

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: **Michael A. Miller**

161. Has any other jurisdiction in which American Water operates disallowed a cost allocation for the Customer Call Center and/or the ORCOM software? If yes, please provide the orders relating to that disallowance.

Response:

Please see the attached order of the Indiana Utility Regulatory Commission.

For the electronic version, refer to KAW_R_AGDR1#161_042610.pdf.

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA-AMERICAN)
 WATER COMPANY, INC. FOR)
 AUTHORITY TO INCREASE ITS RATES)
 AND CHARGES FOR WATER AND SEWER) CAUSE NO. 43187
 SERVICE, FOR APPROVAL OF NEW)
 SCHEDULES OF RATES AND CHARGES)
 APPLICABLE THERETO, AND FOR) APPROVED:
 APPROVAL OF CERTAIN TARIFF) OCT 1 0 2007
 CHANGES TO IMPLEMENT A TRACKING)
 MECHANISM FOR PURCHASED POWER)
 COSTS)

BY THE COMMISSION:

Gregory D. Server, Commissioner

Loraine L. Seyfried, Administrative Law Judge

On December 1, 2006, Indiana-American Water Company, Inc. ("Petitioner") filed its Petition and Notice of Intent to File in Accordance with the Minimum Standard Filing Requirements ("MSFRs"), seeking authority to increase its rates and charges for water and sewer service, approval of new schedules of rates and charges applicable thereto, and approval of tariff changes to implement a tracking mechanism for purchased power costs. Petitioner's notice of its intent to file in accordance with the Indiana Utility Regulatory Commission's ("Commission") rules on MSFRs was given pursuant to 170 IAC 1-5-1 *et seq.*

Pursuant to notice and as provided in 170 IAC 1-1.1-15, a Prehearing Conference was convened in this cause on January 11, 2007, at 9:30 A.M., EST, in Room E306, Indiana Government Center South, 302 West Washington Street, Indianapolis, Indiana. Proofs of publication of notice of the Prehearing Conference were incorporated into the record and placed in the official files of the Commission. The procedural, scheduling, and other matters determined at the Prehearing Conference were memorialized in the Commission's Prehearing Conference Order approved and issued on January 24, 2007. Petitioner, the Indiana Office of Utility Consumer Counselor ("OUCC"), Town of Schererville, Indiana ("Schererville") and Indiana-American Industrial Group ("Industrial Group") participated in the Prehearing Conference.

Petitions to intervene in this cause were filed on December 22, 2006, by Schererville; on January 9, 2007, by Sullivan-Vigo Rural Water Co.; on January 10, 2007, by the Industrial Group; on February 28, 2006, by Crown Point Municipal Water; on March 5, 2007, by Ramsey Water Company, Inc.; and on March 15, 2007, by the City of West Lafayette. The Presiding Officers granted the petitions to intervene filed by Schererville, Sullivan-Vigo Rural Water Corporation and the Industrial Group at the January 11, 2007 Prehearing Conference. Crown Point Municipal Water's petition to intervene was granted by docket entry on March 12, 2007.

Ramsey Water Company, Inc.'s petition to intervene was granted by docket entry on March 15, 2007. West Lafayette's petition to intervene was granted by the Presiding Officers at the first evidentiary hearing, on March 19, 2007.

Pursuant to notice published as required by law, a public evidentiary hearing commenced on March 19, 2007, at 9:30 a.m. EST, in Conference Center Room No. 32 of the Indiana Government Center South, Indianapolis, Indiana. Proofs of publication of the notice of such hearing were incorporated into the record of this proceeding by reference. During the evidentiary hearing, evidence constituting Indiana-American's case-in-chief was offered and admitted into the record and its witnesses were offered for cross-examination.

On March 20, 2007, the evidentiary hearing was continued to April 19, 2007, for the purpose of conducting a public field hearing in the City of Greenwood, Indiana. On April 19, 2007, the evidentiary hearing was continued to May 14, 2007, for the purpose of conducting a public field hearing in the City of Jeffersonville, Indiana. On May 14, 2007, the evidentiary hearing was continued to May 17, 2007, for the purpose of conducting a public field hearing pursuant to Ind. Code § 8-1-2-61(b) in the City of Gary, Indiana, which is the largest municipality in Petitioner's service area. Pursuant to notice published as required by law, a public evidentiary hearing was commenced on June 5, 2007, for the purpose of conducting a public field hearing in the City of Muncie, Indiana. During these public field hearings, members of the public provided either oral or written testimony, or both, in this Cause.

On June 5, 2007, the evidentiary hearing was continued to July 19, 2007. At this hearing, counsel for Petitioner and the OUCC (collectively the "Settling Parties") indicated that they had reached a settlement in principle and were endeavoring to reduce that settlement to writing. On July 31, 2007, the Settling Parties filed a Stipulation and Settlement Agreement (the "Settlement") with the Commission for approval. Pursuant to the terms of the Settlement, the Settling Parties agreed Petitioner should be authorized to increase its base rates and charges 9.9% across-the-board to produce total annual operating revenues of \$157,229,608 and total annual operating revenues from rates subject to increase of \$155,738,483. The increase is calculated to produce total net operating income of \$36,806,402. The Settlement sets forth the agreed upon pro forma adjustments that support the agreed rate increase. The Settling Parties also agreed that, for purposes of the Settlement, Petitioner's cost of common equity is 10%. In the Settlement, Petitioner agreed to withdraw its request for approval of a purchased power tracker and committed to initiate a formal water conservation program and file that program for approval by this Commission in a docketed proceeding.

On July 19, 2007, the evidentiary hearing was continued to September 4, 2007. On August 27, 2007, Petitioner and the Industrial Group filed a Submission of Settlement Agreement, which attempts to resolve a discrete issue raised by the Industrial Group as to the calculation of future distribution system improvement charges ("DSIC") on a going forward basis (the "DSIC Settlement"). On August 28, 2007, the OUCC filed a Response to the DSIC Settlement, which noted the relative impact of the proposed allocation and stated that the OUCC neither joined in nor objected to the DSIC Settlement. At the evidentiary hearing on September 4, Petitioner and the OUCC offered their Settlement, and both offered testimony in support of the Settlement. Petitioner and the Industrial Group offered their DSIC Settlement, and the Industrial

Group offered testimony in support thereof. Having considered all of the evidence presented in this proceeding, and based on the applicable law, the Commission now finds:

1. **Notice and Jurisdiction.** Due, legal and timely notice of the Petition filed in this cause was given and published by Petitioner as required by law. Proper and timely notice was given by Petitioner to its customers summarizing the nature and extent of the proposed changes in its rates and charges for water and sewer service. Due, legal and timely notices of the Prehearing Conference and the other public hearings in this cause were given and published as required by law. Petitioner is a "public utility" within the meaning of that term in Ind. Code § 8-1-2-1(a)(2) and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana. Accordingly, this Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioner's Characteristics.** Petitioner is an Indiana corporation engaged in the business of rendering water utility service to approximately 280,000 customers in twenty-one (21) counties in the State of Indiana. Petitioner provides water service by means of water utility plant, property, equipment and related facilities owned, leased, operated, managed and controlled by it which are used and useful for the convenience of the public in the production, treatment, transmission, distribution and sale of water for residential, commercial, industrial, sale for resale and public authority purposes. Petitioner also provides public and private fire service. In addition, Petitioner provides sewer utility service in Wabash County in Somerset, Indiana and in Delaware County in or near Muncie, Indiana.

3. **Existing Rates.** Petitioner's existing base rates and charges for water and sewer service were established pursuant to the Commission's Order in Cause No. 42520 dated November 18, 2004 ("2004 Rate Order"). Subsequently, Petitioner implemented Distribution System Improvement Charges ("DSIC's") pursuant to Ind. Code § 8-1-31-1 *et seq.* and the Commission's Orders in Cause Nos. 42351-DSIC2 (applicable to all customers except those in Wabash, Mooresville, West Lafayette, Warsaw and Winchester) and 42351-DSIC3 (applicable to all customers) dated June 8, 2005, and October 4, 2006, respectively. Since its last rate case and pursuant to ordinances adopted by certain municipalities, Indiana-American also has implemented public fire protection surcharges in lieu of charges directly billed to such municipalities in five (5) communities as prescribed by Ind. Code § 8-1-2-103(d) and the Commission's Orders in Cause Nos. 42761, 42784, 42809, 42850 and 42921.

4. **Relief Requested.** Petitioner originally requested that its rates be increased by 17.4% on an across-the-board basis. Prior to the hearing on Petitioner's case-in-chief, Petitioner filed supplemental direct testimony and exhibits increasing the requested increase to 18.09% to produce a total increase in operating revenues of \$25,670,570. Petitioner's Exhibit EJK-2-U. The further increase was based on the updated rate base and capital structure to December 31, 2006, as allowed by 170 IAC 1-5-5(5).

5. **Test Year.** As provided in the Prehearing Conference Order, the test year to be used for determining Petitioner's actual and pro forma operating revenues, expenses and operating income under present and proposed rates is the twelve (12) months ended June 30, 2006. The financial data for this test year, when adjusted for changes that are fixed, known and measurable for ratemaking purposes and that will occur within twelve months following the end

of the test year, as provided in the Prehearing Conference Order, is a proper basis for fixing new rates for Petitioner.

6. **Testimony Presented at Field Hearings.** The Commission held public field hearings in Greenwood, Jeffersonville, Gary and Muncie, Indiana. At each of the hearings, members of the public provided testimony, submitted written comments, or did both. Many citizens objected to the requested increase in water rates, citing to recent job losses in the area, recent increases in other utility rates and concern for retirees in the area living on fixed incomes. Citizens also raised concerns regarding the frequency of water rate increases and the amount of the increase requested by Petitioner. Several citizens also noted concerns or issues experienced with the service and quality of water provided by Petitioner. A few commented that good utility service is key to economic growth and were supportive of reasonable increases necessary to provide good water service.

7. **Rate Base.** Petitioner's witness Edward J. Grubb testified that Petitioner's net original cost rate base as of December 31, 2006, was \$497,745,925. Petitioner's Exhibit EJJ-3-U. OUCC witness Judy Gemmecke testified that the net original cost rate base as of that date equaled \$488,798,810. The difference related to five issues. For purposes of the Settlement, the parties have agreed to a net original cost rate base of \$492,423,945 for purposes of this case, which is produced by the resolution of the issues in dispute as described in subparagraph a below.

a. **Rate Base Differences.** There were five (5) contested differences between Petitioner's net original cost rate base and that of the OUCC. Those differences concerned (1) Petitioner's Enhanced Customer Information System ("E-CIS") project, (2) the necessity of one of the high service pumps at the Southern Indiana Operations and Treatment Center ("SIOTC"), (3) certain office furniture in Greenwood, (4) the proceeds of a settlement with PPG Industries, Inc. ("PPG") and (5) the second floor and atrium in the administrative offices of the SIOTC. For purposes of the Settlement, these issues have been resolved as follows:

i. **E-CIS.** Petitioner's E-CIS software is used to provide billing information and other customer service for Indiana-American's ratepayers. Petitioner is a subsidiary of American Water Works Company, Inc. ("American"). E-CIS was implemented jointly by various affiliates at a total cost of \$73.7 million, of which Indiana-American's allocated share was \$6.47 million. In Cause No. 42520, we found that Petitioner had justified the decision to upgrade to the E-CIS database, but disallowed most of the cost of E-CIS and only included \$659,378 in rate base. We reasoned that it had not been adequately explained how the cost of this project had grown from \$7,326,422 based upon the original contract with Orcom Systems, Inc. ("ORCOM contract") to a figure of \$71,416,845. We also had concerns that Petitioner had not adequately demonstrated how the total cost had then been allocated among all affiliates. In this case, Petitioner's witness Joseph Van den Berg responded to these questions and concerns. Mr. Van den Berg's testimony included a timetable showing when costs had been incurred, a breakdown of the categories of expenditures, and an explanation of the allocation. He explained that the original ORCOM contract only covered the cost of purchasing the software and did not include integration services. The original expectation was that American would use its own internal resources for integration, and he pointed out the language in the ORCOM contract delegating this responsibility. Later, American determined that a more intensive integration effort would be

required, and in 2001, Accenture was selected as the integration partner. The largest share of the total cost of E-CIS represented payments to Accenture for integration services.

OUCG witness Harold L. Rees disputed Petitioner's rate base treatment for E-CIS. Mr. Rees noted that initially, the E-CIS plan was developed to provide enhanced features to the existing call centers of the operating companies and then, later, the concept of creating a national call center was folded into the process. Mr. Rees noted that, based on the numbers provided by Mr. Van den Berg, approximately half of the customers to be served by the new E-CIS upgrade were being so served when only about \$16 million had been spent. Mr. Rees noted that this was before the decision had been made to go to a national call center. Mr. Rees advocated including \$659,378 in rate base for E-CIS, representing the OUCG's estimated cost of the software upon which our finding was based in Cause No. 42520. He proposed two alternatives in the event the Commission was to find that more of the allocated E-CIS upgrade costs should be included in rate base. First, Mr. Rees proposed including only E-CIS costs incurred through September 2000, the time when the decision was made for Petitioner to participate in a national call center. This alternative would result in rate base inclusion of \$1,695,636 for E-CIS. As a second alternative, Mr. Rees advocated deriving an E-CIS cost for Indiana-American based on the total cost incurred during the time within which three of Petitioner's largest affiliates were able to go live with E-CIS. This would establish an allocated cost of \$3.034 million for the E-CIS upgrade in Indiana-American's rate base.

For purposes of the Settlement, the OUCG and Petitioner agreed to include the OUCG's second alternative resulting in a \$3.034 million rate base for Indiana-American's portion of the E-CIS upgrade. This adjustment affects the authorized return and the utility's depreciation expense. While the OUCG's testimonial position proposed including in rate base only the level approved in the last case, the OUCG had not reduced Indiana-American's proposed depreciation expense to reflect the level of rate base it advanced in this case. Therefore, depreciation expense in the OUCG's case was based on the rate base amount for the E-CIS upgrade Indiana-American requested in its case-in-chief. But when E-CIS is included in rate base for purposes of both a return on and depreciation expense (return of) at the agreed upon level of \$3.034 million, it actually produces a reduction in the revenue requirements from the OUCG's testimonial position. In addition to the foregoing, the Settling Parties further agreed that E-CIS should be included in Petitioner's rate base at the level of \$3.034 million in future rate cases, subject to depreciation.

ii. SIOTC Pumps. In Cause No. 42520, we disallowed as excess capacity the cost of one high service pump at the SIOTC. Petitioner had explained at that time that all of the pumps were needed due to the design of the SIOTC clearwell reservoir with two compartments so that either compartment could be isolated. We explained in our findings that we needed more information explaining this reservoir isolation feature, and we provided a list of information we needed. In this case, Petitioner's witness Alan J. DeBoy provided information responsive to our findings. OUCG witness Roger Pettijohn agreed with the reservoir isolation feature but still contended Petitioner has one pump more than is necessary to meet demand at the SIOTC. On rebuttal, Mr. DeBoy disputed this assertion. For purposes of this case, the Settling Parties have agreed to the OUCG's rate base reduction equivalent to the removal of one high service pump.

iii. Greenwood Office Furniture. The OUCC proposed to remove from rate base certain furniture that the OUCC could not locate during its audit of the Greenwood Office. In its rebuttal, Petitioner agreed to the OUCC's proposed adjustment. The Settling Parties have accepted the OUCC's position in the Settlement.

iv. Kokomo Settlement. Petitioner received a lump sum payment from PPG during the test year to resolve a dispute concerning contamination allegedly caused by PPG in Petitioner's Kokomo wellfield. The payment reimburses Petitioner for the costs to purchase a treatment device that ensures Petitioner can deliver water in full compliance with the drinking water standards promulgated under the Safe Drinking Water Act. Petitioner recorded contributions in aid of construction ("CIAC") equal to the cost of the treatment device, reimbursed current period costs associated with pursuing the claim against PPG and deferred costs that had not previously been expensed, offset income tax expense associated with the payment, and recorded the remaining proceeds received from PPG below-the-line as other income.

Ms. Gemmecke testified that the full settlement proceeds should be recorded as CIAC. In its rebuttal, Petitioner's witness James M. Jenkins opposed Ms. Gemmecke's treatment. He explained the accounting treatment and the various setoffs that were not reflected in Ms. Gemmecke's calculation. He explained that there was income tax expense associated with the PPG settlement that should be reflected as an offset and that shareholders were assuming significant risks associated with the settlement.

The Settling Parties have agreed that Petitioner should record as CIAC 50% of the additional amount requested by the OUCC, or \$2,286,892. This reflects a balancing of Ms. Gemmecke's proposal and the setoffs described by Mr. Jenkins as well as the risks that Petitioner bears under the settlement. We note that there is authority in another state consistent with the OUCC's testimonial position that the net benefits of settlement proceeds should inure to the customers.¹ We also note that there is authority in another jurisdiction for Petitioner's testimonial position that such benefits must be net of income tax expense.² Finally, there is authority in another state for sharing settlement proceeds in cases where shareholders bear risks associated with settlement.³ The Settlement achieves a result that reflects the range among these various potential outcomes.

v. SIOTC Administrative Offices. Ms. Gemmecke proposed to remove from rate base the cost of a statue on display in the administrative offices at the SIOTC, arguing the statue was not used and useful in the provision of utility service. In addition, she proposed to remove \$500,000 from rate base associated with the second story of the SIOTC. She asserted that the second story allowed a large atrium which was unnecessary and intended for image building and a second floor that was under-utilized. On rebuttal, Mr. Grubb accepted the removal from rate base of the statue. However, Petitioner opposed the disallowance associated with the second

¹ *Washington Gas Light Co. v. Public Serv. Comm'n of Dist. of Columbia*, 450 A.2d 1187, 1239 (1982); *Democratic Cent. Comm. v. Washington Metro. Area Transit Comm'n*, 485 F.2d 786 (D.C. Cir. 1973).

² *Democratic Cent. Comm. v. Washington Metro. Area Transit Comm'n*, 842 F.2d 402 (D.C. Cir. 1988).

³ *Bakman Water Co.*, 2002 Cal. PUC LEXIS 1029 (Cal. Puc. 10/2/03).

story. Petitioner's witness DeBoy explained that the cost of the second floor was small because the back half of the building had to be two stories to contain the water treatment infrastructure. Therefore, only three walls and a partial floor were required to add the second story over the administrative offices. He testified that even if there were to be an adjustment, the estimated cost of adding the second floor was only \$67,000. Mr. DeBoy also disagreed that the purpose of the second floor was image building. For purposes of Settlement, the Parties accepted Petitioner's rebuttal position.

b. **Quantification of Net Original Cost Rate Base.** Based on the evidence, the Settling Parties agreed that the net original cost of Petitioner's water and sewer utility properties used and useful for the convenience of the public for purposes of this case is as follows:

NET ORIGINAL COST RATE BASE	
<u>UTILITY PLANT IN SERVICE</u>	PER <u>SETTLEMENT</u>
Plant in service	\$855,078,570
Capitalized Tank Painting	440,565
Deferred Depreciation	2,394,137
Post-In-Service AFUDC	4,280,607
Total Plant In Service	<u>862,193,879</u>
<u>ACCUMULATED DEPRECIATION</u>	
Plant in Service	\$226,616,690
Plant In Service-Amortization	29,565
Capitalized Tank Painting	337,812
Deferred Depreciation	876,315
Post-In-Service AFUDC	1,442,445
Total Accumulated Depreciation	<u>229,302,828</u>
<u>NET UTILITY PLANT</u>	<u>\$632,891,051</u>
<u>DEDUCT</u>	
Contributions in Aid of Construction	\$74,133,873
Customer Advances for Construction	68,082,427
Capacity Adjustment-Somerset	143,462
Total Deduction	<u>142,359,762</u>
<u>ADD</u>	
Acquisition Adjustment (net)	\$752,711
Materials and Supplies	1,139,945
Total Additions	<u>1,892,656</u>
NET ORIGINAL COST RATE BASE	<u>\$492,423,945</u>

8. **Fair Rate of Return and Fair Value.** The Commission must determine what level of net operating income represents a reasonable rate of return. This determination requires a balancing of the interests of the investors and the consumers. In *Bethlehem Steel Corp. v. Northern Indiana Public Serv. Co.*, 397 N.E.2d 623, 630 (Ind. Ct. App. 1979), the Indiana Court of Appeals instructs that "[w]hat annual rate will constitute just compensation depends upon

many circumstances and must be determined by the exercise of a fair and enlightened judgment, having regard to all relevant factors." The Settling Parties agreed to a cost of common equity of 10% and a weighted cost of capital of 7.29%. They then agreed that \$36,806,402 is a fair return on the fair value of Petitioner's rate base. The following discussion explains how they arrived at their agreement:

a. **Cost of Common Equity.** Paul R. Moul testified on behalf of Petitioner concerning Petitioner's cost of common equity. Mr. Moul concluded that Petitioner's cost of common equity fell within a range of 11.25% to 11.75% and he recommended the use of 11.5% for purposes of this case. To reach his conclusion, he conducted discounted cash flow ("DCF"), risk premium ("RP"), capital asset pricing model ("CAPM") and comparable earning methods. These methods produced a low end of his range of 10.87% for the DCF to a high end of 14.55% for his comparable earning methodology. For purposes of his analysis, Mr. Moul used a proxy group of water companies that he asserted are of comparable risk to Petitioner. The proxy group consists of water companies that are contained in The Value Line Investment Survey, their stock is publicly traded, and they are not currently the target of an announced merger or acquisition. He testified that given Petitioner's ongoing construction budget, which will require external financing, a fair return is necessary for Petitioner to raise the needed capital on reasonable terms.

