

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 31**

Description of Filing Requirement:

Monthly Budget Variance Reports for 12 Months Pre-Base Period and as available, for Base Period and Subsequent Months

Response:

Please see attached.

For the electronic version, see KAW_APP_EX31_103108.pdf

Kentucky-American Water Co.

Description	February Actual	February Plan	February Variance	February Prior Year	Yr to Date February Actual	Yr to Date February Plan	Yr to Date February Variance	Yr to Date February Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	3,449,574	3,442,683	6,891	3,497,416	6,831,571	7,093,652	262,081-	6,985,548	49,911,817
3 Sewer	27,263	23,728	3,535	27,551	55,066	48,518	6,568	56,068	277,659
4 Other	147,116	157,614	10,498-	141,159	293,198	315,228	22,030-	301,493	1,891,358
5 Management									
6 Total Revenues	3,623,953	3,624,025	72-	3,666,126	7,179,855	7,457,398	277,543-	7,343,109	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	428,368	441,097	12,729-	362,536	912,812	945,450	32,638-	816,298	5,836,735
9 Purchased Water	10,113	370,800	27,687-	37,894	47,741	77,350	29,609-	68,410	495,300
10 Fuel & Power	263,695	170,615	33,080	179,877	290,001	363,241	73,240-	423,192	2,960,000
11 Chemicals	87,084	108,193	21,109-	40,197	201,898	239,142	37,244-	167,948	1,590,118
12 Waste Disposal	96,324	24,800	14,524	52,234	43,625	8,711	38,157	38,157	232,425
13 Management Fees	649,248	564,011	85,237	546,511	1,246,343	1,177,185	69,158	890,920	6,987,257
14 Group Insurance	132,612	137,821	5,209-	132,339	273,249	275,642	2,393-	265,485	1,653,652
15 Pensions	43,328	37,877	5,451	45,217	103,389	75,954	27,435	100,926	455,724
16 Regulatory Expense	90,866	30,091	60,775	30,691	60,182	60,182	10-	60,183	405,431
17 Insurance Other than group	53,995	65,072	11,177-	77,355	105,652	130,144	24,489-	120,973	780,964
18 Customer Accounting	153,787	109,298	44,484	112,495	242,582	220,435	22,157	167,421	1,395,901
19 Rents	2,557	21,500	18,943	5,920	5,887	5,400	8,731	32,000	32,000
20 General Office Expense	42,372	61,527	19,155-	100,389	69,555	108,032	38,507-	126,530	478,085
21 Miscellaneous	416,908	265,539	151,369	223,846	656,223	498,530	159,693	406,507	3,040,851
25 Other Maintenance	180,863	210,626	29,763-	176,415	405,644	486,823	80,979-	397,359	2,740,291
Total Maintenance & Operations Expense	2,460,235	2,267,167	193,068	2,077,501	4,673,567	4,704,935	31,368-	4,059,102	29,082,334
27 Depreciation	547,884	560,616	12,732-	518,096	1,093,417	1,120,271	26,854-	1,035,142	6,874,214
28 Amortization	38,869	34,215	4,654	40,477	80,954	68,430	12,524	80,254	410,560
29 General Taxes	220,509	233,642	13,133-	233,536	519,664	472,965	46,699	460,573	2,859,510
30 State Income Taxes	7,421	6,106	1,315	39,299	7,446-	17,461	24,627-	76,843	368,602
31 Federal Income Taxes	32,877-	42,587	75,464-	162,025	31,669-	91,838	123,707-	316,865	2,598,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,227,199	3,144,333	82,866	3,071,734	6,325,074	6,475,620	150,546-	6,029,479	42,182,353
34 Utility Operating Income	396,754	479,692	82,938-	594,392	854,761	981,778	126,997-	1,313,630	9,898,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	743	33,334	743	31,089	81,967	57,987	2,312	75,332	681,063
40 AFUDC Equity	44,816		11,482	36,947	12,426		23,980		
42 M & J Miscellaneous Income	32,970		32,970				12,426		
43 Gain(Loss)on Disposition									
45 Total Other Income	78,529	33,334	45,195	68,036	96,705	57,987	38,718	88,109	681,063
46 Miscellaneous Amortization	35-	64	99-		71-	128	199-		768
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	10,628	7,713	2,915	14,555	95,632	105,335	9,703-	93,839	277,323
49 General Taxes	981	636-	1,617	7,326-	3,428-	9,927-	6,499	14,652-	22,877-
50 State Income Taxes	4,561	2,477-	7,038	31,079-	15,942-	38,643-	22,701	62,158-	89,055-
51 Federal Income Taxes									
52 Total Other Deductions	16,135	4,664	11,471	23,850-	76,191	56,893	19,298	17,029	166,159
53 Total Other Income	62,394	28,670	33,724	91,886	20,514	1,094	19,420	71,080	514,904
54 Income Before Interest Charges	459,148	508,362	49,214-	666,278	875,295	982,872	107,577-	1,384,710	10,413,385
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	426,629	442,117	15,488-	426,629	853,258	884,234	30,976-	853,258	5,686,455
57 Amortization and Debt Expense	6,073	7,134	1,061-	6,073	12,146	14,268	2,122-	12,146	131,465
58 Interest-Short Term Bank Debt	36,762	6,627	30,135	28,455	72,233	8,475	63,758	75,437	291,367
59 Other Interest Expense	61,105	15,138-	5,214-	13,628-	61,105	26,334-	10,888-	32,529-	309,296-
60 AFUDC-Debt	20,352-				37,222-				
61 Total Interest Charges	510,217	440,740	69,477	447,529	961,520	880,643	80,877	908,312	5,799,991
62 Net Income	51,069-	67,622	118,691-	238,749	86,225-	102,229	188,454-	476,398	4,613,394
64 Preferred Dividend Declared	6,557	38,325	31,768-	6,568	13,114	76,650	63,536-	13,136	459,900
65 Net Income to Common Stock	57,626-	29,297	86,923-	232,181	99,339-	25,579	124,918-	463,262	4,153,494

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 03/31/2007

Kentucky-American Water Co.

Description	March Actual	March Plan	March Variance	March Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date March Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	3,789,794	3,570,007	219,787	3,454,883	10,621,365	10,663,659	42,294	10,440,431	49,911,817
3 Sewer	26,937	21,398	3,539	1,348	87,022	71,916	10,106	57,416	277,659
4 Other	146,460	157,634	11,154	153,367	439,658	472,842	33,184	454,860	1,891,358
5 Management									
6 Total Revenues	3,963,191	3,751,019	212,172	3,609,598	11,143,045	11,208,417	65,372	10,952,707	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	438,465	480,917	42,452	329,208	1,351,277	1,426,367	75,090	1,145,506	5,836,735
9 Purchased Water	131,202	128,250	2,952	152,993	477,000	477,000	37,359	107,102	1,895,300
10 Fuel & Power	139,001	175,360	41,412	169,401	489,402	558,821	69,419	589,293	2,960,000
11 Chemicals	124,263	116,335	7,928	103,345	326,112	329,428	3,316	299,250	1,260,000
12 Waste Disposal	525,979	13,625	6,254	64,958	8,135	14,665	11,855	53,135	1,232,325
13 Management Fees	550,740	608,257	57,527	496,076	1,797,084	1,785,452	11,632	1,386,996	6,387,757
14 Group Insurance	178,236	137,851	40,415	134,977	451,466	413,463	38,023	400,463	1,653,852
15 Pensions	43,679	37,977	5,702	52,244	147,068	113,931	33,137	153,170	459,531
16 Regulatory Expense	30,086	30,051	35	30,091	90,259	90,273	14	90,274	405,531
17 Insurance Other than Group	17,205	65,072	47,867	103,820	123,060	195,216	72,156	224,901	700,864
18 Customer Accounting	104,595	110,412	5,817	82,839	347,186	330,847	16,339	250,260	1,306,901
19 Rentals	1,454	2,500	1,046	2,305	7,341	8,000	659	11,058	32,000
20 General Office Expense	29,634	41,968	12,334	62,693	99,159	150,000	50,841	189,222	479,085
21 Miscellaneous	195,572	275,554	79,982	271,726	851,795	772,084	79,711	678,232	3,044,851
25 Other Maintenance	175,354	207,526	32,172	213,056	580,998	694,149	113,151	610,415	2,740,291
Total Maintenance & Operations Expense	2,146,465	2,349,076	202,611	2,104,530	6,820,034	7,054,011	233,977	6,163,637	29,082,334
27 Depreciation	549,486	562,355	12,869	522,890	1,642,903	1,682,626	39,723	1,558,032	6,874,214
28 Amortization	38,869	34,215	4,654	36,748	116,610	102,645	13,965	44,206	410,580
29 General Taxes	111,596	237,217	125,621	198,052	631,260	710,182	78,922	658,625	2,855,510
30 State Income Taxes	55,144	9,309	45,835	32,911	47,698	26,490	21,208	109,754	364,602
31 Federal Income Taxes	253,602	63,116	190,486	142,865	221,733	154,954	66,779	459,729	2,595,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,155,162	3,255,288	100,126	2,964,508	9,480,238	9,730,908	250,670	8,993,983	42,182,353
34 Utility Operating Income	808,029	495,731	312,298	645,090	1,662,807	1,477,509	185,298	1,958,724	9,898,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	120		120	29,588	2,432	99,955	2,432	104,920	681,063
40 AFUDC Equity	48,288	41,968	6,320	19,742	43,119		43,119	6,965	
41 M & J Miscellaneous Income	30,693		30,693						
42 Gain/Loss/Disposition									
43									
44									
45 Total Other Income	79,101	41,968	37,133	9,846	175,806	99,955	75,851	97,955	681,063
46 Miscellaneous Amortization	35	64	29		106	192	298		768
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	27,146	18,150	8,996	18,245	122,778	123,485	707	112,084	277,323
49 General Taxes	552	1,497	945	7,326	3,980	11,424	7,444	21,978	22,877
50 State Income Taxes	4,939	5,828	889	31,079	20,882	44,471	23,589	93,237	89,055
51 Federal Income Taxes									
52 Total Other Deductions	21,620	10,889	10,731	20,160	97,810	67,882	30,028	3,131	166,159
53 Total Other Income	57,481	31,079	26,402	30,006	77,996	32,173	45,823	101,086	514,904
54 Income Before Interest Charges	865,510	526,810	338,700	675,096	1,740,803	1,509,682	231,121	2,059,810	10,413,385
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	426,038	424,369	1,669	426,629	1,279,296	1,308,603	29,307	1,279,888	5,686,455
57 Amortization and Debt Expense	6,073	7,244	1,171	6,073	18,218	21,512	3,294	18,218	131,465
58 Interest-Short Term Bank Debt	53,951	16,251	37,700	32,056	126,183	24,726	101,457	107,433	291,367
59 Other Interest Expense									
60 AFUDC-Debt	21,928	19,059	2,869	13,028	59,151	45,393	13,758	16	309,296
61 Total Interest Charges	464,134	428,805	35,329	451,746	1,425,651	1,309,448	116,203	1,360,058	5,799,991
62 Net Income	401,376	98,005	303,371	223,350	315,152	200,234	114,918	699,752	4,613,394
64 Preferred Dividend Declared	6,560	38,325	31,765	6,557	19,673	114,975	95,302	19,693	459,900
65 Net Income to Common Stock	394,816	59,680	335,136	216,793	295,479	85,259	210,220	680,059	4,153,494

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Kentucky-American Water Co 12
 Total Company (USGAAP)
 Income Statement Month & YTD
 For the Period Ending 04/30/2007

Kentucky-American Water Co.

Description	April Actual	April Plan	April Variance	Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date April Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	3,754,232	3,623,282	130,950	3,871,432	14,375,597	14,286,941	89,656	14,311,863	49,911,817
3 Sewer	29,268	11,260	6,648	28,682	111,250	16,754	94,536	86,097	277,659
4 Other	184,678	157,614	27,064	136,721	624,336	630,456	6,120	591,581	1,891,358
5 Management									
6 Total Revenues	3,968,178	3,803,516	164,662	4,036,835	15,111,223	15,011,933	99,290	14,989,541	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	472,504	471,643	861	402,128	1,823,781	1,898,010	74,229	1,547,634	5,836,735
9 Purchased Water	41,082	40,750	332	41,346	157,750	157,750	37,025	148,448	496,300
10 Fuel & Power	161,865	210,715	48,850	167,877	651,267	749,336	98,069	757,171	2,960,000
11 Chemicals	130,675	118,018	12,657	114,620	456,836	473,640	17,640	388,310	1,590,118
12 Waste Disposal	31,728	18,725	13,003	17,646	109,843	81,875	27,968	70,761	232,325
13 Management Fees	615,736	595,259	20,477	488,414	2,412,820	2,380,711	32,109	1,875,410	6,987,757
14 Group Insurance	178,113	137,821	40,292	140,983	629,559	551,284	78,315	541,446	1,653,852
15 Pensions	53,945	37,977	15,968	96,177	201,012	151,908	49,104	249,348	455,724
16 Regulatory Expense	30,086	30,091	5	30,091	120,345	120,364	19	120,365	405,531
17 Insurance Other Than Group	48,542	65,072	16,530	2,790	171,601	260,288	88,687	227,591	780,864
18 Customer Accounting	92,294	110,874	18,580	77,127	439,480	441,721	2,241	327,387	1,386,901
19 Rents	5,539	3,000	2,539	572	12,880	11,000	1,880	11,670	32,000
20 General Office Expense	41,817	43,617	1,800	35,471	140,976	193,617	52,641	224,693	479,085
21 Miscellaneous	218,365	258,641	40,276	189,497	1,070,160	1,030,725	39,435	867,729	3,044,851
22 Other Maintenance	163,122	238,426	75,304	180,650	744,119	932,575	188,456	791,066	2,740,291
Total Maintenance & Operations Expense	2,285,413	2,380,629	95,216	1,985,389	9,105,444	9,434,640	329,196	8,149,029	29,082,334
27 Depreciation	584,296	564,073	20,223	524,935	2,227,199	2,246,699	19,500	2,082,967	6,874,214
28 Amortization	38,869	34,215	4,654	40,477	155,479	136,860	18,619	84,683	410,580
29 General Taxes	250,177	236,407	13,770	229,258	881,437	946,580	65,152	887,884	2,855,510
30 State Income Taxes	34,245	7,878	26,367	49,310	81,943	34,368	47,575	159,064	364,602
31 Federal Income Taxes	152,980	52,042	100,938	206,265	374,713	206,996	167,717	665,994	2,595,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,345,980	3,275,244	70,736	3,035,634	12,826,215	13,006,152	179,937	12,029,621	42,182,353
34 Utility Operating Income	622,198	528,272	93,926	1,001,201	2,285,008	2,005,781	279,227	2,959,320	9,898,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	45		45	24,926	189,589	150,580	39,009	129,846	681,063
40 AFUDC Equity	59,334	50,625	8,709	36,130	195,639			29,165	
42 M & J Miscellaneous Income	152,520		152,520						
43 Gain(Loss)on Disposition									
45 Total Other Income	211,899	50,625	161,274	61,056	387,705	150,580	237,125	159,011	681,063
46 Miscellaneous Amortization	35	64	29						
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	23,335	35,186	11,851	18,780	146,113	158,671	12,558	130,863	277,323
49 General Taxes	6,671	1,665	5,006	13,645	2,691	13,089	15,780	8,333	22,877
50 State Income Taxes	35,001	6,482	28,519	51,570	14,119	50,953	65,072	41,667	89,055
51 Federal Income Taxes									
52 Total Other Deductions	64,972	27,103	37,869	83,995	162,781	94,885	67,896	80,863	166,159
53 Total Other Income	146,927	23,522	123,405	22,939	224,924	55,695	169,229	78,148	514,904
54 Income Before Interest Charges	769,125	551,794	217,331	978,262	2,509,932	2,061,476	448,456	3,038,068	10,413,395
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	408,882	471,728	62,846	426,629	1,688,178	1,780,331	92,153	1,706,517	5,686,485
57 Amortization and Debt Expense	6,073	12,217	6,144	24,291	9,438	9,438	9,438	24,291	9,438
58 Interest-Short Term Bank Debt	86,160	27,709	58,451	33,009	212,343	52,435	159,908	140,502	291,367
59 Other Interest Expense									
60 AFUDC-Debt	26,942	22,991	3,951	11,122	86,092	68,384	17,708	56,679	309,296
61 Total Interest Charges	474,173	488,663	14,490	454,612	1,899,825	1,798,111	101,714	1,814,670	5,799,991
62 Net Income	294,952	63,131	231,821	523,650	610,107	263,365	346,742	1,223,398	4,613,394
64 Preferred Dividend Declared	6,560	38,325	31,765	6,560	26,233	153,350	127,067	26,235	459,900
65 Net Income to Common Stock	288,392	24,806	263,586	517,088	583,874	110,065	473,809	1,197,143	4,153,494

American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAP)
Income Statement Month & YTD
For the Period Ending 05/31/2007

Kentucky-American Water Co.

Description	May Actual	May Plan	May Variance	Yr to Date		Yr to Date May Actual	Yr to Date May Plan	Yr to Date May Variance	Yr to Date		Annual Forecast
				Prior Year	Actual				Prior Year	Plan	
1 OPERATING REVENUES				3,842,216	3,842,216	18,445,217	18,129,157	316,060	17,425,345	17,425,345	49,911,817
2 Water	4,069,619	3,842,216	227,403	3,113,481	3,113,481	18,129,157	18,129,157	0	17,425,345	17,425,345	49,911,817
3 Sewer	26,837	22,200	4,637	27,207	22,200	138,127	116,736	21,391	113,304	113,304	277,659
4 Other	151,614	157,614	6,000-	169,729	157,614	775,950	788,070	12,130-	761,310	761,310	1,891,358
5 Management											
6 Total Revenues	4,248,070	4,022,030	226,040	3,330,417	3,330,417	19,359,294	19,033,963	325,331	18,299,959	18,299,959	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE											
8 Labor	500,268	512,793	12,525-	388,177	2,324,049	2,410,803	2,410,803	86,754-	1,935,812	1,935,812	5,836,735
9 Purchased Water	23,401	41,200	17,799-	147,904	144,136	144,136	198,900	54,824-	196,353	196,353	496,300
10 Fuel & Power	280,431	220,469	59,962	145,828	931,698	969,805	969,805	38,107-	903,998	903,998	2,960,000
11 Chemicals	17,816	10,345	7,473	17,901	694,655	631,821	631,821	30,166-	48,211	48,211	1,530,118
12 Waste Disposal	76,941	34,800	42,141	11,681	136,794	106,575	106,575	30,219	82,442	82,442	232,325
13 Management Fees	75,037	54,030	21,007	534,308	3,117,257	2,788,741	2,788,741	328,516	2,409,718	2,409,718	6,987,757
14 Group Insurance	137,821	122,954	14,867	122,954	704,656	689,105	689,105	15,551	684,300	684,300	1,653,952
15 Pensions	52,648	37,977	14,671	58,772	233,660	189,885	189,885	63,775	308,119	308,119	485,724
16 Regulatory Expense	30,986	20,051	10,935	30,986	150,451	150,451	150,451	0	150,451	150,451	485,731
17 Insurance Other than Group	47,506	65,072	17,566-	39,994	219,108	329,994	329,994	106,232-	327,994	327,994	780,664
18 Customer Accounting	159,954	112,794	47,160	150,147	595,435	594,515	594,515	40,920-	477,535	477,535	1,386,901
19 Rents	26,599	41,500	14,901	1,036	13,660	13,500	13,500	160	12,706	12,706	32,000
20 General Office Expense	26,599	41,500	14,901	49,977	167,575	234,714	234,714	67,139-	274,670	274,670	479,085
21 Miscellaneous	101-	286,070-	285,969	207,991	1,070,059	1,316,694	1,316,694	246,635-	1,075,720	1,075,720	3,044,851
25 Other Maintenance	172,673	211,477	38,804-	173,007	916,792	1,144,052	1,144,052	227,260-	964,073	964,073	2,740,291
Total Maintenance & Operations Expense	2,245,178	2,458,435	213,257-	2,080,663	11,350,625	11,893,075	11,893,075	542,450-	10,229,692	10,229,692	29,082,334
27 Depreciation	584,671	555,852	28,819	526,735	2,811,870	2,811,870	2,811,870	581-	2,609,702	2,609,702	6,874,214
28 Amortization	38,869	34,243	4,626	40,477	194,348	171,075	171,075	23,273	125,860	125,860	430,580
29 General Taxes	254,997	240,104	14,893	244,972	1,136,034	1,186,893	1,186,893	50,659-	1,132,856	1,132,856	2,855,510
30 State Income Taxes	81,472	14,583	66,889	1,241	163,415	48,951	48,951	114,464	160,305	160,305	364,602
31 Federal Income Taxes	374,962	98,692	276,270	6,968	749,674	305,688	305,688	443,986	672,962	672,962	2,595,113
32 Tax Savings Acquisition Adjustment											
33 Total Operating Expenses	3,579,749	3,411,881	167,868	2,901,056	16,405,966	16,418,033	16,418,033	12,067-	14,930,677	14,930,677	42,182,353
34 Utility Operating Income	666,321	610,149	56,172	409,361	2,953,328	2,615,930	2,615,930	337,398	3,369,282	3,369,282	9,898,481
35 NON-INCOME & DEDUCTIONS											
36 Non-Operating Rental Income											
37 Dividend Income-Common											
38 Dividend Income-Preferred											
39 Interest Income	256	57,585	256	19,284	2,734	2,734	208,165	2,734	149,131	149,131	661,063
40 AFUDC Equity	69,232		11,647	29,478-	258,820			50,655			
42 M & J Miscellaneous Income	3,463-		3,463-		192,176			192,176			
43 Gain/(Loss)/on Disposition											
45 Total Other Income	66,025	57,585	8,440	10,194	453,730	208,165	208,165	345,565	148,818	148,818	661,063
46 Miscellaneous Amortization	35-	64	99-		177-	320	320	497-			768
47 Tax Savings Acquisition Adjustment											
48 Misc. Other Deductions	16,405	29,080	12,675-	26,454	162,518	187,751	187,751	25,233-	157,317	157,317	277,323
49 General Taxes	1,010-	2,399-	1,389	2,093-	1,661	15,488-	15,488-	17,169	10,416-	10,416-	22,877-
50 State Income Taxes	5,301-	9,338-	4,037	10,417-	8,819	60,291-	60,291-	69,110	52,084-	52,084-	89,055-
51 Federal Income Taxes	10,059	17,407	7,348-	13,954	172,841	112,292	112,292	60,549	94,817	94,817	166,159
52 Total Other Deductions	55,966	40,178	15,788	24,148-	280,889	95,873	95,873	185,016	54,001	54,001	514,904
53 Total Other Income	724,287	650,327	73,960	385,213	3,234,217	2,711,803	2,711,803	522,414	3,423,283	3,423,283	10,413,385
54 Income Before Interest Charges	408,882	471,728	62,846-	426,629	2,097,059	2,252,059	2,252,059	155,000-	2,133,146	2,133,146	5,686,455
55 INTEREST CHARGES	6,073	12,217	6,144-	6,073	30,364	45,946	45,946	15,582-	30,364	30,364	131,465
56 Interest on Long-Term Debt Expense	78,659	35,095	43,564	20,381	291,002	67,530	67,530	203,472	164,883	164,883	291,367
57 Amortization and Debt	38,175-	26,152-	12,023	8,864-	117,525-	94,536-	94,536-	22,930	39	39	309,296-
58 Interest-Short Term Bank Debt	31,432-	424,007	68,881-	448,219	2,323,830	2,290,999	2,290,999	32,831	2,262,889	2,262,889	5,799,991
59 Other Interest Expense	300,280	157,439	142,841	63,006-	910,387	420,804	420,804	489,583	1,160,394	1,160,394	4,613,394
60 AFUDC-Debt	6,560	38,325	31,765-	6,562	32,792	191,625	191,625	158,833-	32,818	32,818	459,900
61 Total Interest Charges	293,720	119,114	174,606	69,568-	877,595	229,179	229,179	648,416	1,127,576	1,127,576	4,153,494
62 Net Income											
64 Preferred Dividend Declared											
65 Net Income to Common Stock											

American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 06/30/2007

Kentucky-American Water Co.

