

Rate Impact of KRS II - Phase - In of CWIP in Case Number 2008-00427

Input Information/Assumptions:	
Weighted Cost of Capital	6.63%
Rate Base Gross-up Factor	1.654077
Est. Avg. Depr.Rate for TP & Mains	1.79%
Deferred Income Tax Rate	2.21%
Original Investment per Certificate	162,741
Effective Income Tax Rate	40.00%

CWIP of KRS II in case number 2008-00427 at May 31 2009, on which KAWC is seeking full Rate Base Treatment:	
KRS II CWIP @ 5-31-09	66,570

Cost of Cap.		
In Case # - 2007-0143	Per Order	Gross-up for TAX
LT Debt	3.29%	3.29%
ST Debt	0.20%	0.20%
Prof. Stock	0.22%	0.22%
Common Eq	4.32%	7.20%
	8.03%	10.91%

NPV
Year 1
thru
Year 56
Only

Net Present Value of Revenue Requirement Over Depreciation Life of KRS II Project
Discount Rate - Current Cost of Capital

190,922

198,990

Year	Depeciation Expense	Def. FIT Expense	Beginning Rate Base	Less: Accum Depr.	Less: Accum. Def. Fit	Yr. End Rate Base	Return on Rate Base Tax Gross-up	Add: Depr. & Def. Inc. Tax Exp	Revenue Requirement
Year 0									
Rev. Requirement on CWIP			66,570			66,570	7,263	0	7,263
Year 1	2,907	1,439	162,741	(2,907)	(1,439)	158,396	17,381	4,345	21,726
Year 2	2,907	1,439	162,741	(5,813)	(2,877)	154,051	16,904	4,345	21,249
Year 3	2,907	1,439	162,741	(8,720)	(4,316)	149,705	16,427	4,345	20,773
Year 4	2,907	1,439	162,741	(11,626)	(5,755)	145,360	15,951	4,345	20,296
Year 5	2,907	1,439	162,741	(14,533)	(7,193)	141,015	15,474	4,345	19,819
Year 6	2,907	1,439	162,741	(17,439)	(8,632)	136,670	14,997	4,345	19,342
Year 7	2,907	1,439	162,741	(20,346)	(10,070)	132,325	14,520	4,345	18,865
Year 8	2,907	1,439	162,741	(23,252)	(11,509)	127,980	14,043	4,345	18,389
Year 9	2,907	1,439	162,741	(26,159)	(12,948)	123,634	13,567	4,345	17,912
Year 10	2,907	1,439	162,741	(29,066)	(14,386)	119,289	13,090	4,345	17,435
Year 11	2,907	1,439	162,741	(31,972)	(15,825)	114,944	12,613	4,345	16,958
Year 12	2,907	1,439	162,741	(34,879)	(17,264)	110,599	12,136	4,345	16,481
Year 13	2,907	1,439	162,741	(37,785)	(18,702)	106,254	11,659	4,345	16,005
Year 14	2,907	1,439	162,741	(40,692)	(20,141)	101,908	11,183	4,345	15,528
Year 15	2,907	1,439	162,741	(43,598)	(21,579)	97,563	10,706	4,345	15,051
Year 16	2,907	1,439	162,741	(46,505)	(23,018)	93,218	10,229	4,345	14,574
Year 17	2,907	1,439	162,741	(49,411)	(24,457)	88,873	9,752	4,345	14,097
Year 18	2,907	1,439	162,741	(52,318)	(25,895)	84,528	9,275	4,345	13,621
Year 19	2,907	1,439	162,741	(55,225)	(27,334)	80,182	8,799	4,345	13,144
Year 20	2,907	1,439	162,741	(58,131)	(28,773)	75,837	8,322	4,345	12,667
Year 21	2,907	1,439	162,741	(61,038)	(30,211)	71,492	7,845	4,345	12,190