Edward R. Kaufman, CRRA, testified on behalf of the OUCC concerning Petitioner's cost of common equity. Mr. Kaufman recommended a cost of common equity for Petitioner of 8.75%. He utilized a DCF and CAPM analysis, producing a range of 7.71% to 9.36%. He utilized two proxy groups, one consisting of the four water companies covered by Value Line's Standard Universe and the second being the same group of companies used by Mr. Moul (which includes the four companies in the first group). The majority of the differences in Mr. Kaufman's analysis related to the use of different inputs in the models, adjustments that Mr. Moul had made to his models, and the weight to be given to each of the models.

The only other witness submitting cost of equity evidence was Michael Gorman on behalf of the Industrial Group. He recommended a cost of common equity of 9.7%. He utilized a constant and two-stage DCF, CAPM, and RP analyses. He also used two proxy groups, one of which was the same as Mr. Moul's and the other of which was a group of local natural gas distribution companies. Mr. Gorman's constant growth DCF study produced a range between 8.4% and 11.3% (with a midpoint of 9.9%), while his two-stage model produced a range of 8.2% to 8.8%. His CAPM produced a return on equity of 10.3% and his RP produced a range of 9.6% to 10.1%, with a midpoint of 9.9%. Overall, his conclusion was the return on equity for Petitioner was between 9.2% and 10.1%. Mr. Gorman also took exception to some of the assumptions and adjustments made by Mr. Moul and testified that if Mr. Moul's adjustments for leverage and flotation were excluded, Mr. Moul's recommendation would have been approximately 10.4%.

In his rebuttal testimony, Mr. Moul responded to the testimonies of Messrs. Kaufman and Gorman. He continued to support his original recommendation of a cost of equity of 11.5%.

For purposes of the Settlement, the OUCC and Petitioner have agreed to a cost of common equity of 10% and have agreed that this cost of common equity is reasonable for Petitioner. The differences between the three witnesses relate mainly to the use of varying

assumptions and adjustments, all of which are matters of professional judgment. Holding to one side that there may be disputes among the professionals about the various inputs and adjustments they believe to be appropriate, all of the witnesses arrived at ranges for the cost of common equity, and 10% lies roughly within all of the ranges that have been recommended. This figure lies approximately equidistant between the low end of Mr. Moul's analysis (10.87%) and the high end of Mr. Kaufman's (9.36%). It is within the range not only of Mr. Gorman's analysis but also his ultimate recommendation on the cost of common equity for Petitioner (9.2% to 10.1%). In addition, the average of the three cost of equity recommendations provided is approximately 10%.

b. **Cost of Capital and Capital Structure.** The Settling Parties agreed that Petitioner's weighted cost of capital is 7.29%. This reflects OUCC witness Margaret Stull's recommendation to include Petitioner's recent debt issue approved in Cause No. 43256 but does not include her recommendation to write off unamortized issuance costs associated with three debt issuances that had been retired prematurely at a savings. Petitioner's witness Mr. Jenkins accepted on rebuttal the former adjustment. He opposed the latter on the grounds that the unamortized issuance costs had been included in the analysis that demonstrated a savings would be produced by the refinancing and that, as a result, the unamortized issuance costs should instead be reflected as part of the cost of issuance of the new debt. The Settling Parties' calculation of Petitioner's cost of capital is as follows:

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Common Equity	\$205,645,731	39.81%	10.00%	3.98%
Long Term Debt	249,784,131	48.36%	6.77%	3.27%
Preferred Stock	330,000	.06%	6.00%	0.00%
Cost Free Capital	58,584,554	11.34%	0.00%	0.00%
Post 1970 JDITC	2,199,350	.43%	8.22%	0.04%
Total	<u>\$516,543,766</u>	<u>100.00%</u>		<u>7.29%</u>

c. **Fair Return on Fair Value.** In *Indianapolis Water Co. v. Public Serv. Comm'n*, 484 N.E.2d 635, 638-640 (Ind. Ct. App. 1985), the Indiana Court of Appeals confirmed that a utility should be allowed to earn a fair rate of return on the fair value of its rate base. Furthermore, in its determination of "fair value" the Commission may not ignore the commonly known and recognized fact of inflation. *Id.* at 640. In *Indianapolis Water*, the Court of Appeals reaffirmed its holding in *Public Serv. Comm'n v. City of Indianapolis* that "reproduction cost new cannot be disregarded in fixing an evaluation for rate making purposes." *Id.* The Court of Appeals more recently confirmed that the Commission must authorize rates that provide the utility with the opportunity to earn a fair rate of return on the fair value of its property. *Gary-Hobart Water Corp. v. Office of Util. Consumer Counselor*, 591 N.E.2d 649, 653-54 (Ind. Ct. App. 1992).

Petitioner's witness Mr. Grubb testified that the fair value of Petitioner's utility plant in service is no less than \$749,481,000, which he computed by updating the Commission's fair value finding in the 2004 Rate Order for intervening inflation and net investor supplied plant additions and retirements. Petitioner's witness Daniel F. Haddock also conducted a reproduction cost new less depreciation ("RCNLD") study which he further adjusted for technological change

based upon the Bureau of Labor Statistics' Measures of Productivity. The RCNLD adjusted for technological change was \$793,000,000. Mr. Grubb testified that the fair rate of return was no less than 5.38%, which was the fair rate of return finding in the 2004 Rate Order.

The Settling Parties stipulated that a fair return on the fair value of Petitioner's rate base is \$36,806,402. This amount is calculated by multiplying the stipulated weighted cost of capital of 7.29% times the parties' stipulated net original cost rate base of \$492,423,945 and then adding a "fair value increment" of \$908,696. This fair value increment is calculated by multiplying the weighted cost of capital times the remaining balance (after amortization) of the acquisition adjustment associated with the acquisition of Indiana Cities Water Corp. (the "Indiana Cities Acquisition Adjustment"). The Indiana Cities Acquisition Adjustment is not included in Petitioner's net original cost rate base. Petitioner's witness Mr. Grubb explained the basis for and the history of the fair value increment in his testimony in support of the Settlement. Mr. Grubb explained that the Commission previously determined the appropriate treatment for the Indiana Cities Acquisition Adjustment in its May 30, 1996 order in Cause No. 40103 (the "1996 Rate Order"). The 1996 Rate Order rejected Petitioner's proposal to include the Indiana Cities Acquisition Adjustment in the net original cost rate base and include the annual amortization as a recoverable expense for ratemaking purposes. Instead, the Commission found that the acquisition adjustment should be included in Petitioner's fair value rate base and that none of the annual amortization should be treated as a recoverable expense. Mr. Jenkins explained in his direct testimony the fair value increment that had resulted in several intervening orders since the 1996 Rate Order, and we took administrative notice of each of these orders.

9. Operating Results Under Present Rates.

a. **Revenues.** Petitioner's witness Gary M. VerDouw testified that Petitioner's pro forma annual revenues at present rates totaled \$141,938,306. OUCC witness Ms. Gemmecke testified that pro forma revenues at present rates equaled \$143,200,389. For purposes of the Settlement, the Settling Parties have agreed to the OUCC's calculation. The differences between their respective positions are explained below:

i. **Customer Growth.** Mr. VerDouw proposed an upward adjustment to revenues for residential customer growth of \$813,652. Mr. VerDouw did not include any volumetric usage associated with his customer growth adjustment. Mr. VerDouw explained that over a three year period, Petitioner has added approximately 8,000 customers and that over that same period consumption has declined. He testified that he did not include a volumetric adjustment as he did not believe it to be fixed, known and measurable. OUCC witness Richard J. Corey calculated an adjustment for customer growth that included volumetric usage based on an average water use per bill resulting in a proposed upward adjustment to revenues of \$915,057. His calculation was consistent with the methodology approved in the 2004 Rate Order. Mr. Corey also proposed upward adjustments to power costs, chemicals and customer accounting related to his adjustment for residential customer growth. In his rebuttal, Mr. VerDouw opposed this adjustment on the basis that the water used by new customers is difficult to predict because of water saving appliances and other efficiencies being included in new homes. For purposes of Settlement, the Parties have accepted the OUCC's adjustment.

ii. Miscellaneous Revenue. Petitioner engaged in three activities not directly related to the provision of water service through which it generates revenues. First, Petitioner provides sewer billing services for various municipalities where it provides water service. Second, Petitioner collects income associated with the rental of land, which is included in rate base. Third, Petitioner collects rents related to other miscellaneous rate base assets including space on storage towers for various antennae (such as cellular antennae). Petitioner did not include any of these revenues in its pro forma annual revenues. Since Petitioner relies on rate based plant for which its customers pay rates calculated to produce a return on and of Petitioner's investment; OUCC witness Ms. Stull proposed to include all of these revenues as other operating revenues. The total revenue that she included was \$1,160,733. In rebuttal, Petitioner's witness Mr. Grubb opposed Ms. Stull's proposed accounting treatment. His argument was two-fold. First, he disputed the contention that Petitioner relies upon assets included in rate base, as Petitioner relies upon costs associated with E-CIS and the Customer Satisfaction Center that have been partially disallowed. Second, Mr. Grubb noted that Petitioner has the right to terminate all of its sewer billing contracts if an order is issued by the Commission which Petitioner deems to be adverse to its interests of continuing to provide the service. Petitioner indicated it would have little or no incentive to continue providing this service if the revenues are all above-the-line. In the Settlement, Petitioner agreed that for purposes of this case and thereafter, revenues received in connection with sewer billing services and for farm and antennae lease rental will be recorded above-the-line as proposed by the OUCC. Petitioner also agreed that the revenues from sewer billing services, farm rental and antenna lease rental will not be less than \$870,550 annually for purposes of the next general rate case. This amount is 75% of the test year amount, and this stipulation is offered to provide the OUCC assurance that Petitioner will continue to provide these services. Petitioner further agreed that it will not take action to discourage recipients of this service from continuing to purchase this service.

b. Operating Expenses.

i. Labor and Labor Related Expense. Mr. VerDouw included \$2,706,819 in labor and labor related expense adjustments based upon the level of payroll and related expenses as of the end of the adjustment period. These expenses include labor, group insurance (including post-retirement benefits other than pensions), pensions, 401(k), and payroll taxes but exclude incentive pay. OUCC witness Harold H. Riceman proposed a labor and labor related expense adjustment totaling \$1,542,416 based upon Petitioner's actual staffing level as of February 2007. In his rebuttal, Mr. VerDouw proposed to calculate the adjustment by eliminating expenses related to budgeted new positions not yet filled but including expenses associated with personnel actually on staff as of the end of May, 2007, and vacant positions which are not new positions. His rebuttal calculation includes labor and labor related expenses associated with the actual employee headcount on staff as of May 31, 2007, plus five existing positions that were temporarily vacant but had not yet been filled as of May 31, 2007, but for which recruitment was active. Mr. VerDouw explained that existing positions that are presently vacant should not be eliminated. These are positions Petitioner has filled in the past and will continue to need on a pro forma basis. These five temporarily vacant positions included in the calculation include the Supervisors for the Shelbyville and Northwest Operations and the Operator for the Johnson County Operations. Mr. VerDouw testified that if any reduction in Petitioner's original number is appropriate, it should be only for the three (3) newly created positions that remained unfilled as of May 31, 2007. This methodology resulted in total labor and labor related expense

adjustments of \$2,445,318. For purposes of the Settlement, the Settling Parties have agreed to Petitioner's proposed level of labor and related expenses as stated in its rebuttal case. There has been no dispute as to the need for the temporarily vacant positions or that those positions are normal to the Company's operations. *See Indiana Gas Co.*, Cause No. 38080, 1987 PUC LEXIS 115, *30-*33, 86 PUR 4th 241 (IURC 9/18/87).

ii. Incentive Pay. Petitioner's witness Mr. Grubb proposed an adjustment of \$112,210 to incentive pay expense from the test year level of \$202,663. He calculated this adjustment based on an assumption that there would be a 100% incentive pay payout. OUCC witness Mr. Riceman contended that the expense for incentive pay should be based upon a three-year average. He proposed an adjustment of \$30,758 to incentive pay expense which was \$81,452 less than Petitioner's adjustment. In his rebuttal, Mr. Grubb contended that the three year average used by the OUCC was not representative of ongoing expenses because it included the year 2005 when the payout was only 49% of the available pay-out. No other year resulted in a payout of less than 86% of available benefits. To offset 2005, he proposed to use a four-year average. For purposes of Settlement, the Settling Parties have agreed to the OUCC's position, which is to base the payout percentage on a three year average.

iii. Misclassified Labor. OUCC witness Mr. Riceman identified a number of expenses he contended were improperly classified in non-payroll accounts. Mr. Riceman testified these expenses should have been included in test year labor expense, thus reducing Petitioner's proposed adjustment to test year labor. Mr. VerDouw agreed that some of the items identified by Mr. Riceman were indeed misclassified labor charges. However, he contended that the remaining items were for reimbursement of out of pocket expenses incurred by employees and for other non-payroll items paid to employees. Mr. VerDouw explained that out of pocket expenses reimbursed to employees include such items as employee safety shoe purchase, overtime meals, personal mileage, and miscellaneous charges, tips, etc. when traveling. Mr. VerDouw reviewed the items that make up the \$164,394 that Mr. Riceman contended had been misclassified and concluded that \$30,026 of that total was for reimbursement of out of pocket and other expenses paid to employees via their paycheck. Mr. VerDouw explained the breakdown of the \$30,026 and opined these items are properly classified in Petitioner's general ledger records and should not be adjusted. For purposes of settlement, the Settling Parties have agreed to Petitioner's rebuttal position and reclassified \$134,368 (\$164,394 - \$30,026) as test year labor expense.

iv. Purchased Water. Petitioner purchases water from various entities to provide service to the districts of Wabash Valley (Sullivan), Newburgh and Northwest Indiana Operations. Mr. VerDouw proposed an adjustment to increase its purchased water expense by \$110,000 from \$615,000 to reflect a rate increase from the City of East Chicago for water purchased to serve the Northwest Indiana Operations. He based his adjustment on discussions with East Chicago officials regarding planned increases in water rates for 2007. OUCC witness Richard Corey noted that East Chicago was increasing its rates and charges in two phases. The second phase of the rate increase was already reflected in the last six months of the test year. Mr. Corey revised the calculation of the adjustment to reflect a more accurate implementation of the East Chicago rate increase. His revision resulted in purchased water expense adjustment of \$99,500. In rebuttal, Mr. VerDouw accepted the OUCC's proposed adjustment. The Settling Parties agreed to the OUCC's position in the Settlement.

v. Purchased Power. Petitioner's witness VerDouw proposed an adjustment to its power expense to reflect increases in those costs outside of the test year. Petitioner contacted its electric service providers to obtain the percentage increase in costs Petitioner would incur to its power expense and used the increase supplied by its electric providers to calculate its adjustment for purchased power. This methodology represented a proposed power cost adjustment of \$167,820. Petitioner also proposed a "purchased power" tracking mechanism and took the position that if the tracking mechanism were approved, there would be no adjustment for power expense. OUCC witness Ms. Gemmecke opposed the purchased power adjustment asserting lack of support for the increases being fixed, known and measurable. The OUCC also opposed the purchased power tracker.

In exchange for Petitioner's withdrawal of its request for a "purchased power tracker" and the providing of additional support for the power cost increases, the OUCC has agreed with Petitioner that \$93,986 of the original power cost adjustment should be considered to be fixed, known and measurable and occurring within 12 months of the test year. As such, the Parties have included this amount in the adjustment. Petitioner's witness Kerry A. Heid, testified that this was a reasonable amount to adjust for power cost increases. He noted that several orders from this Commission have authorized Duke Energy Indiana, Inc. ("Duke") to change rates applicable after the end of the test year. Duke serves many of the Petitioner's facilities. He testified that these changes support the purchased power adjustment in the Settlement.

vi. Waste Disposal Expense. OUCC witness Ms. Stull proposed to adjust waste disposal expense by eliminating \$58,139 in costs billed and paid during the test year by the Gary Sanitary District that were actually incurred in prior years. In rebuttal, Mr. VerDouw accepted the OUCC's adjustment. The Settling Parties have agreed to the OUCC's adjustment.

vii. Support Services/Management Fees. Mr. VerDouw proposed to include \$871,113 as part of Petitioner's adjustment for Support Services/Management Fees based upon new positions to be filled. In his testimony, Mr. VerDouw incorrectly described these fees as being related to Sarbanes/Oxley ("SOX") compliance. OUCC witness Ms. Stull opposed all but \$94,453 of this adjustment, which equaled the ongoing SOX costs she contended had been supported. She opposed \$776,660 of Petitioner's proposed adjustment. In addition, she proposed to eliminate \$290,079 of one-time SOX compliance costs incurred during the test year. In rebuttal, Mr. VerDouw accepted the elimination of the SOX compliance costs incurred during the test year (\$290,079) but opposed elimination of the \$776,660 that had been mis-described as SOX costs. He explained that he had been in error when he described these costs as being SOX-related and referred to the Petitioner's workpapers filed in accordance with the MSFRs. The workpapers explained and itemized the adjustment. In addition, Petitioner provided to the OUCC support that the disputed amount included expenses related to various filled positions not previously identified as support for this cost. The Settling Parties have agreed to include \$482,783 for Support Services/Management Fees. This amount is comprised of the \$94,453 in SOX costs that were not disputed by any party plus half of the \$776,660 adjustment originally proposed by Petitioner.

viii. Customer Satisfaction Center ("CSC"). In 2003, Petitioner transitioned from its customer service center in Richmond, Indiana, to a national CSC operated by its affiliate. In the 2004 Rate Order, we disallowed the recovery of these costs, finding the move to be imprudent. We instead based the expense recovery on what had been incurred in the test year to operate the former call center in Richmond, Indiana. In this case, Petitioner proposed to recover costs associated with its CSC at their actual level. Petitioner's witness Van den Berg asserted that updating the costs of operating the Richmond center to today's costs would indicate that participation in the national CSC has been less costly than continuing with the Richmond center. Petitioner also offered evidence on the difficulties of attempting to update the Richmond costs to today's dollars. OUCC witness Margaret Stull disputed some of Mr. Van den Berg's inputs and computed her own update of imputed Richmond costs, which were \$973,895 less than Petitioner's pro forma costs associated with the national CSC.

