	2,389,180	1.70%	40,516			1.70%	40,516
345	SERVICES	167,688	130,093	130,093	3.32%	37,795			3.32%	37,795
346	METERS	87,406	87,406	87,406	2.81%	553			2.81%	553
3461	METERS - BRONZE CASE				2.84%				2.84%	
3462	METERS - PLASTIC CASE	255,938	57,842	57,842	2.86%	1,712			2.86%	1,712
347	METER INSTALLATIONS	18,480	18,480	18,480	3.07%	597			3.07%	597
348	HYDRANTS	18,424	18,424	18,424	1.77%	328			1.77%	328
3901	OFFICE STRUCTURES	1,919	1,919	1,919	2.00%	40			2.00%	40
3902	STORES, SHOP & GAR STRUCT				2.42%				2.42%	
3903	MISC STRUCTURES	2,599	2,599	2,599	4.38%	114			4.38%	114
3911	OFFICE FURNITURE	4,707	4,707	4,707	10.43%	491			10.43%	491
3912	MAINFRAME COMP & PERIPH EQPT				9.49%				9.49%	
39121	PERSONAL COMP & PERIPH EQPT	576,381	576,381	576,381	14.31%	82,480			14.31%	82,480
39122	OTHER OFFICE MACH & EQPT				25.38%				25.38%	
39123	OFFICE MACH & EQPT - SOFTWARE				10.33%				10.33%	
39125	MAINFRAME SOFTWARE				20.00%				20.00%	
39126	PERSONAL COMP SOFTWARE	5,607	5,607	5,607	26.38%	1,558			26.38%	1,558
39128	OTHER SOFTWARE	23,188	23,188	23,188	8.77%	2,265			8.77%	2,265
3913	OTHER OFFICE EQUIPMENT	9,500	9,500	9,500	8.10%	770			8.10%	770
39211	TRANS EQUIP - LIGHT TRUCKS				7.17%				7.17%	
39212	TRANS EQUIP - HEAVY TRUCKS				13.59%				13.59%	
3922	OTHER TRANS EQUIP	3,472	3,472	3,472	6.81%	226			6.81%	226
393	TOOLS, SHOP & MESSAGE EQUIP	6,481	6,481	6,481	6.03%	411			6.03%	411
395	LABORATORY EQUIPMENT				8.05%				8.05%	
396	POWER OPERATED EQUIPMENT	35,704	35,704	35,704	4.68%	1,871			4.68%	1,871
397	COMMUNICATION EQUIPMENT	2,718	2,718	2,718	8.91%	188			8.91%	188
3971	COMMUNICATION EQUIPMENT				8.91%				8.91%	
3972	COMMUNICATION EQUIPMENT				6.91%				6.91%	
398	MISC EQUIPMENT	6,051	6,051	6,051	5.61%	339			5.61%	339
399	OTHER TANGIBLE PROPERTY				6.00%				6.00%	
TOTAL		\$ 7,383,482	\$ 2,462,937	\$ 4,900,644		\$ 176,138	\$ 2,227,930	\$ 2,425,189		\$ 182,820
		\$ 6,670,150		\$ 1,713,332			\$ 4,802,745	\$ 2,463,175		\$ 4,917,440
										\$ 176,651
										3.635%



KENTUCKY-AMERICAN WATER COMPANY  
DEPRECIABLE PROPERTY NET OF CIAC  
REFERENCED TO ACCOUNT SCHEDULE B  
ELK LAKE

Acct No.	Account Title	Forecasted Depreciation Expense on End of Forecasted Test Year Plant				Forecasted Depreciation Expense on End of Base Test Year Plant				Forecasted Depreciation Expense on Average Test Year Plant						
		Balance November 30, 2008	Less CIAC #####	Net LUPIS \$	Depr. Rates %	Depr. Exp. \$	Balance July 07	Less CIAC Jul 07	Net LUPIS \$	Depr. Rates %	Depr. Exp. \$	Balance	Less Avg CIAC	Net LUPIS \$	Depr. Rates %	Depr. Exp. \$