Year 22	2,907	1,439	162,741	(63,944)	(31,650)	67,147	7,368	4,345	11,713
Year 23	2,907	1,439	162,741	(66,851)	(33,089)	62,802	6,891	4,345	11,237
Year 24	2,907	1,439	162,741	(69,757)	(34,527)	58,457	6,415	4,345	10,760
Year 25	2,907	1,439	162,741	(72,664)	(35,966)	54,111	5,938	4,345	10,283
Year 26	2,907	(1,160)	162,741	(75,570)	(34,806)	52,365	5,746	1,746	7,492
Year 27	2,907	(1,160)	162,741	(78,477)	(33,645)	50,619	5,554	1,746	7,301
Year 28	2,907	(1,160)	162,741	(81,384)	(32,485)	48,872	5,363	1,746	7,109
Year 29	2,907	(1,160)	162,741	(84,290)	(31,325)	47,126	5,171	1,746	6,918
Year 30	2,907	(1,160)	162,741	(87,197)	(30,165)	45,380	4,980	1,746	6,726
Year 31	2,907	(1,160)	162,741	(90,103)	(29,005)	43,633	4,788	1,746	6,534
Year 32	2,907	(1,160)	162,741	(93,010)	(27,844)	41,887	4,596	1,746	6,343
Year 33	2,907	(1,160)	162,741	(95,916)	(26,684)	40,140	4,405	1,746	6,151
Year 34	2,907	(1,160)	162,741	(98,823)	(25,524)	38,394	4,213	1,746	5,959
Year 35	2,907	(1,160)	162,741	(101,729)	(24,364)	36,648	4,021	1,746	5,768
Year 36	2,907	(1,160)	162,741	(104,636)	(23,204)	34,901	3,830	1,746	5,576
Year 37	2,907	(1,160)	162,741	(107,543)	(22,044)	33,155	3,638	1,746	5,385
Year 38	2,907	(1,160)	162,741	(110,449)	(20,883)	31,409	3,447	1,746	5,193
Year 39	2,907	(1,160)	162,741	(113,356)	(19,723)	29,662	3,255	1,746	5,001
Year 40	2,907	(1,160)	162,741	(116,262)	(18,563)	27,916	3,063	1,746	4,810
Year 41	2,907	(1,160)	162,741	(119,169)	(17,403)	26,169	2,872	1,746	4,618
Year 42	2,907	(1,160)	162,741	(122,075)	(16,243)	24,423	2,680	1,746	4,426
Year 43	2,907	(1,160)	162,741	(124,982)	(15,082)	22,677	2,488	1,746	4,235
Year 44	2,907	(1,160)	162,741	(127,888)	(13,922)	20,930	2,297	1,746	4,043
Year 45	2,907	(1,160)	162,741	(130,795)	(12,762)	19,184	2,105	1,746	3,851
Year 46	2,907	(1,160)	162,741	(133,701)	(11,602)	17,438	1,913	1,746	3,660
Year 47	2,907	(1,160)	162,741	(136,608)	(10,442)	15,691	1,722	1,746	3,468
Year 48	2,907	(1,160)	162,741	(139,515)	(9,281)	13,945	1,530	1,746	3,277
Year 49	2,907	(1,160)	162,741	(142,421)	(8,121)	12,199	1,339	1,746	3,085
Year 50	2,907	(1,160)	162,741	(145,328)	(6,961)	10,452	1,147	1,746	2,893
Year 51	2,907	(1,160)	162,741	(148,234)	(5,801)	8,706	955	1,746	2,702
Year 52	2,907	(1,160)	162,741	(151,141)	(4,641)	6,959	764	1,746	2,510
Year 53	2,907	(1,160)	162,741	(154,047)	(3,481)	5,213	572	1,746	2,318
Year 54	2,907	(1,160)	162,741	(156,954)	(2,320)	3,467	380	1,746	2,127
Year 55	2,907	(1,160)	162,741	(159,860)	(1,160)	1,720	189	1,746	1,935
Year 56	2,880	(1,160)	162,741	(162,740)	(0)	1	0	1,719	1,719

Totals 162,740 0

550,510

Def Inc. Tax Amtz. 1,160