In the Settlement, Petitioner agreed to include in the revenue requirement the calculation presented by the OUCC of the updated Richmond costs. The OUCC agreed, however, that in future cases it will not contend that Petitioner's revenue requirements associated with the national CSC should be based upon, imputed from, derived from or limited by the costs that were previously incurred at the now retired customer service center that was located in Richmond, Indiana. In other words, the OUCC would not attempt to impute the cost of a Richmond call center to be used in lieu of management fees associated with using the national call center.

ix. Insurance Other than Group. Mr. VerDouw proposed an adjustment of \$27,221 to reduce general liability insurance to reflect 2006 rates. The OUCC proposed a reduction of \$86,484, which was \$59,263 more than Petitioner's adjustment. Petitioner's rebuttal testimony accepted the OUCC's proposed adjustment. The Settling Parties agreed to accept the OUCC's adjustment in the Settlement.

x. Customer Accounting. Mr. VerDouw proposed an adjustment of \$132,695 based upon an anticipated increase in postage rates. Mr. Corey agreed to an adjustment for postage rates but used the final, approved rates available from the U.S. Post Office. The actual postage rates generated an adjustment of \$126,519. In addition, he proposed an adjustment to uncollectible expense based upon the additional revenues to be produced by Petitioner's rate increase. Mr. VerDouw accepted the OUCC's position in his rebuttal testimony. The Settling Parties also adopted the OUCC's adjustment in the Settlement.

xi. Miscellaneous and General Office Expense. Ms. Stull proposed to disallow certain elements of miscellaneous and general office expense which she contended were image building or unrelated to the provision of utility service. In total, these amounted to \$153,926. In rebuttal, Mr. VerDouw accepted the adjustment made for Lobbying in the amount of (\$11,136), the adjustment made for Injuries and Damages in the amount of (\$8,100), and the adjustment made for Penalties in the amount of (\$5,834) which constituted \$25,070 of the disallowance. He opposed the remainder of the OUCC's adjustment which pertained to expenses for memberships in civic and community organizations, builder's associations, development corporations as well as expenses for floral purchases for employees and/or family members who are hospitalized or have passed away. He testified these expenses served a valuable purpose for ratepayers. Petitioner agreed in the Settlement to accept the OUCC's position.

xii. Vehicle Lease. Mr. VerDouw proposed an adjustment of \$624,116 to increase test year expenses to reflect its decision to lease rather than own its fleet of vehicles. The OUCC did not object to the decision to lease but proposed to reduce the adjustment to \$407,800. Ms. Stull calculated a cost per leased vehicle to support her adjustment. In rebuttal, Mr. VerDouw advocated using the actual lease rental rate for each vehicle that will be leased as reflected in Petitioner's workpapers submitted in accordance with the MSFRs. The Settling Parties have agreed to use the actual lease rental rate as set forth in Petitioner's rebuttal position.

xiii. Miscellaneous Expense. Petitioner proposed to recover its test year level of expense associated with legal fees (\$132,917) and property tax appeals (\$133,042). Ms. Stull reduced some of these items as non-recurring and capitalized others. She also proposed to eliminate certain Accenture (\$25,012) and trustee fees (\$12,822) paid during the test year that covered greater than a 12-month period. In addition, she proposed to eliminate as nonrecurring the write-off of construction work in progress ("CWIP") during the test year (\$71,959). In rebuttal, Mr. VerDouw accepted the OUCC's position on Accenture/trustee fees and CWIP write-off but opposed the OUCC's methodology and position on property tax appeals and legal expenses. The Settling Parties have agreed to amortize the property tax appeals using a three-year amortization period ($\$133,042/3 = \$44,347$), eliminating \$88,695 ($\$133,042 - \$44,347$) from pro forma operating expenses. The Settling Parties have also agreed to amortize legal expense over a two-year period ($\$132,917/2 = \$66,459$), eliminating \$66,459 ($\$132,917 - \$66,459$) from pro forma operating expenses.

xiv. Maintenance Expense. Petitioner's witness Stacy R. Sagar proposed an adjustment of \$345,383 associated with non-routine maintenance planned during the twelve months following the close of the test year. OUCC witness Roger Pettijohn opposed this adjustment on the basis that the repair costs are recurring, normal expense items that Petitioner's Operations and Maintenance Account is designed to cover. The OUCC also proposed an adjustment of \$44,862 to eliminate an additional non-recurring write-off of CWIP during the test year. In rebuttal, Mr. VerDouw accepted the adjustment to eliminate the write-off of CWIP, but Mr. Sagar continued to support the adjustment for non-routine maintenance. Under the Settlement, the Petitioner has agreed to the OUCC's position on CWIP and the non-routine maintenance adjustment.

xv. CIAC Amortization. OUCC witness Ms. Gemmecke proposed to amortize CIAC as an offset to depreciation expense. In rebuttal, Mr. Grubb opposed the OUCC's position, citing to the 2004 Rate Order, among others. For purposes of settlement, the Settling Parties have agreed to Petitioner's rebuttal position.

xvi. IURC Fee. The OUCC and Petitioner disagreed on the calculation of the IURC fee. The OUCC used 0.1062098% and Petitioner used 0.15% in its direct testimony and 0.1315% in its rebuttal testimony. The Settling Parties have agreed to use the OUCC's percentage applied to the pro forma revenues at the settled rates. However, the Commission notes that the actual percentage rate used in the Settling Parties' calculation was 0.1049%, which when corrected results in an IURC Fee increase of \$178. The Commission believes this amount is immaterial to warrant modification of the settlement, but reminds all parties of the importance in submitting accurate calculations.

xvii. Utility Receipts Tax. In calculating its Utility Receipts Tax, Petitioner included receipts from sale-for-resale customers. Ms. Gemmecke noted that the Utility Receipts Tax did not apply to receipts from sale-for-resale customers. In rebuttal, Mr. VerDouw accepted the OUCC's calculation and the Settlement similarly adopts the OUCC's methodology.

xviii. State Income Tax. Ms. Gemmecke proposed to allocate parent company interest to Petitioner for purposes of computing State Income Tax. Mr. Grubb opposed this adjustment, citing to the 2004 Rate Order, among others. For purposes of settlement, the Settling Parties have agreed to Petitioner's position.

xix. Tax Normalized Depreciation. Mr. Grubb disputed the OUCC's calculation of federal income tax in its rebuttal. The dispute centered on the calculation of tax normalized depreciation. The OUCC used the book Depreciation Expense as the tax normalized level of depreciation expense that is used in the income tax calculation. Mr. Grubb maintained that tax normalized depreciation is calculated by determining the utility plant that is subject to depreciation for income tax purposes which is then multiplied by Petitioner's approved composite depreciation accrual rates. The Settling Parties have agreed to accept Petitioner's calculation of tax normalized depreciation in the Settlement.

10. Net Operating Income at Present Rates. Based upon the evidence and the determinations made above, we find that Petitioner's adjusted operating results under its present rates are as follows:

	Total Company
Operating Revenue	<u>\$143,200,389</u>
O&M Expense	60,690,639
Depreciation	25,505,589
Amortization	422,736
Other Taxes	17,271,284
State Income Tax	2,448,117
Federal Income Tax	<u>8,100,417</u>
 Total Operating Expenses	 <u>\$114,438,782</u>
 Net Operating Income	 <u>\$28,761,607</u>

In summary, we find that with appropriate adjustments for ratemaking purposes, Petitioner's annual net operating income under its present rates for water and sewer service would be \$28,761,607. Based on the evidence in this proceeding, we find that a fair rate of return on the fair value of Indiana-American's utility property is \$36,806,402. Based on the evidence, we find that pro forma net operating income at present rates is not a reasonable return and, therefore, we find that Petitioner's present rates are insufficient.

11. Authorized Rate Increase. Based on the evidence presented in this proceeding, we find that Petitioner should be authorized to increase its rates and charges across-the-board to produce additional operating revenues of \$14,029,219, resulting in total annual revenue of

\$157,229,608. This revenue is reasonably estimated to allow Petitioner the opportunity to earn net operating income of \$36,806,402 as follows:

	Total Company
Operating Revenue	<u>\$157,229,608</u>
O&M Expense	60,868,305
Depreciation	25,505,589
Amortization	422,736
Other Taxes	17,470,661
State Income Tax	3,624,243
Federal Income Tax	<u>12,531,672</u>
 Total Operating Expenses	 <u>\$120,423,206</u>
 Net Operating Income	 <u>\$36,806,402</u>

12. **Water Conservation.** OUCC witness Scott A. Bell testified Petitioner should initiate a formal water conservation program by first developing a water conservation plan using methods supported by either or both the American Water Works Association and the United States Environmental Protection Agency. The OUCC requested that Petitioner initiate the plan by December 31, 2007, and complete it by December 31, 2009, with a copy to be submitted to the Commission and the OUCC. Petitioner's President, David K. Baker, testified that conservation is a very important objective to Petitioner but that imposing development of a water conservation plan in the shortened time frame of a rate case was inappropriate.

As part of the Settlement, Petitioner has agreed to develop a long range water conservation plan to identify, plan and implement effective, goal-oriented water conservation strategies and measures, including both supply-side and demand-side options. Petitioner agreed that the plan will consider and address basic planning concepts recommended by either or both the United States Environmental Protection Agency and the American Water Works Association which were identified in Mr. Bell's testimony. As part of approving the Settlement, we find that Petitioner should file a conservation plan that complies with the terms of the Settlement within eighteen (18) months of the issuance of this Order.

13. **Purchased Power Tracker.** Petitioner proposed to implement a purchased power tracker in this case. The OUCC, Schererville, and the Industrial Group all opposed this proposal. For purposes of settlement, Petitioner has agreed to withdraw without prejudice its request for such a tracking mechanism.

14. **DSIC Calculation.** Industrial Group witness Mr. Gorman advocated using this proceeding to change the method of calculating the DSIC from a volumetric charge to a percent of bill charge. In his rebuttal, Petitioner's witness Mr. Heid noted that use of a volumetric charge was required by the Commission's General Administrative Order ("GAO") 2005-4, dated November 2, 2005. Mr. Heid opined that considering a change to the calculation of the DSIC

cost allocation should be considered on a generic scale within the context of a revision to the Commission's previous General Administrative Order. In his testimony in support of the Settlement, Mr. Baker indicated that Petitioner would commit to serve counsel for the Industrial Group with the filing of its next DSIC request and include the alternative calculation of the DSIC using the percent of bill proposal in Petitioner's evidence. Mr. Baker explained the Industrial Group would be free to intervene in that proceeding and advocate for a change in the calculation of the DSIC. He testified that, in this regard, the Commission would be aided in considering Mr. Gorman's proposal with the benefit of actual numbers.

In the DSIC Settlement, Petitioner has agreed, subject to approval of this Commission, to submit the calculation of future DSICs on a percent of bill basis as proposed by Mr. Gorman rather than on a volumetric basis which is inherent in the forms that we adopted as part of GAO 2005-4.⁴ Mr. Gorman testified that the use of a strict volumetric calculation does not properly allocate the costs of the distribution system among customer classes. In his opinion, allocation based upon the percentage of a customer's bill was more consistent with accepted cost allocation methodologies. Mr. Gorman also provided an analysis of the impact on residential customers using his recommended methodology, which he considered to be minimal.

We note that our duly promulgated regulations set forth at 170 IAC 6-1.1 neither require a volumetric charge nor reject Mr. Gorman's proposed percent-of-bill calculation. The only place where a volumetric charge is mentioned is in the sample DSIC Calculation Form which is attached to GAO 2005-4 and followed our adoption of 170 IAC 6-1.1. That GAO does not suggest or prescribe a particular cost allocation methodology. As a result, our rules and standard procedures do not explicitly exclude alternative cost allocation methodologies where they have been properly supported. Although Mr. Gorman's testimony was not disputed, we find that we have not had sufficient time to review and consider this proposal to order such a change at this point, and we do not wish to delay the issuance of an order in this case as a result. We therefore find that Petitioner should provide notice to counsel for the Industrial Group of the filing of its next DSIC and include in its evidence the alternative calculation proposed by the Industrial Group.

15. Approval of Settlement. Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406.

Furthermore, any Commission decision, ruling, or order, including the approval of a settlement, must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d

⁴ If we believe consideration of its terms would delay the issuance of a final order with respect to the Settlement with the OUCC, the DSIC Settlement also urges us in the alternative to adopt the position set forth in Mr. Baker's Settlement Testimony.

330, 331 (Ind. 1991)). The Commission's own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement, we must determine whether the evidence in this cause sufficiently supports the conclusions that the Settlement is reasonable, just, and consistent with the purpose of Ind. Code § 8-1-2-1 *et seq.*, and that such agreement serves the public interest.

Our review of the reasonableness of the Settlement is aided by the parties' express agreement on the rate base and rate of return methodology to be used in determining Petitioner's revenue requirement and each pro forma adjustment to the test year results used to determine the adjusted financial results at present and settlement rates. Most of the agreed-upon pro forma adjustments represent amounts calculated in the Settling Parties' cases-in-chief or Petitioner's rebuttal and the details underlying all the adjustments are in the record and supplemented by the settlement testimony. The few adjustments that do not represent amounts calculated in the direct evidence are within the range of evidence presented and are explained in Petitioner's settlement testimony. Therefore, we are able to examine the basis for all of the components of the increase in base rates and charges provided for in the Settlement and hereby find they are reasonable for purposes of settlement and supported by the evidence of record.

The Settlement provides new rates that are significantly less than what Petitioner sought in its case. Approval of the Settlement eliminates the risks, uncertainty and consumption of time and resources that would otherwise be required in a fully litigated proceeding. The Settlement resolves various disputed issues about Petitioner's E-CIS system, cost recovery of Petitioner's CSC and the appropriate return on equity. The Settlement also ensures ratepayers will benefit from revenues Petitioner earns on sewer billing contracts, farm rental and antennae leases by counting these revenues above the line now and in future cases. Petitioner has also agreed to guarantee that such revenues will not be less than \$870,550 annually in the next general rate case.

The Settlement addresses contentious issues among the Settling Parties for purposes of future rate cases. The Settling Parties have agreed that for purposes of evaluating the appropriate costs for operation of Petitioner's CSC, the existing costs of the national CSC will be used. In this case, Petitioner and the OUCC advocated basing the call center costs on an extrapolation of the costs Petitioner would incur were the Richmond center still in operation today. This extrapolation will grow in complexity as time passes and operating requirements change. The Settlement also resolves disputes about the appropriate valuation of Petitioner's E-CIS for rate base purposes in future rate cases. The Settlement also will promote conservation of natural resources because Petitioner has agreed to initiate a water conservation program pursuant to a plan that is to be presented to and approved by this Commission. The Settlement spells out in some detail the required guidelines for preparation of this conservation program.

We find the Settlement is in the public interest and should be approved. With regard to future citation of the Settlement, we find the Settlement and our approval of it should be treated in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (IURC 3/19/1997).

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Stipulation and Settlement Agreement between Indiana-American Water Company, Inc. and the Indiana Office of Utility Consumer Counselor, a copy of which is attached, shall be and is hereby approved without modification.

2. Petitioner shall be and is hereby authorized to adjust and increase its rates and charges for water and sewer utility service across-the-board by approximately 9.9% in accordance with the Findings herein, which rates and charges shall be designed to produce total annual operating revenues of \$157,229,608 which, after annual operating expenses of \$120,423,206, are expected to result in annual net operating income of \$36,806,402.

3. Petitioner shall be and hereby is ordered to file new schedules of rates and charges with the Water/Sewer Division of the Commission on the basis set forth in Finding No. 11 of this Order. Such new schedules of rates and charges shall be effective upon filing and approval by the Water/Sewer Division and shall apply to water and sewer usage from and after the date of approval.


4. Within 18 months of the date of this Order, Petitioner shall be and hereby is ordered to file a docketed proceeding seeking approval of a water conservation plan considering and addressing basic planning concepts recommended by either, or both, the American Water Works Association and the United States Environmental Protection Agency.

5. This Order shall be and hereby is effective on and after the date of its approval.

HARDY, GOLC, LANDIS, SERVER AND ZIEGNER CONCUR:

APPROVED: OCT 10 2007

**I hereby certify that the above is a true
and correct copy of the Order as approved.**



**Brenda A. Howe
Secretary to the Commission**

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: Dr. Edward Spitznagel

162. Re. Spitznagel Direct Testimony. To the extent not provided in Questions 3 and 4, please provide all workpapers and calculations underlying his testimony and exhibits. Provide any calculations in Microsoft Excel or Excel compatible format, with all formulae intact.

Response:

See the information provided in response to KAW_R_AGDR1#2_042610.pdf.

For the electronic version of this response, refer to KAW_R_AGDR1#162_042610.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: Michael A. Miller

163. Please provide copies of December year-to-date financial, operating and/or statistical reports for 2006, 2007, 2008 and 2009 and 2010 year to date.

Response:

Please find attached the following reports for 2006, 2007, 2008, and year to date 2010 – Balance Sheet, Income Statement, Trial Balance, Analysis of Income, and 329 Operating Data Report.

For the electronic version, refer to KAW_R_AGDR1#163_042610.pdf.

83500 American Water Works Company 01/17/07
 GL012BSYCP Kentucky-American Water-Co L2 18:25:44
 000LR Total Company (USGAAP)
 Comparative Balance Sheet
 For the Period Ending 12/31/2006

Kentucky-American Water Co.

ASSETS	Description	Current Year	Prior Year
1	Utility Plant	327,533,086	303,733,315
2	Construction work in progress	11,735,349	11,416,948
3	Accumulated depreciation	75,828,389	68,879,350
4	Utility plant acquisition adjustment	347,966	338,465
5	Other utility plant adjustments		
6	Sub-total Utility Plant	263,788,012	246,609,415
7	Non-Utility property	249,738	249,738
8	Other investments		
Current Assets			
10	Cash and cash equivalents	904,169	840,222
11	Temporary investments		
12	Customer accounts receivable	2,453,029	3,428,301
13	Allowance for uncollectible accounts	516,264	258,904
14	Unbilled revenues	4,098,177	4,529,212
15	FRF refund due from assoc. companies	603,980	2,163,188
16	Miscellaneous receivables	515,515	425,930
17	Materials and supplies	268,971	261,361
19	Other		
20	Sub-total	11,088,008	11,982,286
22	Deferred debits		
23	Deferred preferred stock	452,792	535,665
24	Expense on preferred stock	121,297	182,427
25	Program survey's, pretesting	143,424	104,893
26	Reg Asset-Income tax recovery	5,109,490	6,804,893
27	Other		9,397,327
29	Sub-total	12,603,610	13,618,425
30	Total Assets	287,729,368	272,459,864
CAPITAL AND LIABILITIES			
32	Common stock	36,568,777	36,568,777
34	Paid in capital	8,056,319	56,139
35	Retained Earnings	28,603,877	27,082,028
36	Unearned Compensation		
37	Reacquired C/S & Accum		
38	Total common equity	73,228,973	63,706,944
39	Preferred stock	1,466,100	1,468,700
40	Long term debt	54,400,000	61,500,000
41	Total capitalization	129,095,073	146,675,644
42	Current liabilities		
43	Bank debt	3,297,056	7,992,103
44	Current portion of LTD	27,100,000	
45	Accounts payable	7,296,805	5,350,141
46	Taxes accrued	8,362,122	2,549,648
47	Interest accrued	611,746	1,365,851
48	Dividends		6,560
49	Dividends declared		
51	Other	5,699,322	6,026,034
52	Sub-total	52,367,051	23,290,337
54	Deferred credits		
55	Customer adv. for construction	16,492,638	16,448,419
56	Deferred income taxes	35,167,944	36,293,243
57	Deferred investment tax credits	1,302,648	1,365,134
58	Reg. liab-inc. tax refund thru rates	10,470,383	8,680,469
59	Other	2,998,399	4,024,810
60	Sub-total	66,432,012	66,812,075
62	Contributions in aid of construction	39,835,232	35,681,810
Total capital and liabilities			
		287,729,368	272,459,866

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGRAP)
Income Statement Month & YTD
For the Period Ending 12/31/2006

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 December Prior Year	Annual Forecast
1 OPERATING REVENUES									
2 Water	3,599,545	4,090,150	490,605-	3,557,695	46,795,623	49,309,002	2,513,979-	48,260,315	49,309,002
3 Sewer	26,955	29,391	2,436-	20,958	20,000	20,000	0	123,350	352,652
4 Other	145,619	145,633	14-	139,375	1,912,432	1,747,556	164,836-	1,735,994	1,747,556
5 Management									
6 Total Revenues	3,772,519	4,265,174	492,655-	3,727,338	49,010,147	51,409,290	2,399,143-	50,119,619	51,409,290
7 OPERATIONS & MAINTENANCE EXPENSE									
8 Labor	446,956	437,132	9,824	484,630	5,170,685	5,156,940	13,945	4,706,771	5,156,940
9 Purchased Water	38,130	31,020	7,110	31,020	506,626	470,500	36,126	481,098	470,500
10 Fuel & Power	247,965	211,800	36,165	169,975	2,638,270	2,127,636	510,634	2,127,636	2,127,636
11 Chemicals	95,161	130,967	35,806-	131,750	1,498,867	1,348,523	147,364	1,112,780	1,348,523
12 Waste Disposal	141,928	15,000	126,928	13,047	324,447	253,117	71,330	292,070	253,117
13 Management fees	716,927	151,000	565,927	762,487	6,612,414	5,254,000	1,358,414	5,912,684	6,254,000
14 Group Insurance	149,759	153,590	3,831-	139,429	1,644,303	1,608,260	36,043	1,824,563	1,608,260
15 Pensions	65,022	67,006	1,984-	66,340	748,274	804,072	55,798-	782,335	804,072
16 Regulatory Expense	139,086	29,451	109,635	30,091	370,087	353,412	16,675	320,004	353,412
17 Insurance Other than Group	105,003	44,824	60,179	44,824	649,162	501,888	147,274	454,344	501,888
18 Customer Accounting	124,828	96,356	28,472	139,737	1,399,605	1,160,838	238,767	1,377,865	1,160,838
19 Rents	34,528	30,316	4,212	31,871	472,471	455,072	17,400	50,506	455,072
20 General Office Expense	60,757	21,421	39,336	21,421	472,471	355,072	117,400	313,442	355,072
21 Miscellaneous	351,445	165,345	186,100	1,018,444	2,933,442	2,334,684	598,758	3,450,584	2,334,684
25 Other Maintenance	199,579	70,511	129,068	224,793	2,284,673	1,248,184	1,036,489	2,133,258	2,284,673
Total Maintenance & Operations Expense	2,773,916	2,014,471	763,445	3,768,639	27,300,483	24,412,728	2,887,755	26,652,111	24,412,728
27 Depreciation	618,619	626,522	7,903-	655,718	6,716,503	7,339,261	622,758-	5,813,673	7,339,261
28 Amortization	40,477	40,507	30-	40,477	459,264	486,084	26,820-	693,166	486,084
29 General Taxes	21,699	227,149	205,450	319,287	2,860,457	2,721,809	1,386,648	2,736,877	2,721,809
30 State Income Taxes	344,787	79,262	265,525	637,185	454,913	567,225	532,312-	1,081,477	567,225
31 Federal Income Taxes	283,044	293,857	10,813	884,611	2,169,470	3,588,510	1,419,040-	2,404,645	3,588,510
32 Tax Savings Acquisition Adjustment									
33 Total Operating Expenses	3,473,056	3,279,768	193,288	4,356,865	39,961,090	39,535,617	425,473	39,561,949	39,535,617
34 Utility Operating Income	299,263	985,406	686,143	609,527	9,049,057	11,873,673	2,824,616-	10,537,670	11,873,673
35 OTHER INCOME & DEDUCTIONS									
36 Non-Operating Rental Income									
37 Dividend Income-Common									
38 Dividend Income-Preferred									
39 Interest Income	2,213	17,273	15,060	45,571	2,213	175,832	173,619	346,533	175,832
40 APUDC Equity	15,815	10,233	5,582	937-	273,684	66,058	207,626	20,772	66,058
42 M & J Miscellaneous Income	54,434		54,434		130,318		196,376-		
43 Gain/(Loss) on Disposition									
45 Total Other Income	36,406	27,506	8,900	44,634	145,579	341,890	96,311-	367,305	241,890
46 Miscellaneous Amortization									
47 Tax Savings Acquisition Adjustment									
48 Misc. Other Deductions	4,929	2,033	2,896	8,770	278,501	280,419	1,918-	338,328	280,419
49 General Taxes									
50 State Income Taxes	5,513	263	5,250	22,589	28,426	23,044	5,382-	22,379	23,044
51 Federal Income Taxes	27,562	1,027	26,535	112,944	142,136	69,708	52,438-	111,146	69,708
52 Total Other Deductions	28,181	3,387	24,794	126,763	107,418	168,435	61,017-	204,954	168,435
53 Total Other Income	8,225	24,119	15,894	171,397	38,161	73,455	35,294-	162,351	73,455
54 Income Before Interest Charges	293,038	1,009,625	716,587	638,130	9,087,218	11,947,128	2,859,910-	10,700,021	11,947,128
55 INTEREST CHARGES									
56 Interest on Long-Term Debt	416,324	394,667	21,657	426,659	5,111,245	4,738,404	372,841	5,369,517	4,738,404
57 Interest on Short-Term Debt	3,878	6,009	2,131	6,073	72,873	72,108	765	77,198	72,108
58 Other Interest Expense	2,457	57,435	54,978	37,166	406,665	625,948	217,283	163,637	625,948
59 APUDC-Debt	2,862	7,844	4,982	19,504	11,536	79,881	68,345	3,523	79,881
61 Total Interest Charges	462,470	450,467	11,903	480,306	5,480,399	5,356,609	123,790	5,485,231	5,356,609
62 Net Income	174,432	559,058	384,626	1,088,494	3,606,819	6,590,519	2,983,700-	5,214,790	6,590,519
64 Preferred Dividend Declared	6,515	36,325	29,810	6,568	78,706	459,900	381,194-	79,874	459,900
65 Net Income to Common Stock	177,947	520,733	342,786	1,095,061	3,629,113	6,130,619	2,602,506-	5,134,916	6,130,619