Description	June		Yr to Date		Yr to Date		Yr to Date		Yr to Date		Annual Forecast
	Actual	Plan	Actual	Plan	Actual	Plan	Variance	Prior Year	June		
1 OPERATING REVENUES											
2 Water	4,892,076	4,055,434	23,337,292	22,184,591	1,152,701	21,994,258	1,152,701	21,994,258	138,825	1,691,358	49,911,817
3 Sewer	30,125	23,303	168,252	140,039	28,213	138,825	28,213	138,825	138,825	277,659	2,277,659
4 Other	191,142	157,614	967,091	945,684	21,407	945,680	21,407	945,680			1,691,358
5 Management											
6 Total Revenues	5,113,343	4,236,351	24,472,635	23,270,314	1,202,321	23,078,763	1,202,321	23,078,763			52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE											
8 Labor	504,598	469,007	2,828,647	2,879,810	51,163-	2,444,100	51,163-	2,444,100			5,836,735
9 Purchased Water	52,263	242,459	306,689	34,563	272,126	31,015	272,126	31,015			2,960,300
10 Fuel & Power	329,089	354,611	1,260,197	1,244,476	15,721	1,195,953	15,721	1,195,953			1,550,118
11 Chemicals	141,016	131,916	745,970	751,946	6,000	737,946	6,000	737,946			1,550,118
12 Waste Disposal	23,942	16,725	180,726	143,600	37,126	103,789	37,126	103,789			2,327,325
13 Waste Disposal fees	618,603	604,358	3,736,559	3,579,099	157,460	3,067,015	157,460	3,067,015			6,907,757
14 Group Insurance	150,826	137,851	856,562	826,826	29,736	789,090	29,736	789,090			1,653,652
15 Pensions	30,986	37,377	306,520	380,517	73,997	378,514	73,997	378,514			455,724
16 Regulatory Expense	36,251	65,072	248,985	390,432	141,453	248,985	141,453	248,985			807,905
17 Insurance Other than Group	2,195	2,500	15,885	18,787	2,902	13,889	2,902	13,889			32,000
18 Customer Accounting	24,428	37,147	132,002	160,000	27,998	132,002	27,998	132,002			479,085
19 General Office Expense	245,082	289,851	1,319,141	1,606,525	287,384-	1,432,736	287,384-	1,432,736			3,044,651
20 Miscellaneous	98,022	266,977	1,014,814	1,411,029	396,215-	1,182,813	396,215-	1,182,813			2,740,291
21 Other Maintenance											
Total Maintenance & Operations Expense	2,562,121	2,502,813	13,912,743	14,395,888	483,145-	12,799,242	483,145-	12,799,242			29,082,334
27 Depreciation	586,020	588,059	3,397,891	3,380,610	17,281	3,138,408	17,281	3,138,408			6,874,214
28 Amortization	38,869	34,215	203,217	205,290	2,073	164,028	2,073	164,028			410,580
29 General Taxes	309,449	236,166	1,445,483	1,422,859	22,624	1,377,237	22,624	1,377,237			2,955,510
30 State Income Taxes	23,014	23,509	186,430	72,460	113,970	224,403	113,970	224,403			364,602
31 Federal Income Taxes	259,499	155,069	1,009,173	460,757	548,416	931,036	548,416	931,036			2,595,113
32 Tax Savings Acquisition Adjustment											
33 Total Operating Expenses	3,778,972	3,519,831	20,184,937	19,937,864	247,073	18,634,354	247,073	18,634,354			42,182,353
34 Utility Operating Income	1,334,371	716,520	4,287,698	3,332,450	955,248	4,444,409	955,248	4,444,409			9,898,481
35 OTHER INCOME & DEDUCTIONS											
36 Non-Operating Rental Income											
37 Dividend Income-Common											
38 Dividend Income-Preferred											
39 Interest Income	124,386	63,929	127,120	19,783	107,337	168,914	107,337	168,914			681,063
40 AFUDC Equity	59,493		318,314	46,220	374,534	42,912-	374,534	42,912-			681,063
42 M & J Miscellaneous Income	2,880-		189,296	42,599-	146,697		146,697				
43 Gain(Loss) on Disposition											
45 Total Other Income	180,999	63,929	634,730	272,094	362,636	126,002	362,636	126,002			681,063
46 Miscellaneous Amortization	35-	64	212-	384	596-		596-				768
47 Tax Savings Acquisition Adjustment	66,440	61,060	228,958	248,811	19,853-	227,889	19,853-	227,889			277,323
48 Misc. Other Deductions											
49 General Taxes	1,005	5,037-	2,686	20,525-	23,211	11,034-	23,211	11,034-			22,877-
50 State Income Taxes	15,211	19,608-	24,029	79,899-	103,928	55,171-	103,928	55,171-			89,055-
51 Federal Income Taxes											
52 Total Other Deductions	82,621	36,479	255,461	148,771	106,690	161,684	106,690	161,684			166,159
53 Total Other Income	98,378	27,450	379,269	123,323	255,946	35,682-	255,946	35,682-			514,904
54 Income Before Interest Charges	1,432,749	743,970	4,666,967	3,455,773	1,211,194	4,408,727	1,211,194	4,408,727			10,413,385
55 INTEREST CHARGES											
56 Interest on Long-Term Debt	341,082	471,728	2,438,141	2,723,787	285,646-	2,559,775	285,646-	2,559,775			5,686,455
57 Amortization and Debt Expense	6,018	12,217	36,382	58,163	21,781-	36,437	21,781-	36,437			131,465
58 Interest-Short Term Bank Debt	260,062	39,819	551,064	127,349	423,715	207,934	423,715	207,934			291,367
59 Other Interest Expense											
60 AFUDC-Debt	27,011-	29,032-	144,535-	9,207-	20,967-	74,750-	20,967-	74,750-			309,296-
61 Total Interest Charges	580,151	494,732	2,903,982	2,785,731	118,251	2,729,442	118,251	2,729,442			5,799,991
62 Net Income	852,598	249,238	1,762,985	670,042	1,092,943	1,679,285	1,092,943	1,679,285			4,613,394
64 Preferred Dividend Declared	6,560	38,325	39,352	229,950	190,598-	39,380	190,598-	39,380			459,900
65 Net Income to Common Stock	846,038	210,913	1,723,633	440,092	1,282,345	1,639,905	1,282,345	1,639,905			4,153,494

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American Water Works Company
Kentucky-American Water-CA 12
Total Company USGAAP
Income Statement Month & YTD
For the Period Ending 07/31/2007

Kentucky-American Water Co.

Description	Actual	July Plan	July Variance	July Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date July Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	5,002,545	4,823,668	178,877	4,075,501	28,339,837	27,008,259	1,331,578	26,069,759	49,911,817
3 Sewer	29,010	23,270	5,740	26,562	187,261	163,309	23,952	165,388	277,559
4 Other	201,065	157,614	43,451	146,447	1,168,157	1,103,298	64,859	1,092,127	1,891,358
5 Management									
6 Total Revenues	5,232,620	5,004,552	228,068	4,248,510	29,705,255	28,274,866	1,430,389	27,327,274	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	529,352	491,921	37,431	406,331	3,357,998	3,371,731	13,733-	2,850,431	5,836,735
9 Purchased Water	32,362	44,650	12,288-	30,946	239,052	286,050	46,998-	261,861	496,300
10 Fuel & Power	257,429	318,172	60,743-	269,824	1,517,615	1,542,648	25,033-	1,406,687	2,960,000
11 Chemicals	129,147	150,595	21,448-	141,634	874,818	895,938	21,120-	738,892	1,590,118
12 Waste Disposal	23,371	24,800	1,429-	19,949	184,097	150,200	33,897	123,736	232,325
13 Management Fees	654,085	581,106	72,979	513,425	4,390,644	4,160,205	230,439	3,560,440	6,987,757
14 Group Insurance	130,118	137,821	7,703-	140,649	964,747	20,933	20,933	948,554	1,653,852
15 Pensions	49,118	37,977	11,141	63,580	355,638	265,839	89,799	434,945	455,724
16 Regulatory Expense	30,086	30,091	5-	30,086	210,604	210,637	33-	219,193	405,531
17 Insurance Other Than Group	50,955	65,072	14,117-	52,206	306,314	455,504	149,190	422,204	780,864
18 Customer Accounting	99,044	121,418	22,374-	138,674	933,539	790,597	142,942	734,762	1,386,901
19 Rents	5,593	3,000	2,593	4,989	21,448	19,000	2,448	18,577	32,000
20 General Office Expense	56,208	34,757	21,451	32,178	248,210	306,618	58,408-	288,061	479,085
21 Miscellaneous	260,329	249,393	10,936	216,977	1,579,469	1,855,918	276,449-	1,649,973	3,044,851
25 Other Maintenance	131,984	272,477	140,493-	152,878	1,146,798	1,683,506	536,708-	1,334,456	2,740,291
Total Maintenance & Operations Expense	2,439,181	2,563,250	124,069-	2,213,531	16,351,924	16,959,138	607,214-	15,012,772	29,082,334
27 Depreciation	587,933	570,348	17,585	814,917	3,985,824	3,950,958	34,866	3,953,324	6,874,214
28 Amortization	38,869	34,215	4,654	40,477	272,086	239,505	32,581	204,505	410,580
29 General Taxes	247,171	238,228	8,943	230,638	1,692,653	1,661,087	31,566	1,607,875	2,855,510
30 State Income Taxes	95,946	54,038	41,908	16,526	282,376	126,498	155,878	240,929	364,602
31 Federal Income Taxes	527,545	394,511	133,034	308,917	1,536,719	855,268	681,451	1,239,953	2,595,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,936,645	3,854,590	82,055	3,625,006	24,121,582	23,792,454	329,128	22,259,358	42,182,353
34 Utility Operating Income	1,295,975	1,149,962	146,013	623,504	5,583,673	4,482,412	1,101,261	5,067,916	9,898,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity	76,000	71,104	4,896	18,646	127,120	343,198	127,120	187,560	681,063
42 M & J Miscellaneous Income	26,085-		26,085-	16,395	163,211		163,211		
43 Gain/(loss) on Disposition									
45 Total Other Income	49,915	71,104	21,189-	35,041	684,645	343,198	341,447	161,043	681,063
46 Miscellaneous Amortization	35-	64	99-	354-	248-	448	696-	354-	768
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	5,460	6,280	820-	4,725	234,418	255,091	20,673-	232,614	277,323
49 General Taxes	965-	518-	447-	7,922-	1,721	21,043-	22,764	18,956-	22,877-
50 State Income Taxes	8,636-	2,017-	6,619-	39,609-	15,393	81,916-	97,309	94,780-	89,055-
51 Federal Income Taxes									
52 Total Other Deductions	4,176-	3,809	7,985-	43,160-	251,284	152,580	98,704	118,524	166,159
53 Total Other Income	54,091	67,295	13,204-	78,201	433,361	190,618	242,743	42,519	514,904
54 Income Before Interest Charges	1,350,066	1,217,257	132,809	701,705	6,017,034	4,673,030	1,344,004	5,110,435	10,413,385
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	295,882	471,728	175,846-	426,629	2,734,023	3,195,515	461,492-	2,986,404	5,686,455
57 Amortization and Debt Expense	6,018	12,217	6,199-	6,073	42,400	370,380	27,980-	42,509	131,465
58 Interest-Short Term Bank Debt	197,241	42,513	154,728	35,358	748,305	169,862	578,443	243,292	291,367
59 Other Interest Expense									
60 AFUDC-Debt	34,503-	32,291-	2,212-	8,601-	179,039-	155,859-	23,180-	83,351-	309,296-
61 Total Interest Charges	464,638	494,167	29,529-	459,459	3,368,619	3,279,898	88,721	3,188,900	5,799,991
62 Net Income	885,428	723,090	162,338	242,246	2,648,415	1,393,132	1,255,283	1,921,535	4,613,394
64 Preferred Dividend Declared	6,560	38,325	31,765-	6,562	45,912	268,275	222,363-	45,942	459,900
65 Net Income to Common Stock	878,868	684,765	194,103	235,684	2,602,503	1,124,857	1,477,646	1,875,593	4,153,494

Description	August Actual	August Plan	August Variance	August Prior Year	Yr to Date Actual	Yr to Date August Plan	Yr to Date Variance	Yr to Date August Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	4,793,865	4,816,765	22,889-	4,186,106	33,133,703	31,825,014	1,308,689	30,255,866	49,911,817
3 Sewer	27,503	33,666	3,917	26,753	224,765	186,975	37,790	192,141	277,659
4 Other	217,329	157,634	59,715	161,235	1,385,486	1,260,312	124,574	1,253,362	1,891,358
5 Management									
6 Total Revenues	5,038,698	4,998,035	40,663	4,374,094	34,743,954	33,272,301	1,471,053	31,701,369	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	535,720	509,544	16,176	403,720	3,893,719	3,881,275	2,444	3,254,151	5,836,735
9 Purchased Water	33,767	46,700	12,933-	33,631	972,759	972,750	59,991-	115,475	496,300
10 Fuel & Power	294,952	180,433	114,519	1,872,468	1,823,841	1,823,841	30,273	1,687,709	2,960,000
11 Chemicals	183,569	159,843	23,726	171,522	1,058,397	1,058,397	2,630	910,455	1,590,110
12 Waste Disposal	16,045	14,400	1,645	21,256	200,311	200,311	35,541	144,992	1,232,118
13 Management Fees	626,936	577,459	49,477	462,704	5,017,659	4,757,600	279,975	4,063,144	6,987,757
14 Group Insurance	152,572	137,824	14,748	142,826	1,138,252	1,102,568	35,684	1,093,389	1,653,952
15 Pensions	52,672	37,377	15,295	63,540	408,330	303,516	104,454	238,465	455,724
16 Regulatory Expense	30,086	30,051	35	30,086	240,650	240,650	162,729	245,280	405,531
17 Insurance Other Than Group	51,509	65,072	13,563	52,261	357,853	340,728	17,125	84,565	180,864
18 Customer Accounting	56,153	121,351	65,198	112,945	931,653	931,653	79,722	817,929	1,389,801
19 Rents	602	2,500	1,898-	732	22,050	21,500	550	119,259	326,000
20 General Office Expense	44,086	36,714	7,372	26,109	292,236	343,332	51,036-	114,170	479,085
21 Miscellaneous	212,766	252,840	40,074-	220,608	1,792,235	2,106,758	316,523-	1,870,561	3,044,851
25 Other Maintenance	130,392	198,477	68,085-	160,466	1,277,190	1,861,963	604,793-	1,494,942	2,740,291
Total Maintenance & Operations Expense	2,413,727	2,490,958	77,231-	2,220,533	18,765,652	19,450,036	684,444-	17,233,306	29,082,334
27 Depreciation	582,093	572,542	9,551	531,484	4,567,947	4,523,500	44,447	4,484,808	6,874,214
28 Amortization	38,869	34,215	4,654	88,094	310,925	273,720	37,205	292,600	410,580
29 General Taxes	249,779	239,811	9,968	234,022	1,942,432	1,900,898	41,534	1,841,897	2,855,510
30 State Income Taxes	86,581	97,088	10,507	67,870	368,957	183,586	185,371	308,799	364,602
31 Federal Income Taxes	473,683	416,771	56,912	277,963	2,010,401	1,272,039	738,362	1,517,916	2,595,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,844,732	3,811,385	33,347	3,419,966	27,966,314	27,603,839	362,475	25,679,326	42,182,353
34 Utility Operating Income	1,193,966	1,186,650	7,316	954,128	6,777,640	5,669,062	1,108,578	6,022,043	9,898,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income	85,278	78,630	6,648	17,934	127,120	421,828	127,120	205,494	681,063
37 Dividend Income-Common	4,843		4,843	1,818	479,592		168,054	24,699-	
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity									
42 M & J Miscellaneous Income									
43 Gain(Loss) on Disposition									
45 Total Other Income	90,121	78,630	11,491	19,752	774,766	421,828	352,938	180,795	681,063
46 Miscellaneous Amortization	35-	64	99-	35-	283-	512	795-	389-	768
47 Tax Savings Acquisition Adjustment	11,075	6,650	4,425	10,888	245,492	261,741	16,249-	243,501	277,323
48 Misc. Other Deductions	180-	549-	359	1,531	1,531	21,592-	23,123	18,956-	22,877-
49 General Taxes	1,698-	2,135-	437	13,695	97,746	84,051-	97,746	94,780-	89,055-
50 State Income Taxes									
51 Federal Income Taxes									
52 Total Other Deductions	9,152	4,030	5,122	10,853	260,435	156,610	103,825	129,376	166,159
53 Total Other Income	80,969	74,600	6,369	8,899	514,331	265,218	249,113	51,419	514,904
54 Income Before Interest Charges	1,274,935	1,261,250	13,685	963,027	7,291,971	5,934,280	1,357,691	6,073,462	10,413,385
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	295,882	471,728	175,846-	426,629	3,029,904	3,667,243	637,339-	3,413,034	5,686,455
57 Amortization and Debt Expense	6,054	12,217	6,163-	34,455	82,597	34,142-	34,142-	48,582	131,465
58 Interest-Short Term Bank Debt	206,362	43,099	163,263	31,664	954,667	212,961	741,706	274,956	291,367
59 Other Interest Expense									
60 AFUDC-Debt	38,722-	35,709-	3,013-	8,139-	217,760-	191,568-	26,192-	91,490-	309,296-
61 Total Interest Charges	469,576	491,335	21,759-	456,227	3,838,196	3,771,233	66,963	3,645,128	5,799,991
62 Net Income	805,359	769,915	35,444	506,800	3,453,775	2,163,047	1,290,728	2,428,334	4,613,394
64 Preferred Dividend Declared	6,623	38,325	31,702-	6,562	306,600	306,600	254,066-	52,505	459,900
65 Net Income to Common Stock	798,736	731,590	67,146	500,238	3,401,241	1,856,447	1,544,794	2,375,829	4,153,494

Kentucky-American Water Co.

Description	September Actual	September Plan	September Variance	September Prior Year	Yr to Date September Actual	Yr to Date September Plan	Yr to Date September Variance	Yr to Date September Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	4,648,251	4,892,466	174,215-	5,346,418	37,781,955	36,647,480	1,134,475	35,602,284	49,911,817
3 Sewer	31,485	24,598	6,887	25,847	256,249	211,573	44,676	217,957	277,659
4 Other	242,505	157,614	84,891	200,211	1,627,990	1,418,526	209,464	1,453,574	1,891,358
5 Management									
6 Total Revenues	4,922,241	5,004,678	82,437-	5,572,476	39,666,194	38,277,579	1,388,615	37,273,845	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	458,287	452,674	5,613	543,466	4,342,005	4,333,949	8,056	3,797,617	5,836,735
9 Purchased Water	57,644	46,200	11,444	37,545	330,603	378,950	48,347-	353,020	496,300
10 Fuel & Power	284,451	335,248	50,797-	363,581	2,096,918	2,178,089	81,171-	2,048,290	2,960,000
11 Chemicals	166,608	150,600	15,998	231,971	1,224,995	1,206,384	18,611	1,142,425	1,590,118
12 Waste Disposal	11,182	19,800	8,618-	22,962	211,323	184,400	26,923	167,954	232,325
13 Management Fees	590,506	555,644	34,862	753,665	5,608,146	5,293,308	314,838	4,816,809	6,987,757
14 Group Insurance	153,998	137,821	16,177	118,222	1,313,480	1,240,389	73,091	1,204,507	1,653,852
15 Pensions	53,019	37,977	15,042	55,421	470,574	341,793	128,781	551,688	458,724
16 Regulatory Expense	30,086	30,091	5-	30,549	270,776	270,819	43-	279,828	405,531
17 Insurance Other Than Group	54,100	65,072	10,972-	34,732-	413,331	585,648	172,317-	439,395	780,864
18 Customer Accounting	105,176	121,395	16,219-	111,725	1,096,868	1,033,343	63,525	959,432	1,386,901
19 Rents	790	2,500	1,710-	3,397	22,841	24,000	1,159-	22,766	32,000
20 General Office Expense	25,798	33,985	8,187-	31,733	310,473	377,317	66,844-	345,903	479,085
21 Miscellaneous	185,047	256,115	71,068-	197,717	1,734,377	2,364,873	630,496-	2,175,463	3,044,851
22 Other Maintenance	167,147	223,477	56,330-	167,520	1,444,337	2,105,460	661,123-	1,662,462	2,740,291
Total Maintenance & Operations Expense	2,344,039	2,468,626	124,587-	2,756,742	20,891,047	21,918,722	1,027,675-	19,967,559	29,082,334
27 Depreciation	585,555	574,431	11,124	533,773	5,153,472	5,097,931	55,541	5,018,581	6,874,214
28 Amortization	67,115	34,215	32,900	45,234	378,070	307,935	70,135	337,834	410,580
29 General Taxes	251,068	237,498	13,570	239,941	2,193,501	2,138,396	55,105	2,081,838	2,855,510
30 State Income Taxes	45,179	57,932	12,753-	76,852	414,136	241,518	172,618	385,650	364,602
31 Federal Income Taxes	383,930	422,485	38,555-	506,690	2,419,285	1,694,524	724,761	2,108,754	2,595,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,676,886	3,795,187	118,301-	4,159,232	31,449,511	31,399,026	50,485	29,900,216	42,182,353
34 Utility Operating Income	1,245,355	1,209,491	35,864	1,413,244	8,216,683	6,878,553	1,338,130	7,373,629	9,898,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	87,193	72,930	14,263	22,025	566,785	494,758	62,027	227,518	681,063
40 AFUDC Equity	48	48		51,153-	168,101		168,101	75,852-	
42 M & J Miscellaneous Income									
43 Gain(Loss)on Disposition									
45 Total Other Income	87,241	72,930	14,311	29,128-	862,006	494,758	367,248	151,666	681,063
46 Miscellaneous Amortization	35-	64	99-	35-	318-	576	894-	425-	768
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	9,616	8,352	1,264	9,779	255,108	270,093	14,985-	253,280	277,323
49 General Taxes	321-	689-	368	209	1,210	22,281-	23,491	18,747-	22,877-
50 State Income Taxes	1,031-	2,682-	1,651	1,046	12,664	86,733-	99,397	93,734-	89,055-
51 Federal Income Taxes									
52 Total Other Deductions	8,229	5,045	3,184	10,999	268,664	161,655	107,009	140,374	166,159
53 Total Other Income	79,012	67,885	11,127	40,127-	593,342	333,103	260,239	11,292	514,904
54 Income Before Interest Charges	1,324,367	1,277,376	46,991	1,373,117	8,810,025	7,211,656	1,598,369	7,384,921	10,413,385
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	295,882	471,728	175,846-	426,629	3,325,786	4,138,971	813,185-	3,839,663	5,686,455
57 Amortization and Debt Expense	6,017	12,217	6,200-	6,073	54,472	94,814	40,342-	54,655	131,465
58 Interest-Short Term Bank Debt	199,457	45,333	154,124	32,354	1,154,124	258,294	895,830	307,310	291,367
59 Other Interest Expense									
60 AFUDC-Debt	39,591-	33,120-	6,471-	8,983-	257,351-	224,688-	32,663-	100,473-	309,296-
61 Total Interest Charges	461,765	496,158	34,393-	456,073	4,238,856	4,267,391	28,535-	4,101,201	5,799,991
62 Net Income	862,602	781,218	81,384	917,044	4,571,169	2,944,265	1,626,904	3,283,720	4,613,394
64 Preferred Dividend Declared	6,560	38,325	31,765-	6,562	59,094	344,925	285,831-	59,067	459,900
65 Net Income to Common Stock	856,042	742,893	113,149	910,482	4,512,075	2,599,340	1,912,735	3,224,653	4,153,494

Kentucky-American Water Co.