3031	OTHER PIE INTANGIBLES	-	-	-	28.14%	-	-	-	10.00%	-	-	-	-	-	-	-
3036	OTHER PIE COMPREHENSIVE STUDIES	-	-	-	28.14%	-	-	-	12.50%	-	-	-	-	-	-	-
311	SS STRUCTURES & IMPROVEMENTS	27,734	-	27,734	3.05%	849	27,734	27,734	3.14%	871	27,734	27,734	3.05%	849	27,734	
312	COLL. & IMPOUNDING RESERVY	-	-	-	1.67%	0	-	-	2.20%	0	-	-	1.67%	0	-	
313	LAKE, RIVER, & OTHER INTAKES	-	-	-	2.52%	0	-	-	2.15%	0	-	-	2.52%	0	-	
314	WELLS & SPRINGS	-	-	-	0.00%	0	-	-	0.00%	0	-	-	0.00%	0	-	
316	SUPPLY MAINS	14,520	-	14,520	1.93%	280	14,520	14,520	1.11%	161	14,520	14,520	1.93%	280	14,520	
321	PUMPING STRUCTURES & IMPROVEMENTS	-	-	-	2.01%	0	-	-	2.32%	0	-	-	2.01%	0	-	
322	BOILER PLANT EQUIPMENT	-	-	-	0.00%	0	-	-	0.00%	0	-	-	0.00%	0	-	
323	OTHER POWER PROD EQPT	-	-	-	3.40%	0	-	-	3.35%	0	-	-	3.40%	0	-	
325	DIESEL PUMPING EQUIPMENT	15,100	-	15,100	2.86%	390	15,100	15,100	3.71%	560	15,100	15,100	2.86%	390	15,100	
326	GASOLINE PUMPING EQPT	-	-	-	2.52%	0	-	-	3.08%	0	-	-	2.52%	0	-	
3283	OTHER PUMPING EQUIPMENT	-	-	-	0.00%	0	-	-	0.00%	0	-	-	0.00%	0	-	
331	WT STRUCTURES & IMPROVMENT	-	-	-	1.95%	0	-	-	1.75%	0	-	-	1.95%	0	-	
332	WATER TREATMENT EQUIPMENT	7,618	-	7,618	2.31%	176	7,618	7,618	4.03%	307	7,618	7,618	2.31%	176	7,618	
334	GAC	-	-	-	0.00%	0	-	-	0.00%	0	-	-	0.00%	0	-	
341	T & D STRUCTURES & IMP	-	-	-	4.63%	0	-	-	5.95%	0	-	-	4.63%	0	-	
342	DIST RES & STANDPIPES	30,749	-	30,749	2.32%	713	30,749	30,749	2.20%	676	30,749	30,749	2.32%	713	30,749	
343	T & D MAINS	145,823	-	145,823	1.70%	2,479	145,823	145,823	1.18%	1,721	145,823	145,823	1.70%	2,479	145,823	
345	SERVICES	-	-	-	3.32%	0	-	-	4.23%	0	-	-	3.32%	0	-	
346	METERS	-	-	-	2.81%	0	-	-	2.73%	0	-	-	2.81%	0	-	
3461	METERS - BRONZE CASE	-	-	-	2.94%	0	-	-	1.02%	0	-	-	2.94%	0	-	
3462	METERS - PLASTIC CASE	56,623	-	56,623	2.95%	1,676	56,623	56,623	4.87%	2,614	56,623	56,623	2.95%	1,676	56,623	
3463	METERS - OTHER	-	-	-	2.65%	0	-	-	2.35%	0	-	-	2.65%	0	-	
3464	METERS INSTALLATIONS	-	-	-	3.07%	0	-	-	2.46%	0	-	-	3.07%	0	-	
346	HYDRANTS	13,900	-	13,900	1.77%	246	13,900	13,900	2.99%	359	13,900	13,900	1.77%	246	13,900	
3901	OFFICE STRUCTURES	-	-	-	2.10%	0	-	-	1.95%	0	-	-	2.10%	0	-	
3902	STORES, SHOP & GAR STRUCT	-	-	-	2.42%	0	-	-	1.65%	0	-	-	2.42%	0	-	
3903	MISC STRUCTURES	-	-	-	4.38%	0	-	-	3.97%	0	-	-	4.38%	0	-	
3911	OFFICE FURNITURE	-	-	-	10.43%	0	-	-	4.65%	0	-	-	10.43%	0	-	
3912	MAINFRAME COMP & PERIPH EQPT	-	-	-	9.49%	0	-	-	11.94%	0	-	-	9.49%	0	-	
39121	PERSONAL COMP & PERIPH EQPT	-	-	-	14.31%	0	-	-	16.73%	0	-	-	14.31%	0	-	
39122	OTHER OFFICE MACH & EQPT	-	-	-	25.39%	0	-	-	3.47%	0	-	-	25.39%	0	-	
39123	OFFICE MACH & EQPT - SOFTWARE	-	-	-	10.33%	0	-	-	11.81%	0	-	-	10.33%	0	-	