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2006

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Description	December Actual	December Plan	December Variance	Yr to Date December Actual	Yr to Date December Plan	Yr to Date December Variance	Yr to date Prior Year	Annual Forecast
504100 Group Insurance	92,284	87,991	4,293	983,931	1,037,397	53,466CR	885,989	1,037,397
15 Group Ins Oper AG								
502100 PBOF Oper AG	57,475	65,559	8,124CR	660,373	787,166	126,793CR	722,356	787,166
16 PBOF Oper AG								
P14 Group Insurance	149,759	153,550	3,791CR	1,644,304	1,824,563	180,259CR	1,608,345	1,824,563
P15 Pensions								
506100 Pension	65,022	67,006	1,984CR	748,274	804,072	55,798CR	782,335	804,072
16 Pension Oper AG								
P15 Pensions	65,022	67,006	1,984CR	748,274	804,072	55,798CR	782,335	804,072
P16 Regulatory Expense								
56100 Reg Comm Amort Rate Case	30,086	29,451	635	361,517	353,412	8,105	299,094	353,412
16 Reg Comm Amort Rate Case								
56700 Regulatory Comm Exp-Other				8,570		8,570	20,910	
16 Reg Comm Other Oper AG								
P16 Regulatory Expense	30,086	29,451	635	370,087	353,412	16,675	320,004	353,412
P17 Ins Other Than Group								
557000 Insurance General Liab	86,858	29,417	57,141	423,980	353,004	70,976	265,331	353,004
16 Ins Gen Liab Oper AG								
558000 Ins Work Comp AG	9,690	9,407	283	113,814	112,884	930	119,386	112,884
16 Ins Work Comp AG								
559000 Insurance Other	8,755	3,000	5,755	111,368	36,000	75,368	79,627	36,000
16 Ins Other Oper AG								
P17 Ins Other Than Group	105,003	41,824	63,179	649,162	501,888	147,274	464,344	501,888
P18 Customer Accounting								
520100 M & S Oper CA	563	110	453	1,993	1,320	673	2,052	1,320
15 M & S Oper CA								
570100 Uncollectible Accounts	23,309	27,923	4,614CR	485,811	335,010	150,801	477,358	335,010
15 Uncollectible Accounts								
575000 Misc Oper CA	6,112	300	5,812	10,015	3,600	6,415	18,920	3,600
15 Misc Oper CA								
575100 Bank Service Charges CA	19,078	15,473	3,605	200,345	195,676	4,669	191,355	195,676
15 Bank Service Charges CA								
575200 Collection Agencies CA	1,332	1,615	283CR	24,217	19,380	4,837	18,948	19,380
15 Collection Agencies CA								
575420 Forms CA	4,179	4,700	521CR	145,337	56,400	88,937	58,746	56,400
15 Forms CA								
575620 Office & Admin Supplies CA	1,506	175	1,331	28,223	4,800	23,423	18,523	4,800
15 Office & Admin Supplies CA								
575660 Postage CA	40,130	38,341	1,789	506,205	460,092	46,113	501,207	460,092
15 Postage CA								
575740 Telephone CA	1,264	7,880	6,616CR	73,389	94,560	21,171CR	100,504	94,560
15 Telephone CA								
575741 Cell Phone CA								
15 Cell Phone CA								
575820 Uniforms CA								
15 Uniforms CA								
P18 Customer Accounting	101,071	96,517	4,554	1,389,506	1,160,838	228,768	1,377,864	1,160,838
P19 Rents								
51000 Rents-Real Property	300	185	115	2,426	2,220	206	3,390	2,220
16 Rents-Real Prop Oper TD								
541400 Rents-Equipment		244	244CR		2,928	2,928CR	1,354	2,928
13 Rents-Equipment Oper AG								
14 Rents-Equipment Oper TD	20,300	250	20,050	20,300	1,000	17,300	1,243	2,000
16 Rents-Equipment Oper AG	3,428	3,077	351	29,512	35,924	6,412CR	24,436	35,924
P19 Rents	24,028	3,756	20,272	52,238	45,072	7,166	60,506	45,072
P20 General Office Exp								
520100 M & S Oper AG	4,105	2,277	1,828	36,856	32,189	4,667	46,903	32,189
16 M & S Oper AG								
575002 Misc General Office	220	758	538CR	1,667	9,096	7,429CR	14,357	9,096
14 Misc General Office								
575260 Credit Line Fees In	57		57	227		227		
14 Credit Line Fees In								
575261 Credit Line Fees In								
15 Credit Line Fees In								
575280 Dues/Membership Deduc	4,427	4,427		22,597		22,597	23,861	

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American Water Works Company
Kentucky-American Water-Co 13
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2006

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Description	December Actual	December Plat	December Variance	Yr to Date December Actual	Yr to Date December Plan	Yr to Date December Variance	December Prior Year	Yr to Date December Prior Year	Annual Forecast
16 Dues/Membership Deduct	4,683	227	4,456	22,701	21,617	1,084	2,547	22,918	21,617
575320 Electricity AG	2,454	2,950	496CR	44,634	23,200	21,434	4,200	40,113	23,200
16 Electricity AG	5,447	3,937	1,510	40,981	37,108	3,873	7,215	48,228	37,108
575340 Empl Exp AG-F/R JE	1,500	290	1,210	3,288	14,995	11,707CR	321	5,180	14,995
16 Empl Exp Conf/Registration AG	3,007	1,162	1,845	20,124	15,154	4,970	3,223	19,023	19,154
575350 Meals Deduct-P/R JE	1,477	684	793	16,507	13,388	3,119	3,225	17,352	13,388
16 Meals & Travel Nonded (Mth-end)	1,094	1,600	506CR	15,887	13,050	2,837	1,623	16,189	13,050
575480 Heat-Oil/Gas AG	33	3,100	3,067CR	38,103	28,200	9,903	3,835	29,833	28,200
16 Heat - Oil/Gas AG	3,060	1,484	1,576	21,054	22,008	954CR	3,328	18,868	22,008
575520 Office & Admin Supplies AG	1,976	2,035	59CR	9,639	24,590	14,751CR	1,293	25,843	24,590
16 Office & Admin Supplies AG	995	1,295	300CR	22,978	15,540	7,438	2,319	12,565	15,540
575740 Relocation Expenses	8,834	4,257	4,577	71,282	51,204	20,078	4,948	50,736	51,204
16 Relocation Expenses	4	120	116CR	89CR	1,230	1,319CR	41	2CR	1,230
575780 Trash Removal AG	103	120	17CR	537	1,230	693CR	217	927	1,230
16 Trash Removal AG	17,281	17,281	17,281	80,645	473,256	80,645	473,256	473,256	473,256
575830 Wtr & Waste Wtr Exp AG	60,757	26,421	34,336	470,174	399,299	140,875	514,569	913,430	329,299
16 Wtr & Waste Wtr Exp AG	9,164	3,500	5,664	23,792	17,800	5,992	457	3,107	17,800
575880 Misc Charges - P13880	140	250	110CR	5,430	3,000	2,430	1,137CR	8,832	3,000
16 Misc Charges - P13880	17,281	12,000	5,281	45,106	141,998	96,892CR	19,247	78,071	141,998
575881 Misc Chrgs - STEP W/O P13880	327	2,000	1,673CR	18,151	17,000	1,151	1,192	27,459	17,000
16 Misc Chrgs - STEP W/O P13880	100	1,000	900CR	7,262	2,175	5,087	2,658	5,875	2,175
507100 DCP	5,803	12,000	6,197CR	14,241CR	16,431	2,190	4,099	28,914	16,431
16 DCP	4,195	1,439	2,756	47,934	39,600	8,334	4,099	47,934	39,600
508101 DCP	1,600	1,480	120	3,690	3,690	0	1,480	3,690	3,690
16 DCP	2,194	1,975	219	20,333	18,220	2,113	2,338	21,533	18,220
508102 Retiree Med Reimb	5,740	9,900	4,160CR	109,622	73,200	36,422	14,364	67,821	73,200
16 Retiree Med Reimb	6,002	6,284	282	66,367	66,367	0	14,279	66,367	66,367
520100 M & S Oper P	6	17,500CR	17,506	49,871	70,000	20,129CR	4,772	18,392CR	70,000
16 M & S Oper P	21	10,635	11	107	182	75	107	4,606	182
12 M & S Oper F	13	7,878	5	139,066	160,920	21,854CR	10,953	130,069	160,920
13 M & S Oper WT	19,572	14,984	4,588	65,427	58,537	6,890	13,572	50,227	58,537
14 M & S Oper TD	13,777	6,284	7,493	186,796	84,000	102,796	61,133	122,796	84,000
531000 Contract Svc-Engineering	414	6,284	5,870CR	30,546	97,409	66,863CR	15,837	44,199	97,409
16 Contract Svc-Engineering	17,506	17,506	0	1,015CR	1,015CR	0	2,711	23,816	1,015CR
532000 Contract Svc-Accounting	21	10,635	11	107	182	75	107	4,606	182
16 Contract Svc-Accounting	13	7,878	5	139,066	160,920	21,854CR	10,953	130,069	160,920
533000 Contract Svc-Legal	19,572	14,984	4,588	65,427	58,537	6,890	13,572	50,227	58,537
16 Contract Svc-Legal	13,777	6,284	7,493	186,796	84,000	102,796	61,133	122,796	84,000
535000 Contract Svc-Other	414	6,284	5,870CR	30,546	97,409	66,863CR	15,837	44,199	97,409
16 Contract Svc-Other	17,506	17,506	0	1,015CR	1,015CR	0	2,711	23,816	1,015CR
535600 Contract Svc-Other	21	10,635	11	107	182	75	107	4,606	182
16 Contract Svc-Other	13	7,878	5	139,066	160,920	21,854CR	10,953	130,069	160,920
535601 Contr Svc-Temp Empl Oper TD	19,572	14,984	4,588	65,427	58,537	6,890	13,572	50,227	58,537
16 Contr Svc-Temp Empl Oper TD	13,777	6,284	7,493	186,796	84,000	102,796	61,133	122,796	84,000
535602 Contr Svc-Temp Empl Oper CA	414	6,284	5,870CR	30,546	97,409	66,863CR	15,837	44,199	97,409
16 Contr Svc-Temp Empl Oper CA	17,506	17,506	0	1,015CR	1,015CR	0	2,711	23,816	1,015CR

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2006

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Description	December Actual	December Plan	December Variance	December Prior Year	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	December Prior Year	December Forecast	Annual Forecast
16 Research & Development Exp										
575710 Security Service AG					2,669					
15 Security Service AG										
575711 Add'l Security Costs AG					133,484					
16 Add'l Security Costs AG	15,064	4,800	10,264	11,004	133,484	57,600	75,884	144,399		57,600
575715 Software Licenses & Support					25,915					
15 Software Licenses & Support	2,156		2,156	3,510	25,915	27,924	25,915	27,924		
375740 Telephone SS										
11 Telephone SS										
13 Telephone WT	13		13	254	92CR			217		
575741 Cell Phone WT					84			94		
13 Cell Phone WT	248	450	202CR	514	5,517	5,400	117	5,916		5,400
13 Cell Phone TD	156		638CR	1,303	18,312	9,528	8,784	5,878		9,528
575780 Trash Removal SS					421					
11 Trash Removal SS	1,978	175	1,103	421	8,586	3,565	5,021	5,297		3,565
14 Trash Removal TD	1,992	267	1,725	453	4,764	3,204	1,560	3,034		3,204
575790 Trustee Fees AG										
15 Trustee Fees AG					3,233	4,000	767CR	4,375		4,000
575820 Uniforms WT										
13 Uniforms WT	967	300	667	384	9,350	3,600	5,750	4,540		3,600
14 Uniforms TD	1,460	1,800	340CR	2,483	31,126	21,600	9,746	22,785		21,600
575830 Wtr & Waste Wtr Exp SS										
11 Wtr & Waste Wtr Exp SS	124	1,500	1,376CR	3,218	21,259	18,000	3,259	46,700		18,000
575995 Initiative Savings										
16 Initiative Savings		8,000CR	8,000	6,181		99,000CR	99,000			99,000CR
575998 Pcard Undistributed										
16 Pcard Undistributed										
631000 Contr Svc-Eng Maint TD										
24 Contr Svc-Eng Maint TD	351,444	165,346	186,098	1,018,440	2,933,449	2,534,684	398,765	3,940,669		2,534,684
P21 Miscellaneous					15,921					
P25 Maintenance Expense										
620000 Material and Supplies										
21 Mat and Sup Maint SS	4,777	7,043	2,266CR	12,429	77,775	261,016	183,241CR	190,792		261,016
22 Mat and Sup Maint P					417					
23 Mat and Sup Maint TD	2,697	5,404	2,707CR	12,515	60,909	193,232	42,133CR	87,235		193,232
24 Mat and Sup Maint WT	16,582	10,600	5,982	21,553	215,906	177,200	38,706	85,706		177,200
26 Mat and Sup Maint AG	1,755	2,975	1,220CR	3,229	22,556	25,700	3,144CR	38,941		25,700
635000 Contr Svc-Other Maint TD										
24 Contr Svc-Other Maint TD	1,324	475	849	1,235	21,876	24,999	3,123CR	13,746		24,999
635000 Misc Maint WT										
24 Misc Maint WT	34	1,000	966CR	95	60,023	81,875	21,852CR	54,167		81,875
24 Misc Maint TD	2,939	4,000	1,061CR	2,315CR	36,289	48,000	11,711CR	16,733		48,000
2440 Misc Maint TD Hydrants	291		291	5,141	5,141					
25 Misc Maint AG	3,695	1,715	1,980	14,163	78,408	21,135	57,273	77,689		21,135
675050 Amort Def Maint SS										
21 Amort Def Maint SS	483	483		706	1,449CR			1,449CR		
2120 Amort Def Maint SS Intakes					5,624	5,796		16,427		5,796
23 Amort Def Maint WT	12,993	11,463	1,530	18,305	144,676	139,958	4,718	150,561		139,958
24 Amort Def Maint TD	13,823	15,353	1,530CR	21,841	152,376	184,236	31,860CR	202,784		184,236
675110 Maint Exp ARO/Net Neg Sal AG										
25 Maint Exp ARO/Net Neg Sal A	106,654		106,654	98,376	1,226,519		1,226,519	1,137,580		
675650 Paving/Backfill TD										
24 Paving/Backfill TD	30,523	10,000	20,523	21,559	175,388	225,000	49,612CR	243,808		225,000
P25 Maintenance Expense	199,680	70,511	129,169	224,792	2,284,673	1,248,184	1,036,489	2,413,289		1,248,184
P27 Depreciation										
680110 Depr Exp-General										
680120 Depr Exp-Amort CIAC Tax										
680130 Depr Exp-Amort CIAC Tax										
680140 Depr Exp-Amort CIAC Tax										
P27 Depreciation	722,553	626,522	96,031	607,922	7,890,727	7,339,261	551,466	6,827,824		7,339,261
P28 Amortization										
680300 Amortization of UPNA										
680540 Amort-Reg Asset AFDDC										
680600 Amort-Prop Asset AFDDC										
680620 Amort-Reg Asset	1,801	1,801		1,801	21,611	21,612	1CR	21,611		21,612
680630 Amort-Prop Asset	2,144	2,144		2,144	25,728	25,728		25,728		25,728
680640 Amort-Reg Asset	35,957	36,562	605CR	35,957	405,036	438,744	33,788CR	638,927		438,744
680650 Amort-Reg Asset	575	575		575	6,900	6,900		6,900		6,900
P28 Amortization	40,477	40,507	30CR	40,477	459,265	466,084	26,819CR	691,166		466,084

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USRAP)
Analysis of Income Month & YTD
For the period ending 12/31/2006