Description	October Actual	October Plan	October Variance	October Prior Year	Yr to Date October Actual	Yr to Date October Plan	Yr to Date October Variance	Yr to Date October Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	4,702,835	4,622,595	80,240	3,531,621	42,484,790	41,270,075	1,214,715	39,133,905	49,911,817
3 Sewer	27,884	22,139	5,745	232,330	2,384,134	233,712	50,422	250,317	277,559
4 Other	206,294	157,614	48,680	156,502	1,834,284	1,576,140	258,144	1,612,075	1,891,358
5 Management									
6 Total Revenues	4,937,013	4,802,348	134,665	3,722,453	44,603,208	43,079,927	1,523,281	40,996,297	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	531,815	509,544	22,271	397,213	4,873,820	4,843,493	30,327	4,194,830	5,836,735
9 Purchased Water	24,237	39,550	(15,313)	74,118	554,840	416,500	138,340	427,139	496,300
10 Fuel & Power	35,501	281,370	(245,869)	127,050	2,458,419	2,458,419	0	2,175,340	2,960,000
11 Chemicals	252,267	134,009	118,258	156,163	1,447,262	1,340,393	106,869	1,268,598	1,590,118
12 Waste Disposal	6,515	13,725	(7,210)	10,806	320,838	22,713	298,125	178,760	232,325
13 Management Fees	640,911	572,265	68,646	507,918	6,859,513	5,124,737	1,734,776	5,124,737	6,987,757
14 Group Insurance	142,495	137,821	4,674	136,313	1,455,979	1,378,310	77,669	1,343,939	1,653,852
15 Pensions	40,950	37,977	2,973	53,360	311,524	131,754	179,770	315,047	455,724
16 Regulatory Expense	30,086	20,091	9,995	30,086	300,882	300,510	372	289,315	458,521
17 Insurance Other than Group	34,108	65,072	(30,964)	52,051	467,440	650,720	(183,280)	1,071,436	760,864
18 Customer Accounting	135,530	113,629	21,901	117,903	1,232,399	1,152,372	80,027	1,077,159	1,366,501
19 Rents	2,170	3,000	(830)	3,180	25,311	27,000	(1,689)	37,943	32,000
20 General Office Expense	56,211	31,074	25,137	33,559	366,684	408,351	(41,667)	379,052	3,043,085
21 Miscellaneous	76,322	224,302	(147,980)	285,475	1,820,650	2,589,735	(769,085)	2,880,739	3,044,851
25 Other Maintenance	146,451	240,877	(94,426)	194,965	1,590,788	2,346,337	(755,549)	1,857,427	2,740,291
Total Maintenance & Operations Expense	2,438,873	2,450,206	(11,333)	2,083,679	23,329,921	24,368,928	(1,039,007)	22,051,238	29,082,334
27 Depreciation	595,179	586,117	9,062	539,291	5,748,651	5,684,048	64,603	5,557,872	6,874,214
28 Amortization	42,007	34,215	7,792	40,477	420,077	342,150	77,927	378,311	410,580
29 General Taxes	291,289	239,811	51,478	230,663	2,484,789	2,378,207	106,582	2,312,521	2,855,510
30 State Income Taxes	71,067	47,029	24,038	35,072	485,203	288,547	196,656	420,722	364,602
31 Federal Income Taxes	386,677	344,339	42,338	190,437	2,805,961	2,038,863	767,098	2,299,191	2,595,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,825,092	3,701,717	123,375	3,119,639	35,274,602	35,100,743	173,859	33,019,855	42,182,353
34 Utility Operating Income	1,111,921	1,100,631	11,290	602,814	9,328,606	7,979,184	1,349,422	7,976,442	9,896,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	86,199	63,899	22,300	16,199	127,120	558,657	127,120	243,717	681,063
40 AFUDC Equity	11,731		11,731	10,637	179,832		179,832	86,490	
42 M & J Miscellaneous Income									
43 Gain(Loss)on Disposition									
44 Total Other Income	97,930	63,899	34,031	5,562	959,936	558,657	401,279	157,227	681,063
45 Miscellaneous Amortization	35-	64	(29)	35-	354-	640	994-	460-	768
46 Tax Savings Acquisition Adjustment									
47 General Taxes	9,330	1,950	7,380	5,913	264,438	272,043	(7,605)	259,193	277,323
48 State Income Taxes	248	161-	87	2,083-	1,458	22,442-	23,900	20,830-	22,877-
49 Federal Income Taxes	4,733	626-	5,359	10,415-	17,397	87,359-	104,756	104,149-	89,055-
50 Total Other Deductions	14,276	1,227	13,049	6,620-	282,939	162,882	120,057	133,754	166,159
51 Total Other Income	83,654	62,672	20,982	12,182	676,997	395,775	281,222	23,473	514,904
52 Income Before Interest Charges	1,195,575	1,163,303	32,272	614,996	10,005,603	8,374,959	1,630,644	7,999,915	10,413,385
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	349,860	515,828	(165,968)	426,629	3,675,646	4,654,799	(979,153)	4,266,292	5,686,455
57 Amortization and Debt Expense	6,017	12,217	(6,200)	6,073	60,484	107,031	(46,543)	60,728	131,465
58 Interest-Short Term Bank Debt	152,370	24,989	127,381	31,522	1,306,498	283,283	1,023,215	338,831	281,367
59 Other Interest Expense				1,599	38,175-	38,175-	0	1,645	
60 AFUDC-Debt	39,144-	29,019-	10,125-	7,355-	296,495-	253,707-	42,788-	107,828-	309,296-
61 Total Interest Charges	469,103	524,015	(54,912)	458,467	4,707,958	4,791,406	(83,448)	4,959,668	5,799,991
62 Net Income	726,472	639,288	87,184	156,529	5,297,645	3,583,553	1,714,092	3,440,247	4,613,394
64 Preferred Dividend Declared	6,560	38,325	(31,765)	6,562	65,653	383,250	(317,597)	65,629	459,900
65 Net Income to Common Stock	719,912	600,963	118,949	149,967	5,231,992	3,200,303	2,031,689	3,374,618	4,153,494

Kentucky-American Water Co.

Description	November Actual	November Plan	November Variance	November Prior Year	Yr to Date Actual	Yr to Date November Plan	Yr to Date November Variance	Yr to Date November Prior Year	Annual Forecast
1 OPERATING REVENUES									
1 Water	3,609,504	4,179,926	570,422-	4,061,572	46,094,284	45,450,001	644,283	43,195,477	49,911,817
2 Sewer	27,847	21,687	6,160	25,420	311,980	255,399	56,581	275,737	277,659
4 Other	201,376	157,614	43,762	154,538	2,035,661	1,733,754	301,907	1,766,613	1,891,358
5 Management									
6 Total Revenues	3,838,727	4,359,227	520,500-	4,241,530	48,441,935	47,439,154	1,002,781	45,237,827	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	490,868	506,680	15,812-	529,099	5,364,689	5,350,173	14,516	4,723,929	5,836,735
9 Purchased Water	56,990	37,300	19,690	41,358	411,829	455,800	43,971-	468,496	496,300
10 Fuel & Power	191,523	260,302	68,779-	214,965	2,613,929	2,729,721	115,792-	2,390,305	2,960,000
11 Chemicals	106,852	124,849	17,997-	132,139	1,554,114	1,465,242	88,872	1,400,726	1,590,118
12 Waste Disposal	22,723	14,400	8,323	3,759	243,523	212,520	31,003	182,520	232,325
13 Management Fees	630,418	552,893	77,525	6,879,474	6,418,406	461,068	5,895,487	6,987,757	6,987,757
14 Group Insurance	135,486	137,821	2,335-	141,840	1,546,031	1,516,031	30,000	1,484,779	1,653,852
15 Pensions	40,338	37,977	2,361	63,952	551,862	417,747	134,115	678,999	455,724
16 Regulatory Expense	30,086	30,091	5-	30,086	330,948	331,001	53-	340,001	405,531
17 Insurance Other Than Group	54,046	65,072	11,026-	52,065	521,485	715,792	194,307-	543,511	780,864
18 Customer Accounting	96,808	115,260	18,452-	1,329,206	1,268,232	60,974	1,298,535	1,386,901	1,386,901
19 Rents	1,995	2,500	505-	264	27,306	29,500	2,194-	28,209	32,000
20 General Office Expense	47,206	38,007	9,199	30,353	413,890	446,398	32,508-	409,414	479,085
21 Miscellaneous	211,823	220,089	8,266-	182,032	2,809,264	2,862,742	53,478	2,562,771	3,044,851
25 Other Maintenance	180,909	196,977	16,068-	227,567	1,771,697	2,543,314	771,617-	2,084,994	2,740,291
Total Maintenance & Operations Expense	2,298,071	2,340,218	42,147-	2,441,439	26,627,990	26,709,146	1,081,156-	24,492,676	29,082,334
27 Depreciation	349,574	588,098	238,524-	540,011	6,098,225	6,272,146	173,921-	6,097,883	6,874,214
28 Amortization	42,007	34,215	7,792	40,477	462,084	376,365	85,719	418,787	410,580
29 General Taxes	282,503	239,557	42,946	569,636	2,767,264	2,617,764	149,500	2,882,157	2,855,510
30 State Income Taxes	25,678	30,500	4,822-	310,596-	510,881	319,047	191,834	110,126	364,602
31 Federal Income Taxes	154,070	222,656	68,586-	320,486	2,960,031	2,261,519	698,512	2,619,677	2,595,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,151,903	3,455,244	303,341-	3,601,453	38,426,503	38,555,987	129,484-	36,621,306	42,182,353
34 Utility Operating Income	686,824	903,983	217,159-	640,077	10,015,432	8,883,167	1,132,265	8,616,521	9,898,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	82,075	65,591	16,484	14,151	127,120	127,120		257,069	681,063
40 AFUDC Equity	15,791	15,791		10,605	195,623	195,623		75,884-	
42 M & J Miscellaneous Income									
43 Gain(Loss)/on Disposition									
45 Total Other Income	97,866	65,591	32,275	24,756	1,057,802	624,248	433,554	181,985	681,063
46 Miscellaneous Amortization	35-	64	99-	35-	389-	704	1,093-	495-	768
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	6,922	3,580	3,342	14,379	271,361	275,623	4,262-	273,572	277,323
49 General Taxes	303	295-	598	2,083-	1,761	22,737-	24,498	22,913-	22,877-
50 State Income Taxes	3,612	1,150-	4,762	10,415-	21,009	88,509-	109,518	114,564-	89,055-
51 Federal Income Taxes	10,802	2,199	8,603	1,846	293,742	165,081	128,661	135,600	166,159
52 Total Other Deductions	87,064	63,392	23,672	22,910	764,060	459,167	304,893	46,385	514,904
53 Total Other Income	773,888	967,375	193,487-	662,987	10,779,492	9,342,334	1,437,158	8,662,906	10,413,385
54 Income Before Interest Charges									
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	488,061	515,828	27,767-	426,629	4,163,706	5,170,627	1,006,921-	4,692,921	5,686,455
57 Amortization and Debt Expense	7,261	12,217	4,956-	6,073	67,749	119,248	51,499-	66,800	131,465
58 Interest-Short Term Bank Debt	45,724	1,387	44,337	31,985	1,352,218	284,670	1,067,548	370,817	231,367
59 Other Interest Expense	37,303-	29,787-	7,516-	6,426-	335,798-	283,494-	50,304-	1,645	309,296-
60 AFUDC-Debt									
61 Total Interest Charges	503,743	499,645	4,098	458,261	5,211,700	5,291,051	79,351-	5,017,929	5,799,991
62 Net Income	270,145	467,730	197,585-	204,726	5,567,792	4,051,283	1,516,509	3,644,977	4,631,394
64 Preferred Dividend Declared	6,560	36,325	31,765-	6,562	72,213	421,575	349,362-	72,192	459,900
65 Net Income to Common Stock	263,585	429,405	165,820-	198,164	5,495,579	3,629,708	1,865,871	3,572,785	4,131,494

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American Water Works Company
Kentucky-American Water-CA 12
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 12/31/2007

Kentucky-American Water Co.

Description	December Actual	December Plan	December Variance	December Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	4,122,133	4,461,816	339,683-	3,599,545	50,216,427	49,911,817	304,610	46,795,023	49,911,817
3 Sewer	28,140	22,260	5,880	26,955	340,120	277,659	62,461	302,692	277,659
4 Other	186,010	157,604	28,406	145,819	2,221,671	1,891,358	330,313	1,912,432	1,891,358
5 Management									
6 Total Revenues	4,336,283	4,641,680	305,397-	3,772,319	52,778,218	52,080,834	697,384	49,010,147	52,080,834
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	531,541	486,562	44,979	446,956	5,896,230	5,836,735	59,495	5,170,885	5,836,735
9 Purchased Water	15,376	40,500	25,124-	38,130	427,206	496,300	69,094-	506,300	496,300
10 Fuel & Power	213,669	230,279	16,610-	247,965	2,827,611	2,960,000	132,389-	2,638,270	2,960,000
11 Chemicals	137,583	124,876	12,707	95,161	1,691,698	1,590,118	1,011,580	1,495,887	1,590,118
12 Waste Disposal	17,004	19,800	2,796-	14,128	260,565	232,325	28,240	324,447	232,325
13 Management Fees	636,749	569,351	67,398	716,927	7,516,223	6,987,757	528,466	6,612,414	6,987,757
14 Group Insurance	94,306	137,821	43,515-	138,295	1,685,771	1,653,852	31,919	1,623,074	1,653,852
15 Pensions	28,096	37,977	9,881-	60,030	579,958	455,724	124,234	739,029	455,724
16 Regulatory Expense	43,086	74,530	31,444-	30,086	374,035	405,531	31,496-	370,087	405,531
17 Insurance Other Than Group	55,214	65,072	9,858-	104,242	576,700	780,864	204,164-	647,754	780,864
18 Customer Accounting	96,008	118,669	22,661-	101,070	1,425,214	1,386,901	38,313	1,399,605	1,386,901
19 Rents	3,146	2,500	646	24,028	30,452	32,000	1,548-	52,237	32,000
20 General Office Expense	49,332	32,687	16,645	68,378	463,222	479,085	15,863-	477,792	479,085
21 Miscellaneous	222,686	235,587	12,901-	613,576	2,245,208	3,044,851	799,643-	3,044,851	3,044,851
25 Other Maintenance	463,624	196,977	266,647	199,679	2,235,322	2,740,291	504,969-	2,284,673	2,740,291
Total Maintenance & Operations Expense	2,607,420	2,373,188	234,232	3,026,451	28,235,415	29,082,334	846,919-	27,519,126	29,082,334
27 Depreciation	188,805	602,068	413,263-	618,619	6,287,030	6,874,214	587,184-	6,716,503	6,874,214
28 Amortization	42,007	34,215	7,792	40,477	504,092	410,580	93,512	459,264	410,580
29 General Taxes	289,949	237,746	52,203	305,741	3,057,241	2,855,510	201,731	2,860,457	2,855,510
30 State Income Taxes	77,009	45,555	31,454	344,787	587,890	364,602	223,288	454,913	364,602
31 Federal Income Taxes	214,039	333,594	119,555-	475,161-	3,174,069	2,595,113	578,956	2,144,516	2,595,113
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,419,229	3,626,366	207,137-	3,533,474	41,845,737	42,182,353	336,616-	40,154,779	42,182,353
34 Utility Operating Income	917,054	1,015,314	98,260-	238,845	10,932,481	9,898,481	1,034,000	8,855,368	9,898,481
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	107,776	56,815	50,961	2,213	127,120	681,063	127,120	2,213	681,063
40 AFUDC Equity	653		653	54,434-	196,276		196,276	130,318-	
42 M & J Miscellaneous Income									
43 Gain(Loss)on Disposition									
45 Total Other Income	108,429	56,815	51,614	36,406-	1,166,231	681,063	485,168	145,579	681,063
46 Miscellaneous Amortization	35-	64	99-	35-	425-	768	1,193-	531-	768
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	47,740	1,700	46,040	4,929	319,101	277,323	41,778	278,501	277,323
49 General Taxes	1,583-	140-	1,443-	5,513-	178	22,877-	23,055	28,426-	22,877-
50 State Income Taxes	19,603-	546-	19,057-	27,562-	1,406	89,055-	90,461	142,126-	89,055-
51 Federal Income Taxes	26,519	1,078	25,441	28,181-	320,260	166,159	154,101	107,418	166,159
52 Total Other Deductions	81,910	55,737	26,173	8,225-	845,971	514,904	331,067	38,161	514,904
53 Total Other Income	998,964	1,071,051	72,087-	230,620	11,778,452	10,413,385	1,365,067	8,893,529	10,413,385
54 Income Before Interest Charges									
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	487,956	515,828	27,872-	418,324	4,651,663	5,686,455	1,034,792-	5,111,245	5,686,455
57 Amortization and Debt Expense	7,320	12,217	4,897-	6,073	75,069	131,465	56,396-	72,873	131,465
58 Interest-Short Term Bank Debt	63,304	6,697	56,607	37,878	1,415,522	291,367	1,124,155	408,695	291,367
59 Other Interest Expense									
60 AFUDC-Debt	50,643-	25,802-	24,841-	2,262-	384,442-	309,295-	75,146-	116,516-	309,295-
61 Total Interest Charges	507,937	508,940	1,003-	523,575	5,719,637	5,799,991	80,354-	5,541,504	5,799,991
62 Net Income	491,027	562,111	71,084-	292,955-	6,058,815	4,613,394	1,445,421	3,352,025	4,613,394
64 Preferred Dividend Declared	6,560	38,325	31,765-	6,515	78,773	459,900	381,127-	78,706	459,900
65 Net Income to Common Stock	484,467	523,786	39,319-	299,470-	5,980,042	4,153,494	1,826,548	3,273,319	4,153,494

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGRAP)
Income Statement Month & YTD
For the Period Ending 01/31/2008

Kentucky-American Water Co.

Description	January Actual	January Plan	January Variance	January Prior Year	Yr to Date Actual	Yr to Date January Plan	Yr to Date January Variance	Yr to Date January Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	4,258,794	4,316,916	58,122-	3,381,997	4,258,794	4,316,916	58,122-	3,381,997	57,285,664
3 Sewer	25,439	24,790	649	27,823	25,439	24,790	649	27,823	277,659
4 Other	182,371	164,703	17,668	146,082	182,131	164,703	17,668	146,082	1,976,432
5 Management									
6 Total Revenues	4,466,604	4,506,409	39,805-	3,555,902	4,466,604	4,506,409	39,805-	3,555,902	59,539,755
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	543,221	569,000	25,779-	484,444	543,221	569,000	25,779-	484,444	6,735,008
9 Purchased Water	5,326	48,500	43,174-	37,627	5,326	48,500	43,174-	37,627	603,650
10 Fuel & Power	277,590	173,454	104,136	86,306	277,590	173,454	104,136	86,306	2,985,889
11 Chemicals	118,148	120,531	2,383-	114,814	118,148	120,531	2,383-	114,814	1,637,082
12 Waste Disposal	22,619	20,446	2,173	25,912	22,619	20,446	2,173	25,912	294,647
13 Management Fees	667,807	642,386	25,421	597,096	667,807	642,386	25,421	597,096	7,373,998
14 Group Insurance	148,237	165,088	16,851-	140,638	148,237	165,088	16,851-	140,638	1,984,396
15 Pensions	57,770	43,190	14,580	40,060	57,770	43,190	14,580	40,060	518,280
16 Regulatory Expense	43,087	31,443	11,644	30,086	43,087	31,443	11,644	30,086	607,390
17 Insurance Other Than Group	54,832	60,475	5,643-	51,960	54,832	60,475	5,643-	51,960	725,700
18 Customer Accounting	58,732	127,947	69,215-	88,810	58,732	127,947	69,215-	88,810	1,583,610
19 Rents	6,652	3,015	3,637	3,637	6,652	3,015	3,637	3,637	32,180
20 General Office Expense	61,176	45,915	15,261	47,153	61,176	45,915	15,261	47,153	463,939
21 Miscellaneous	191,043	208,588	17,545-	21,205	191,043	208,588	17,545-	21,205	2,840,795
22 Other Maintenance	190,805	190,723	82	224,782	190,805	190,723	82	224,782	2,330,353
Total Maintenance & Operations Expense	2,447,045	2,493,788	46,743-	1,995,223	2,447,045	2,493,788	46,743-	1,995,223	30,616,617
27 Depreciation	402,877	590,154	187,277-	545,533	402,877	590,154	187,277-	545,533	7,173,281
28 Amortization	42,007	34,215	7,792	38,872	42,007	34,215	7,792	38,872	410,580
29 General Taxes	286,527	289,559	3,032-	289,155	286,527	289,559	3,032-	289,155	3,470,130
30 State Income Taxes	48,108	31,935	16,173	19,993	48,108	31,935	16,173	19,993	648,505
31 Federal Income Taxes	278,752	171,158	107,594	92,976	278,752	171,158	107,594	92,976	4,264,136
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,505,316	3,610,809	105,493-	2,991,752	3,505,316	3,610,809	105,493-	2,991,752	46,583,249
34 Utility Operating Income	961,288	895,600	65,688	564,150	961,288	895,600	65,688	564,150	12,956,506
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income									
40 AFUDC Equity	82,001	65,146	16,855	1,569	82,001	65,146	16,855	1,569	1,507,094
42 M & J Miscellaneous Income	919		919	20,544-	919		919	20,544-	
43 Gain(Loss)on Disposition									
45 Total Other Income	82,920	65,146	17,774	18,176	82,920	65,146	17,774	18,176	1,507,094
46 Miscellaneous Amortization	35-	64	99-	35-	35-	64	99-	35-	768
47 Tax Savings Acquisition Adjustment	71,001	100,001	29,000-	85,004	71,001	100,001	29,000-	85,004	362,613
48 Misc. Other Deductions	2,781-	8,250-	5,469	4,409-	2,781-	8,250-	5,469	4,409-	29,914-
49 General Taxes	20,797-	32,113-	11,316	20,503-	20,797-	32,113-	11,316	20,503-	116,445-
51 Federal Income Taxes	47,388	59,702	12,314-	60,057	47,388	59,702	12,314-	60,057	217,022
52 Total Other Deductions	35,532	5,444	30,088	41,881-	35,532	5,444	30,088	41,881-	1,290,072
53 Total Other Income	996,820	901,044	95,776	522,269	996,820	901,044	95,776	522,269	14,246,578
54 Income Before Interest Charges	487,956	505,000	17,044-	426,629	487,956	505,000	17,044-	426,629	5,900,277
55 INTEREST CHARGES	7,289	5,954	1,335	6,073	7,289	5,954	1,335	6,073	71,448
56 Interest on Long-Term Debt	86,598	77,938	8,660	35,471	86,598	77,938	8,660	35,471	1,045,249
57 Amortization and Debt Expense									
58 Interest-Short Term Bank Debt	38,527-	29,585-	8,942-	16,870-	38,527-	29,585-	8,942-	16,870-	684,424-
59 Other Interest Expense									
60 AFUDC-Debt									
61 Total Interest Charges	543,316	559,307	15,991-	413,128	543,316	559,307	15,991-	413,128	6,332,550
62 Net Income	453,504	341,737	111,767	109,141	453,504	341,737	111,767	109,141	7,914,028
64 Preferred Dividend Declared	6,560	38,325	31,765-	6,557	6,560	38,325	31,765-	6,557	459,900
65 Net Income to Common Stock	446,944	303,412	143,532	102,584	446,944	303,412	143,532	102,584	7,454,128

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGRAP)
Income Statement Month & YTD
For the Period Ending 02/29/2008

Kentucky-American Water Co.