39125	MAINFRAME SOFTWARE	-	-	-	10.33%	0	-	-	21.06%	0	-	-	10.33%	0	-	
39126	PERSONAL COMP SOFTWARE	-	-	-	26.38%	0	-	-	22.20%	0	-	-	26.38%	0	-	
39128	OTHER SOFTWARE	-	-	-	9.77%	0	-	-	21.15%	0	-	-	9.77%	0	-	
3913	OTHER OFFICE EQUIPMENT	-	-	-	8.10%	0	-	-	6.95%	0	-	-	8.10%	0	-	
39211	TRANS EQUIP - LIGHT TRUCKS	7,445	-	7,445	7.17%	603	7,445	7,445	14.15%	1,054	7,445	7,445	7.17%	603	7,445	
39212	TRANS EQUIP - HEAVY TRUCKS	-	-	-	13.85%	0	-	-	12.59%	0	-	-	13.85%	0	-	
3922	OTHER TRUCKS	-	-	-	6.51%	0	-	-	14.56%	0	-	-	6.51%	0	-	
3923	OTHER TRAMS EQUIP	-	-	-	6.51%	0	-	-	7.10%	0	-	-	6.51%	0	-	
393	STORES EQUIPMENT	-	-	-	6.43%	0	-	-	7.10%	0	-	-	6.43%	0	-	
394	TOOLS, SHOP & GARAGE EQUIP	-	-	-	8.09%	0	-	-	10.94%	0	-	-	8.09%	0	-	
395	LABORATORY EQUIPMENT	-	-	-	4.88%	0	-	-	10.94%	0	-	-	4.88%	0	-	
396	POWER OPERATED EQUIPMENT	-	-	-	6.91%	0	-	-	9.13%	0	-	-	6.91%	0	-	
397	COMMUNICATION EQUIPMENT	-	-	-	6.91%	0	-	-	4.79%	0	-	-	6.91%	0	-	
3971	COMMUNICATION EQUIPMENT	-	-	-	6.91%	0	-	-	4.79%	0	-	-	6.91%	0	-	
3972	COMMUNICATION EQUIPMENT	-	-	-	6.91%	0	-	-	4.79%	0	-	-	6.91%	0	-	
398	MISC EQUIPMENT	-	-	-	5.61%	0	-	-	4.71%	0	-	-	5.61%	0	-	
398	OTHER TANGIBLE PROPERTY	500	-	500	6.00%	30	500	500	20.89%	104	500	500	6.00%	30	500	
TOTAL		\$ 320,012	\$ -	\$ 320,012		\$ 7,442	\$ 320,012	\$ 320,012		\$ 6,627	\$ 320,012	\$ 320,012		\$ 7,442	\$ 320,012	

KENTUCKY AMERICAN WATER COMPANY  
DEFERRED PROPERTY NET OF CIAC  
OHVENTON

Account Title	Forecasted Depreciation Expense on End of Forecasted Test Year Plant Balance November 30, 2008			Forecasted Depreciation Expense on End of Base Test Year Plant Balance Jul-07			Forecasted Depreciation Expense on Average Test Year Plant Balance		
	Net UPIs	Depr Rates	Depr Exp	Net UPIs	Depr Rates	Depr Exp	Net UPIs	Depr Rates	Depr Exp
3036 OTHER PIE INTANGIBLES	0	28.14%	0	0	10.00%	0	0	28.14%	0
311 SS STRUCTURES & IMPROVEMENTS	0	3.06%	0	0	3.14%	0	0	3.06%	0
312 COLL & IMPOUNDING RESERV	0	1.67%	0	0	2.20%	0	0	1.67%	0
313 LAKE, RIVER, & OTHER INTAKES	0	2.52%	0	0	2.15%	0	0	2.52%	0
314 WELLS & SPRINGS	0	0.00%	0	0	0.00%	0	0	0.00%	0
315 SUPPLY MAINS	0	1.93%	0	0	1.11%	0	0	1.83%	0
321 PUMPING STRUCTURES & IMPROVEM	0	2.01%	0	0	2.32%	0	0	2.01%	0
322 BOILER PLANT EQUIPMENT	0	0.00%	0	0	0.00%	0	0	0.00%	0
323 OTHER POWER PROD EQPT	0	3.49%	0	0	3.95%	0	0	3.40%	0
325 ELECTRIC PUMPING EQUIPMENT	38,748	2.58%	1,025	38,748	3.71%	1,475	38,748	2.89%	1,025
326 DIESEL PUMPING EQUIPMENT	0	2.82%	0	0	3.08%	0	0	2.82%	0
3282 WATER PUMPING EQPT	0	2.31%	0	0	0.00%	0	0	2.31%	0
3283 OTHER PUMPING EQUIPMENT	0	0.00%	0	0	0.00%	0	0	0.00%	0