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Description	December Actual	December Plan	December Variance	December Prior Year	Yr to Date Actual	Yr to date December Plan	Yr to date December Variance	Yr to date Prior Year	Annual Forecast
00012 Kentucky-American Water Co.									
P29 General Taxes									
665100 Utility Reg Assessment Fee	6,862	5,914	76,655	2,160,000	2,160,000	2,160,000	2,160,000	2,160,000	2,160,000
685200 Property Taxes	51,914CR	241,914CR	2,376,846	6,033	6,033	6,303	6,303	6,303	6,303
685320 FUTA	9	9	388,802	454,125	454,125	454,125	454,125	454,125	454,125
685325 FICA	33,322	39,342	22	8,968	8,968	8,968	8,968	8,968	8,968
685350 SUTA	22	22	3,153	4,000	4,000	4,000	4,000	4,000	4,000
685430 Other Taxes and Licenses			93,684	93,684	93,684	93,684	93,684	93,684	93,684
685440 Gross Receipts Tax		7,807	7,807	93,684	93,684	93,684	93,684	93,684	93,684
Gross Receipts Tax		227,149	248,648CR	319,287	2,960,457	2,721,876	2,721,876	2,721,876	2,721,876
P29 General Taxes	21,699CR	227,149	248,648CR	319,287	2,960,457	2,721,876	2,721,876	2,721,876	2,721,876
P30 State Income Taxes									
590210 SIT-Current	219,105CR	79,462	298,567CR	153,082	617,481	766,015	525,715	766,015	766,015
590220 SIT-Prior Year Adj			363,207CR	15,311CR	3,737CR	11,920	869,131	376,946CR	15,311CR
590710 Def SIT-Current			869,131	4,982	4,982	59,784	59,784	59,784	59,784
590720 Def SIT-PY Adj			4,009CR	1,809CR	48,108CR	48,108CR	21,708CR	21,708CR	21,708CR
590730 Def SIT-Reg Asset/Liab			553,119	9,713CR	185,809	221,210	35,403CR	40,812	221,210
590750 Def SIT-Reg Liab		200CR	285,525	637,158	454,913	987,225	1,081,477	987,225	987,225
590760 Def SIT-Other Liab		79,263	79,263						
P30 State Income Taxes	344,787	79,263	1,868,885CR	928,833CR	3,472,508	3,048,737	2,327,506	3,048,737	3,048,737
P31 Federal Income Taxes									
690110 FIT-Current	1,627,637CR	321,248	403,099CR	282,058CR	282,058CR	282,058CR	456,576CR	456,576CR	456,576CR
690120 FIT-Prior Year Adj			78,841CR	133,392CR	133,392CR	133,392CR	78,841CR	133,392CR	133,392CR
690610 Def FIT-CY Asset			36,000	659,031CR	659,031CR	659,031CR	179,766CR	179,766CR	179,766CR
690620 Def FIT-CY Liab			23,885	19,390	206,622	206,622	232,680	232,680	232,680
690630 Def FIT-Reg Asset/Liab			11,669CR	13,385CR	140,021CR	140,021CR	160,820CR	160,820CR	160,820CR
690650 Def FIT-Other			1,239,443	841,282	449,793CR	624,570	949,250	624,570	624,570
695220 ITC Restored - 3%		17,120CR	638CR	719CR	7,652CR	7,652CR	8,627CR	8,627CR	8,627CR
695230 ITC Restored - 3%			525CR	592CR	6,265CR	6,265CR	7,107CR	7,107CR	7,107CR
695240 ITC Restored - 4%		10,271CR	4,368	6,655CR	70,840CR	84,797CR	79,862CR	84,797CR	84,797CR
695250 ITC Restored - 10%		293,657	576,901CR	884,610CR	2,169,470	3,588,510	2,404,645	3,588,510	3,588,510
P31 Federal Income Taxes	263,044CR	293,657	576,901CR	884,610CR	2,169,470	3,588,510	2,404,645	3,588,510	3,588,510
P39 Interest Income									
710500 Int Inc-Inside	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR
710510 Int Inc-Outside			1,458	45,571CR	273,684CR	175,832CR	346,533CR	175,832CR	175,832CR
P39 Interest Income	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR	2,213CR
P40 AFUDC Equity									
715111 M&J Revenues-Outside	15,815CR	17,273CR	1,458	45,571CR	273,684CR	175,832CR	346,533CR	175,832CR	175,832CR
715112 M&J Revenues-Inside	15,815CR	17,273CR	1,458	45,571CR	273,684CR	175,832CR	346,533CR	175,832CR	175,832CR
P40 AFUDC Equity	15,815CR	17,273CR	1,458	45,571CR	273,684CR	175,832CR	346,533CR	175,832CR	175,832CR
P42 M&J M&C Income									
715111 M&J Revenues-Outside	167,971CR	142,792CR	25,179CR	159,138CR	1,839,605CR	1,707,318CR	1,802,068CR	1,707,318CR	1,707,318CR
715112 M&J Revenues-Inside			13,981CR	13,981CR	13,981CR	13,981CR	26,847CR	26,847CR	26,847CR
P42 M&J M&C Income	167,971CR	142,792CR	25,179CR	159,138CR	1,839,605CR	1,707,318CR	1,802,068CR	1,707,318CR	1,707,318CR

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance

For the period ending 12/31/2006

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
801 Utility Plant Original Cost				
10000 Organization	5,439.75	31,640.33	5,439.75	30,520.33
30200 Franchises		335,540.50		332,220.50
30320 Land & Ld Rights SS		68,163.99		68,163.99
30340 Land & Ld Rights M		3,948.84	59,118.66	3,948.84
30350 Land & Ld Rights TD		3,948.84	4,200.00	3,948.84
30400 Structure & Imp P	125,792.66	4,800.00	233,261.09	4,800.00
30420 Structure & Imp W	23,309.80	2,822.96	12,432.28	2,822.96
30440 Structure & Imp TD	28,228.96	3,933.49	55,137.55	3,933.49
30460 Structure & Imp Offices	19,211.32	1,432.89	2,435.02	1,432.89
30470 Structure & Imp Store, Shop, Gar	166,346.17	1,015.42		1,015.42
30480 Structure & Imp Misc		5,572.45		5,572.45
30500 Structure & Imp Lake, River & Other Intakes		9,600.98		9,600.98
30600 Supply Generation Equip Othe	175.65	7,724.41		7,724.41
30700 Pump Equip Electric	24,225.24	41,160.00		41,160.00
30800 Pump Equip Hydraulic	7,174.49	1,444.25	35,640.82	1,444.25
30900 Pump Equip Mechanical	82,485.28	2,822.96	45,510.07	2,822.96
31000 Other P/E Intangible	82,485.28	6,426.99		6,426.99
31100 TD Mains Not Classified By	42,749.91	1,748.95	2,000.00	1,748.95
31200 TD Mains 4in & Less	1,904,968.04	1,748.95	1,455,176.32	1,748.95
31300 TD Mains 6in to 8in		1,118.92		1,118.92
31400 TD Mains 10in to 16in		1,118.92		1,118.92
31500 Services	408,119.67	35,200.56	1,138.92	35,200.56
31600 Meters		1,118.92	653,130.64	1,118.92
31700 Meters Bronze Case	31,862.01	45,406.51		45,406.51
31800 Meters Plastic Case	1,562.04	1,444.25	14,604.79	1,444.25
31900 Meters Other	529,969.66	6,877.76	69,964.38	6,877.76
32000 Meter Installations	193,451.35	10,114.3	209,816.02	10,114.3
32100 Cylinders	129,526.32	10,114.3	110,283.64	10,114.3
32200 Other P/E Intangible	833,319.43			
32300 Office Furniture & Equip	15,720.53	655,445.14		655,445.14
32400 Comp & Periph Mainframe	15,720.53	1,487,924.23		1,487,924.23
32500 Comp & Periph Personal	13,133.81	4,543.24	20,356.27	4,543.24
32600 Computer Software		2,924.48		2,924.48
32700 Comp Software Personal	9,097.95	1,593.33	18,272.86	1,593.33
32800 Comp Software Other	6,544.92	1,773.33		1,773.33
32900 Other Office Equipment	494,276.70	1,773.33		1,773.33
33000 Trans Equip Lt Duty Trks	20,475.71	1,800.50		1,800.50
33100 Trans Equip Hvy Duty Trks	17,508.17	1,800.50		1,800.50
33200 Trans Equip Autos	51,202.50	1,436.41		1,436.41
33300 Trans Equip Other		1,934.81		1,934.81
33400 Tools & Equipment	235,935.44	1,934.81		1,934.81
33500 Laborator, Garage Equip		1,159.10		1,159.10
33600 Power Operated Equipment	49,934.81	3,677.25		3,677.25
33700 Comm Equip Non-Telephone	33,150.10	441.01		441.01
33800 Misc Equipment		5,330.88		5,330.88
33900 Other Tangible Property	2,546.46	3,393.00		3,393.00
34000 WW Struct & Imp Coll		1,014.17		1,014.17
34100 WW Pump Equip SS		1,014.17		1,014.17
34200 Land & Ld Rights SS		20,744.42		20,744.42
34300 Land & Ld Rights SS		9,265.50		9,265.50
34400 Land & Ld Rights TD		73,073.85		73,073.85
34500 Structure & Imp TD	3,677.25	25,073.46	9,000.00	25,073.46
34600 Structure & Imp Store, Shop, Gar		2,393.29	12,375.28	2,393.29
34700 Structure & Imp Misc		3,331.16	58,377.22	3,331.16
34800 Structure & Imp Non-Med		1,111.11	57,366.47	1,111.11
34900 TD Mains Not Classified By		5,330.88		5,330.88
35000 Services		3,393.00	17,384.75	3,393.00
35100 Meter Installations		1,014.17		1,014.17
35200 Hydrants		1,014.17		1,014.17
35300 Office Furniture & Equip		5,632.65		5,632.65
35400 Comp & Periph Personal	2.18	18,933.62		18,933.62
35500 Computer Software		8,933.62		8,933.62
35600 Other Office Equipment		135,935.13		135,935.13
35700 Trans Equip Lt Duty Trks		135,935.13		135,935.13

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American Water Works Company
Kentucky-American Water-Co 1X
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2006

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B01 Utility Plant Original Cost				
101001 Tools, Shop, Garage Equip		4,877.77		937.50
34000 Tools, Shop, Garage Equip		49,449.98		49,449.98
34250 Water Operated Equipment		75,554.21		75,554.21
34300 Misc Equipment		2,250.00		2,250.00
34350 Hand & Ld Rights Gen		267,212.77		267,212.77
34400 Struct & Imp SPP		2,110,399.46		2,110,399.46
34450 WW Struct & Imp Gen		853,517.58		853,517.58
34500 WW Collectors/Sewers Forced		9,550.00		9,550.00
34550 WW TD Equipment		22,715.85		22,715.85
34600 WW Office Furniture & Equip		3,339.16		3,339.16
390000 WW Computers & Peripherals		35,237.50		35,237.50
39100 WW Trns Equip Lt Dty Trks		35,574.66		35,574.66
39200 WW Stores Equipment		25,749.28		25,749.28
392000 WW Tool Shop & Garage Equip		37,149.28		37,149.28
392000 WW Power Operated Equip		1,395.00		1,395.00
395000 WW Communication Equip		15,745.70		15,745.70
101039 Completed Const not Classified				
101100 Reg Assets Acq'd on Debt		272,637.00		272,637.00
103000 Property Held for Future Use		114,076.24		114,076.24
104000 Utility Plant Purchased/Sold				
Utility Plant Purchased/Sol				
B01 Utility Plant Original Cost	4,402,710.22	327,533,086.16	4,253,348.15	303,733,314.69
B02 CWIP				
105050 CWIP Accr-Infra		1,745,378.86	10,000.00CR	
31 CWIP Accr-Infra		2,559,478.22	75,222.96CR	
105110 CWIP Hist-Utility		10,021,825.69		10,021,825.69
11 CWIP Hist-Crv-Bldgs		5,966.84	215,787.00	2,277,733.84
31 CWIP Hist-Infrastr		5,381.46CR	2,573,363.00	1,513,037.00
105125 CWIP Permits & Fees		49,042.88		49,042.88
11 CWIP Permits-Bldgs		219,704.94		59,345.00
31 CWIP Permits-Infrastr		349,761.45		82,356.93
105150 CWIP M&S & Purchases		19,115,344.78	150.00	244,653.33
11 CWIP M & S-Bldgs		17,520,524.20		19,115,344.78
31 CWIP M & S-Infrastr		4,568,402.75	438,437.32	11,306,038.36
105175 CWIP Professional Services		39,385.35	33,571.86CR	11,982,314.99
31 CWIP Prof Svcs-Plant		1,083,241.40		782,801.20
105200 CWIP Co Labor		40,017.77	2,142.00	40,017.77
11 CWIP Co Labor		1,594,842.33		1,594,849.33
31 CWIP Co Labor-Infrastr		2,315,406.87	1,328.20	18,944.44
105250 CWIP Co Labor OH		808,323.76	22,198.62	1,675,424.40
11 CWIP Co Labor OH		1,733,257.65	1,096.09	1,733,257.65
31 CWIP Labor OH-Bldgs		4,755.35	18,595.02	1,214,591.48
11 CWIP Labor OH-Infrastr		1,563,355.95	1,335.51	1,214,591.48
105260 CWIP Overhead		688,754.64		688,754.64
11 CWIP Overhead-Bldgs		193,785.93		193,785.93
31 CWIP Overhead-Plant		3,233,586.06	20,475.88	3,214,566.46
105270 CWIP Service Co Chgs		52,538.93	32,010.51	2,397,432.08
11 CWIP Service Co Chgs		5,269.73		5,269.73
31 CWIP AMWSC Chg-Infrastr		54,022.02	17,269.10CR	1,171,181.11
105275 CWIP Contracted Services		55,538.93	1,938.43	360,092.99
11 CWIP Contracted Services		26,665.82		26,665.82
31 CWIP Contr Svc-Bldgs		28,980.36	441,644.05	20,925,526.14
11 CWIP Contr Svc-Infrastr		9,448,182.59		6,182,788.16
105280 CWIP Retainage				

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American Water Works Company
Kentucky-American Water-Co 12
Total Balance (USGAAP)
For the Period Ending 12/31/2006

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
103100 CWIP Retainage	217,135.32	365,817.31		366,817.31
103100 CWIP Retainage-Blggs	79,784.53	181,325.00		61,325.00
103100 CWIP Retainage-Infrastr		2,152,105.36	52,601.20	1,509,289.11
103100 CWIP Retainage-Plant		2,423,707.62		244,521.00
103300 CWIP Paving		22,858.20		22,858.20
103300 CWIP Paving-Infrastr		195,233.55	193,800.00	195,233.55
103350 CWIP AFUDC Debt		703,911.94		703,911.94
103350 CWIP AFUDC Debt-Blggs		51,765.27		11,744.70
103350 CWIP AFUDC Debt-Infrastr	6,035.05	234,213.02	3,792.19	194,988.31
103350 CWIP AFUDC Debt-Plant	4,379.53	495,314.81	3,450.75	483,814.31
103375 CWIP AFUDC Equity		809,429.26		809,429.26
103375 CWIP AFUDC Equity-Blggs		74,380.19		19,704.93
103375 CWIP AFUDC Equity-Infrastr	7,928.11	315,587.25	5,545.90	258,055.74
103375 CWIP AFUDC Equity-Plant	5,681.26	620,449.85	17,921.23	576,238.80
103390 CWIP Tran PY Chg-Bldgs	39,095.36	177,144.11		145,563.87
103390 CWIP Tran PY Chg-Infrastr	209,603.53	516,498.01		622,802.82
103390 CWIP Tran PY Chg-Plant	175,409.90	850,078.59		914,630.87
103391 CWIP Trans Current Yr Chgs		9,843,395.47	457,202.28	9,467,202.28
103399 CWIP Prelim Eng-Plant		2,618.00		2,618.00
103900 CWIP Trans to UPIS		51,963,726.94		51,963,726.94
103900 CWIP Trans to UPIS-Blggs	106,113.95	1,944,994.87	59,118.66	2,022,311.33
103900 CWIP Trans to UPIS-Infrastr	3,519,336.93	95,978,919.57	2,856,174.26	35,617,362.43
103900 CWIP Trans to UPIS-Plant	5,155,855.60	13,044,854.66	1,582,900.81	9,936,043.68
B02 CWIP		11,735,349.17	220,924.05	11,416,984.79
B03 Accumulated Depreciation				
108105 AD UPIS-Acc Depr-Not Classifd	108,653.97	50,577,843.50	98,376.22	51,804,322.18
108105 AD UPIS-Acc Depr-Oper Bldgs	81,597.66	2,129,923.37	31,374.95	2,198,998.32
108105 AD UPIS-Acc Depr-Admin Bldgs	12,833.01	504,910.85	11,541.22	516,451.07
108105 AD UPIS-Acc Depr-Infrastr	347,550.32	15,389,990.16	331,054.22	15,720,044.00
108105 AD UPIS-Acc Depr-Op Water	174,980.79	7,189,961.23	141,115.55	7,331,076.78
108105 AD UPIS-Acc Depr-Off Op Equi	82,503.19	3,355,954.56	71,048.32	3,427,003.88
108105 AD UPIS-Acc Depr-Off Equip	130,653.95	5,207,071.69	127,103.98	5,334,175.67
108110 AD UPIS-Removal Cost	1,079.82	51,831.36	1,079.82	53,381.52
108115 AD UPIS-Salvage		2,040,107.64		2,040,605.16
108120 AD UPIS-Scrap Meters		94,978.49		94,978.49
108122 AD UPIS-Scrap Misc		19,995.14	931.50	11,146.90
108135 AD UPIS-Scrap Misc		9,606.63		2,108.52
108140 AD UPIS-Salv Trade-In		16,975.00		16,975.00
108145 AD UPIS-Salv Sale		2,490.81		2,490.81
108190 AD UPIS-Reg Cost-Not Classifd	111,246.67	6,779,218.74	280,536.40	6,105,723.26
108190 Acc Depr Reg Asset	575.00	96,589.18	575.00	89,689.18
110100 Acc Amort Util pit Svc				
110100 Acc Amort Util pit Svc				
B03 Accumulated Depreciation		75,828,388.59	328,892.15	68,879,349.77
B04 UPAA				
114100 UPAA-ATL		455,951.18	744.80	425,369.94
115100 Accum Amort UPAA-ATL	1,765.53	107,985.33	1,800.91	86,905.21
115100 Accum Amort UPAA-ATL	1,741.57	347,965.85	1,056.11	338,464.73
B04 UPAA				
B07 Non Utility Property, Net				
121500 NUP-Other		249,737.68		249,737.68
121500 NUP-Other		249,737.68		249,737.68
B07 Non Utility Property, Net				
B10 Cash & Cash Equivalents				
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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2006

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
003 B&T	63,079.70CR	76,661.28	158,390.77CR	687,833.83
005 Deutsche Bank				
131398 Cash Clear-NSF Checks	22.49CR	2.65CR	1,894.78CR	6,219.19
001 Cash Clear-NSF Checks	121.44CR	121.44CR		
002 Cash Clear-Mixed Pymt			550.14CR	182.98CR
003 Cash Clear-Misc DR/CR			10,860.71CR	2,424.16CR
004 Cash Clear-MI'S	510.00			
005 Cash Clear-ORCOM	41.53CR	57.94		
006 Cash Clear-Interco	278.43	114.98		
007 Cash Clear-Pinnaco	449.37CR	400.75CR		
008 Cash Clear-General	118,290.96CR	825,408.00	100,019.43	10,210.11CR
009 Cash Clear-ARC DR/CR	7.29	51.80	2,227.56	2,448.46
134100 Petty Cash		2,400.00		2,400.00
B10 Cash & Cash Equivalents	181,209.77CR	904,169.16	68,841.58CR	840,222.02
B12 Customer Accounts Receivable				
141000 Customer A/R	103,153.71	2,450,494.71	223,775.81	3,426,220.68
141999 Customer A/R Clearing	2,097.45CR	2,533.93	9.94	2,080.11
B12 Customer Accounts Receivable	101,056.26	2,453,028.64	223,785.75	3,428,300.79
B13 Allowance for Uncollectible A/ 143000 Accum prov-uncoll accts	23,854.32	261,096.96CR	27,550.70CR	258,903.51CR
B13 Allowance for Uncollectible A/ 143000 Accum prov-uncoll accts	23,854.32	261,096.96CR	27,550.70CR	258,903.51CR
B14 Accrued Utility Revenue				
144000 Accrued Utility Revenue	89,632.10	2,510,264.49	775,160.41	4,529,611.79
B14 Accrued Utility Revenue	89,632.10	2,510,264.49	775,160.41	4,529,611.79
B15 PTT Refund Due From Assoc Co				
145000 PTT Refund Receivable	249,075.00	3,470,085.82	403,099.00	1,778,196.82
145100 SIT Refund Receivable	249,075.00	626,090.86	363,207.00	386,991.41
B15 PTT Refund Due From Assoc Co	249,075.00	4,096,176.68	766,306.00	2,165,188.23
B16 Miscellaneous Receivables				
146100 Misc A/R-System	47,559.30CR	541,006.77	150,462.25CR	444,827.60
001 Misc A/R-System	108,641.84	45,154.49	775,028.29	145,746.82
146115 Misc A/R-Mannual				
146300 Misc A/R-Medicare Subsidy	11,758.69CR	20,476.31		
146370 Misc A/R-Adv to Employees				
146370 Accum prov-uncoll misc a/r	3,657.57CR	3,657.57CR		
AW02 A/R Assoc Cos	146.79	146.79		
AW12 A/R Assoc Cos-AW12	146.79CR	146.79CR		
146800 Rents Receivable				
Rents Receivable				
B16 Miscellaneous Receivables	45,666.28	602,980.00	77,433.96CR	590,576.42
B17 Materials & Supplies				
151100 Plant Material	58,973.47CR	380,007.67	38,578.75CR	306,288.59
151300 Chemicals	28,303.54CR	135,507.78	.12	119,641.00
Chemicals				
B17 Materials & Supplies	87,277.01CR	515,515.45	38,578.63CR	425,929.59
B19 Prepayments				
163400 Other Special Deposits				
Other Special Deposits				
165100 Prepaid Taxes				
Prepaid Taxes				
165200 Prepaid Insurance	56,186.18CR	708.24	1,394.79	1,394.79
Prepaid Insurance				
165300 Prepaid PFC/PSC Assessments	6,862.21CR	41,173.27	40,465.28CR	.01
Prepaid PFC/PSC Assessments				