Description	February Actual	February Plan	February Variance	February Prior Year	Yr to Date February Actual	Yr to Date February Plan	Yr to Date February Variance	Yr to Date February Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	4,140,338	4,187,303	46,965-	3,449,574	8,399,132	8,504,219	105,087-	6,831,571	57,285,664
3 Sewer	27,489	23,728	3,761	27,263	52,928	48,518	4,410	55,086	277,659
4 Other	200,686	164,704	35,982	147,116	363,057	329,407	53,650	293,198	1,976,432
5 Management									
6 Total Revenues	4,368,513	4,375,735	7,222-	3,623,953	8,835,117	8,882,144	47,027-	7,179,855	59,539,755
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	451,576	522,999	71,423-	428,368	994,797	1,091,999	97,202-	912,812	6,735,008
9 Purchased Water	7,358	47,250	39,892-	10,113	12,684	95,750	83,066-	47,741	603,650
10 Fuel & Power	167,105	171,143	4,038-	203,695	444,695	344,597	100,098	290,001	2,885,689
11 Chemicals	135,691	108,408	27,283	87,084	253,839	228,939	24,900	201,898	1,637,082
12 Waste Disposal	34,057	26,885	7,172-	26,324	46,828-	47,331	52,236	294,647	294,647
13 Management Fees	629,400	620,759	8,641-	649,248	1,297,206	1,263,145	34,061	1,246,343	7,373,898
14 Group Insurance	145,443	165,088	19,645-	132,612	293,680	330,176	36,496-	273,249	1,984,395
15 Rentals	47,423	43,190	4,233	33,328	115,293	86,380	28,913	103,389	1,518,280
16 Regulatory Expense	43,312	74,530	31,218-	39,866	185,399	149,060	62,661-	160,172	607,390
17 Insurance Other Than Group	38,839	60,475	21,636-	59,895	91,671	120,950	27,279	105,655	735,700
18 Customer Accounting	81,933	126,806	45,173-	153,982	140,364	254,753	114,388	242,582	1,583,610
19 Rents	147	2,515	2,368-	1,577	6,798	5,530	1,268	5,887	32,180
20 General Office Expense	41,371	64,533	22,962-	22,372	102,748	110,448	7,700-	69,525	463,939
21 Miscellaneous	219,617	263,726	44,109-	146,940	410,661	472,314	61,653	168,475	2,840,795
25 Other Maintenance	211,158	179,152	32,006	180,863	401,962	369,875	32,087	405,644	2,330,353
Total Maintenance & Operations Expense	2,254,430	2,477,459	223,029-	2,190,267	4,701,473	4,971,247	269,774-	4,185,489	30,616,617
27 Depreciation	406,266	590,474	184,208-	547,884	809,143	1,180,728	371,485-	777,741	7,173,281
28 Amortization	42,007	34,215	7,792	38,869	84,015	68,430	15,585	77,741	410,580
29 General Taxes	252,526	285,909	33,383-	220,509	539,593	575,468	36,415-	519,664	3,470,130
30 State Income Taxes	59,122	26,793	32,329	18,439	107,229	58,728	48,501	38,432	648,505
31 Federal Income Taxes	334,112	166,549	167,563	85,929	612,863	337,707	275,156	178,905	4,264,136
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,348,463	3,561,399	212,936-	3,101,897	6,853,776	7,192,208	338,432-	6,093,648	46,563,249
34 Utility Operating Income	1,020,050	794,336	225,714	522,056	1,961,341	1,689,936	291,405	1,086,207	12,956,506
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	88,371	67,530	20,841	743	170,372	132,676	37,696	2,312	1,507,094
40 AFUDC Equity	14,305		14,305	32,970	15,223		15,223	12,426	
42 M & J Miscellaneous Income									
43 Gain/(Loss)/on Disposition									
45 Total Other Income	102,676	67,530	35,146	78,529	185,595	132,676	52,919	96,705	1,507,094
46 Miscellaneous Amortization	35-	64	99-	35-	71-	128	199-	71-	768
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	20,875	12,539	8,336	10,628	91,876	112,540	20,664-	95,632	362,613
49 General Taxes	259-	1,034-	775	981	3,040-	9,284-	6,244	3,428-	29,914-
50 State Income Taxes	1,940-	4,027-	2,087	4,561	22,737-	36,140-	13,403	15,942-	116,445-
51 Federal Income Taxes									
52 Total Other Deductions	18,641	7,542	11,099	16,135	66,028	67,244	1,216-	76,191	217,022
53 Total Other Income	84,035	59,988	24,047	62,394	119,567	65,432	54,135	20,514	1,290,072
54 Income Before Interest Charges	1,104,085	854,324	249,761	584,450	2,100,908	1,755,368	345,540	1,106,721	14,246,578
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	487,957	505,000	17,043-	426,629	975,913	1,010,000	34,087-	853,258	5,900,277
57 Amortization and Debt Expense	7,289	5,954	1,335	6,073	14,579	11,908	2,671	12,146	71,448
58 Interest-Short Term Bank Debt	67,065	75,584	8,519-	36,762	153,663	153,522	141	72,233	1,045,249
59 Other Interest Expense									
60 AFUDC-Debt	41,661-	30,668-	10,993-	20,352-	80,188-	60,253-	19,935-	37,222-	684,424-
61 Total Interest Charges	520,650	555,870	35,220-	449,112	1,063,967	1,115,177	51,210	862,240	6,332,550
62 Net Income	583,435	298,454	284,981	135,338	1,036,941	640,191	396,750	244,481	7,914,028
64 Preferred Dividend Declared	6,950	38,325	31,375-	6,557	13,111	76,650	63,531-	13,114	459,900
65 Net Income to Common Stock	576,485	260,129	316,356	128,781	1,023,830	563,541	460,219	231,367	7,454,128

American Water Works Company
Kentucky-American Water-Co I2
Total Company (USGNAP)
Income Statement Month & YTD
For the Period Ending 03/31/2008

Kentucky-American Water Co.

Description	March Actual	March Plan	March Variance	March Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date March Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	4,205,758	4,252,405	46,647-	3,789,794	12,604,891	12,756,624	151,733-	10,621,365	57,285,664
3 Sewer	24,574	23,398	1,176	26,937	77,503	71,916	5,587	82,022	277,659
4 Other	207,106	164,702	42,404	146,460	590,163	494,109	96,054	439,658	1,976,432
5 Management									
6 Total Revenues	4,437,438	4,440,505	3,067-	3,963,191	13,272,557	13,322,649	50,092-	11,143,045	59,539,755
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	494,634	529,999	35,365-	438,465	1,489,431	1,621,998	132,567-	1,351,277	6,735,008
9 Purchased Water	9,364	48,600	39,236-	31,902	22,047	144,350	122,303-	79,643	603,650
10 Fuel & Power	236,240	170,087	66,153	199,401	680,935	514,684	166,251	489,402	2,885,689
11 Chemicals	123,822	123,935	113-	124,263	377,661	326,874	24,787	326,161	1,637,082
12 Waste Disposal	23,994	26,471	2,477-	25,879	73,802	73,802	0	78,115	294,647
13 Management Fees	709,696	638,706	70,990	2,006,902	2,006,902	105,051-	105,051-	1,797,084	7,373,898
14 Group Insurance	142,533	165,088	22,555-	199,466	436,213	495,264	59,051-	472,715	1,984,396
15 Pensions	57,218	43,190	14,028	52,924	172,511	129,570	42,941	156,313	518,280
16 Regulatory Expense	13,267	45,833	32,566-	30,086	99,666	194,893	95,227-	90,259	607,390
17 Insurance Other Than Group	4,478	60,475	55,997-	18,613	181,425	83,276-	98,149	124,468	725,700
18 Customer Accounting	65,480	127,379	61,899-	104,595	205,844	382,132	176,288-	347,186	1,583,610
19 Rents	1,960	2,515	555-	1,454	8,045	7,341	713	7,341	32,180
20 General Office Expense	27,406	43,687	16,281-	29,634	130,154	154,135	23,981-	99,159	463,939
21 Miscellaneous	296,251	248,529	47,722	202,154	720,843	720,843	0	370,300	2,840,795
22 Other Maintenance	215,026	174,227	40,799	175,354	616,988	544,102	72,886	580,998	2,330,353
Total Maintenance & Operations Expense	2,421,369	2,448,721	27,352-	2,184,930	7,122,841	7,419,968	297,127-	6,370,421	30,616,617
27 Depreciation	851,000	591,348	259,652	549,486	1,660,142	1,771,976	111,834-	1,642,903	7,173,281
28 Amortization	43,997	34,215	9,782	38,869	128,011	102,645	25,366	116,610	410,580
29 General Taxes	313,889	286,465	27,424	111,596	852,942	861,933	8,991-	631,260	3,470,130
30 State Income Taxes	50,081-	33,599	83,680-	52,140	57,148	92,327	35,179-	90,572	648,505
31 Federal Income Taxes	162,233	199,081	36,848-	239,799	775,096	536,788	238,308	418,704	4,264,136
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,742,407	3,593,429	148,978	3,176,820	10,596,180	10,785,637	189,457-	9,270,470	46,583,249
34 Utility Operating Income	695,031	847,076	152,045-	786,371	2,676,377	2,537,012	139,365	1,872,575	12,956,506
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	99,956	65,854	34,102	48,288	270,328	198,530	71,798	2,432	1,507,094
40 AFUDC Equity	7,507		7,507	30,693	22,730		22,730	43,119	
42 M & J Miscellaneous Income									
43 Gain(Loss)on Disposition									
45 Total Other Income	107,463	65,854	41,609	79,101	293,058	198,530	94,528	175,806	1,507,094
46 Miscellaneous Amortization	35-	64	99-	35-	106-	192	298-	106-	768
47 Tax Savings Acquisition Adjustment									
48 Misc Other Deductions	13,123	37,382	24,259-	27,146	104,999	149,922	44,923-	122,778	362,613
49 General Taxes	655	3,084-	3,739	552-	2,385-	12,368-	9,983	3,980-	29,914-
50 State Income Taxes	8,439	12,004-	20,443	4,939-	14,298-	48,144-	33,846	20,882-	116,445-
51 Federal Income Taxes									
52 Total Other Deductions	22,182	22,358	176-	21,620	89,210	89,602	1,392-	97,810	217,023
53 Total Other Income	85,281	43,496	41,785	57,481	204,848	108,928	95,920	77,996	1,290,072
54 Income Before Interest Charges	780,312	890,572	110,260-	843,852	2,881,225	2,645,940	235,285	1,950,571	14,246,578
55 INTEREST CHARGES									
56 Interest on Long Term Debt	487,365	505,000	17,635-	426,038	1,463,278	1,515,000	51,722-	1,279,296	5,900,277
57 Amortization and Debt Expense	7,289	5,954	1,335	6,073	21,868	17,862	4,006	18,218	71,448
58 Interest-Short Term Bank Debt	63,275	44,094	19,181	53,951	216,937	197,616	19,321	126,183	1,045,249
59 Other Interest Expense									
60 AFUDC-Debt	46,761-	29,906-	16,855-	21,928-	126,948-	90,159-	36,789-	59,151-	684,424-
61 Total Interest Charges	511,168	525,142	13,974-	464,134	1,575,135	1,640,319	65,184-	1,326,371	6,332,550
62 Net Income	269,144	365,430	96,286-	379,718	1,306,090	1,005,621	300,469	624,200	7,914,028
64 Preferred Dividend Declared	6,560	38,325	31,765-	6,560	19,879	114,975	95,296-	19,673	459,900
65 Net Income to Common Stock	262,584	327,105	64,521-	373,158	1,286,211	890,646	395,765	604,527	7,454,128

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 04/30/2008

Kentucky-American Water Co.

Description	April		Aprill		Yr to Date		Yr to Date		Yr to Date		Annual Forecast
	Actual	Plan	Variance	Prior Year	Actual	Plan	Variance	Prior Year	April		
1 OPERATING REVENUES											
2 Water	4,283,012	4,293,293	10,281-	3,754,232	16,887,903	17,049,917	162,014-	14,375,597	14,375,597	57,285,664	
3 Sewer	25,181	22,620	2,561	29,268	102,684	94,536	8,148	111,290	111,290	277,659	
4 Other	199,856	164,703	35,153	184,678	790,019	658,812	131,207	624,336	624,336	1,976,432	
5 Management											
6 Total Revenues	4,508,049	4,480,616	27,433	3,968,178	17,780,606	17,803,265	22,659-	15,111,223	15,111,223	59,539,755	
7 OPERATIONS & MAINTENANCE EXPENSE											
8 Labor	494,105	569,001	74,896-	472,504	1,983,536	2,180,999	207,463-	1,823,781	1,823,781	6,735,008	
9 Purchased Water	101,954	49,700	52,254	41,082	82,901	79,050	3,851	220,725	220,725	683,650	
10 Fuel & Power	151,808	204,402	53,594-	161,865	824,043	759,886	64,157	434,257	434,257	2,885,689	
11 Chemicals	121,886	110,588	11,298	130,775	489,148	463,442	25,706	156,836	156,836	1,637,082	
12 Waste Disposal	54,724	20,446	34,278	31,728	95,193	94,246	944	109,843	109,843	1,094,647	
13 Waste Disposal Fees	672,552	624,200	48,352	615,739	2,679,654	2,152,651	153,003	2,412,820	2,412,820	7,373,896	
14 Group Insurance	137,821	165,088	27,267-	178,113	574,034	660,352	86,318-	650,828	650,828	1,984,396	
15 Pensions	56,978	13,159	43,819	53,945	229,469	172,760	56,709	210,258	210,258	548,280	
16 Regulatory Expense	13,515	45,853	32,338-	30,086	113,161	240,726	127,565-	120,345	120,345	997,390	
17 Insurance Other than Group	47,250	60,475	13,225-	46,542	244,900	244,900	96,502-	173,009	173,009	725,700	
18 Customer Accounting	116,636	127,739	11,103-	92,294	322,480	509,871	187,391-	439,480	439,480	1,583,610	
19 Rents	4,316	3,013	1,303	5,539	13,075	11,060	2,015	12,880	12,880	32,180	
20 General Office Expense	43,262	41,453	1,809	34,196	173,415	199,588	22,173-	133,395	133,395	463,939	
21 Miscellaneous	266,949	250,472	16,476	248,365	973,860	971,315	2,545	586,664	586,664	2,840,795	
22 Other Maintenance	179,595	209,517	30,922-	183,122	796,583	753,619	42,964	744,119	744,119	2,330,353	
Total Maintenance & Operations Expense	2,383,130	2,525,099	141,969-	2,277,792	9,505,970	9,945,067	439,097-	8,646,210	8,646,210	30,616,417	
27 Depreciation	456,508	592,078	135,570-	584,296	2,116,650	2,164,054	247,404-	2,227,199	2,227,199	7,173,281	
28 Amortization	41,694	34,215	7,479	38,869	169,705	136,860	32,846	155,479	155,479	410,580	
29 General Taxes	277,131	289,559	12,428-	250,177	1,130,073	1,151,492	21,419	881,437	881,437	3,470,130	
30 State Income Taxes	60,616	32,916	27,700	34,728	117,764	125,243	7,479-	125,300	125,300	648,505	
31 Federal Income Taxes	345,943	196,666	149,277	195,618	1,121,039	733,454	387,585	574,322	574,322	4,264,136	
32 Tax Savings Acquisition Adjustment											
33 Total Operating Expenses	3,565,022	3,670,533	105,511-	3,341,480	14,161,201	14,456,170	294,969-	12,611,947	12,611,947	46,583,249	
34 Utility Operating Income	943,027	810,083	132,944	626,698	3,619,405	3,347,095	272,310	2,499,276	2,499,276	12,956,506	
35 OTHER INCOME & DEDUCTIONS											
36 Non-Operating Rental Income											
37 Dividend Income-Common											
38 Dividend Income-Preferred											
39 Interest Income				45		262,912	116,388	2,477	2,477	1,507,094	
40 AFUDC Equity	108,972	64,382	44,590	59,334	379,300	379,300	0	189,589	189,589		
42 M & J Miscellaneous Income	3,169	3,169	0	152,520	25,900	25,900	0	195,639	195,639		
43 Gain(Loss)on Disposition											
44 Total Other Income	112,141	64,382	47,759	211,899	405,200	262,912	142,288	387,705	387,705	1,507,094	
45 Miscellaneous Amortization	35-	64	99-	35-	142-	256	398-	142-	142-	768	
46 Tax Savings Acquisition Adjustment											
47 Misc. Other Deductions	21,493	25,315	3,822-	23,395	126,492	175,237	48,745-	146,113	146,113	362,613	
48 General Taxes	531-	2,088-	1,557	6,671	2,916-	14,456-	11,540	2,691	2,691	29,914-	
49 State Income Taxes	3,182-	8,129-	4,947	35,001	17,480-	56,273-	38,793	14,119	14,119	116,445-	
50 Federal Income Taxes	17,745	15,162	2,583	64,972	105,954	104,764	1,190	162,781	162,781	217,022	
51 Total Other Deductions	94,396	49,220	45,176	146,927	299,246	158,148	141,098	224,924	224,924	1,290,072	
52 Total Other Income	1,037,423	859,303	178,120	773,625	3,918,651	3,505,243	413,408	2,724,200	2,724,200	14,246,578	
53 Income Before Interest Charges											
54 Interest on Long-Term Debt	470,209	487,253	17,044-	408,882	1,933,486	2,002,253	68,767-	1,688,178	1,688,178	5,900,277	
55 Amortization and Debt Expense	7,289	5,954	1,335	6,073	29,157	23,816	5,341	24,291	24,291	71,448	
56 Interest-Short Term Bank Debt	52,720	17,328	35,392	86,160	269,658	214,944	54,714	213,343	213,343	1,045,249	
57 Other Interest Expense											
58 AFUDC-Debt	51,180-	29,238-	21,942-	26,942-	178,129-	119,397-	58,732-	86,092-	86,092-	684,424-	
59 Total Interest Charges	479,038	481,297	2,259-	474,173	2,054,172	2,121,616	67,444-	1,800,545	1,800,545	6,332,550	
60 Net Income	558,385	378,006	180,379	299,452	1,864,479	1,383,627	480,852	923,655	923,655	7,914,028	
64 Preferred Dividend Declared	6,559	38,325	31,766-	6,559	26,237	153,300	127,063-	26,233	26,233	459,900	
65 Net Income to Common Stock	551,826	339,681	212,145	292,892	1,838,242	1,230,327	607,915	897,422	897,422	7,454,128	

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGNAP)
Income Statement Month & YTD
For the Period Ending 05/31/2008

Kentucky-American Water Co.

Description	May Actual	May Plan	May Variance	May Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date		Annual Forecast
								May	Prior Year	
OPERATING REVENUES										
1 Water	4,515,483	4,505,218	10,265	4,069,619	21,403,385	21,555,135	151,750	18,445,217	57,285,664	
2 Sewer	23,785	22,200	1,585	26,837	126,469	116,736	9,733	138,127	277,659	
3 Other	213,436	164,702	48,734	151,614	1,003,455	823,514	179,941	775,950	1,976,432	
4 Management										
5 Total Revenues	4,752,704	4,692,120	60,584	4,248,070	22,533,309	22,495,385	37,924	19,359,294	59,539,755	
OPERATIONS & MAINTENANCE EXPENSE										
6 Labor	735,303	565,000	170,303	500,268	2,718,839	2,758,999	37,160	2,324,049	6,735,008	
7 Purchased Water	39,759	43,150	40,391	30,401	43,660	244,200	201,540	144,126	603,680	
8 Fuel & Power	253,579	225,150	28,429	263,431	1,127,618	944,855	182,763	931,498	2,885,680	
9 Chemicals	112,560	129,116	16,556	147,818	611,558	602,588	9,070	604,565	1,637,082	
10 Waste Disposal	21,640	26,885	5,245	26,941	111,841	121,133	9,292	136,784	234,647	
11 Waste Disposal fees	447,547	620,564	173,017	765,137	3,327,155	3,145,615	181,540	3,117,957	7,371,898	
12 Group Insurance	941,845	165,368	776,477	714,804	2,881,624	215,950	2,665,674	723,866	1,518,286	
13 Pensions	73,195	43,108	30,087	52,668	218,713	268,559	49,846	150,431	607,780	
14 Regulatory Expense	48,418	45,823	2,595	39,686	156,959	207,775	50,816	220,416	751,700	
15 Insurance Other than Group	48,615	60,475	11,860	47,554	194,631	108,311	86,320	220,416	751,700	
16 Regulatory Accounting	181,853	123,604	58,249	155,754	504,313	631,575	127,262	595,435	1,583,610	
17 Renters	1,804	2,315	511	1,804	14,095	13,575	520	13,660	32,480	
18 General Office Expense	45,056	41,012	4,044	26,559	218,472	236,600	18,128	159,954	463,339	
19 Miscellaneous	396,139	254,560	141,579	238,490	1,169,959	1,225,895	55,936	827,154	2,840,795	
20 Other Maintenance	122,727	188,077	65,350	172,673	1,018,310	941,696	76,614	916,792	2,330,353	
Total Maintenance & Operations Expense	2,687,952	2,557,888	130,064	2,483,769	12,193,924	12,502,955	309,031	11,131,962	30,616,617	
27 Depreciation	458,757	592,351	133,594	584,671	2,575,407	2,956,405	380,998	2,811,870	7,173,281	
28 Amortization	42,670	34,215	8,455	38,869	212,376	171,075	41,301	194,348	410,580	
29 General Taxes	283,207	289,242	6,035	254,597	1,413,280	1,440,734	27,454	1,136,034	3,470,130	
30 State Income Taxes	66,786	42,685	24,101	63,939	151,182	167,928	16,746	189,239	648,506	
31 Federal Income Taxes	604,959	254,388	350,571	279,173	1,458,293	987,842	470,451	853,494	4,284,136	
32 Tax Savings Acquisition Adjustment										
33 Total Operating Expenses	4,144,331	3,770,769	373,562	3,705,018	18,004,462	18,226,939	222,477	16,316,967	46,583,249	
34 Utility Operating Income	608,373	921,351	312,978	543,052	4,528,847	4,268,446	260,401	3,042,327	12,956,506	
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income	2,066	72,332	2,066	256	2,066	335,244	2,066	2,734	1,507,094	
40 AFUDC Equity	174,453		102,121	69,232	553,232		210,508	258,620		
41 M & J Miscellaneous Income	12,428		12,428	3,463	13,471		13,471	192,175		
42 Gain(loss) on Disposition										
43 Total Other Income	164,091	72,332	91,759	66,025	569,289	335,244	234,045	453,730	1,507,094	
44 Miscellaneous Amortization	35	64	29	35	177	320	497	177	768	
45 Total Other Income	26,528	41,955	15,427	16,405	153,019	217,192	64,173	162,518	362,613	
46 Misc. Other Deductions	1,070	3,461	2,391	1,010	3,886	17,917	13,931	1,681	29,914	
47 State Income Taxes	6,414	13,473	7,059	5,301	23,894	69,746	45,852	8,819	116,445	
48 Federal Income Taxes	19,009	25,085	6,076	10,059	124,962	129,849	4,887	172,841	217,022	
49 Total Other Deductions	145,082	47,247	97,835	55,966	444,327	205,395	238,932	280,889	1,290,072	
50 Total Other Income	753,455	968,598	215,143	599,018	4,973,174	4,473,841	499,333	3,323,216	14,246,578	
51 Income Before Interest Charges										
52 INTEREST CHARGES										
53 Interest on Long-Term Debt	470,209	487,253	17,044	408,882	2,403,695	2,489,506	85,811	2,097,059	5,900,277	
54 Amortization and Debt Expense	7,849	5,954	1,895	37,006	37,006	29,770	7,236	30,364	71,448	
55 Interest-Short Term Bank Debt	58,912	22,992	35,920	78,659	328,570	237,936	90,634	291,002	1,045,249	
56 Other Interest Expense										
57 AFUDC-Debt	47,059	32,848	14,211	31,432	225,188	152,245	72,943	117,525	684,424	
58 Total Interest Charges	489,911	483,351	6,560	462,102	2,544,083	2,604,967	60,884	2,262,725	6,332,550	
59 Net Income	263,544	485,247	221,703	136,836	2,429,091	1,868,874	560,217	1,060,491	7,914,028	
60 Preferred Dividend Declared	6,547	38,325	31,778	6,547	32,784	191,625	158,841	32,792	459,900	
61 Net Income to Common Stock	256,997	446,922	189,925	130,276	2,396,307	1,677,249	719,058	1,027,699	7,454,128	

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 06/30/2008

Kentucky-American Water Co.