331 WT STRUCTURES & IMPROVMENT	0	1.96%	0	0	1.79%	0	0	1.96%	0
332 WATER TREATMENT EQUIPMENT	2,354,328	2.31%	54,395	2,354,328	4.03%	41,207	2,354,328	2.31%	23,620
334 GAC	0	0.00%	0	0	0.00%	0	0	0.00%	0
341 T & D STRUCTURES & IMP	25,013	4.63%	1,158	25,013	5.65%	1,413	25,013	4.63%	1,158
342 DIST RES & STANDPIPES	686,245	2.32%	15,921	686,245	2.20%	6,567	686,245	2.32%	6,915
343 T & D MAINS	537,211	1.70%	9,133	537,211	1.18%	6,361	537,211	1.70%	9,194
345 SERVICES	943,282	3.32%	4,632	943,282	4.23%	5,422	943,282	3.32%	4,617
346 METERS	138,516	2.81%	100	138,516	2.73%	97	138,516	2.81%	100
3461 METERS - BRONZE CASE	3,789	2.89%	0	3,789	1.02%	0	3,789	2.89%	0
3462 METERS - PLASTIC CASE	134,727	2.89%	112	134,727	4.97%	64	134,727	2.89%	109
347 METERS - OTHER	104,573	3.07%	3,210	104,573	2.44%	2,546	104,573	3.07%	3,210
348 HYDRANTS	3,523	1.77%	62	3,523	2.58%	91	3,523	1.77%	62
3901 OFFICE STRUCTURES	48,184	2.10%	1,012	48,184	1.68%	909	48,184	2.10%	1,012
3902 STORES, SHOP & GAR STRUCT	25,137	2.42%	608	25,137	1.65%	415	25,137	2.42%	608
3903 MISC STRUCTURES	90,051	4.38%	3,944	90,051	3.97%	3,575	90,051	4.38%	3,944
3911 OFFICE FURNITURE	5,658	10.43%	590	5,658	4.05%	229	5,658	10.43%	590
3912 MAINFRAME COMP & PERIPH EQPT	6,427	9.49%	610	6,427	11.94%	281	6,427	9.49%	594
39121 PERSONAL COMP & PERIPH EQPT	12,042	14.31%	1,723	12,042	16.73%	2,015	12,042	14.31%	1,723
39122 OFFICE MACH & EQPT	0	25.39%	0	0	3.47%	0	0	25.39%	0
39123 OFFICE MACH & EQPT - SOFTWARE	0	10.33%	0	0	11.81%	0	0	10.33%	0
39125 MAINFRAME SOFTWARE	8,864	20.00%	928	8,864	21.05%	1,888	8,864	20.00%	928
39126 PERSONAL COMP SOFTWARE	4,221	28.38%	412	4,221	22.20%	0	4,221	28.38%	412
39128 OTHER SOFTWARE	173,785	8.10%	14,077	173,785	14.16%	24,908	173,785	8.10%	14,077
3921 OTHER OFFICE EQUIPMENT	0	0.00%	0	0	6.85%	283	0	0.00%	0
39211 TRANS EQUIP - LIGHT TRUCKS	0	18.17%	0	0	12.58%	0	0	18.17%	0
39212 TRANS EQUIP - HEAVY TRUCKS	0	6.51%	0	0	20.83%	0	0	6.51%	0
3923 OTHER TRANS EQUIP	0	6.51%	0	0	3.85%	0	0	6.51%	0
393 STORES EQUIPMENT	4,877	8.63%	314	4,877	7.10%	346	4,877	8.63%	314
395 LABORATORY EQUIPMENT	49,450	4.68%	2,314	49,450	10.04%	4,515	49,450	4.68%	2,314
396 POWER OPERATED EQUIPMENT	0	6.91%	0	0	4.79%	0	0	6.91%	0
397 COMMUNICATION EQUIPMENT	0	6.91%	0	0	4.78%	0	0	6.91%	0
3972 COMMUNICATION EQUIPMENT	75,554	5.61%	4,239	75,554	4.71%	3,559	75,554	5.61%	4,239
398 MISC EQUIPMENT	0	6.00%	0	0	20.88%	0	0	6.00%	0
399 OTHER TANGIBLE PROPERTY	0	0.00%	0	0	0.00%	0	0	0.00%	0
TOTAL	4,910,891		120,907	4,792,913		107,765	4,910,133		80,763
	409,011		\$ 4,401,880	\$ 2,125,104		\$ 2,667,049	\$ 2,125,463		\$ 2,884,670
									2.74%