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2006

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B19 Prepayments				
165500 Prepaid Other	3,763.39	27,326.34	9,766.40CR	62,141.30
174100 Deferred Vacation Pay	123,706.51CR	24,138.25	179,115.72CR	23,199.99
174200 Curr State Def Tax		31,549.00	15,311.00	31,549.00
174300 Curr Fed Def Tax		142,076.00	78,841.00	142,076.00
174300 Curr Fed Def Tax		266,971.10	133,800.61CR	261,361.09
B19 Prepayments	182,991.51CR			
B23 Debt & Preferred Stock Exp				
181110 Unamort Debt Exp-Out	668.50CR	158,075.43	668.50CR	166,097.43
181120 Unamort Debt Exp-In				
AW46 Unamort Debt AM46	5,340.03CR	281,653.93	5,340.03CR	345,734.29
181510 Pref Stk Exp Outside				
181512 Pref Stk Exp w/ mandatory	64,242.77CR	23,062.16	64,242.77CR	23,833.04
B23 Debt & Preferred Stock Exp	6,072.77CR	462,791.52	6,072.77CR	535,664.76
B24 Deferred Rate Proceedings				
182000 Deferred Rate Proceedings	30,086.22CR	421,207.06	29,966.80CR	782,496.82
B24 Deferred Rate Proceedings	30,086.22CR	421,207.06	29,966.80CR	782,496.82
B25 Preliminary Survey & Invest				
183000 Prelim Survey & Invest		125,657.24	95.39	134,963.35
183280 PSI-Customer Service Project				
PSI-Customer Service Projec		125,657.24	95.39	134,963.35
B25 Preliminary Survey & Invest				
B26 Deferred Regulatory Asset				
186030 Reg Asset-Reg-CWIP	9,255.47	362,548.13	17,046.46	260,533.87
186035 Reg Asset-Reg-CWIP		2,495,394.60	2,495,394.60	2,495,394.60
186040 Reg Asset-Reg-CWIP	30,875.00CR	4,488,056.38	26,635.87CR	4,905,639.38
186045 Reg Asset-Other	2,008.00	501,337.39CR	2,264.00	519,144.39CR
186055 Reg Asset-Accum Amort	2,144.00CR	360,198.00CR	2,144.00CR	334,470.00CR
B26 Deferred Regulatory Asset	21,755.53CR	6,484,463.72	9,469.41CR	6,807,953.46
B27 Other Deferred Debits				
184100 Eng Clearing Dist OH	82.95CR		194,993.97CR	270.20
184102 Mngmt Study-MR-MR			364.17CR	35.46
184103 Mngmt Study-Pipe Assmnt			531.92CR	32.60
185125 RWIP Permits, Fees & Premiu		9.75		9.75
185150 RWIP M & S and Purchases	1.50	8,239.81		6,689.86
185200 RWIP CO Labor	3,188.83	234,315.42	805.87	188,966.56
185250 RWIP CO Labor OH	2,001.46	119,080.00	670.68	87,726.96
185275 RWIP Contracted Services#	21,120.25	1,847,899.15	31,174.50	1,713,965.27
185280 RWIP Contracted Services		5,093.07		5,093.07
185315 RWIP Salvage	67,062.60CR		500.00CR	52,371.00CR
185322 RWIP Scrap Misc	780.00CR			780.00CR
185999 RWIP Clear Removal & Salvage	26,376.63CR	2,139,192.95CR	644,267.95CR	1,948,700.47CR
186401 DDA-Programmed Maint	21,945.95CR	1,468,485.47	31,001.12CR	1,761,135.68

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American Water Works Company
Kentucky-American Water-CC 12
Total Company (USGAAP)
Trial Balance
For the period ending 12/31/2006

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December
Activity

December
Balance

Prior Year
Activity

Prior Year
Balance

Description

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B27 Other Deferred Debits				
186485 DDA-RIA Software Licen	342.72CR			
186426 DDA-FAS 112 Costs	54,852.00	61,130.00	304.96CR	.03
186432 DDA-Cost of Service Study				6,278.00
186444 DDA-Waste Disposal	194,062.50	194,062.50	7,813.67CR	8,569.71
186492 DDA-Add'l Security Costs	15.10	15.10		70,323.15
186598 DDA-Reg Assets	34,349.02CR	3,361,153.63	47,657.58CR	3,800,210.59
186703 DDN-Reg Assets	3,134.00	14,124.92		
186704 DDN-Undistributed Items				
186705 DDN-IC Rec/Pay Clearing	22,814.65CR	2,916.10	2,635.18	2,635.18
186707 DDN-Ins Oth Than Grp Reg			209,259.52CR	274,629.58CR
186711 DDN-Acquisition Costs	1,608.05CR	.33	2,391.41CR	37,411.26CR
186750 DDN-Eng Engineering Studie			1,608.05CR	19,296.78
186898 DDN-OTH LI Assets				
B27 Other Deferred Debits	170,855.67	5,109,489.70	1,105,408.09CR	5,357,346.56
B33 Common Stock				
201200 Com Stk Subs Interco				
B33 Common Stock				
B34 Paid In Capital				
205175 Donations from Stkholders				
205300 Gain on Resale/Cancel				
205440 Misc Gain on Resale/Cancel				
B34 Paid In Capital	8,000,000.00CR	8,034,810.00CR		34,810.00CR
B35 Retained Earnings	8,000,000.00CR	8,056,319.44CR		56,139.44CR
210210 R/E at Acquisition				
210240 R/E Since Acquisition				
B35 Retained Earnings				
B39 Preferred Stock				
215110 Pref Stk Sub Outside				
215410 Pref Stk Sub Outside				
B39 Preferred Stock	500.00	1,466,100.00CR		1,468,700.00CR
B40 Long Term Debt	600.00	1,466,100.00CR		1,468,700.00CR
215113 Pref Stk-Mand LT				
221110 Bonds-Outside				
221120 Bonds-Inside				
AW46 Bonds-Inside AW46				
B40 Long Term Debt	27,100,000.00	26,400,000.00CR		53,500,000.00CR
B43 Bank Debt	27,100,000.00	54,400,000.00CR		81,500,000.00CR
231200 Notes Pay-Asoc Cos				
B43 Bank Debt	3,021,804.87	3,297,056.37CR	117,862.18CR	7,992,102.66CR
B44 Current Portion LTD	3,021,804.87	3,297,056.37CR	117,862.18CR	7,992,102.66CR

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American Water Works Company
Kentucky-American Water-Company (USGAAP)
Total Trial Balance
For the Period Ending 12/31/2006

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
23200 Curr Portion LTD-In AW46	27,100,000.00CR	27,100,000.00CR		
B44 Current Portion LTD	27,100,000.00CR	27,100,000.00CR		
B45 Accounts Payable				
234100 Accts Pay-Gen System	1,152,058.91CR	1,321,667.39CR	242,323.76	214,354.02CR
234110 Accts Pay-Gen System	16,034.39	21,666.90	11,897.73	45,025.61CR
234200 Accts Pay-Contract Retention	67,133.42CR	196,873.65CR	52,601.20CR	560,666.99CR
234300 Accts Pay-Misc	72,353.97CR	114,478.70CR	242,728.62CR	26,580.65CR
002 Accts Pay-Misc W/O's	73,842.99CR	327,228.41CR	3,489,970.65CR	3,511,925.72CR
004 Accts Pay-Yr End Accr	18,164.91	15,111.42CR		
006 Accts Pay-Wkbskt Accr	3,813.23CR	20,250.71CR		
007 Accts Pay-Perd Accr				
234350 Accts Pay-Proj Exp Accr	3,362,820.36CR	4,304,149.14CR	85,222.96	
234400 Accts Pay-AWMS	918,222.62CR	994,977.29CR	169,342.05CR	196,369.63CR
AW03 Accts Pay-AW03	23,378.23CR	23,714.35CR	19,112.25CR	19,112.25CR
280999 Int Accts Rec/Pay	5,639,423.53CR	7,296,805.16CR	3,386,011.80CR	5,350,140.70CR
Intercor Rec/Pay				
B45 Accounts Payable				
B46 Accrued Taxes				
236120 FUTA	9.20CR	144.15CR	109.10CR	346.93CR
236130 FICA	587.30CR	15,673.55CR	42,475.32CR	42,475.32CR
236140 SUTA	21.50CR	210.19CR	118.29	370.24CR
236144 Payroll Tax Clearing			572.50CR	767.87CR
236151 Gen Tax-Property	622,820.86	1,965,847.48CR	1,203,611.44	288,980.53CR
236152 Gen Tax-Sales/Use	1,002,544.74CR	1,078,166.51CR	20,026.06CR	92,881.97CR
236170 Gen Tax-Other	182,729.15CR	192,700.00CR		
236201 FIT Tax Clearing		1,820.00		1,820.00
236210 Acct FIT - Current Yr	2,383,900.00	2,590,512.00CR	1,040,777.00	355,361.00CR
236220 Acct FIT - Pr Yrs		2,060,993.85CR	1,689,716.00CR	1,689,716.00CR
236230 Acct SIT - Current Yr	71,967.00CR	379,126.00CR	19,507.00	53,466.00CR
236240 Acct SIT - Pr Yrs		53,486.00CR		
236310 Curr Def SIT		21,553.00CR		21,553.00CR
236320 Curr Def SIT/FIT		5,529.00CR		5,529.00CR
Curr Def SIT/LIT		8,362,121.73CR	511,114.75	2,549,647.86CR
B46 Accrued Taxes	1,748,861.97	8,362,121.73CR		
B47 Accrued Interest				
237200 Int Acct-LTD-Outside	425,027.91	311,872.09CR	420,437.50	316,462.34CR
237300 Int Acct-LTD-Outside	823,801.46	269,170.42CR	75,345.83	1,017,626.01CR
AW48 Int Acct-LTD-AW48				
241248 Accrued PFD Div Requirements	64,583.75	30,703.75CR	63,525.00	31,762.50CR
002 Acct PFD Div w/mand		611,746.26CR	559,308.33	1,365,850.85CR
B47 Accrued Interest	1,313,413.12	611,746.26CR		
B48 Customer Deposits				
238010 Current Customer Deposits				499.56CR
238020 Unclaimed Cust Deposits	6,060.00			6,060.00CR
Unclaimed Cust Deposits	6,060.00			6,559.56CR
B48 Customer Deposits				
B51 Misc Current Liabilities				
241100 Accrued Vacation Pay				
241201 Acct Water Purchases	123,706.51	24,138.25CR	179,115.72	23,199.99CR

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
Accr Water Purchases	6,496.63CR	33,268.16CR	534.97	13,891.76CR
Accr Power	4,923.11CR	273,336.96CR		107,000.00CR
Accr Legal	21,805.70CR	21,805.70CR		
Accr Audit	1,055.00CR	1,055.00CR		
Accr Wages	8,661.40CR	205,867.00CR	18,386.08CR	327,816.00CR
Accr Insurance	.02CR	1.06CR	31.48	114.67CR
Accr Rents	4,660.71	30,624.97CR	12,000.00	12,000.00CR
Accr Waste Disposal	120,218.18CR	120,218.18CR		
Accr Retiree Medical Reimb	1,624.88CR	3,500.00CR		
Accr DBP Contribution	263.98CR	5,238.53CR		
Accr EIP Contribution				
Accr Bank Fees	11,096.67	34,155.52CR		10,141.63CR
Accr Tax Coll KY	1,221.49		24.93CR	1,457.93CR
Accr Tax Coll KY			66.93CR	713.65CR
Accr Union Dues			28,566.86	6,665.75CR
Accr Charity Contribution	49	1,774.37CR		2.00
Accr Flex Spending Account	540.41CR	30,824.08CR		
Accr EIP			23,620.66CR	56.22CR
Accr Tax Coll Pay FIT			13,138.91CR	29,690.66CR
Accr Tax Coll Pay FIT			18,368.12CR	11,959.74CR
Accr Tax Coll Pay FICA			18,368.12CR	18,926.95CR
Accr Miscellaneous	2,061.04CR	16,375.66CR	118.76CR	3,148.60CR
Accr Employer 401k Match			40,757.09CR	36,301.81CR
Accr Employer 401k Match	299.98CR	10,510.05CR		
Accr Accrued P/B Day Payments	6,514.89CR	19,460.10CR	6,569.17CR	19,682.33CR
Accr Construction Costs Pay	57,053.20CR	57,053.20CR	200,463.28CR	200,463.28CR
Unclaimed Credits Pay	21,393.95CR	52,620.93CR	550.40CR	26,056.57CR
Unclaimed Ext Dep Refund Pay			4,598.15CR	4,598.15CR
Unbilled Items-System	21,161.76CR	28,771.29CR	45,177.15CR	53,865.36CR
Unbilled Stock C-System	35,494.36	66,572.45CR	4,748.95	100,559.58CR
Unbilled Stock E-System	511,966.27	113,168.22CR	133,855.70CR	281,019.75CR
Unbilled Stock F-System	53.00CR	226.00CR	30.00CR	144.00CR
CFO-Cont Asst Nonpledged	31.00CR	124.00CR	20.00CR	32.00CR
CFO-Cont Asst Pledged				
CFO-Sales Tax	89,561.88CR	370,382.05CR	321,385.18	298,168.55CR
CFO-Gross Rcts Tax	27,310.74	38,041.80	254,695.78CR	200,303.95CR
CFO-Mun Tax		1,367.80CR	196,870.18CR	4,000.37CR
CFO-Mgmt Contracts				
CFO-MC/Swr Rev/Cash	47,674.70	418,633.52CR	404,738.03	2,766,843.21CR
CFO-MC/Swr A/R	59,060.10CR	1,610,263.89	410,238.03	2,417,258.51
A/P A/Check Clearing	23,127.28	1,644,337.60	17,410.77	
P/R A/Check Clearing	1,883,943.77CR	3,375,861.04CR	1,668,080.98CR	3,013,144.70CR
P/R A/Check Clearing	12,823.12	1,492.71CR	155,573.84CR	161,634.54CR
Other Curr Liab Analyzed	47,967.58CR	669,941.13CR	120,320.24CR	810,289.39CR
Other Curr Liab Analyzed	1,555,609.12CR	5,699,321.79CR	2,341,467.95CR	6,026,033.69CR
B51 Misc Current Liabilities				
B55 Advances for Construction				
252120 Adv for Const-NT Ext	815,920.78	14,426,761.57CR	455,569.12	12,122,290.89CR
252130 Adv for Const-NT Services	1,317,416.90	509,106.84CR	25,423.90CR	1,297,082.14CR
252140 Adv for Const-NT Meters		358,112.36CR	22,469.00CR	231,928.16CR

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B55 Advances for Construction				
252150 Adv for Const-NT Hydrants	11,077.88CR	402,609.48CR	23,454.00CR	461,196.55CR
252160 Adv for Const-NT Hydrants	3,711.27CR	574,399.94CR	9,807.00CR	748,271.07CR
252220 Adv for Const-NT Other	208,419.03	221,648.08CR		1,587,650.41CR
252220 Adv for Const-Tax Ext	2,330,967.56	16,492,638.27CR	374,415.22	16,448,419.22CR
B55 Advances for Construction				
B56 Deferred Income Taxes				
253203 Def Int Non-Exempt		1,788,512.00CR		1,788,512.00CR
253301 Def Int Non-Exempt		28,154,242.54CR	661,515.63CR	28,526,266.22CR
253309 Def Int-Other		133,392.00	133,392.00	133,392.00
253701 Def Int-AMT		5,358,581.88CR	859,418.03CR	6,111,856.73CR
253701 Def Int-Other		35,167,944.42CR	1,387,541.66CR	36,293,242.95CR
B56 Deferred Income Taxes				
B57 Deferred ITC				
255101 Unamortized ITC - 3%	638.00	109,478.67CR	718.88	115,177.67CR
255102 Unamortized ITC - 4%	525.00	67,503.41CR	592.25	72,109.41CR
255403 Unamortized ITC - 10%	5,903.00	1,125,665.57CR	6,655.13	1,177,846.57CR
255403 Unamortized ITC - 10%	7,066.00	1,302,647.65CR	7,966.26	1,365,133.65CR
B57 Deferred ITC				
B58 Deferred Regulatory Liability				
256212 Reg Liab-Exc Def Depr FIT	11,734.00	1,566,400.63CR	13,228.00	1,670,416.63CR
256220 Reg Liab-Exc Def Depr FIT	2,296.00CR	306,404.84	2,588.88CR	326,766.84
256232 Reg Liab-Deficit Def FIT	2,200.00	873,357.00CR		
256250 Reg Liab-Def Depr SIT	82,277.34CR	7,597,007.36CR	545,891.73	6,560,981.16CR
256310 Reg Liab-ITC Gross-Up 3%	432.00	74,168.75CR	487.00	77,998.75CR
256311 Reg Liab-ITC Gross-Up 4%	356.00	45,688.75CR	401.25	48,839.75CR
256312 Reg Liab-ITC Gross-Up 10%	3,252.00	620,165.24CR	3,666.50	648,999.24CR
B58 Deferred Regulatory Liability				
B59 Other Deferred Credits				
262110 DCA-Deferral Liab AMWS	834,296.02		10,960.75CR	714,406.14CR
262120 DCA-Deferral Liab AMWS	64,524.75CR	2,381,721.20CR	71,849.08CR	2,965,911.20CR
262210 DCA-ACCR OPEB	67,656.83CR	299,736.96CR	74,522.67CR	299,737.00CR
262215 DCA-ACCR OPEB Med Subsidy	10,745.00CR	42,980.00CR		
262313 DCA-FAS 112 Costs	54,852.00CR	61,130.00CR		
262317 DCA-Def Comp Costs		31,657.20		
262318 DCA-Def Plan Stock				
262321 DCA-Def Plan Cash LT				
262322 DCA-Def Plan Cash LT				
262401 DCN-Ins Other Than Grp Reg	18,780.09CR	213,721.81CR	9,645.50CR	107,545.42CR
262401 DCN-Ins Other Than Grp Reg	30,765.92CR	30,765.92CR	15,673.61	37,410.57
B59 Other Deferred Credits				
B62 CIAC				
271110 CIAC-NT Mains	586,971.43	2,998,398.69CR	151,304.39CR	4,024,809.99CR
271120 CIAC-NT Ext Dep	232,039.52CR	9,849,066.41CR	353,216.45CR	8,805,159.84CR

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American Water Works Company
Kentucky-American Water Co 12
Total Company (USGAAP)
Trial Balance
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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B62 CIAC				
271130 CIAC-NT Services	1,411,488.93CR	12,726,971.56CR	95,270.00CR	10,048,960.63CR
271140 CIAC-NT Meters		168,042.19CR		168,042.19CR
271150 CIAC-NT Hydrants		694,087.66CR		402,818.64CR
271160 CIAC-NT Other		2,991,896.06CR		2,670,403.89CR
271170 CIAC-NT WIP		358.60CR		
271180 CIAC-NT Non-Utl Prop		249,724.86CR		249,724.86CR
271190 CIAC-Tax Mains		1,998,493.38CR		1,998,493.38CR
271200 CIAC-Tax Ext Dep	155,843.02CR	704,228.02CR		548,385.00CR
271230 CIAC-Tax Services	22,670.00CR	6,049,242.33CR	25,900.00CR	5,618,527.33CR
271240 CIAC-Tax Meters		3,299.01CR		3,299.01CR
271250 CIAC-Tax Hydrants		487,486.50CR		487,486.50CR
271260 CIAC-Tax Other		440,902.80CR		440,902.80CR
272010 Accum Amort CIAC-Mains		281,286.30	1,221.51	280,064.79
272040 Accum Amort CIAC-Meters		35,022.86	1.47	35,021.39
272050 Accum Amort CIAC-Hydrants		5,907.84		5,907.84
272060 Accum Amort CIAC-Other	103,933.44	9,931,963.60	49,019.16CR	8,758,962.11
B62 CIAC	1,718,108.03CR	39,835,232.25CR	522,182.63CR	35,681,810.16CR
00012 Kentucky-American Water Co.	1,431,858.56CR	1,521,849.08	1,925,779.61CR	3,410,786.63

American Water - MD Operating Data Report - Regulated Business - Water

Company/Location Name: Kentucky American Water Company ; Date: 12/2006; Budget Type: ORIGINAL ; Post/Adj: ASADJUST ;
User ID: IRELANSP ; Date Run: 1/16/09; Period Type: YTD