Description	June Actual	June Plan	June Variance	June Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	4,967,267	4,720,578	246,689	4,892,076	26,370,652	26,275,713	94,939	23,337,292	57,285,664
3 Sewer	23,603	23,303	300	3,125	152,072	140,039	12,033	168,252	277,659
4 Other	216,739	164,703	52,036	191,142	1,220,194	988,217	231,977	967,091	1,976,432
5 Management									
6 Total Revenues	5,209,609	4,908,584	301,025	5,113,343	27,742,918	27,403,969	338,949	24,472,635	59,539,755
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	503,593	541,001	37,408	504,598	3,222,432	3,297,000	74,568	2,828,647	6,735,008
9 Purchased Water	11,151	51,400	40,249	62,563	53,811	295,600	241,789	206,689	603,650
10 Fuel & Power	278,881	254,847	24,034	328,489	1,406,495	1,199,702	206,793	1,260,187	2,885,689
11 Chemicals	126,562	151,139	24,577	141,016	738,160	753,727	15,567	745,670	1,637,082
12 Waste Disposal	22,138	20,471	1,667	23,947	138,979	141,604	2,625	160,726	294,647
13 Management Fees	762,749	626,769	135,980	4,089,948	3,773,384	316,564	3,736,559	7,373,898	7,373,898
14 Group Insurance	143,256	165,088	21,832	150,926	859,160	990,528	131,368	876,792	1,984,396
15 Pensions	57,071	43,190	13,881	52,860	343,735	259,140	84,595	315,765	518,280
16 Regulatory Expense	13,484	45,833	32,349	30,086	140,083	332,392	192,309	180,517	607,390
17 Insurance Other Than Group	15,117	60,475	45,358	36,251	209,131	362,850	153,719	256,767	725,700
18 Customer Accounting	195,847	131,499	64,348	239,060	700,180	770,974	70,794	834,495	1,583,610
19 Rents	2,937	2,515	422	2,195	17,816	16,090	1,726	15,855	32,180
20 General Office Expense	56,092	38,958	17,134	24,428	274,564	275,558	994	184,381	463,939
21 Miscellaneous	250,786	274,922	24,136	249,082	1,420,784	1,500,873	80,033	1,076,236	2,840,795
25 Other Maintenance	214,499	249,077	34,578	98,022	1,232,810	1,190,773	42,037	1,014,814	2,330,353
Total Maintenance & Operations Expense	2,654,163	2,657,184	3,021	2,562,121	14,848,088	15,160,139	312,051	13,694,100	30,616,617
27 Depreciation	468,255	593,449	125,194	586,020	3,043,662	3,549,854	506,192	3,397,891	7,173,281
28 Amortization	42,670	34,215	8,455	38,869	255,046	205,290	49,756	233,217	410,580
29 General Taxes	121,270	287,337	166,067	309,449	1,534,550	1,728,071	193,521	1,445,483	3,470,130
30 State Income Taxes	191,643	46,794	144,849	23,014	342,825	214,722	128,103	212,254	648,505
31 Federal Income Taxes	325,787	290,205	35,582	259,499	1,784,080	1,278,047	506,033	1,112,993	4,264,136
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,803,788	3,909,184	105,396	3,778,972	21,808,251	22,136,123	327,872	20,095,938	46,583,249
34 Utility Operating Income	1,405,821	999,400	406,421	1,334,371	5,934,667	5,267,846	666,821	4,376,697	12,956,506
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	3,777	75,574	71,797	124,386	5,843	410,818	5,843	127,120	1,507,094
40 AFUDC Equity	97,159			59,493	650,911		240,933	318,314	
42 M & J Miscellaneous Income	36,376			2,880	49,848		49,848	189,296	
43 Gain(Loss) on Disposition									
45 Total Other Income	137,312	75,574	61,738	180,999	706,602	410,818	295,784	634,730	1,507,094
46 Miscellaneous Amortization		64	99	35	212	384	596	212	768
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	23,998	42,772	18,774	66,440	177,017	259,964	82,947	228,958	362,613
49 General Taxes	1,382	3,529	2,147	1,005	5,368	21,448	16,078	2,686	29,914
50 State Income Taxes	7,322	13,735	6,413	15,211	31,216	83,483	52,265	24,029	116,445
51 Federal Income Taxes	15,259	25,572	10,313	82,621	140,221	155,421	15,200	255,461	217,022
52 Total Other Deductions	122,053	50,002	72,051	98,378	566,381	255,397	310,984	379,269	1,290,072
53 Income Before Interest Charges	1,527,874	1,049,402	478,472	1,432,749	6,501,048	5,523,243	977,805	4,755,966	14,246,578
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	470,209	487,953	17,044	341,082	2,873,904	2,976,759	102,855	2,438,141	5,900,277
57 Amortization and Debt Expense	7,371	5,254	2,117	6,018	44,383	35,724	8,659	36,382	71,448
58 Interest-Short Term Bank Debt	51,743	32,913	18,830	260,082	380,312	270,849	109,463	551,064	1,045,249
59 Other Interest Expense									
60 AFUDC-DEBT	45,632	34,321	11,311	27,011	270,820	186,566	84,254	36,175	684,424
61 Total Interest Charges	483,697	491,799	8,102	580,151	3,027,779	3,096,766	68,987	2,842,877	6,332,550
62 Net Income	1,044,177	557,603	486,574	852,598	3,473,269	2,426,477	1,046,792	1,913,089	7,914,028
64 Preferred Dividend Declared	6,500	38,325	31,825	6,580	39,289	229,950	190,665	39,352	459,900
65 Net Income to Common Stock	1,037,677	519,278	518,399	846,038	3,433,984	2,196,527	1,237,457	1,873,737	7,454,128

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGNAP)
Income Statement Month & YTD
For the Period Ending 07/31/2008

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Kentucky-American Water Co.

Description	July Actual	July Plan	July Variance	July Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date		Annual Forecast
								July	July	
1 OPERATING REVENUES										
2 Water	5,377,270	5,462,973	135,703-	5,002,545	31,697,922	31,738,686	40,764-	28,339,837	57,285,664	
3 Sewer	24,255	23,270	985	29,010	176,326	163,309	13,017	187,361	1,977,659	
4 Other	224,298	164,702	59,596	201,065	1,444,491	1,152,919	291,572	1,168,157	1,976,432	
5 Management										
6 Total Revenues	5,575,823	5,650,945	75,122-	5,232,620	33,318,739	33,054,914	263,825	29,705,255	59,539,755	
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor	559,018	592,004	32,986-	529,352	3,781,450	3,889,004	107,554-	3,357,998	6,735,008	
9 Purchased Water	12,165	53,650	41,485-	32,362	65,976	349,250	283,274-	239,952	683,650	
10 Fuel & Power	290,662	312,153	21,491-	257,429	1,697,357	1,511,855	185,502	1,517,615	2,883,689	
11 Chemicals	130,937	169,450	38,513-	129,147	869,097	923,177	54,080-	874,818	1,637,082	
12 Waste Disposal	25,883	32,885	7,002-	23,371	174,489	174,489	9,628-	184,097	294,647	
13 Management Fees	634,226	615,487	18,739	654,085	4,724,174	4,388,871	335,303	4,390,644	7,373,898	
14 Group Insurance	121,562	165,088	43,526-	130,118	980,722	1,155,616	174,894-	1,006,510	1,984,396	
15 Pensions	47,922	43,190	4,732	49,118	391,658	302,330	89,328	364,884	518,280	
16 Regulatory Expense	13,524	45,833	32,309-	30,086	153,607	378,225	224,618-	210,604	607,390	
17 Insurance Other Than Group	48,945	60,475	11,530-	50,955	258,076	423,325	165,249-	307,722	725,700	
18 Customer Accounting	103,201	138,032	34,831-	99,044	909,006	909,006	105,625-	933,539	1,583,610	
19 Rents	6,001	3,015	2,986	5,593	23,617	19,105	4,512	21,448	32,180	
20 General Office Expense	91,484	37,358	54,126	56,208	366,048	312,916	53,132	240,589	463,939	
21 Miscellaneous	260,021	231,941	28,080	260,329	1,680,806	1,732,758	51,952-	1,336,565	2,840,795	
25 Other Maintenance	202,974	238,927	35,953-	131,984	1,435,784	1,429,700	6,084	1,146,798	2,330,353	
Total Maintenance & Operations Expense	2,548,525	2,739,488	190,963-	2,439,181	17,396,614	17,899,627	503,013-	16,133,283	30,616,617	
27 Depreciation	471,365	597,564	126,199-	587,933	3,515,027	4,147,418	632,391-	3,985,824	7,173,281	
28 Amortization	42,670	34,215	8,455	38,869	297,717	239,505	58,212-	272,086	410,580	
29 General Taxes	269,188	291,384	22,196-	247,171	1,803,737	2,019,455	215,718-	1,692,653	3,470,130	
30 State Income Taxes	112,713	76,038	36,675	95,946	455,537	290,760	164,777	308,200	648,505	
31 Federal Income Taxes	464,896	511,938	47,042-	527,545	2,418,976	1,789,985	628,991	1,640,539	4,264,136	
32 Tax Savings Acquisition Adjustment										
33 Total Operating Expenses	3,909,357	4,250,627	341,270-	3,936,645	25,887,608	26,386,750	499,142-	24,032,585	46,583,249	
34 Utility Operating Income	1,666,466	1,400,318	266,148	1,295,975	7,431,131	6,668,164	762,967	5,672,670	12,956,506	
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income										
40 AFUDC Equity	97,840	90,330	7,510	76,000	5,843	501,148	5,843	127,120	1,507,094	
42 M & J Miscellaneous Income	12,782-		12,782-	26,085-	37,066		37,066	163,211		
43 Gain(Loss)on Disposition										
45 Total Other Income	85,058	90,330	5,272-	49,915	791,660	501,148	290,512	684,645	1,507,094	
46 Miscellaneous Amortization	35-	64	99-	35-	248-	448	696-	248-	768	
47 Tax Savings Acquisition Adjustment										
48 Misc. Other Deductions	29,560	11,153	18,407	5,460	206,577	271,117	64,540-	234,418	362,613	
49 General Taxes	1,875-	920-	955-	965-	7,243-	22,366-	15,123	1,721	29,914-	
50 State Income Taxes	10,904-	3,582-	7,322-	8,636-	42,120-	87,063-	44,943	15,193	116,445-	
51 Federal Income Taxes	16,746	6,715	10,031	4,176-	156,966	162,136	5,170-	251,284	217,022	
52 Total Other Deductions	68,312	83,615	15,303-	54,091	634,694	339,012	295,682	433,361	1,290,072	
53 Total Other Income	1,734,778	1,483,933	250,845	1,350,066	8,065,825	7,007,176	1,058,649	6,106,031	14,246,578	
54 Income Before Interest Charges										
55 INTEREST CHARGES										
56 Interest on Long-Term Debt	470,209	487,253	17,044-	295,882	3,344,113	3,464,012	119,899-	2,734,023	5,900,277	
57 Amortization and Debt Expense	7,296	5,954	1,342	6,018	51,679	41,678	10,001	42,400	71,448	
58 Interest-Short Term Bank Debt	34,793	51,576	16,783-	197,241	415,105	322,425	92,680	748,305	1,045,249	
59 Other Interest Expense										
60 AFUDC-Debt	45,889-	41,022-	4,867-	34,503-	316,709-	227,588-	89,121-	179,038-	684,424-	
61 Total Interest Charges	466,409	503,761	37,352-	464,638	3,494,188	3,600,527	106,339-	3,307,514	6,332,550	
62 Net Income	1,268,369	980,172	288,197	885,428	4,571,637	3,406,649	1,164,988	2,798,517	7,914,028	
64 Preferred Dividend Declared	38,325	31,846	6,479	6,560	45,764	268,275	222,511-	45,912	459,900	
65 Net Income to Common Stock	1,261,890	941,847	320,043	878,868	4,525,873	3,138,374	1,387,499	2,752,605	7,454,128	

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 09/30/2008

Kentucky-American Water Co.

Description	September Actual	September Plan	September Variance	September Prior Year	Yr to Date Actual	Yr to Date September Plan	Yr to Date Variance	Yr to Date September Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	5,511,386	5,469,284	42,102	4,648,251	43,043,960	42,673,356	370,604	37,781,955	57,285,664
3 Sewer	27,629	24,598	3,031	31,485	231,209	211,573	19,636	256,249	277,659
4 Other	224,983	164,702	60,281	242,505	1,890,779	1,482,324	408,455	1,627,990	1,976,432
5 Management									
6 Total Revenues	5,763,998	5,658,584	105,414	4,922,241	45,165,948	44,367,253	798,695	39,666,194	59,539,755
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	616,654	571,999	44,655	458,287	4,891,066	4,998,003	106,937-	4,342,005	6,735,008
9 Purchased Water	10,502	55,150	44,648-	57,944	87,444	460,050	372,606-	330,603	603,650
10 Fuel & Power	338,821	302,169	36,652	284,451	2,428,715	2,121,641	307,074	2,096,918	2,885,689
11 Chemicals	233,800	168,980	64,815	1,264,183	1,264,183	1,260,995	3,188	1,224,995	1,637,082
12 Waste Disposal	16,935	27,910	10,975-	11,182	205,896	223,845	17,949-	211,323	294,647
13 Management Fees	636,836	599,863	36,973	590,506	5,999,719	5,576,534	423,185	5,608,146	7,373,890
14 Group Insurance	148,676	153,088	16,412-	1,276,867	1,485,792	208,925-	1,313,480	1,984,396	1,984,396
15 Pensions	53,186	43,190	9,996	53,019	497,780	388,710	109,080	470,574	518,280
16 Regulatory Expense	13,414	45,833	32,419-	30,086	180,350	289,541-	270,776	607,390	607,390
17 Insurance Other Than Group	26,152	60,475	34,323-	54,100	333,256	211,019-	211,019-	413,331	725,700
18 Customer Accounting	154,219	138,088	16,131	105,176	1,074,073	1,185,147	111,074-	1,096,868	1,583,610
19 Rents	927-	2,515	3,442-	790	23,054	22,841	213	22,841	32,180
20 General Office Expense	60,585	38,007	22,578	25,798	500,174	389,844	110,330	310,473	463,939
21 Miscellaneous	260,384	237,533	22,851	185,047	2,206,055	2,210,414	4,359-	1,734,377	2,840,795
25 Other Maintenance	271,133	176,871	94,262	167,147	1,912,281	1,778,597	133,684	1,444,337	2,330,353
Total Maintenance & Operations Expense	2,840,370	2,633,676	206,694	2,344,039	22,880,923	23,117,203	236,280-	20,891,047	30,616,617
27 Depreciation	468,235	600,166	131,931-	585,555	4,453,736	5,346,490	892,754-	5,153,472	7,173,281
28 Amortization	43,568	34,215	9,353	37,115	384,008	307,935	76,073	378,070	410,580
29 General Taxes	274,778	292,597	17,819-	251,068	2,330,148	2,599,072	268,924-	2,193,501	3,470,130
30 State Income Taxes	79,263	83,537	4,274-	45,179	459,688	215,633	244,055	414,136	648,505
31 Federal Income Taxes	692,019	580,945	111,074	383,930	3,902,162	2,953,551	948,611	2,419,285	4,264,136
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	4,398,233	4,225,136	173,097	3,676,886	34,626,378	34,783,939	157,561-	31,449,511	46,583,249
34 Utility Operating Income	1,365,765	1,433,448	67,683-	1,245,355	10,539,570	9,583,314	956,256	8,216,683	12,956,506
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	22,787-	175,806	198,593-	87,193	838,393	809,999	5,843	127,120	1,507,094
40 AFUDC Equity	31,968-		31,968-	48	18,801		18,801	168,101	
41 M & J Miscellaneous Income									
42 Gain/Loss on Disposition									
43 Total Other Income	54,755-	175,806	230,561-	87,241	863,036	809,999	53,037	862,006	1,507,094
44 Miscellaneous Amortization	35-	64	29	35-	310-	576	894-	310-	768
45 Total Other Income	54,755-	175,806	230,561-	87,241	863,036	809,999	53,037	862,006	1,507,094
46 Misc. Other Deductions	24,472	13,134	11,338	9,616	252,662	302,960	50,298-	285,108	362,613
47 General Taxes	685-	1,084-	399	321-	8,277-	24,993-	16,716	1,210	29,914-
48 State Income Taxes	1,896	4,218-	6,114	1,031-	42,254-	97,289-	55,035	12,664	116,445-
49 Federal Income Taxes	25,648	7,896	17,752	8,229	201,813	181,254	20,559	268,664	217,022
50 Total Other Deductions	80,403-	167,910	248,313-	79,012	661,223	628,746	32,478	593,342	1,290,073
51 Total Other Income	1,285,362	1,601,358	315,996-	1,324,367	11,200,793	10,212,059	988,734	8,810,025	14,246,578
52 Income Before Interest Charges									
53 Interest on Long-Term Debt	470,209	487,253	17,044-	295,882	4,284,530	4,438,518	153,988-	3,325,786	5,900,277
54 Amortization and Debt Expense	8,224	5,954	2,270	6,017	67,351	53,506	13,765	54,472	71,448
55 Interest-Short Term Bank Debt	44,702	109,385	64,683-	199,457	495,463	507,986	12,523-	1,154,124	1,045,249
56 Other Interest Expense	10,127-	79,840-	69,713	39,591-	379,619-	367,848-	11,771-	38,175-	684,424-
57 AFUDC-Debt									
58 Total Interest Charges	512,999	622,752	9,753-	461,765	4,467,725	4,632,242	164,517-	4,238,856	6,332,550
59 Net Income	772,163	1,078,606	306,443-	862,602	6,733,068	5,579,817	1,153,251	4,571,169	7,914,028
60 Preferred Dividend Declared	6,497	38,325	31,828-	6,560	58,775	344,925	286,150-	59,094	7,459,900
61 Net Income to Common Stock	765,866	1,040,281	274,415-	856,042	6,674,293	5,234,892	1,439,401	4,512,075	7,454,128

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 32**

Description of Filing Requirement:

Independent Auditor's Annual Opinion Report and any Written Findings of Material Weaknesses in Internal Controls

Response:

Please refer to Exhibit 28 - Page 81 of 101 for the Independent Auditor's 2007 Annual Opinion Report. There were no findings of material weakness in internal controls.

For electronic version, see KAW_APP_EX32_103108.pdf for this document and KAW_APP_EX28_103108.pdf for the Independent Auditor's 2007 Annual Opinion Report.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 33**

Description of Filing Requirement:

Summary of Last Depreciation Study Filed

Response:

Please see attached depreciation rates that were approved in Case No. 2007-00143.

For electronic version, see KAW_APP_EX33_103108.pdf

KENTUCKY AMERICAN WATER COMPANY

Depreciation Rates Per KAWC's Updated Depreciation Study

<u>DEPRECIABLE GROUP</u> (1)	<u>ACCRUAL RATE</u>
<u>STRUCTURES & IMPROVEMENTS</u>	
304.10 SOURCE OF SUPPLY	3.03
304.20 POWER & PUMPING STRUCTURES	1.94
304.30 WATER TREATMENT	1.91
304.40 TRANSMISSION & DISTRIBUTION	4.34
304.60 OFFICE BUILDINGS	2.01
304.70 STORE, SHOP & GARAGE STRUCTURES	2.33
304.80 MISCELLANEOUS STRUCTURES	4.19
305.00 COLLECTING AND IMPOUNDING RESERVOIRS	1.50
306.00 LAKE, RIVER AND OTHER INTAKES	2.29
309.00 SUPPLY MAINS	1.82
310.10 OTHER POWER GENERATION EQUIPMENT	3.16
<u>PUMPING EQUIPMENT</u>	
311.20 ELECTRIC	2.45
311.30 DIESEL	2.47
311.40 HYDRAULIC	2.31
320.10 PURIFICATION SYSTEM - EQUIPMENT	2.21
330.10 DISTRIBUTION RESERVOIRS AND STANDPIPES	2.25
331.00 MAINS & ACCESSORIES	1.66
333.00 SERVICES	3.24
<u>METERS</u>	
334.10 METERS	2.78
334.11 BRONZE CASE	2.86
334.12 PLASTIC CASE	2.87
334.13 OTHER	2.81
334.20 METER INSTALLATIONS	2.92
335.00 FIRE HYDRANTS	1.72
339.10 OTHER SOURCE OF SUPPLY PLANT	19.96
<u>OFFICE FURNITURE & EQUIPMENT</u>	
340.10 FURNITURE	7.48
340.21 MAINFRAME	8.04
340.22 PERSONAL COMPUTERS	9.52
340.23 PERIPHERAL-OTHER	17.49
340.30 COMPUTER SOFTWARE	6.87
340.32 COMPUTER SOFTWARE-PERSONAL	-
340.33 COMPUTER SOFTWARE-OTHER	18.00
340.50 OTHER	7.17

<u>TRANSPORTATION EQUIPMENT</u>		
341.10	LIGHT DUTY TRUCKS	7.22
341.20	HEAVY DUTY TRUCKS	6.48
341.30	AUTOS	10.90
341.40	OTHER	6.39
342.00	STORES EQUIPMENT	5.18
343.00	TOOLS, SHOP AND GARAGE EQUIPMENT	5.67
344.00	LABORATORY EQUIPMENT	7.10
345.00	POWER OPERATED EQUIPMENT	4.45
346.10	COMMUNICATION EQUIPMENT - NON-TELEPHONE	6.12
347.00	MISCELLANEOUS EQUIPMENT	5.23
348.00	OTHER TANGIBLE PROPERTY	5.55
	Composite Depreciation Rate	2.39

* The accrual rate for new additions in Account 340.32 will be 20%

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 34**

Description of Filing Requirement:

List of Software, Programs and Models Used

Response:

Please see attached.