	Total	Residential	Commercial	Industrial	Fire	OPA	Resale	Miscellaneous
Number of Bills								
Monthly	1420019	1288067	105266	275	20167	6119	125	0
Bi-Monthly	0	0	0	0	0	0	0	0
Quarterly	0	0	0	0	0	0	0	0
Opening/Closing Bills	69501	66293	2954	2	235	16	1	0
Other	0	0	0	0	0	0	0	0
Total Actual	1489520	1354360	108220	277	20402	6135	126	0
Total Actual Prorated	1404844	1277368	102068	261	19242	5786	119	0
Budget	1393225	1264153	101880	240	21036	5796	120	0
Variance	11619	13215	188	21	1794-	10-	1-	0
Number of Estimated Bills	36460	32757	3449	9	1	242	2	0
3 or More Estimates	2341	2181	147	0	0	13	0	0
Total Billed Days	44829021	40541106	3273390	8359	815102	187096	3968	0
Water Sales (1000G)								
Metered	13511146	6552091	4324977	756267	45737	1441077	388915	2082
Flat Rate	0	0	0	0	0	0	0	0
Total Water Sales	13511146	6552091	4324977	756267	45737	1441077	388915	2082
Credit	239323-	111634-	99558-	7289-	0	20124-	36-	682-
Intercompany Sales	0	0	0	0	0	0	0	0
Total Net Sales	13271823	6440457	4225419	748978	45737	1420953	388879	1400
Total Net Sales Prorated	12517351	6074333	3985214	706400	43137	1340175	366772	1320
Budget	14012140	6427687	4486083	898999	0	1548455	650916	0
Variance	1494789-	353354-	500869-	192599-	43137	208280-	284144-	1320
Revenues (\$)								
Billed	48930475	27542503	12400499	1457997	3021280	3611769	882383	14044
Credits	618070-	301061-	252651-	13428-	5154-	42621-	78-	3077-
Net Revenue	48312405	27241442	12147848	1444569	3016126	3569148	882305	10967
Net Revenue Prorated	45565965	25692833	11457273	1362449	2844667	3366251	832148	10344
Budget	49309002	26591052	12476615	1718899	3286140	3794496	1441800	0
Variance	3743037-	898219-	1019342-	356450-	441473-	428245-	609652-	10344
Billed Revenue/1000G	3.6402	4.2297	2.8749	1.9287	65.9449	2.5117	2.2688	7.8335
Budget Revenue/1000G	3.5190	4.1369	2.7811	1.9120	.0000	2.4505	2.2150	.0000
# of Credit Adjustments	9679	8461	1090	5	18	100	3	2
Connections								
Total-End of Period	115783	104780	8586	21	1899	486	11	0
Budget	117252	106467	8486	20	1786	483	10	0
Variance	1469-	1687-	100	1	113	3	1	0
System Delivery (1000G)								
	Actual	Prorated	Budget	%	Variance	Last Year	12-Month Roll	
Gross S/D Produce/Purch	16466425	15530349	16481481	94.2	951132-	16068331	16466425	
System Delivery Transfer	0	0	0			0	0	
Net System Delivery	16466425	15530349	16481481	94.2	951132-	16068331	16466425	
Total Net Water Sales	13271823	12517351	14012140	89.3	1494789-	13678724	13271823	
Total Non Revenue Water	3194602	3012998	2469341	122.0	543657	2389607	3194602	
N.R.W. %	19.4		14.9		4.5	14.8	19.4	
Unbilled/Consumption	272142					0	0	
Actual Water Losses	2922460					2389607	3194602	
Operations								
	Actual	Budget	Variance	Last Year		Actual	Budget	Variance
Labor Costs (\$)								
Production	1432563	0	1432563	1350524	Total O&M Expense (\$)			
Network	2324129	0	2324129	1740425	Production	6182129	3237288	2944841
Cust Rltns	660274	0	660274	332582	Network	3154656	1111360	2043296
Maintenance	0	0	0	0	Cust Rltns	670002	56292	613710
Admin & Gen	374313	5156940	4782627-	486485	Maintenance	0	0	0
Total O&M Payroll	4791279	5156940	365661-	3910016	Admin & Gen	17670166	19970591	2300425-
Capital Payroll	737899	0	737899	537246	Total	27676953	24375531	3301422
Total Payroll	5529178	5156940	372238	4447262				
Capitalization %	13	0	13	12				
Non-Scheduled Overtime (Hrs)								
Production	3263	3252	11	2242	Sick Time (Hrs)			
Network	9792	12350	2558-	8801	Production	1226	488	738
Cust Rltns	3608	0	3608	1080	Network	5110	3264	1846
Maintenance	0	0	0	0	Cust Rltns	717	368	349
Admin & Gen	272	0	272	1032	Maintenance	0	0	0
Total	16935	15602	1333	13155	Admin & Gen	585	2730	2145-
					Total	7638	6850	788
# of Employees								
Production	28	31	3-	26				
Network	60	70	10-	47				
Cust Rltns	16	0	16	15				
Maintenance	0	0	0	0				
Admin & Gen	19	27	8-	21				
Service Company	0	0	0	0				
Total	123	128	5-	109				
Permanent FTE	123	0	123	109				
Temporary FTE	0	0	0	0				
Total FTE	123	0	123	109				
Customer/Employee Ratio	941	916	25	0				

For Statistical data the number of actual days YTD are 387, the number of budgeted days YTD are 365.
For Statistical data the number of actual days in this period are 30, the number of budgeted days in this period are 31.
Prorated values are provided for comparison to Budget.

83500 American Water Works Company
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 0004R Total Company (USGAAP)
 Comparative Balance Sheet
 For the Period Ending 12/31/2007
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Kentucky-American Water Co.

	Description	Current Year	Prior Fiscal Year Ending Bal
ASSETS			
1	Utility plant	345,341,374	327,533,086
2	Construction work in progress	21,309,716	11,763,310
3	Accumulated depreciation	80,434,539	75,828,389
4	Utility plant acquisition adjustment	326,777	347,966
5	Other utility plant adjustments		
6	Sub-total Utility Plant	286,543,328	263,815,973
7	Non-Utility property	249,738	249,738
8	Other investments		
Current Assets		398,277	904,169
10	Cash and cash equivalents		
11	Temporary investments	1,228,082	2,453,029
12	Customer accounts receivable	223,309	261,097
13	Allowance for uncollectible accounts	2,562,043	2,510,264
14	Billed revenues	388,038	4,096,177
15	Bill refund due from assoc. companies	196,269	602,989
16	Miscellaneous receivables	634,634	515,513
17	Materials and supplies	118,800	33,346
19	Other		
20	Sub-total	6,002,834	10,914,383
22	Deferred debit		
23	Debt and preferred stock	845,867	462,792
24	Expense or asset exceeding	485,893	421,287
25	Expense or asset & invest. charges	125,557	125,557
26	Reg. asset	6,385,438	6,484,464
27	Other	5,364,534	5,109,450
29	Sub-total	13,207,389	12,603,610
30	Total Assets	306,003,289	287,583,704
CAPITAL AND LIABILITIES			
32	Common stock	36,568,777	36,568,777
34	Paid in capital	8,159,867	28,949,083
35	Retained Earnings		
36	Unearned Compensation		
37	Acquired C/S & Accum		
38	Total common equity	74,784,963	72,974,179
39	Preferred stock	1,466,700	1,466,100
40	Long term debt	84,300,000	54,400,000
41	Total capitalization	160,551,663	128,840,279
42	Current liabilities		
43	Bank debt	18,115,817	3,287,056
44	Current portion of LTD	2,407,988	2,139,989
45	Accounts Payable	4,882,088	8,287,526
46	Taxes accrued	1,143,224	611,746
47	Interest accrued		
48	Customer deposits		
49	Dividends declared		
51	Other	3,267,524	5,699,322
52	Sub-total	36,996,039	52,329,639
54	Deferred credits		
55	Customer adv. for construction	14,653,031	16,492,638
56	Deferred income taxes	33,072,254	39,312,486
57	Deferred investment tax credits	1,217,817	16,308,948
58	Reg. liab-inc.tax.refund thru rates	13,254,082	18,990,399
59	Other	62,870,282	68,578,534
60	Sub-total	43,585,315	39,835,232
62	Contributions in aid of construction	306,003,289	287,583,704
Total capital and liabilities			

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

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Description	December Actual	December Plan	December Variance	December Actual	December Plan	December Variance	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date December	Annual Forecast
P14 Group Insurance	94,307	137,821	43,514CR	138,295	1,685,771	1,685,771	31,919	1,623,074	31,919	1,623,074	1,653,852
P15 Pensions	28,096	37,977	9,881CR	60,030	579,958	455,724	124,234	739,029	124,234	739,029	455,724
506100 Pension Oper AG	28,096	37,977	9,881CR	60,030	579,958	455,724	124,234	739,029	124,234	739,029	455,724
P16 Regulatory Expense	42,250	74,530	32,280CR	30,066	373,198	405,531	32,333CR	361,517	32,333CR	361,517	405,531
566100 Reg Comm Amort Rate Case	837		837	837			837				
566200 Reg Comm Amort Rate Case											
566300 Reg Comm Amort Debt Study											
566700 Regulatory Comm Exp-Other											
P16 Reg Comm Other Oper AG	43,087	74,530	31,443CR	30,086	374,035	405,531	31,496CR	370,087	31,496CR	370,087	405,531
P17 Ins Other Than Group	31,893	52,250	20,357CR	86,559	304,483	627,000	423,990	423,990	423,990	423,990	627,000
557800 Insurance General Liab	13,463	9,822	3,641	8,930	158,518	117,864	36,754	112,406	36,754	112,406	117,864
558000 Ins Work Comp AG	9,859	3,000	6,859	8,755	117,999	35,000	81,999	111,368	81,999	111,368	35,000
559000 Insurance Other	55,215	65,072	9,857CR	104,243	576,700	789,864	204,164CR	647,754	204,164CR	647,754	789,864
P17 Ins Other Than Group	55,215	65,072	9,857CR	104,243	576,700	789,864	204,164CR	647,754	204,164CR	647,754	789,864
P18 Customer Accounting	2,733CR	39,696	42,429CR	23,309	383,957	439,225	55,268CR	405,811	55,268CR	405,811	439,225
520100 M & S Oper CA	2,233CR		2,233CR	3,658	77CR						
570100 Uncollectible Accounts	718		718	6,112	2,104						
570200 Misc Oper CA	29,605	15,600	14,005	19,070	205,344	187,200	18,144	200,945	18,144	200,945	187,200
57100 Bank Service Charges CA	3,341	1,833	1,508	3,546	35,446	21,996	13,450	24,217	13,450	24,217	21,996
572000 Collection Agencies CA	13,747	12,000	1,747	4,179	176,326	144,000	32,326	145,337	32,326	145,337	144,000
575420 Forms CA	503	340	163	1,506	4,858	4,080	778	25,223	778	25,223	4,080
575620 Office & Admin Supplies CA	45,739	40,000	5,739	40,130	529,831	480,000	49,831	506,205	49,831	506,205	480,000
575660 Postage CA	7,323	9,000	1,677CR	1,204	87,937	108,000	20,063CR	73,389	20,063CR	73,389	108,000
575740 Telephone CA	200		200CR			2,400			2,400CR		2,400
575741 Cell Phone CA											
575820 Uniforms CA											
P18 Customer Accounting	96,010	118,669	22,659CR	101,071	1,429,215	1,386,901	38,314	1,399,606	38,314	1,399,606	1,386,901
P19 Rents	752	300	452	300	3,496	3,600	104CR	2,426	104CR	2,426	3,600
541000 Rents-Real Property					538CR						
14 Rents-Real Prop Oper TD											
16 Rents-Real Prop Oper AG											
541400 Rents-Equipment											
14 Rents-Equipment Oper TD											
16 Rents-Equipment Oper AG											
P19 Rents	3,146	2,500	646	24,028	30,452	32,000	1,548CR	52,238	1,548CR	52,238	32,000
P20 General Office Exp	4,325	2,990	1,335	4,105	44,564	41,435	3,129	36,856	3,129	36,856	41,435
570100 M & S Oper AG	392	350	42	220	5,805	2,848	2,957	1,567	2,957	1,567	2,848
575002 Misc General Office											
15 Misc General Office											
575100 Bank Service Charges AG											
16 Bank Service Charges AG											
575260 Credit Line Fees											
16 Credit Line Fees											
575261 Credit Line Fees AM46											
16 Credit Line Fees AM46											
AM46 Credit Line Fees In	9,574	2,000	7,574	57	100,626	24,000	100,626	22,597	100,626	22,597	24,000
AM46 Credit Line Fees In	2,000CR		2,000CR	4,427							

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGRAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2007

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 December Prior Year	Annual Forecast
00012 Kentucky-American Water Co.									
P21 Miscellaneous									
575710 Security Service AG									
16 Security Service AG									
575711 Add'l Security Costs AG									
16 Add'l Security Costs AG	10,350	10,024	326	15,064	140,809	120,288	20,521	133,484	120,288
575715 Software Licenses & Support									
16 Software Licenses & Support	3,369	2,300	1,069	2,156	40,744	33,600	7,144	25,315	33,600
575740 Telephone SS									
11 Telephone SS									
13 Telephone Wt	51		51	13	150		150	150	52CR
14 Telephone TD					2,200		2,200	401	
575741 Cell Phone Wt									
13 Cell Phone Wt	602	1,075	473CR	4,954	4,954	12,900	7,946CR	5,517	12,900
14 Cell Phone TD	142	1,781	1,639CR	5,153	5,153	21,012	11,859CR	18,312	21,012
575780 Trash Removal SS									
11 Trash Removal SS	152	500	348CR	1,278	7,397	8,075	678CR	8,596	8,075
14 Trash Removal TD	313CR	500	813CR	1,992	4,974	6,000	1,026CR	4,764	6,000
575790 Trustee Fees AG									
16 Trustee Fees AG									
575920 Uniforms Wt									
13 Uniforms Wt	773	500	273	967	7,071	6,000	1,071	9,350	6,000
14 Uniforms TD	1,785	1,930	145CR	1,460	17,631	23,160	5,529CR	31,346	23,160
575930 Wtr & Waste Wtr Exp SS									
11 Wtr & Waste Wtr Exp SS	1,639	2,000	361CR	124	26,437	24,000	2,437	21,259	24,000
5299B FCLD - Undistributed									
12 FCLD - Undistributed	1,045CR		1,045CR		330		330		
631000 Contr. SVC-ENG Maint TD									
24 Contr. SVC-ENG Maint TD	222,686	235,587	12,901CR	613,575	2,245,208	3,044,851	799,643CR	3,176,354	3,044,851
P21 Miscellaneous									
P25 Maintenance Expense									
620000 Material and Supplies									
21 Mat and Sup Maint SS	26,812	9,100	17,712	4,777	114,701	162,700	49,999CR	77,775	162,700
22 Mat and Sup Maint P									
23 Mat and Sup Maint Wt	3,950	11,700	7,750CR	21,697	76,212	176,700	100,488CR	60,509	176,700
24 Mat and Sup Maint TD	12,185	17,250	5,065CR	15,582	224,060	237,000	12,938CR	257,500	237,000
26 Mat and Sup Maint AG	1,828	3,333	1,505CR	1,765	17,342	39,596	22,254CR	22,556	39,596
635000 Contr. SVC-Other Maint TD									
24 Contr. SVC-Other Maint TD	3,081	1,500	1,581	1,324	19,156	31,300	342	21,876	31,300
675000 Misc Maint Wt									
23 Misc Maint Wt	6,209	1,000	5,209CR	34	71,819	85,000	13,181CR	60,023	85,000
24 Misc Maint TD	291CR	8,100	7,809CR	2,039	32,601	97,200	64,599CR	36,289	97,200
2440 Misc Maint TD Hydrants									
26 Misc Maint AG	5,556	3,370	2,188	3,695	77,597	109,440	31,843CR	78,408	109,440
675050 Amort Def Maint SS									
21 Amort Def Maint SS									
2120 Amort Def Maint SS Intakes									
23 Amort Def Maint Wt	17,569	12,700	4,869	483	4,350	4,350	4,350	6,824	12,700
24 Amort Def Maint TD	8,773	13,924	5,151CR	13,823	160,496	152,400	8,096	144,576	152,400
675110 Maint Exp ARO/Net Reg Sal AG									
25 Maint Exp ARO/Net Reg Sal A	363,131	105,000	258,131	108,654	1,220,821	1,260,000	39,179CR	1,226,519	1,260,000
675990 Pavng/Backfill TD									
24 Pavng/Backfill TD	14,819	10,000	4,819	30,523	94,615	225,000	130,384CR	175,388	225,000
P25 Maintenance Expense	463,624	196,977	266,647	199,680	2,235,321	2,740,291	504,970CR	2,284,673	2,740,291
P27 Depreciation									
680110 Depr Exp-General									
Depr Exp-General	345,315	602,068	256,753CR	722,553	7,923,956	5,974,214	1,049,742	7,890,727	6,874,214
680120 Depr Exp-Amort CIAC Tax									
Depr Exp-Amort CIAC Tax	29,725CR		29,725CR	103,933CR	929,315CR		929,315CR	1,174,224CR	
680135 Depr Exp-Amort CIAC Non Tax									
Depr Exp-Amort CIAC Non Tax	126,785CR		126,785CR	707,608CR	707,608CR		707,608CR		
P27 Depreciation	198,805	602,068	403,263CR	618,620	8,287,023	6,874,214	587,185CR	6,715,903	6,874,214
P28 Amortization									
680300 Amortization of UPRA									
Amortization of UPRA	1,801		1,801	1,801	21,614		21,614		
680540 Amort-Reg Asset AFUDC									
Amort-Reg Asset AFUDC	5,282		5,282	2,144	63,389		63,389		
680600 Amort-Prop Losses									
Amort-Prop Losses	34,349	34,215	134	35,957	412,188	410,580	1,608	405,026	410,580
680620 Amort-Reg Asset									
Amort-Reg Asset	575		575	575	6,900		6,900		

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

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Description	December	December	December	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Variance	Prior Year	December	December	Forecast
				Actual	Plan	Variance	Forecast
00012 Kentucky-American Water Co.							
P28 Amortization							
680620 Amort-Reg Asset	42,007	34,215	7,792	504,091	410,580	93,511	410,580
P28 Amortization							
685100 Utility Reg Assessment Fee	6,968	6,000	968	82,979	72,000	10,979	72,000
685200 Property Taxes	241,503	180,000	61,503	2,513,386	2,160,000	359,386	2,160,000
685320 FUTA	1,809	1,809	0	7,976	7,976	0	7,976
685325 FICA	38,044	43,843	5,799	433,950	525,074	91,124	525,074
685350 SUTA	1,626	1,626	0	7,830	7,830	0	7,830
685430 Other Taxes and Licenses				5,119	2,800	2,319	2,800
685440 Gross Receipts Tax	7,903	7,903	0	94,836	94,836	0	94,836
Gross Receipts Tax							
P29 General Taxes	289,950	237,746	52,204	21,699	2,855,510	201,730	2,855,510
P30 State Income Taxes							
690210 SIT-Current	396,112	80,886	315,226	219,105	448,973	52,861	448,973
690213 SIT-Interim Curr	306,460		306,460				
690220 SIT-Prior Year Adj							
690713 Def SIT-Interim Def	245,644		245,644				
690720 Def SIT-Prior Year Adj							
690730 Def SIT-Reg Asset/Liab	4,797	4,797	0	4,982	4,982	0	4,982
690750 Def SIT-Other	200,557	35,331	165,226	200,557	64,371	136,186	64,371
P31 Federal Income Taxes							
690110 FIT-Current	2,925,340	326,263	2,599,077	1,719,754	1,884,659	1,040,661	1,884,659
690113 FIT-Interim Curr	3,656,279		3,656,279				
690120 FIT-Prior Year Adj							
690613 Def FIT-Interim Def	705,856		705,856				
690620 Def FIT-Prior Year Adj							
690630 Def FIT-Reg Asset/Liab	26,304	26,304	0	23,885	23,885	0	23,885
690650 Def FIT-Reg Asset	12,288	12,288	0	11,659	11,659	0	11,659
693220 ITC Restored - 3%	232,212	17,502	214,710	1,239,443	785,251	454,192	785,251
693230 ITC Restored - 4%	638		638				
693240 ITC Restored - 10%	5,943	10,271	4,328	5,903	84,797	78,894	84,797
P31 Federal Income Taxes	214,039	333,594	119,555	475,161	2,595,113	578,957	2,595,113
P39 Interest Income							
710500 Int Inc-Inside							
705100 AFUDC - Equity	107,776	56,815	50,961	842,835	681,063	161,772	681,063