For electronic version, refer to KAW_APP_EX34_103108.pdf

KENTUCKY AMERICAN WATER COMPANY
CASE NO: 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 34
Summary of Computer Software

A list of all commercially available or in-house developed computer software, programs and models used in the development of the schedules and workpapers associated with the filing of the utility's application are listed below:

SOFTWARE

DESCRIPTION

Microsoft Office

MS Office is a suite of personal computer applications designed to integrate with each other and provide a similar interface to the data maintained within each application. Applications included in the MS Office suite are MS Excel, MS Access, and MS Word. MS Office is manufactured by Microsoft Corporation.

MS Excel

MS Excel was used by the Company to formulate their budget information and was used to complete the computation of water utilization projections and the cost of service allocation study. MS Excel is an electronic spreadsheet application manufactured by Microsoft Corporation.

MS Access

MS Access was used by the Company to manage, organize, and control large amounts of data that can be formatted into a data base file. MS Access is an electronic data base management system manufactured by Microsoft Corporation.

MS Word

MS Word was used to prepare testimony and other miscellaneous schedules. MS Word is an electronic word processing application manufactured by Microsoft Corporation.

Adobe Acrobat

Acrobat was used by the Company to create and manage Portable Document Format (PDF) files. Acrobat is a universal document exchange application and is manufactured by Adobe Systems Incorporated.

KENTUCKY AMERICAN WATER COMPANY
CASE NO: 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 34
Summary of Computer Software (Continued)

SOFTWARE

DESCRIPTION

Hyperion

Hyperion is used by the Company to create balance sheets, income statements and cash flow analyses and is used to consolidate financial data for RWE/Thames financial reporting. Hyperion is a business performance and business intelligence application manufactured by Hyperion Solutions Corporation.

PeopleSoft World FIS

PeopleSoft World (formerly J. D. Edwards Financials) is used by the Company as an enterprise financial application including general ledger, accounts payable, procurement, materials inventory, asset management, payroll and human resource administration. PeopleSoft World is manufactured by PeopleSoft Incorporated.

Orcom's E-CIS

E-CIS is used by the Company as an enterprise customer information system for retaining water consumptions, billing, collecting, and tracking customer's service work. E-CIS is an electronic customer information system application and is owned by Alliance Data Systems.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 35**

Description of Filing Requirement:

Affiliate, General or Home Office Allocations

Response:

Please see attached.

For electronic version, refer to KAW_APP_EX35_103108.pdf

KENTUCKY-AMERICAN WATER
CASE NO. 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
AFFILIATE, GENERAL OR HOME OFFICE ALLOCATIONS

Kentucky-American Water Company (KAWC) has amounts charged and allocated to it by American Water Works Service Company, Inc. (Service Company) and American Water Resources, Inc. DVA American Carbon Services.

American Water Works Service Company, Inc.

	<u>Amounts Allocated/ Charged to KAWC</u> (000)
2004	\$6,136
2005	5,913
2006	6,612
2007	6,987
Base Period	7,670
Forecasted Period	7,613

A contract between KAWC and the Service Company provides detailed language outlining the methodologies utilized in the allocation of Service Company charges to Kentucky-American Water. The contract became effective October 1, 1989.

The methods used to allocate charges to KAWC during the base period and the forecasted test period was based on this Service Company contract. Service Company costs are allocated to KAWC based upon actual time charged or allocated by Service Company employees as reflected in their daily timesheets. All costs of Service Company employees that are identified as related exclusively to KAWC are charged directly to KAWC. Service Company costs incurred in rendering services to KAWC, and other operating companies, are allocated among the group of companies receiving the service rendered. The allocation of these costs is based on the number of customers served at the immediate preceding calendar year end. Appropriate overhead costs actually incurred by the Service Company are added to the employee costs. Overhead costs include support personnel (secretary, mailroom clerk, telephone operator, etc.), employee benefits (group insurance, pensions, payroll taxes, etc.), building costs (rent, depreciation, maintenance, etc.), and other items (stationary, postage, legal fees, etc.). These overhead costs are assigned to each of the affiliated companies based on the labor cost dollars that were either directly billed or allocated using the formula allocation.

American Water Resources, Inc. DVA American Carbon Services

	<u>Amounts Charged To KAWC</u>
2004	\$95,691
2005	97,127
2006	100,000
2007	110,573
Base Period	117,985
Forecasted Period	152,144

KAWC also has a lease agreement with American Water Resources, Inc. DVA American Carbon Services (ACS). ACS's bid produced the best cost to Kentucky-American Water. Forecasted test period and base period amounts were calculated based upon current contracts and anticipated contracts for GAC.

Service Company Charges in Rate Filings

The Service Company charges to the various regulated subsidiaries for the services rendered reflect the contractual arrangement in the current Service Company Agreement. However, even in those jurisdictions which must approve the Service Company Agreement (i.e., because it is an "affiliate arrangement"), the regulatory commissions still assert that they have the right to approve the amount and nature of those charges in rate filings. As a consequence, as the regulated company prepares its rate filing, Rate Department personnel review the statements and supporting information for the Service Company activities charged to the Company. This contractual agreement is also subject to review by the outside auditors. During the course of these pre-filing reviews, any charge or allocation not appropriate for rate recovery is adjusted prior to the filing of the case. Thereafter, these charges are also reviewed by the regulatory staffs during their audits or reviews of the reasonableness of those charges. The first contract, labeled "1971 Agreement" was in force until September 30, 1989. The second contract, labeled "1989 Agreement" became effective October 1, 1989. Both contracts provide detailed language outlining the methodologies utilized in the allocation of Service Company charges to Kentucky-American Water.

The methods used to allocate charges to KAWC during the base period and the forecasted test period are based on the 1989 Service Company contract.

Annual Business Plan

Each year, each office and department of the Service Company is required to develop a Business Plan for the following year. During the year, each month of the business plan versus actual performance of the various Service Company offices and departments is reviewed.

Annual business plan guidelines are prepared for various areas of forecasting for the future such as for labor increases, group insurance, risk insurance, office space costs, etc. These guidelines are then followed by each office and department in the preparation for the annual business plan for the following year.

All of this is done with an eye toward providing the most professional, efficient services possible for the regulated company at the lowest reasonable cost.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2008-00427
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 36**

Description of Filing Requirement:

Cost of Service Study

Response:

Please see attached.

For electronic version, refer to KAW_APP_EX36_103108.pdf.

Exhibit No. 36
Witness: P. R. Herbert

KENTUCKY AMERICAN WATER COMPANY
Lexington, Kentucky

COST OF SERVICE
ALLOCATION STUDY
AS OF MAY 31, 2010
AND
PROPOSED CUSTOMER RATES

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION
Harrisburg, Pennsylvania



GANNETT FLEMING, INC.
P.O. Box 67100
Harrisburg, PA 17106-7100

Location:
207 Senate Avenue
Camp Hill, PA 17011

Office: (717) 763-7211
Fax: (717) 763-4590
www.gannettfleming.com

October 28, 2008

Kentucky American Water Company
2300 Richmond Road
Lexington, KY 40502

Attention Mr. Nick O. Rowe, President

Gentlemen:

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Pursuant to your request, we have conducted a cost of service allocation study based on pro forma revenue requirements for the test year ending May 31, 2010, and have prepared proposed rate schedules designed to produce the pro forma revenue requirements.

The attached report presents the results of the study, as well as supporting schedules which set forth the detailed cost allocation calculations. Schedule A on page 6 presents a comparison of the cost of service by customer classification with the pro forma revenues produced by each classification under present and proposed rates.

Respectfully submitted,

GANNETT FLEMING, INC.

A handwritten signature in cursive script that reads 'Paul R. Herbert'.

PAUL R. HERBERT
President
Valuation and Rate Division

PRH:krm



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PART I. INTRODUCTION

KENTUCKY AMERICAN WATER COMPANY

COST OF SERVICE ALLOCATION STUDY
AS OF MAY 31, 2010
AND PROPOSED CUSTOMER RATES

PART I. INTRODUCTION

PLAN OF REPORT

The report sets forth the results of the cost of service allocation study as of May 31, 2010, prepared for Kentucky American Water Company. Part I, Introduction, contains statements with respect to the basis of the study, the procedures employed, and a summary of the results of the study. Part II, Cost of Service by Customer Classification and cost function, presents detailed schedules of the allocation of costs to cost functions and customer classifications, as well as the bases for the allocations. Part III, Proposed Customer Rates, sets forth a comparison of the present and proposed rate structures, and the development of the proposed service charges.

BASIS OF THE STUDY

The purpose of the study was to allocate costs to several customer classifications based on considerations of quantity of water consumed, variability of rate of flow, and costs associated with metering, billing and accounting. The allocation study was based on recognized procedures for allocating the several categories of costs to customer classifications in proportion to each classification's use of the facilities, commodities and services which entail the total cost of providing water service.

ALLOCATION PROCEDURES

The allocation study was based on the Base-Extra Capacity Method for allocating costs to customer classifications. The method is described in the 2000 and prior editions of the Water Rates Manual, published by the American Water Works Association. The four basic categories of cost responsibility are base, extra capacity, customer and fire protection costs. The following discussions present a brief description of these costs and the manner in which they were allocated.

Base Costs are costs that tend to vary with the quantity of water used, plus costs associated with supplying, treating, pumping and distributing water to customers under average load conditions, without the elements necessary to meet peak demands. Base costs were allocated to customer classifications on the basis of average daily usage.

Extra Capacity Costs are costs associated with meeting usage requirements in excess of the average. They include operating and capital costs for additional plant and system capacity beyond that required for average use. The extra capacity costs in this study are subdivided into costs necessary to meet maximum day extra demand and costs to meet maximum hour extra demand. The extra capacity costs were allocated to customer classifications on the bases of each classification's maximum day and hour usage in excess of average usage. (Extra capacity costs related to fire protection are allocated directly to the fire protection classifications.)

Customer Costs are costs associated with serving customers regardless of their usage or demand characteristics. Customer costs include the operating and capital costs related to meters and services, meter reading costs, and billing and collecting

costs. The customer costs were allocated on the bases of the relative cost of meters and services and the number of customers.

Fire Protection Costs are costs associated with providing the facilities to meet the potential peak demand of fire protection service. Fire protection costs are subdivided into costs to meet Public Fire Protection and Private Fire Protection demands. Operating and capital costs for hydrants were allocated directly to the Public Fire Protection classification. The extra capacity costs assigned to fire protection service were allocated to Public and Private Fire Protection on the basis of the total relative demands of the hydrants and fire service lines.

The data summarized in Schedule A, "Comparison of Cost of Service with Revenues Under Present and Proposed Rates for the Twelve Months Ending May 31, 2010," constitute the principal results of the allocation study.

The cost of service by customer classification, shown in column 2 of Schedule A, is developed in Schedule B, "Allocation of Cost of Service by Cost Function to Customer Classifications". The allocation of the cost of service by function to the several customer classifications was performed by applying the allocation factors referenced in column 2 of Schedule B to the cost of service by function in column 3. The bases of the allocation factors are presented in Schedule C.

The cost of service by cost function is set forth in Schedule D, "Cost of Service for the Twelve Months Ending May 31, 2010, Allocated to Cost Functions." The allocation of the cost of service to the cost functions was performed by applying the allocation factors referenced in column 2 to the cost of service by account in column 3. The bases of the factors are presented in Schedule E.

DESIGN OF PROPOSED RATES

A comparison of the present and proposed rate structures is presented in Schedule G of Part III of the report. The proposed rates maintain the existing rate structure consisting of service charges by meter size applicable to all classes and single-block consumption charges for each classification. The service charges were developed on Schedule H, based on the cost of service related to meters, services, billing and collecting and meter reading. The overall increase to the service charges is approximately 8.1%.

The consumption charges as well as private and public fire rates were increased so that the revenues under proposed rates would move toward the indicated cost of service as shown in Schedule A.

KENTUCKY-AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDING MAY 31, 2010

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 39,333,034	52.3%	\$ 30,588,335	53.8%	\$ 39,838,225	53.0%	\$ 9,249,890	30.2%
Commercial	20,284,706	26.9%	15,056,530	26.5%	20,285,726	26.9%	5,229,196	34.7%
Industrial	2,707,400	3.6%	1,623,443	2.9%	2,271,313	3.0%	647,870	39.9%
Public Authority	6,205,348	8.2%	4,507,460	7.9%	6,204,332	8.2%	1,696,872	37.6%
Sales for Resale	1,896,442	2.5%	1,364,825	2.4%	1,895,863	2.5%	531,038	38.9%
Private Fire Service	1,813,539	2.4%	1,254,070	2.2%	1,743,239	2.3%	489,169	39.0%
Public Fire Service	3,114,875	4.1%	2,466,049	4.3%	3,116,635	4.1%	650,586	26.4%
Total Sales	75,355,344	100.0%	56,860,712	100.0%	75,355,333	100.0%	18,494,621	32.5%
Other Revenues	5,384,560		\$5,384,560		5,384,560		-	0.0%
Total	\$ 80,739,904		\$ 62,245,272		\$ 80,739,893		\$ 18,494,621	29.7%

PART II. COST OF SERVICE BY
CUSTOMER CLASSIFICATION AND COST FUNCTION

KENTUCKY-AMERICAN WATER COMPANY

ALLOCATION OF COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATIONS

Cost Function (1)	Factor Ref.* (2)	Cost of Service (Schedule D) (3)	Cost of Service				Fire Service		
			Residential (4)	Commercial (5)	Industrial (6)	Public Authorities (7)	Sales for Resale (8)	Private Fire (9)	Public Fire (10)
Base	A	\$34,629,735	\$16,230,957	\$11,271,979	\$1,759,191	\$3,899,308	\$1,267,448	\$83,111	\$117,741
Extra Capacity - Maximum Day	B	13,893,044	6,943,743	4,552,751	584,897	1,389,304	422,349		
Extra Capacity - Maximum Hour	C	8,964,307	4,660,543	3,045,175	341,540	724,316	192,733		
Customer Facilities - Meters	D	3,845,840	3,031,291	627,257	16,537	119,990	11,153	39,612	
Customer Facilities - Services	E	2,815,855	2,359,969	292,849	2,534	32,382	1,408	126,713	
Billing and Collecting	F	4,729,903	4,269,684	345,756	1,892	27,906	946	82,300	1,419
Meter Reading	G	2,023,629	1,836,847	148,939	809	12,142	405	24,486	
Private Fire	H	1,457,317						1,457,317	
Public Fire	I	2,995,715							2,995,715
Total		\$75,355,345	\$39,333,034	\$20,284,706	\$2,707,400	\$6,205,348	\$1,896,442	\$1,813,539	\$3,114,875

* Schedule C.

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A. ALLOCATION OF BASE COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification (1)	Average Daily Consumption, CCF (2)	Allocation Factor (3)
Residential	23,032	0.4687
Commercial	15,993	0.3255
Industrial	2,495	0.0508
Other Public Authority	5,533	0.1126
Sales for Resale	1,800	0.0366
Private Fire Protection	120	0.0024
Public Fire Protection	167	0.0034
Total	49,140	1.0000

FACTOR B. ALLOCATION OF MAXIMUM DAY EXTRA CAPACITY COSTS.

Factors are based on the maximum day extra capacity demand for each customer classification.

Customer Classification (1)	Average Daily Consumption, CCF (2)	Factor* (3)	Rate of Flow, CCF Per Day (4)=(2)x(3)	Allocation Factor (5)
Residential	23,032	0.90	20,729	0.4998
Commercial	15,993	0.85	13,594	0.3277
Industrial	2,495	0.70	1,747	0.0421
Other Public Authority	5,533	0.75	4,150	0.1000
Sales for Resale	1,800	0.70	1,260	0.0304
Total	48,853		41,480	1.0000

* Ratio of Maximum Day To Average Day Minus 1.0.

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C. ALLOCATION OF MAXIMUM HOUR EXTRA CAPACITY COSTS.

Factors are based on the maximum hour extra capacity demand for each customer classification.

Customer Classification (1)	Average Hourly Consumption, CCF (2)	Factor* (3)	Rate of Flow, CCF Per Hour (4)=(2)x(3)	Allocation Factor (5)
Residential	959.7	1.70	1,631.5	0.5199
Commercial	666.4	1.60	1,066.2	0.3397
Industrial	104.0	1.15	119.6	0.0381
Other Public Authority	230.5	1.10	253.6	0.0808
Sales for Resale	75.0	0.90	67.5	0.0215
Total	2,035.6		3,138.4	1.0000

* Ratio of Maximum Hour To Average Hour Minus 1.0.

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

Customer Classification (1)	5/8" Dollar Equivalents (2)	Allocation Factor (3)
Residential	113,279	0.7882
Commercial	23,441	0.1631
Industrial	623	0.0043
Other Public Authority	4,477	0.0312
Sales for Resale	414	0.0029
Private Fire Protection	1,487	0.0103
Total	143,721	1.0000

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)=(2)X(11)	Number of Meters (13)	Weighting (14)=(2)X(13)	Number of Meters (15)	Weighting (16)
5/8	1.0	109,326	109,326	4,795	4,795	2	2	133	133	0	0	1,487	1,487	115,743	115,743
1	1.8	1,779	3,202	2,289	4,120	2	4	176	317	0	0	0	0	4,246	7,643
1-1/2	5.4	14	76	170	918	1	5	27	146	3	16	0	0	215	1,161
2	7.0	85	595	1,704	11,928	24	168	346	2,422	7	49	0	0	2,166	15,162
3	14.0	0	0	6	84	0	0	0	0	0	0	0	0	6	84
4	27.0	0	0	28	756	12	324	37	999	7	189	0	0	84	2,268
6	40.0	2	80	11	440	3	120	9	360	4	160	0	0	29	1,160
8	50.0	0	0	8	400	0	0	2	100	0	0	0	0	10	500
Total		<u>111,206</u>	<u>113,279</u>	<u>9,011</u>	<u>23,441</u>	<u>44</u>	<u>623</u>	<u>730</u>	<u>4,477</u>	<u>21</u>	<u>414</u>	<u>1,487</u>	<u>1,487</u>	<u>122,499</u>	<u>143,721</u>

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>3/4" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	113,127	0.8381
Commercial	14,041	0.1040
Industrial	120	0.0009
Other Public Authority	1,550	0.0115
Sales for Resale	65	0.0005
Private Fire Protection	<u>6,073</u>	<u>0.0450</u>
 Total	 <u><u>134,976</u></u>	 <u><u>1.0000</u></u>

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

<u>Customer Classification</u> (1)	<u>Total Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	111,206	0.9027
Commercial	9,011	0.0731
Industrial	44	0.0004
Other Public Authority	730	0.0059
Sales for Resale	21	0.0002
Private Fire Protection	2,147	0.0174
Public Fire Protection	<u>38</u>	<u>0.0003</u>
 Total	 <u><u>123,197</u></u>	 <u><u>1.0000</u></u>

KENTUCKY-AMERICAN WATER COMPANY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial		Industrial		Other Public Authority		Sales for Resale		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)=(2)X(11)	Number of Services (13)	Weighting (14)=(2)X(13)	Number of Services (15)	Weighting (16)
3/4	1.00	79,326 *	79,326	4,795	4,795	2	2	133	133	0	0	0	0	84,256	84,256
1	2.00	16,779 *	33,558	2,289	4,578	2	4	176	352	0	0	0	0	19,246	38,492
1-1/2	2.20	14	31	170	374	1	2	27	59	3	7	0	0	215	473
2	2.40	85	204	1,704	4,090	24	58	346	830	7	17	43	103	2,209	5,302
4	3.50	0	0	34	119	12	42	37	130	7	25	349	1,222	439	1,538
6	4.00	2	8	11	44	3	12	9	36	4	16	816	3,264	845	3,380
8	5.10	0	0	8	41	0	0	2	10	0	0	265	1,352	275	1,403
10	8.90	0	0	0	0	0	0	0	0	0	0	7	62	7	62
12	9.50	0	0	0	0	0	0	0	0	0	0	6	57	6	57
>12	12.70	0	0	0	0	0	0	0	0	0	0	1	13	1	13
Total		96,206	113,127	9,011	14,041	44	120	730	1,550	21	65	1,487	6,073	107,499	134,976

*Adjusted to reflect that approximately 30,000 residential customers are served by 1-inch service lines each serving two residences.

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR G. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

Customer Classification (1)	Total Metered Customers (2)	Allocation Factor (2)
Residential	111,206	0.9077
Commercial	9,011	0.0736
Industrial	44	0.0004
Other Public Authority	730	0.0060
Sales for Resale	21	0.0002
Private Fire Protection	1,487	0.0121
 Total	 122,499	 1.0000

FACTOR H. ALLOCATION OF PRIVATE FIRE PROTECTION COSTS.

These costs are assigned directly to Private Fire Protection.

Cost Function (1)	Allocation Factor (2)
Private Fire Protection	1.0000

FACTOR I. ALLOCATION OF PUBLIC FIRE PROTECTION COSTS.

These costs are assigned directly to Public Fire Protection.

Cost Function (1)	Allocation Factor (2)
Public Fire Protection	1.0000

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service	
				Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Collecting (9)	Meter Reading (10)	Private Fire (11)	Public Fire (12)
OPERATION AND MAINTENANCE EXPENSES											
SOURCE OF SUPPLY EXPENSES											
-OPERATION-											
600 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
601 Operation Expense and Labor Expenses	2	0	0	0	0	0	0	0	0	0	0
602 Purchased Water	1	114,586	114,586	0	0	0	0	0	0	0	0
603 Miscellaneous Expenses	2	41,523	25,167	16,356	0	0	0	0	0	0	0
604 Rents	2	0	0	0	0	0	0	0	0	0	0
Total Operation		156,109	139,753	16,356	0	0	0	0	0	0	0
-MAINTENANCE-											
610 Supervision & Engineering	2	0	0	0	0	0	0	0	0	0	0
612 Maint Coll & Impound Res	1	0	0	0	0	0	0	0	0	0	0
613.1 Maint Lakes, River & Intakes	2	0	0	0	0	0	0	0	0	0	0
613.2 Amort Lakes, River & Intakes	2	0	0	0	0	0	0	0	0	0	0
614 Wells and Springs Maint	2	0	0	0	0	0	0	0	0	0	0
616 Maint Supply Mains Mat	2	0	0	0	0	0	0	0	0	0	0
617 Maint Misc Water Source Expenses	2	169,450	102,704	66,746	0	0	0	0	0	0	0
617 Labor	2	0	0	0	0	0	0	0	0	0	0
Total Maintenance		169,450	102,704	66,746	0	0	0	0	0	0	0
Total Source of Supply		325,559	242,457	83,102	0	0	0	0	0	0	0
POWER AND PUMPING EXPENSES											
620 Pumping Supervision & Eng Electric	6	0	0	0	0	0	0	0	0	0	0
622 Pump Power Prod Labor & Exp Expenses	6	0	0	0	0	0	0	0	0	0	0
623 Pump Fuel and Power Purchase Labor	6	0	0	0	0	0	0	0	0	0	0
624 Pump Labor and Expenses	1	3,598,619	3,598,619	0	0	0	0	0	0	0	0
624 Expenses	6	0	0	0	0	0	0	0	0	0	0
624 Labor	6	0	0	0	0	0	0	0	0	0	0
626 Misc Pumping Expenses Electric	6	3,060	1,677	976	264	0	0	0	0	60	84
627 Rents	6	0	0	0	0	0	0	0	0	0	0
Total Operation		3,601,679	3,600,296	976	264	0	0	0	0	60	84

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
				Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Collecting (9)	Meter Reading (10)	Private Fire (11)	Public Fire (12)	
-MAINTENANCE-												
630 Supervision & Engineering	6	197,097	108,029	62,854	16,990	0	0	0	0	0	3,843	5,381
631 Pump Struc & Imp Maint	6	0	0	0	0	0	0	0	0	0	0	0
Expenses	6	0	0	0	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0	0	0	0
632 Pump Maint Power Prod Equipment	6	0	0	0	0	0	0	0	0	0	0	0
Expenses	6	0	0	0	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0	0	0	0
633 Pump Maint Pumping Equipment	6	0	0	0	0	0	0	0	0	0	0	0
Expenses	6	0	0	0	0	0	0	0	0	0	0	0
Labor	6	0	0	0	0	0	0	0	0	0	0	0
Total Maintenance		197,097	108,029	62,854	16,990	0	0	0	0	0	3,843	5,381
Total Power and Pumping		3,798,776	3,708,325	63,830	17,254	0	0	0	0	0	3,903	5,464
WATER TREATMENT												
-OPERATION-												
640 Supervision and Engineering	2	815,083	494,022	321,061	0	0	0	0	0	0	0	0
641 Chemicals	1	2,745,061	2,745,061	0	0	0	0	0	0	0	0	0
642 Labor and Expenses	2	162,161	98,286	63,875	0	0	0	0	0	0	0	0
Labor	2	1,156,657	701,050	455,607	0	0	0	0	0	0	0	0
643 Misc Water Treatment Exp-Current	2	78,127	47,353	30,774	0	0	0	0	0	0	0	0
Expenses - Other	1	297,231	297,231	0	0	0	0	0	0	0	0	0
Expenses - Waste Disposal	1	0	0	0	0	0	0	0	0	0	0	0
Labor	2	0	0	0	0	0	0	0	0	0	0	0
Rents	2	0	0	0	0	0	0	0	0	0	0	0
Total Operation		5,254,320	4,383,002	871,318	0	0	0	0	0	0	0	0
-MAINTENANCE-												
650 Supervision and Engineering	2	0	0	0	0	0	0	0	0	0	0	0
651 Structures and Improvements	2	280,782	170,182	110,600	0	0	0	0	0	0	0	0
Expenses	2	0	0	0	0	0	0	0	0	0	0	0
Labor	2	85,365	51,740	33,625	0	0	0	0	0	0	0	0
652 General Water Equip	2	0	0	0	0	0	0	0	0	0	0	0
Expenses	2	0	0	0	0	0	0	0	0	0	0	0
Labor	2	0	0	0	0	0	0	0	0	0	0	0
Total Maintenance		366,147	221,922	144,225	0	0	0	0	0	0	0	0
Total Water Treatment Expenses		5,620,467	4,604,923	1,015,543	0	0	0	0	0	0	0	0

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Extra Capacity (5)		Meters (7)	Customer Facilities Services (8)		Customer Accounting Billing & Collecting (9)		Meter Reading (10)	Fire Service Private Fire (11)		Public Fire (12)
				Max Day	Max Hour		Meters	Services	Billing & Collecting	Meter Reading		Private	Public	
TRANSMISSION AND DISTRIBUTION EXPENSES														
-OPERATION-														
660	8	Supervision and Engineering	483,175	190,468	35,368	204,238	0	0	0	0	0	22,081	0	31,020
661	5	Storage Facilities Expense	0	0	0	0	0	0	0	0	0	0	0	0
662	7	Lines Expense	17,950	7,078	1,314	7,587	0	0	0	0	0	820	0	1,152
	7	Labor	831,766	327,976	60,866	351,577	0	0	0	0	0	37,975	0	53,372
663	9	Meter Expense	0	0	0	0	0	0	0	0	0	0	0	0
	9	Expenses	0	0	0	0	0	0	0	0	0	0	0	0
	9	Labor	0	0	0	0	0	0	0	0	0	0	0	0
664	9	Customer Installation Expenses	0	0	0	0	0	0	0	0	0	0	0	0
	9	Expenses	0	0	0	0	0	0	0	0	0	0	0	0
	9	Labor	0	0	0	0	0	0	0	0	0	0	0	0
665	8	Maps and Records	0	0	0	0	0	0	0	0	0	0	0	0
	8	Expenses	0	0	0	0	0	0	0	0	0	0	0	0
	8	Labor	35,818	14,119	2,622	15,140	0	0	0	0	0	1,637	0	2,300
665	8	Miscellaneous Expenses	373,917	147,398	27,371	158,055	0	0	0	0	0	17,088	0	24,005
	5	Expenses - Other	0	0	0	0	0	0	0	0	0	0	0	0
	8	Expenses - Distribution Reservoirs	0	0	0	0	0	0	0	0	0	0	0	0
	8	Labor	0	0	0	0	0	0	0	0	0	0	0	0
666	8	Rents	4,464	1,760	327	1,887	0	0	0	0	0	204	0	287
		Total Operation	1,747,090	688,799	127,867	738,485	0	0	0	0	0	79,805	0	112,135
-MAINTENANCE-														
670	14	Supervision and Engineering	0	0	0	0	0	0	0	0	0	0	0	0
671	14	T & D Structures & Improve Maint	0	0	0	0	0	0	0	0	0	0	0	0
	14	Expenses	0	0	0	0	0	0	0	0	0	0	0	0
	14	Labor	0	0	0	0	0	0	0	0	0	0	0	0
672	5	Reservoirs and Standpipes	225,277	68,349	0	102,546	0	0	0	0	0	22,618	0	31,764
	5	Expenses	0	0	0	0	0	0	0	0	0	0	0	0
	5	Labor	0	0	0	0	0	0	0	0	0	0	0	0
673	7	T & D Mains	0	0	0	0	0	0	0	0	0	0	0	0
	7	Expenses	882,969	348,166	64,612	373,220	0	0	0	0	0	40,313	0	56,657
	7	Labor	0	0	0	0	0	0	0	0	0	0	0	0
675	10	Services	0	0	0	0	0	0	0	0	0	0	0	0
	10	Expenses	395,195	0	0	0	0	395,195	0	0	0	0	0	0
	10	Labor	0	0	0	0	0	0	0	0	0	0	0	0
676	9	Meters	0	0	0	0	0	0	0	0	0	0	0	0
	9	Expenses	85,398	0	0	0	0	0	0	0	0	0	0	0
	9	Labor	0	0	0	0	85,398	0	0	0	0	0	0	0

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Base (4)	Extra Capacity (5)		Max Hour (6)	Customer Facilities (7)		Services (8)	Customer Accounting (9)		Fire Service (10)		Public Fire (12)
				Max Day (5)	Max Hour (6)		Meters (7)	Meter Reading (10)		Private Fire (11)	Meter Reading (10)			
677 Hydrants Expenses Labor	13	0	0	0	0	0	0	0	0	0	0	0	0	0
678 Miscellaneous Plant Expenses Labor	14	490,000	128,478	19,943	146,706	26,313	121,863	0	0	0	0	19,404	27,293	0
Total Maintenance		2,078,839	544,993	84,555	622,472	111,711	517,058	0	0	0	0	82,335	115,714	0
Total Transmission and Distribution		3,825,929	1,233,792	212,422	1,360,957	111,711	517,058	0	0	0	0	162,140	227,849	0
CUSTOMER ACCOUNTS														
901 Supervision	11	49,412	0	0	0	0	0	0	0	0	49,412	0	0	0
902 Meter Reading Expenses	12	0	0	0	0	0	0	0	0	0	0	0	0	0
903 Recording and Collecting Expenses	12	670,853	0	0	0	0	0	0	0	0	0	0	670,853	0
904 Uncollectible Accounts	11	1,160,913	0	0	0	0	0	0	0	0	1,160,913	0	0	0
905 Misc Customer Accounting Expenses	11	572,618	0	0	0	0	0	0	0	0	178,102	0	0	0
907 Customer Service Expenses Labor	11	6,430	0	0	0	0	0	0	0	0	572,618	0	0	0
Total Customers' Accounting and Collecting Expenses		2,638,328	0	0	0	0	0	0	0	0	1,967,475	670,853	0	0
ADMINISTRATIVE AND GENERAL EXPENSES														
920 Administrative & General Salaries	15	0	0	0	0	0	0	0	0	0	0	0	0	0
921 Miscellaneous Office Expenses	15	1,281,023	411,080	186,773	186,773	15,116	70,072	0	0	0	266,581	90,953	31,641	0
923 Outside Services	15	550,508	176,658	80,044	80,264	6,496	30,113	0	0	0	114,561	39,086	13,598	0
Customer Related	11	1,839,044	0	0	0	0	0	0	0	0	1,839,044	0	0	0
Water Quality	1	189,753	189,753	0	0	0	0	0	0	0	0	0	0	0
Other	15	6,456,633	2,071,934	938,794	941,377	76,188	353,178	0	0	0	1,343,625	458,421	159,479	0
924 Property Insurance	15	155,642	49,945	22,630	22,693	1,837	8,514	0	0	0	32,389	11,051	3,844	0
925 Workers Compensation	16	164,758	60,532	27,745	26,773	2,340	10,858	0	0	0	11,533	17,777	2,999	4,201
925.4 General Liability	15	386,126	123,908	56,143	56,297	4,556	21,121	0	0	0	80,353	27,415	6,796	9,537
926 Employee Pensions and Benefits	16	2,735,723	1,005,105	460,696	444,555	38,847	180,284	0	0	0	191,501	295,185	49,790	69,761
928 Regulatory Expenses	19	355,582	159,052	64,609	41,070	17,957	12,684	0	0	0	30,580	8,925	6,756	13,939
930 Miscellaneous General Expense	15	1,409,346	452,259	204,919	205,483	16,630	77,091	0	0	0	293,285	100,064	24,804	34,811
931 Administrative and General Rents	15	27,504	8,826	3,999	4,010	325	1,504	0	0	0	5,724	1,953	484	679
Total Operation		15,551,641	4,709,052	2,045,840	2,009,295	180,292	765,429	0	0	0	4,209,175	1,050,828	240,240	341,491

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
			Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Collecting (9)	Meter Reading (10)	Private Fire (11)	Public Fire (12)
-MAINTENANCE-											
932 Maintenance of General Plant	15	141,244	45,325	20,537	20,593	1,667	7,726	29,393	10,028	2,486	3,489
Total Maintenance											
Total Administrative and General Expenses		15,692,885	4,754,377	2,066,377	2,029,888	181,958	773,155	4,238,568	1,060,857	242,726	344,979
Total Operation and Maintenance Expenses		31,901,944	14,543,874	3,441,275	3,408,099	293,669	1,290,213	6,206,043	1,731,710	408,769	578,293
503 DEPRECIATION EXPENSE											
301 Organization	17	0	0	0	0	0	0	0	0	0	0
302 Franchise and Consents	15	0	0	0	0	0	0	0	0	0	0
303 Other P/E Intangibles	17	110,411	43,723	20,415	17,975	12,222	3,677	1,181	397	2,992	7,828
310 Land and Land Rights	2	0	0	0	0	0	0	0	0	0	0
311 Source of Supply Struct & Improv	2	94,880	57,507	37,373	0	0	0	0	0	0	0
312 Collecting & Impounding Reservoirs	1	15,187	15,187	0	0	0	0	0	0	0	0
313 Lake, River and Other Intakes	2	12,300	7,455	4,845	0	0	0	0	0	0	0
314 Wells and Springs	2	0	0	0	0	0	0	0	0	0	0
316 Supply Mains	2	93,528	56,687	36,841	0	0	0	0	0	0	0
321 Pumping Structures & Improvements	6	106,264	58,243	33,888	9,160	0	0	0	0	2,072	2,901
322 Boiler Plant Equipment	6	0	0	0	0	0	0	0	0	0	0
323 Other Power Production Equipment	6	25,021	13,714	7,979	2,157	0	0	0	0	488	683
325 Electric Pumping Equipment	6	382,418	209,603	121,953	32,964	0	0	0	0	7,457	10,440
326 Diesel Pumping Equipment	6	17,894	9,808	5,706	1,542	0	0	0	0	349	489
328 Other Pumping Equipment	6	20,106	11,020	6,412	1,733	0	0	0	0	392	549
331 Water Treat Structures & Improv	2	166,570	100,958	65,612	0	0	0	0	0	0	0
332 Water Treat and Equipment	2	689,985	418,200	271,785	0	0	0	0	0	0	0
334 GAC	2	0	0	0	0	0	0	0	0	0	0
341 T & D Structures & Improvements	14	36,098	9,465	1,469	10,808	1,938	8,978	0	0	1,429	2,011
342 Distrib. Reservoirs & Standpipes	5	287,033	87,086	0	130,657	0	0	0	0	28,818	40,472
343 Transmission & Distribution Mains											
Distribution	4	1,507,677	531,908	0	798,013	0	0	0	0	73,876	103,879
Transmission	3	946,523	529,012	343,872	0	0	0	0	0	30,667	42,972
345 Services	10	565,209	0	0	0	0	565,209	0	0	0	0
346 Meters	9	432,436	0	0	0	432,436	0	0	0	0	0
347 Meter Installations	9	466,552	0	0	0	466,552	0	0	0	0	0
348 Fire Hydrants	13	174,898	0	0	0	0	0	0	0	0	174,898
349 Other T & D	14	0	0	0	0	0	0	0	0	0	0
389 Land and Land Rights	15	0	0	0	0	0	0	0	0	0	0
390 General Structures & Improvements	15	0	0	0	0	0	0	0	0	0	0
390.1 Office Structures	15	90,486	29,037	13,157	13,193	1,068	4,950	18,830	6,425	1,593	2,235
390.2 Stores Shop and Gar. Structures	15	23,737	7,617	3,451	3,461	280	1,298	4,940	1,685	418	586
390.3 Miscellaneous Structures & Improv	15	81,913	26,286	11,943	11,943	967	4,481	17,046	5,816	1,442	2,023
391 Office Furniture and Equipment	15	215,155	69,043	31,284	31,370	2,539	11,769	44,774	15,276	3,787	5,314
391.20 Computers & Peripheral Equipment	15	122,911	39,442	17,871	17,920	1,450	6,723	25,578	8,727	2,163	3,036

KENTUCKY-AMERICAN WATER COMPANY
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Account (1)	Factor Ref (2)	Cost of Service (3)	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
			Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Collecting (9)	Meter Reading (10)	Private Fire (11)	Public Fire (12)
391.25 Computer Software	15	312,827	100,386	45,485	45,610	3,691	17,112	65,099	22,211	5,506	7,727
391.28 Other software	15	114,635	36,786	16,668	16,714	1,353	6,271	23,856	8,139	2,018	2,831
391.30 Other Office Equipment	15	7,549	2,422	1,098	1,101	89	413	1,571	536	133	186
392.11 Transportation Equip-Light Trucks	15	129,235	41,472	18,791	18,842	1,525	7,069	26,894	9,176	2,275	3,192
392.12 Transportation Equip-Heavy Trucks	15	69,780	22,392	10,146	10,174	823	3,817	14,521	4,954	1,228	1,724
392.2 Transportation Equip-Cars	15	41,161	13,209	5,985	6,001	486	2,252	8,566	2,922	724	1,017
392.3 Transportation Equip-Other	15	27,231	8,738	3,959	3,970	321	1,490	5,667	1,933	479	673
393 Stores Equipment	15	1,757	564	255	256	21	96	366	125	31	43
394 Tools, Shop & Garage Equipment	15	142,751	45,809	20,756	20,813	1,684	7,808	29,706	10,135	2,512	3,528
395 Laboratory Equipment	2	84,417	51,165	33,252	0	0	0	0	0	0	0
396 Power Operated Equipment	15	70,863	22,740	10,303	10,332	836	3,876	14,747	5,031	1,247	1,750
397 Communication Equipment	15	139,811	44,865	20,329	20,384	1,650	7,648	29,095	9,927	2,461	3,453
398 Miscellaneous Equipment	15	66,766	21,425	9,708	9,734	788	3,652	13,894	4,740	1,175	1,649
399 Other Tangible Property	15	7,686	2,466	1,118	1,121	91	420	1,599	546	135	190
Total Depreciation Expense		7,901,661	2,745,442	1,233,675	1,247,950	932,811	669,007	347,929	118,702	177,868	428,278
404 AMORTIZATION EXPENSE											
AFUDC	18	71,346	32,755	17,387	8,183	5,066	1,591	642	221	1,669	3,831
Acquisition Adjustment	18	13,051	5,992	3,180	1,497	927	291	117	40	305	701
Property Losses	2	412,192	249,830	162,362	0	0	0	0	0	0	0
Total Amortizations		496,588	288,576	182,930	9,680	5,992	1,882	760	262	1,975	4,532
507.1 TAXES, OTHER THAN INCOME											
Federal and State Payroll Taxes	16	541,285	198,868	91,152	87,959	7,686	35,671	37,890	58,405	9,851	13,803
Property Taxes	18	3,113,602	1,429,455	758,785	357,130	221,066	69,433	28,022	9,652	72,858	167,200
Gross Receipts and surtax	19	128,191	57,340	23,292	14,806	6,474	4,576	11,024	3,218	2,436	5,025
Other General Taxes	18	0	0	0	0	0	0	0	0	0	0
Total Taxes, Other Than Income		3,783,078	1,685,663	873,230	459,895	235,226	109,680	76,937	71,274	85,145	186,028

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Extra Capacity		Customer Facilities		Customer Accounting		Fire Service		
			Base (4)	Max Day (5)	Max Hour (6)	Meters (7)	Services (8)	Billing & Collecting (9)	Meter Reading (10)	Private Fire (11)	Public Fire (12)
507.2 INCOME TAXES	18	10,563,137	4,849,536	2,574,236	1,211,592	749,983	235,558	95,068	32,746	247,177	567,240
Utility Operating Income Available for Return	18	26,093,497	11,979,524	6,358,985	2,992,924	1,852,638	581,885	234,841	80,890	610,588	1,401,221
Total Cost of Service		80,739,905	36,092,615	14,664,331	9,330,140	4,070,319	2,888,226	6,961,578	2,035,583	1,531,522	3,165,592
Less: Other Water Revenues	19	94,020	42,055	17,083	10,859	4,748	3,357	8,086	2,360	1,786	3,686
Customer Related	11	1,165,324	0	0	0	0	0	1,185,324	0	0	0
AFUDC	18	3,094,804	1,420,825	754,204	354,974	219,731	69,014	27,853	9,594	72,418	166,191
Billing and Collecting Services	11	1,010,412	0	0	0	0	0	1,010,412	0	0	0
Total Other Water Revenues		5,384,560	1,462,880	771,287	365,833	224,479	72,371	2,231,675	11,954	74,205	169,877
Total Cost of Service Related to Sales of Water		75,355,345	34,629,735	13,893,044	8,964,307	3,845,840	2,815,855	4,729,903	2,023,629	1,457,317	2,995,715

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Costs are allocated directly to the Base Cost Function.

Cost Function (1)	Allocation Factor (2)
Base	1.0000

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA

The weighting of the Factors is based on the maximum day ratio of 1.65, based on a review of maximum day ratios experienced by the Company. (see Schedule F).

Cost Function (1)	Maximum Day Ratio (2)	Allocation Factor (3)
Average Day	1.00	0.6061
Maximum Day Extra Capacity	0.65	0.3939
Total	1.65	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA

Factors are based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.65 and the average pumpage for the test year. The system demand for fire protection is 10,000 Gallons per minute for 10 hours, or 6 MGD. The Allocation of Fire Protection is based on the relative demand flows, as shown on the following page and summarized below.

Cost Function (1)	Ratio (2)	Rate of Flow, (GPD) (3)	Allocation Factor (4)	Allocation of Fire Protection (5)	Weighted Factor (6)
Average Day	1.00	43,108,090	0.5589		
Maximum Day Extra Capacity	0.65	28,020,259	0.3633		
Subtotal	1.65	71,128,349	0.9222		
Fire Protection		6,000,000	0.0778		
Private Fire				0.4159	0.0324
Public Fire				0.5841	0.0454
Total		<u>77,128,349</u>	<u>1.0000</u>	<u>1.0000</u>	<u>0.0778</u>

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR

The bases for the potential demand of general service are the maximum hour ratio of 2.5 and the average pumpage for the test year. The system demand for fire protection is 10,000 Gallons per minute for 10 hours. The Allocation of Fire Protection is based on the relative demand flows, as shown on the following page and summarized below.

Cost Function (1)	Ratio (2)	Rate of Flow, (GPM) (3)	Allocation Factor (4)	Allocation of Fire Protection (5)	Weighted Factor (6)
Average Hour	1.00	29,936	0.3528		
Maximum Hour Extra Capacity	1.50	44,904	0.5293		
Subtotal	2.50	74,840	0.8821		
Fire Protection		10,000	0.1179		
Private Fire				0.4159	0.0490
Public Fire				0.5841	0.0689
Total		<u>84,840</u>	<u>1.0000</u>	<u>1.0000</u>	<u>0.1179</u>

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

The demand for fire protection is assigned to private and public fire service based on the relative potential demands, as follows:

	Restrictive Diameter Squared (1)	Quantity (2)	Relative Demand* (3)	Allocation Factor (4)
<u>Private Fire Protection:</u>				
2 -inch Fire Line	4	43	258	
3 -inch Fire Line	9	0	0	
4 -inch Fire Line	16	349	8,376	
6 -inch Fire Line	36	816	44,064	
8 -inch Fire Line	64	265	25,440	
10 -inch Fire Line	100	7	1,050	
12 -inch Fire Line	144	6	1,296	
14 -inch Fire Line	196	0	0	
16 -inch Fire Line	256	1	384	
Private Hydrants	27.6	816	33,782	
Total Private Fire		<u>2,303</u>	<u>114,650</u>	<u>0.4159</u>
<u>Public Fire Protection:</u>				
4 -1/4 inch w/ 2-2 1/2, 1-4 1/2	20.3	6,572	133,412	
5 -1/4 inch w/ 2-2 1/2, 1-4 1/2	27.6	1,000	27,600	
Total Public Fire		<u>7,572</u>	<u>161,012</u>	<u>0.5841</u>
Total Fire Protection		<u>9,875</u>	<u>275,662</u>	<u>1.0000</u>

* Relative Demand for Private Fire lines and hydrants are calculated at 1.5 times the Public Fire Relative Demand.

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the potential demand of general and fire protection service using the ratio of the capacity required for a 10-hour demand of fire flow as related to total storage capacity.

$$\begin{aligned} \text{fire Not updated - storage updated} \\ \text{Fire Protection Weight} &= \frac{10,000 \text{ gpm for 10 hours}}{24,860,000 \text{ Gallons Storage}} = 0.2414 \\ \\ \text{General Service} &= 1.0000 - 0.2414 = 0.7586 \end{aligned}$$

The General Service weight is assigned to base and maximum hour extra capacity, based on the maximum hour ratio, as follows:

	Ratio	Percent	Weight
Base	1.00	0.4000	0.3034
Maximum Hour Extra Capacity	1.50	0.6000	0.4552
Total	2.50	1.0000	0.7586
Private Fire		0.4159	0.1004
Public Fire		0.5841	0.1410
Total Fire		1.0000	0.2414
Total			1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 6. ALLOCATION OF PUMPS AND PUMPING EXPENSES.

Cost Function (1)	Factor 2 (2)	Weighted Factor (3)=(2)x 0.4824	Factor 3 (4)	Weighted Factor (5)=(4)x 0.3547	Factor 4 (6)	Weighted Factor (7)=(6)x 0.1629	Allocation Factor (8)=(3)+(5)+(7)
Base							
Maximum Day Extra Capacity	0.6061	0.2924	0.5589	0.1982	0.3528	0.0575	0.5481
Maximum Hour Extra Capacity	0.3939	0.1900	0.3633	0.1289	0.5293	0.0862	0.3189
Private Fire Service			0.0324	0.0115	0.0490	0.0080	0.0195
Public Fire Service			0.0454	0.0161	0.0689	0.0112	0.0273
Total	<u>1.0000</u>	<u>0.4824</u>	<u>1.0000</u>	<u>0.3547</u>	<u>1.0000</u>	<u>0.1629</u>	<u>1.0000</u>

The weighting of the factors is based on the horsepower of pumps associated with maximum day facilities, maximum day and fire facilities, and

	Horsepower of Pumps	Weight
Associated with Maximum Day	10,130	0.4824
Associated with Maximum Day and Fire	7,447	0.3547
Associated with Maximum Hour	3,421	0.1629
Total	<u>20,998</u>	<u>1.0000</u>

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 7. ALLOCATION OF LINES EXPENSES.

Cost Function (1)	Transmission Mains		Distribution Mains		Allocation Factor (6)=(3)+(5)
	Factor 3 (2)	Weighted Factor (3)=(2)x 0.2014	Factor 4 (4)	Weighted Factor (5)=(4)x 0.7986	
Base	0.5589	0.1126	0.3528	0.2817	0.3943
Maximum Day Extra Capacity	0.3633	0.0732	0.0000	0.0000	0.0732
Maximum Hour Extra Capacity	0.0000	0.0000	0.5293	0.4227	0.4227
Private Fire Service	0.0324	0.0065	0.0490	0.0391	0.0457
Public Fire Service	0.0454	0.0091	0.0689	0.0550	0.0642
Total	1.0000	0.2014	1.0000	0.7986	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	2,042,783	0.2014
Distribution Mains	8,099,071	0.7986
Total	10,141,854	1.0000

FACTOR 8. ALLOCATION OF TRANSMISSION AND DISTRIBUTION OPERATION SUPERVISION SALARIES AND WAGES.

The factors are based on the allocation of other transmission and distribution operating expenses, as follows:

Cost Function (1)	Transmission & Distribution Operating Expenses (2)	Allocation Factor (3)
Base	\$335,054	0.3942
Maximum Day Extra Capacity	62,179	0.0732
Maximum Hour Extra Capacity	359,165	0.4227
Private Fire Service	38,795	0.0457
Public Fire Service	54,523	0.0642
Total	\$849,716	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

These costs are assigned directly to the Customer Facilities Cost Function.

Cost Function (1)	Allocation Factor (2)
Meters	1.0000

FACTOR 10. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

These costs are assigned directly to the Customer Facilities Cost Function.

Cost Function (1)	Allocation Factor (2)
Services	1.0000

FACTOR 11. ALLOCATION OF COSTS ASSOCIATED WITH BILLING AND COLLECTING.

These costs are assigned directly to the Customer Accounting Cost Function.

Cost Function (1)	Allocation Factor (2)
Billing and Collecting	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 12. ALLOCATION OF COSTS ASSOCIATED WITH METER READING.

These costs are assigned directly to the Customer Accounting Cost Function.

Cost Function (1)	Allocation Factor (2)
Meter Reading	<u>1.0000</u>

FACTOR 13. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

These costs are assigned directly to Public Fire Protection.

Cost Function (1)	Allocation Factor (2)
Public Fire Protection	<u>1.0000</u>

FACTOR 14. ALLOCATION OF TRANSMISSION AND DISTRIBUTION MISCELLANEOUS MAINTENANCE EXPENSES.

The factors are based on the allocation of other transmission and distribution maintenance expenses.

Cost Function (1)	Transmission & Distribution Maintenance Expenses (2)	Allocation Factor (3)
Base	\$416,515	0.2622
Maximum Day Extra Capacity	64,612	0.0407
Maximum Hour Extra Capacity	475,766	0.2994
Meters	85,398	0.0537
Services	395,195	0.2487
Private Fire Service	62,931	0.0396
Public Fire Service	88,421	0.0557
Total	\$1,588,839	1.0000

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 15. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES.

The factors are based on the allocation of all other operation and maintenance expenses excluding power, chemicals, and purchased water, as follows:

Cost Function <u>(1)</u>	Other Operating Expenses <u>(2)</u>	Allocation Factor <u>(3)</u>
Base	\$3,034,001	0.3209
Maximum Day Extra Capacity	1,374,898	0.1454
Maximum Hour Extra Capacity	1,378,211	0.1458
Meters	111,711	0.0118
Services	517,058	0.0547
Billing and Collecting	1,967,475	0.2081
Meter Reading	670,853	0.0710
Private Fire Service	166,043	0.0176
Public Fire Service	233,313	0.0247
 Total	 <u>\$9,453,562</u>	 <u>1.0000</u>

FACTOR 16. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

The factors are based on the allocation of operation and maintenance direct labor expense, as summarized below.

Cost Function <u>(1)</u>	Direct Labor Expense <u>(2)</u>	Allocation Factor <u>(3)</u>
Base	\$2,594,910	0.3674
Maximum Day Extra Capacity	1,189,252	0.1684
Maximum Hour Extra Capacity	1,147,939	0.1625
Meters	100,514	0.0142
Services	465,267	0.0659
Billing and Collecting	494,095	0.0700
Meter Reading	761,806	0.1079
Private Fire Service	128,396	0.0182
Public Fire Service	180,370	0.0255
 Total	 <u>\$7,062,548</u>	 <u>1.0000</u>

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 17. ALLOCATION OF ORGANIZATION AND OTHER RATE BASE ELEMENTS.

The factors are based on the allocation of utility plant in service, as follows:

Cost Function <u>(1)</u>	Utility Plant in Service <u>(2)</u>	Allocation Factor <u>(3)</u>
Base	\$90,115,654	0.3960
Maximum Day Extra Capacity	42,090,230	0.1849
Maximum Hour Extra Capacity	37,065,433	0.1628
Meters	25,206,476	0.1107
Services	7,577,827	0.0333
Billing and Collecting	2,424,429	0.0107
Meter Reading	827,172	0.0036
Private Fire Service	6,169,571	0.0271
Public Fire Service	16,146,587	0.0709
 Total	 <u>\$227,623,378</u>	 <u>1.0000</u>

FACTOR 18. ALLOCATION OF TAXES AND UTILITY OPERATING INCOME.

The factors are based on the allocation of original cost rate base, as shown on the following pages and summarized below.

Cost Function <u>(1)</u>	Original Cost Rate Base <u>(2)</u>	Allocation Factor <u>(3)</u>
Base	\$140,263,125	0.4591
Maximum Day Extra Capacity	74,473,878	0.2437
Maximum Hour Extra Capacity	35,033,545	0.1147
Meters	21,679,871	0.0710
Services	6,808,645	0.0223
Billing and Collecting	2,763,688	0.0090
Meter Reading	944,593	0.0031
Private Fire Service	7,156,371	0.0234
Public Fire Service	16,420,755	0.0537
 Total	 <u>\$305,544,472</u>	 <u>1.0000</u>

KENTUCKY-AMERICAN WATER COMPANY
 COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref (2)	Cost of Service (3)	Base (4)	Extra Capacity (5)		Max Hour (6)	Customer Facilities (7)		Customer Accounting (8)		Fire Service (9)		Public Fire (12)
				Max Day (5)	Max Hour (6)		Meters (7)	Services (8)	Billing & Collecting (9)	Meter Reading (10)	Private Fire (11)		
RATE BASE													
301 Organization	17	37,534	14,863	6,940	6,111	4,155	1,250	402	135	1,017	2,661		
302 Franchise and Consents	17	70,261	27,823	12,991	11,438	7,778	2,340	752	253	1,904	4,982		
303 Other P/E Intangibles	17	6,148	2,435	1,137	1,001	681	205	66	22	167	436		
303.6 Other P/E Comprehensive Studies	17	420,904	166,678	77,825	68,523	46,594	14,016	4,504	1,515	11,406	29,842		
310 Land and Land Rights	2	335,512	203,354	132,158	0	0	0	0	0	0	0		
311 Source of Supply Struct & Improv	2	3,012,645	1,825,964	1,186,681	0	0	0	0	0	0	0		
312 Collecting & Impounding Reservoirs	1	653,183	653,183	0	0	0	0	0	0	0	0		
313 Lake, River and Other Intakes	2	485,437	294,223	191,214	0	0	0	0	0	0	0		
314 Wells and Springs	2	0	0	0	0	0	0	0	0	0	0		
316 Supply Mains	2	3,985,807	2,415,798	1,570,009	0	0	0	0	0	0	0		
320 Pumping Land & Land Rights	6	91,827	50,330	29,284	7,915	0	0	0	0	1,791	2,507		
321 Pumping Structures & Improvements	6	3,651,657	2,001,473	1,164,513	314,773	0	0	0	0	71,207	99,690		
323 Other Power Production Equipment	6	455,120	249,451	145,138	39,231	0	0	0	0	8,875	12,425		
325 Electric Pumping Equipment	6	12,017,817	6,586,965	3,832,482	1,035,936	0	0	0	0	234,347	328,086		
326 Diesel Pumping Equipment	6	368,842	202,162	117,624	31,794	0	0	0	0	7,192	10,069		
328 Other Pumping Equipment	6	843,367	462,249	268,950	72,698	0	0	0	0	16,446	23,024		
330 Land and Land Rights	2	68,164	41,314	26,850	0	0	0	0	0	0	0		
331 Water Treat Structures & Improv	2	8,492,370	5,147,225	3,345,145	0	0	0	0	0	0	0		
332 Water Treat and Equipment	2	16,337,180	9,901,965	6,435,215	0	0	0	0	0	0	0		
334 GAC	2	0	0	0	0	0	0	0	0	0	0		
340 Land and Land Rights	7	4,053,825	1,598,475	296,644	1,713,503	0	0	0	0	185,083	260,120		
341 T & D Structures & Improvements	14	296,055	77,626	12,049	88,639	15,898	73,629	0	0	11,724	16,490		
342 Distrib. Reservoirs & Standpipes	5	9,322,911	2,828,571	0	4,243,789	0	0	0	0	936,020	1,314,530		
343 Transmission & Distribution Mains													
Distribution													
Transmission	4	52,557,226	18,542,189	0	27,818,540	0	0	0	0	2,575,304	3,621,193		
Services	3	59,152,345	33,060,245	21,490,047	0	0	0	0	0	1,916,536	2,685,516		
345 Meters	10	6,866,926	0	0	0	0	6,866,926	0	0	0	0		
346 Meter Installations	9	13,698,459	0	0	0	13,698,459	0	0	0	0	0		
347 Fire Hydrants	9	11,354,645	0	0	0	11,354,645	0	0	0	0	0		
348 Office Structures	13	7,485,173	0	0	0	0	0	0	0	0	7,485,173		
390.1 General Structures - HVAC	15	3,474,181	1,114,865	505,146	506,536	40,995	190,038	722,977	246,667	61,146	85,812		
390.2 Miscellaneous Structures & Improv	15	786,220	252,298	114,316	114,631	9,277	43,006	163,612	55,822	13,837	19,420		
390.3 Office Furniture and Equipment	15	1,508,707	484,144	219,366	219,969	17,803	82,526	313,962	107,118	26,553	37,265		
391 Transportation Equip	15	598,845	192,169	87,072	87,312	7,066	32,757	124,620	42,518	10,540	14,791		
392 Stores Equipment	15	948,896	304,501	137,969	138,349	11,197	51,905	197,465	67,372	16,701	23,438		
393 Tools, Shop & Garage Equipment	15	1,160	372	169	169	14	63	241	82	20	29		
394 Laboratory Equipment	15	1,692,722	543,194	246,122	246,799	19,974	92,592	352,255	120,183	29,792	41,810		
395 Power Operated Equipment	2	386,579	234,306	152,273	0	0	0	0	0	0	0		
396 Communication Equipment	15	637,537	204,586	92,698	92,953	7,523	34,873	132,671	45,265	11,221	15,747		
397 Miscellaneous Equipment	15	1,393,199	447,078	202,571	203,128	16,440	76,208	289,925	98,917	24,520	34,412		
398 Other Tangible Property	15	794,857	255,070	115,572	115,890	9,379	43,479	165,410	56,435	13,989	19,633		
399 Total Depreciable Plant Net of Accumulated Depreciation, Contributions and Advances	15	(186,018)	(59,693)	(27,047)	(27,121)	(2,195)	(10,175)	(38,710)	(13,207)	(3,274)	(4,595)		
		228,158,225	90,327,454	42,189,123	37,152,506	25,265,684	7,595,637	2,430,152	829,097	6,184,065	16,184,508		

KENTUCKY-AMERICAN WATER COMPANY
COST OF SERVICE FOR THE TWELVE MONTHS ENDING MAY 31, 2010, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Base (4)	Extra Capacity		Meters (7)	Customer Facilities		Customer Accounting		Fire Service	
				Max Day (5)	Max Hour (6)		Services (8)	Billing & Collecting (9)	Meter Reading (10)	Private Fire (11)	Public Fire (12)	
OTHER RATE BASE ELEMENTS												
Utility Plant Acquisition Adjustments	17	18,488	7,321	3,418	3,010	2,047	616	198	67	501	1,311	
Accumulated Amortization	17	0	0	0	0	0	0	0	0	0	0	0
CWIP - Water Treatment Plant and Supply Mains	2	57,737,073	34,994,440	22,742,633	0	0	0	0	0	0	0	0
CWIP - Transmission Mains	3	39,414,556	22,028,795	14,319,308	0	0	0	0	0	1,277,032	1,789,421	0
CWIP - Reservoirs and Standpipes	5	3,570,681	1,083,345	0	1,625,374	0	0	0	0	358,496	503,466	0
CWIP - Distribution Mains	4	1,437,461	507,136	0	760,848	0	0	0	0	70,436	99,041	0
CWIP - Meters and Meter Installations	9	269,212	0	0	0	269,212	0	0	0	0	0	0
CWIP - Services	10	198,186	0	0	0	0	198,186	0	0	0	0	0
CWIP - Hydrants	13	29,981	0	0	0	0	0	0	0	0	0	0
CWIP - Other	15	160,194	51,406	23,292	23,356	1,890	8,763	33,336	11,374	2,819	29,981	0
Working Capital Allowance	20	4,271,000	2,579,684	362,181	363,035	29,470	136,245	518,499	176,819	43,564	3,957	0
Other Working Capital Allowance	15	575,573	184,701	83,688	83,919	6,792	31,484	119,777	40,866	10,130	14,217	0
Deferred Income Taxes	17	(33,911,117)	(13,428,802)	(6,270,166)	(5,520,730)	(3,753,961)	(1,129,240)	(362,849)	(122,080)	(918,991)	(2,404,298)	0
Deferred Investment Tax Credits	17	(83,326)	(32,997)	(15,407)	(13,565)	(9,224)	(2,775)	(892)	(300)	(2,258)	(5,908)	0
Deferred Maintenance												
Treatment Plant	2	1,356,340	822,078	534,262	0	0	0	0	0	0	0	0
Distribution Reservoir	5	1,595,446	484,058	0	726,247	0	0	0	0	160,183	224,958	0
Deferred Debits												
Source of Supply	2	1,774,227	1,075,359	698,868	0	0	0	0	0	0	0	0
General	15	184,719	59,276	26,858	26,932	2,180	10,104	38,440	13,115	3,251	4,563	0
Other Rate Base Elements	17	(1,212,447)	(480,129)	(224,182)	(197,386)	(134,218)	(40,374)	(12,973)	(4,365)	(32,857)	(85,963)	0
Community Education Costs	11	0	0	0	0	0	0	0	0	0	0	0
Total Other Rate Base Elements		77,386,247	49,935,672	32,284,755	(2,118,961)	(3,585,812)	(786,992)	333,537	115,496	972,305	236,247	0
Total Original Cost Measure of Value		305,544,472	140,263,125	74,473,878	35,033,545	21,679,871	6,808,645	2,763,688	944,593	7,156,371	16,420,755	0

KENTUCKY-AMERICAN WATER COMPANY

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

FACTOR 19. ALLOCATION OF OTHER REVENUES.

The factors are based on the allocation of total cost of service, as follows:

Cost Function <u>(1)</u>	Total Cost of Service <u>(2)</u>	Allocation Factor <u>(3)</u>
Base	\$35,830,898	0.4473
Maximum Day Extra Capacity	14,555,893	0.1817
Maximum Hour Extra Capacity	9,253,671	0.1155
Meters	4,044,222	0.0505
Services	2,863,229	0.0357
Billing and Collecting	6,890,580	0.0860
Meter Reading	2,013,412	0.0251
Private Fire Service	1,519,844	0.0190
Public Fire Service	3,143,139	0.0392
Total	<u>\$80,114,888</u>	<u>1.0000</u>

FACTOR 20. ALLOCATION OF CASH WORKING CAPITAL.

The factors are based on the allocation of all other operation and maintenance expenses including power, chemicals, and purchased water, as follows:

Cost Function <u>(1)</u>	Total Cost of Service <u>(2)</u>	Allocation Factor <u>(3)</u>
Base	\$9,789,497	0.6040
Maximum Day Extra Capacity	1,374,898	0.0848
Maximum Hour Extra Capacity	1,378,211	0.0850
Meters	111,711	0.0069
Services	517,058	0.0319
Billing and Collecting	1,967,475	0.1214
Meter Reading	670,853	0.0414
Private Fire Service	166,043	0.0102
Public Fire Service	233,313	0.0144
Total	<u>\$16,209,058</u>	<u>1.0000</u>

KENTUCKY-AMERICAN WATER COMPANY

SUMMARY OF AVERAGE DAY AND PEAK DAY DELIVERY FOR THE YEARS 1990-2007

Year	Annual Sendout (MG)	Average Day (MGD)	Peak Day (MGD)	Date	Ratio
(1)	(2)	(3)	(4)	(5)	(6)
2007	15,734	43.11	64.30	6/15	1.49
2006	15,619	42.79	67.22	8/7	1.57
2005	16,068	44.02	69.65	8/2	1.58
2004	14,931	40.91	56.89	6/29	1.39
2003	15,005	41.11	61.37	7/8	1.49
2002	15,956	43.72	71.82	8/5	1.64
2001	14,962	40.99	56.04	6/19	1.37
2000	14,565	39.90	66.37	6/13	1.66
1999	15,077	41.31	61.18	8/11	1.48
1998	14,799	40.55	64.67	9/14	1.60
1997	14,419	39.50	60.70	7/18	1.54
1996	14,265	39.08	53.70	6/30	1.37
1995	14,549	39.86	63.77	7/14	1.60
1994	14,471	39.65	58.36	6/16	1.47
1993	14,290	39.15	60.39	7/8	1.54
1992	13,303	36.45	47.22	7/13	1.30
1991	13,450	36.85	56.42	8/7	1.53
1990	12,557	34.40	58.05	7/9	1.69

PART III. PROPOSED CUSTOMER RATES

KENTUCKY-AMERICAN WATER COMPANY
COMPARISON OF PRESENT AND PROPOSED RATES

Meter Charges, Per Month:

<u>Meter Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>
5/8	\$ 7.95	\$ 8.60
3/4	11.94	12.90
1	19.89	21.50
1-1/2	39.77	43.00
2	63.64	68.80
3	119.32	129.00
4	198.86	215.00
6	397.73	430.00
8	636.36	688.00

<u>Consumption Charges:</u>	<u>Per Thousand Gallons</u>		<u>Per CCF</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
Residential	\$ 3.11705	\$ 4.44240	\$ 2.33779	\$ 3.33180
Commercial	2.850693	3.99733	2.13802	2.99800
Industrial	2.285520	3.22667	1.71414	2.42000
Other Public Authority	2.660013	3.75467	1.99501	2.81600
Sales for Resale	2.683813	3.75467	2.01286	2.81600
Hidden Leak	3.117053	4.44240	2.33779	3.33180

Fire Protection:

<u>Private Fire Line Size</u>	<u>Present Rate Per Annum</u>	<u>Proposed Rate Per Annum</u>
2	\$ 60.24	\$ 83.76
4	241.20	335.28
6	542.05	753.48
8	963.36	1,339.08
10	1,505.40	2,092.56
12	2,168.16	3,013.80
14	2,851.40	4,102.44
16	3,853.92	5,356.92
Private Fire Hydrant	542.04	753.48
Public Fire Hydrant	325.68	411.60

KENTUCKY-AMERICAN WATER COMPANY
CALCULATION OF MONTHLY SERVICE CHARGES

Cost Function (1)	Cost of Service (Schedule D) (2)	Number of Units (3)	Description (4)	Cost Per Unit Per Month (5)
Meters	\$ 3,845,840	143,721	5/8-inch meter equivalents	\$ 2.23
Services	2,815,855	134,976	3/4-inch service equivalents	1.74
Billing & Collecting	4,729,903	123,197	Number of customers	3.20
Meter Reading	<u>2,023,629</u>	122,499	No. of metered customers	<u>1.38</u>
Total	<u><u>\$ 13,415,227</u></u>			<u><u>\$ 8.55</u></u>

Meter Size (1)	Capacity Ratio	Present Rate	Proposed Rate
5/8-inch	1.0	\$ 7.95	\$ 8.60
3/4-inch	1.5	11.94	12.90
1-inch	2.5	19.89	21.50
1-1/2-inch	5.0	39.77	43.00
2-inch	8.0	63.64	68.80
3-inch	15.0	119.32	129.00
4-inch	25.0	198.86	215.00
6-inch	50.0	397.73	430.00
8-inch	80.0	636.36	688.00