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

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Description	December Actual	December Plan	December Variance	December Prior Year	Yr to Date December Actual	Yr to date December Plan	Yr to date December Variance	Yr to date December Prior Year	Annual Forecast
00012 Kentucky-American Water Co.									
P40 AFUDC Equity									
705100 AFUDC - Equity	107,776CR	55,815CR	50,961CR	15,815CR	842,835CR	681,063CR	161,772CR	273,694CR	661,063CR
P40 AFUDC Equity									
P42 M&J Misc Income									
715111 M&J Revenues-Outside	14,785CR	14,785CR		167,971CR	388,180CR	389,180CR	1,039,606CR		
715112 M&J Revenues-Inside				699CR	14,064CR	14,064CR		13,981CR	5,400CR
AW03 M&J Revenues-AW03									
AW26 M&J Revenues-AW26									
716121 M&J Expenses-Outside	6,999	6,999		22,353	127,629	127,629		232,131	
716122 M&J Expenses-Inside	7,133	7,133		200,751	81,782	81,782		1,758,174	
717110 Misc Non-Util Income-Out					3,444CR	3,444CR			
P42 M&J Misc Income	653CR	653CR		54,434	196,277CR	196,277CR		130,318	
P45 Misc Amortization									
755100 Amort UPAA	35CR	35CR		35CR	425CR	425CR		531CR	
755200 Amort Pref Stock Exp		64	64CR						768
Amort Pref Stock Exp		64	64CR						768
P46 Misc Amortization	35CR	35CR		35CR	445CR	445CR		531CR	
P48 Misc Other Deductions									
760100 Donations Deduct	13,385	1,300	11,085	3,779	182,687	185,390	2,703CR	155,310	185,390
760200 Other Income Deductions	30,100	400	29,700	1,150	123,968	91,933	32,035	96,917	91,933
760400 Other Lobbying Expenses	5,255		5,255		11,493	11,493		26,274	
760500 Non-Op Empl Exp Deduct					983	983			
P48 Misc Other Deductions	47,740	1,700	46,040	4,929	319,101	277,323	41,778	278,501	277,323
P50 State Income Taxes									
780100 SIT-Other Inc & Ded Curr	178	140CR	318	5,813CR	178	22,877CR	23,095	28,426CR	22,877CR
780113 SIT-BTL Interim Curr	1,761CR		1,761CR						
SIT-BTL Interim Curr	1,761CR		1,761CR						
P50 State Income Taxes	1,583CR	140CR	1,443CR	5,813CR	178	22,877CR	23,095	28,426CR	22,877CR
P51 Federal Income Taxes									
790100 FIT-Obh Inc & Ded-curr	1,406	546CR	1,952	27,562CR	1,406	89,055CR	90,461	142,126CR	89,055CR
790113 FIT-BTL Interim Curr	21,009CR		21,009CR						
FIT-BTL Interim Curr	21,009CR		21,009CR						
P51 Federal Income Taxes	13,603CR	546CR	13,057CR	27,562CR	1,406	89,055CR	90,461	142,126CR	89,055CR
P55 Interest on LTD									
810100 Int LTD-Outside Reg	126,978		126,978	137,713	1,631,081	1,631,081		1,652,550	
810200 Int LTD-Outside Reg				4,590CR				4,590CR	
810210 Int LTD-TFB Inside				2,958				2,958	
AW46 Int LTD-TFB Inscr AW46									
810400 Int LTD-Inside	325,216	515,828	186,612CR	251,541	2,639,432	5,686,455	3,047,023CR	3,080,236	5,686,455
AW46 Int LTD-Inside AW46									
860040 Div Dec PS-Out w/ mand	31,763		31,763	30,704	361,150	361,150		360,091	
Div Dec PS-Out w/ mand	31,763		31,763	30,704	361,150	361,150		360,091	
P56 Interest on LTD	487,557	515,828	27,871CR	418,336	4,651,683	5,686,455	1,034,772CR	5,111,245	5,686,455
P57 Amort Debt Exp									
755201 Amort PS Exp w/ mandatory	64		64	64	771	771		771	
820100 Amort Debt Disc & Exp	667	12,217	11,550CR	669	8,052	131,465	123,413CR	8,022	131,465
820110 Amort Debt Exp Inside	6,588		6,588	5,340	56,246	66,246		64,080	
AW46 Amort DExp Inside AW46									
P57 Amort Debt Exp	7,319	12,217	4,898CR	6,073	75,069	131,465	56,396CR	72,873	131,465

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American Water Works Company
Kentucky-American Water Co 12
Operating Company
Analysis of Operating Results & YTD
For the period ending 12/31/2007

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Description	December Actual	December Plan	December Prior Year	Yr to Date		Yr to date		Annual Forecast
				Actual	Plan	December Variance	December Prior Year	
P58 Interest on Bank Debt								
830100 Interest STD Inside	63,304	6,697	37,878	1,415,522	291,367	1,124,155	409,695	291,367
AM66 Interest STD Inside	63,304	6,697	37,878	1,415,522	291,367	1,124,155	409,695	291,367
P58 Interest on Bank Debt								
P59 Other Interest Exp			63,562	38,175CR		38,175CR	65,207	
840000 Other Interest Expense			63,562	38,175CR		38,175CR	65,207	
Other Interest Expense			63,562	38,175CR		38,175CR	65,207	
P59 Other Interest Exp								
F60 AFUDC Debt								
850000 AFUDC Debt								
AFUDC Debt	50,643CR	25,802CR	2,262CR	384,442CR	309,296CR	75,146CR	116,516CR	309,296CR
P60 AFUDC Debt	50,643CR	25,802CR	2,262CR	384,442CR	309,296CR	75,146CR	116,516CR	309,296CR
P64 Preferred Dividends								
860100 Div Decl Pref Stk-Outside	6,560	38,325	6,515	78,773	459,900	381,127CR	78,706	459,900
Div Decl Pref Stk-Outside	6,560	38,325	6,515	78,773	459,900	381,127CR	78,706	459,900
P64 Preferred Dividends								
P69 Common Dividends								
860220 Div Decl Com Stk In	1,912,217		1,253,813	4,169,260		4,169,260	2,006,260	
AM02 Div Decl Com Stk In-AR02	1,912,217		1,253,813	4,169,260		4,169,260	2,006,260	
P69 Common Dividends								
00012 Kentucky-American Water Co.	1,427,790	523,786CR	1,553,388	1,810,787CR	4,153,494CR	2,342,707	1,267,043CR	4,153,494CR

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American Water Works Company
Kentucky-American Water-Co 12
Total Trial Balance (USGAAP)
For the period Ending 12/31/2007

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Kentucky-American Water Co.		December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012	Kentucky-American Water Co.				
E01	Utility Plant Original Cost				
101000	Organization	187.02	37,534.43	5,439.75	31,560.33
301000	Organizations		70,266.82		48,234.69
302000	Land & Ld Rights SS		355,968.67		220,450.50
303200	Land & Ld Rights P		91,828.50		62,500.40
303400	Land & Ld Rights WT		68,163.99		46,881.84
303500	Land & Ld Rights TD		4,003.85		3,108.88
304100	Struct & Imp SS	55,325.54	2,285,488.13	125,722.66	2,568,002.51
304200	Struct & Imp WT	28,731.57	8,562,490.59	281,538.06	8,843,517.44
304300	Struct & Imp TD	28,209.66	2,817,017.27	281,538.06	3,098,555.77
304400	Struct & Imp Offices	1,914.53	4,026,823.78	15,215.32	3,891,211.60
304610	Gen Structures - HVAC		1,018,570.37		993,633.47
304700	Struct & Imp Store, Shop, Gar		1,859,770.93		1,473,855.07
304800	Struct & Imp Misc		1,016,405.97		1,016,405.97
305000	Collect & Impounding	2,422.84	5,532,340.79		5,532,340.79
309000	Lake, River & Other Intakes	2,249.59	5,088,591.73		5,088,591.73
401000	Supply Mains		77,889.08		572,453.97
402000	Power Generation Equip		9,588,887.40		9,600,980.00
403000	Power Generation Equip Othe		9,724,408.01		9,724,441.87
411000	Pump Equip Electric		8,408.01		61,581.87
412000	Pump Equip Diesel		26,526.71		24,144.75
413000	Pump Equip Hydrant		10,126.80		9,200.71
414000	Pump Equip Non-Water		18,588.52		14,700.85
420000	WT Equip Non-Water	5,509.27	8,039,578.71		8,039,578.71
430000	Elevated Tanks & Standpipes	221.03	417,455.02		417,455.02
431001	TD Mains Not Classified By	7,366.26	406,828.53		406,828.53
431100	TD Mains 4in & Less		1,515.89		1,515.89
431200	TD Mains 6in to 8in		1,118.92		1,118.92
431300	TD Mains 10in to 16in		1,118.92		1,118.92
431400	TD Mains 18in & Gtr		36,112.36		36,112.36
433000	Services	135,122.36	11,794.09		11,794.09
434100	Meters Bronze Case		11,794.09		11,794.09
434200	Meters Plastic Case		57,743.89		57,743.89
434300	Meters Other		1,416,864.26		1,416,864.26
435000	Meters Installations	334,742.27	17,223.41		17,223.41
436000	Other Installations	31,486.92	10,441.66		10,441.66
437000	Other P/E CP5		268,249.73		268,249.73
438000	Office Furniture & Equip	328,245.94	2,414.47		2,414.47
439000	Comp & Periph Mainframe	273,273.23	6,000,443.47		6,000,443.47
440210	Comp & Periph Personal	7,183.93	6,073,919.11		6,073,919.11
440220	Comp & Periph Other	183,573.22	4,448,519.14		4,448,519.14
440230	Computer Software	313,960.08	4,448,519.14		4,448,519.14
440300	Comp Software Personal	228,742.84	10,023.08		10,023.08
440320	Other Office Equipment	10,023.08	85,785.42		85,785.42
440500	Trans Equip Lt Duty Trks	27,941.31	1,781,413.53		1,781,413.53
441100	Trans Equip Hvy Duty Trks	134,734.85	2,277,277.27		2,277,277.27
441400	Trans Equip Other		1,585,032.82		1,585,032.82
442000	Stores Equipment	1,620.32	1,585,032.82		1,585,032.82
443000	Tools Shop, Garage Equip	1,035.78	1,035.78		1,035.78
444000	Laboratory Equipment		1,035.78		1,035.78
445000	Power Operated Equipment		1,950,704.84		1,950,704.84
446100	Comm Equip Non-Telephone	7,183.93	1,210,684.84		1,210,684.84
447000	Misc Equipment	3,085.04	1,210,684.84		1,210,684.84
448000	Other Tangible Property		2,244,440.58		2,244,440.58
453000	WW Land & Ld Rights Gen		67,221,777.77		67,221,777.77
454200	WW Struct & Imp Coll		26,110,333.46		26,110,333.46
454300	WW Struct & Imp SPP		48,617,933.88		48,617,933.88
454400	WW Struct & Imp TTP	46.53	853,412.73		853,412.73
455000	WW Collection Mains		1,745,090.90		1,745,090.90
456000	WW Collection Mains Forced		122,743.60		122,743.60
457110	WW Pump Equip Select		2,414.47		2,414.47
458000	WW TD Equip		35,500.00		35,500.00
459000	WW Office Furniture & Equip	4,950.16	6,237.50		6,237.50
459020	WW Computers & Peripheral		6,237.50		6,237.50
459110	WW Trans Equip Lt Dty Trks		35,500.00		35,500.00
459200	WW Stores Equip		25,748.28		25,748.28
459300	WW Tool Shop & Garage Equip		37,441.28		37,441.28
459500	WW Power Operated Equip		22,580.88		22,580.88
459600	WW Communication Equip		22,580.88		22,580.88
459700	WW Misc Equipment		2,546.46		2,546.46

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American Water Works Company
Kentucky-American Water Co 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2007

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December
Activity

December
Balance

Prior Year
Activity

Prior Year
Balance

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B01 Utility Plant Original Cost				
100001 Land & Ld Rights SS				20,744.25
303200 Land & Ld Rights SS				29,286.00
303300 Land & Ld Rights ID				73,655.55
304300 Struct & Imp AD, Store, Shop, Gar	3,677.25			235,013.29
304400 Struct & Imp AD	441.01			32,323.92
304700 Struct & Imp Meters, Shop, Media				89,923.29
3070100 Elevator Tanks & Standpipes				2,318.88
3071000 ID Mains Not Classified by				1,222.00
3072000 Services				106,115.52
3073000 Meters	5,330.88			18,220.98
3074000 Meter Installations	3,393.00			10,552.73
3075000 Hydrants				12,200.83
3076000 Office Furniture & Equip	2.18			4,466.62
3077000 Comp & Periph Personal				1,232.22
3078000 Computer Software				4,466.62
3079000 Other Office Equipment				122,200.83
3080000 Tools Shop, Garage, Trucks	67,929.41			43,227.77
3081000 Power, Operated Equipment				7,421.99
3082000 Misc Equipment				2,318.88
3083000 WW Land & Ld Rights Gen				2,710.00
3084000 WW Struct & Imp SPP	477.06			853,517.18
3085000 WW Struct & Imp TDP				22,227.15
3086000 WW Struct & Imp Gen				5,500.08
3087000 WW Collection Sewer				31,327.27
3088000 WW ID Equipment				6,227.37
3089000 WW Office Furniture & Equip				35,500.08
3090000 WW Computers & Peripheral				25,749.28
3091000 WW Tools Shop & Garage				19,361.00
3092000 WW Power, Operated Equip				19,361.00
3093000 WW Power, Operated Equip				19,361.00
3094000 WW Communication Equip				19,361.00
3095000 WW Misc Equipment				19,361.00
3096000 WW Misc Equipment				19,361.00
3097000 WW Misc Equipment				19,361.00
101095 Completed Const not Classified				19,361.00
101100 Reg Asset-AFUDC-Debt				272,637.00
103000 Property Held Future Use				114,076.24
104000 Utility Plant Purchased/Sold				
105000 Utility Plant Purchased/Sol				
106000 Struct & Imp SS				
304100 Struct & Imp SS	182,550.39			80.65
304200 Struct & Imp WT	129,205.21			192,248.43
304300 Struct & Imp AG				9,659.24
304400 Struct & Imp AG				127,205.21
304500 Struct & Imp Offices				
304600 Struct & Imp Misc	2,913.75			8,170.18
304700 Lake, River & Other Intakes				7,131.84
304800 Supply Mains	3,437.04			11,823.99
304900 Power Generation Equip	17,735.57			312,605.29
305000 Pump Equip Electric				619,776.80
305100 Pumping Equipment WT	204,608.55			1,400,670.53
305200 Pumping Equipment ID	140,617.53			1,612,089.65
305300 WT Equip Non-Media	1,227,618.21			5,118,809.22
305400 WT Equip Level Facilities	775,048.54			1,441,441.74
305500 ID Mains Not Classified by	43,807.62			1,488,240.34
305600 ID Mains 4in & Lgns				1,380.87
305700 ID Mains 18in	1,356.80			92,267.06
305800 ID Mains 18in & Grrl				7,517.12
305900 Services	484,369.06			478,685.86
306000 Meters	5,978.26			27,913.55
306100 Meters Bronze Case	7,517.12			15,635.33
306200 Meters Plastic Case	86,069.79			67,544.32
306300 Meters Other	232,542.25			151,055.25
306400 Meter Installations	4,105.35			15,635.33
306500 Meter Vaults	335,443.09			15,635.33
306600 Hydrants	46,326.36			15,635.33
306700 Office Furniture & Equip	119,515.72			15,635.33
306800 Comp & Periph Personal				15,635.33
306900 Comp & Periph Personal				15,635.33
307000 Comp Software Personal				15,635.33

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American Water Works Company
Kentucky-American Water Co 12
Total Company (USGAAP)
Trial Balance
For the period ending 12/31/2007

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B01 Utility Plant Original Cost	4,938,772.14	345,341,373.77	4,402,710.22	327,533,086.16
B02 CWIP				
105050 CWIP Acct-Infra	536,800.26	714,305.45	804,050.08	1,745,378.86
21 CWIP Acct-Infra	1,015,247.16	2,375,345.81	2,474,338.18	2,559,478.22
105110 CWIP History		10,021,825.69		10,021,825.69
11 CWIP History-Bldgs		51,966.84		51,966.84
21 CWIP History-Infrastr		5,341.46CR		5,341.46CR
105125 CWIP Permits & Fees	17,950.97	48,192.88	768.00	49,042.88
11 CWIP Permits-Bldgs	1,150.00	1,827.11		1,111,911.95
21 CWIP Permits-Infrastr	44,799.99	47,015.77		349,761.15
105150 CWIP M&S & Purchases		19,115,344.78		19,115,344.78
11 CWIP M & S-Bldgs	558,750.76	22,805,783.83	963,010.86	316,707.29
21 CWIP M & S-Infrastr	542,362.06	8,788,114.06	1,577,690.28	17,520,522.20
105175 CWIP Professional Services	43,744.50	30,225.65	34,134.17	30,285.15
11 CWIP Prof Svc-Infrastr		1,387,098.51		1,082,241.40
21 CWIP Prof Svc-Plant		40,587.35		40,017.77
105200 CWIP Labor	97,819.26	1,594,849.32	57,378.29	1,594,849.32
11 CWIP Co Labor-Bldgs	6,085.08	3,768,091.91	5,530.16	2,351,519.97
21 CWIP Co Labor-Infrastr				605,143.76
105250 CWIP Labor OH	27,350.00	1,765,848.50	42,121.79	1,733,257.65
11 CWIP Labor OH-Bldgs	79,772.46	5,740.11	4,184.97	4,475.93
21 CWIP Labor OH-Infrastr	6,620.10	2,147,852.28	1,595,317.82	1,595,317.82
105260 CWIP Overhead	411.47	688,754.64	59,533.92	688,754.64
11 CWIP Overhead-Bldgs	11,716.05	174,495.05	38,966.17	159,785.93
21 CWIP Overhead-Infrastr	29,129.29	3,998,765.03	2,248.52CR	3,233,596.06
105270 CWIP Overhead Plant	17,115.36	746,941.01	55,555.93	552,103.68
11 CWIP Svc-Plant		5,269.73		5,269.73
21 CWIP Svc-Plant		746,941.01		552,103.68
105275 CWIP AMSC Chg-Plant		26,670,271.05		26,666,582.64
11 CWIP AMSC Chg-Plant		715,555.39		61,325.00
21 CWIP AMSC Chg-Plant		36,320,636.27		28,980,348.23
105280 CWIP Contracted Services	633,142.50	17,671,869.38	2,887,048.80	9,448,162.59
11 CWIP Contr Svc-Bldgs	2,069,447.20	366,817.31		366,817.31
21 CWIP Contr Svc-Infrastr		3,706,379.69		2,155,105.36
105280 CWIP Retainage	268,796.45	71,276.85	217,135.32	61,325.00
11 CWIP Retainage-Bldgs				
21 CWIP Retainage-Infrastr				
105300 CWIP Retainage-Plant				
11 CWIP Retainage-Plant				
21 CWIP Retainage-Plant				
105350 CWIP Debt	28,416.85	389,913.60	6,035.05	703,911.94
11 CWIP APUDC Debt-Bldgs	22,157.58	727,438.15	4,379.53	234,212.62
21 CWIP APUDC Debt-Infrastr				495,314.81
105375 CWIP APUDC Equity	37,176.60	809,429.26	7,998.11	809,429.26
11 CWIP APUDC Equity-Bldgs	28,775.17	518,716.42	5,681.26	74,380.19
21 CWIP APUDC Equity-Infrastr				314,587.25
105390 CWIP Tran FY Chg-Bldgs				620,494.85

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the period ending 12/31/2007

01/21/08
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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
11 CWIP Tran PY Chg-Bldgs	49.51	176,511.62	39,096.36	177,144.11
31 CWIP Tran PY Chg-Infrastr	9.86CR	562,183.19	209,803.59	538,488.01
105391 CWIP Trans Current Yr Chgs		876,562.55CR	175,809.90	850,078.59CR
1 CWIP Prelim Eng-Plant		9,843,395.47CR		9,843,395.47CR
31 CWIP Transfer to UPIS		2,618.00		2,618.00
1 CWIP Transfer to UPIS		51,962,726.94CR		51,962,726.94CR
1 CWIP Tran UPIS-Bldgs	5,609.23CR	1,950,652.86CR	106,113.35CR	1,944,994.67CR
1 CWIP Tran UPIS-Infrastr	4,974,853.53CR	71,846,483.25CR	3,560,736.83CR	55,876,919.37CR
31 CWIP Tran UPIS-Plant	2,977,592.32CR	18,336,833.72CR	1,563,960.59CR	13,044,834.86CR
B02 CWIP	1,627,208.78CR	21,339,716.26	5,166,122.94	11,763,310.24
B03 Accumulated Depreciation				
108105 AD UPIS-Acc Depr-Not Classifd	212.87CR	50,260,525.56CR	108,563.97	50,577,843.50CR
01 AD UPIS-Acc Depr-Not Class1	38,128.73CR	2,574,011.30CR	81,597.66CR	2,129,922.37CR
02 AD UPIS-Acc Depr-Over Bldgs	27,885.47CR	18,676,436.22CR	12,533.01CR	504,910.85CR
03 AD UPIS-Acc Depr-Over Bldgs	40,399.65CR	18,810,108.22CR	247,453.32CR	15,388,998.16CR
05 AD UPIS-Acc Depr-Over Water Pp	58,078.65CR	8,746,253.27CR	174,880.93CR	7,189,961.23CR
06 AD UPIS-Acc Depr-Over Equip	159,289.71CR	4,430,328.30CR	82,503.35CR	3,552,334.56CR
08 AD UPIS-Acc Depr-Over Equip	67,119.30CR	6,750,080.45CR	130,673.92CR	5,207,637.83CR
108110 AD UPIS-Removal Cost		2,040,107.64		2,040,107.64
108115 AD UPIS-Salvage	743.50CR	96,847.49CR		94,978.49CR
108120 AD UPIS-Scrap Meters		23,236.64CR		19,995.14CR
108122 AD UPIS-Scrap Misc		10,764.38CR		9,606.63CR
108135 AD UPIS-Salv Trade-In		16,975.00CR		16,975.00CR
108140 AD UPIS-Salv Sale		2,490.81CR		2,490.81CR
108145 AD AD UPIS-Over Cost-Not Classifd	2,956,092.91	10,110,183.06	111,246.67	6,779,218.74
108190 Acc Depr Reg Asset	575.00CR	103,489.18CR	575.00CR	96,589.18CR
B03 Accumulated Depreciation	2,609,459.75	80,434,538.71CR	611,881.10CR	75,828,388.59CR
B04 UPAA				
114100 UPAA-ATL		455,951.18	23.96	455,951.18
UPAA-ATL UPAA-ATL		129,174.65CR	1,765.53CR	107,985.33CR
115100 Accum Amort UPAA-ATL	1,765.58CR	326,776.53	1,741.57CR	347,965.85
B04 UPAA				
B07 Non Utility Property, Net				
121500 NUP-Other		249,737.68		249,737.68
NUP-Other		249,737.68		249,737.68
B07 Non Utility Property, Net				
B10 Cash & Cash Equivalents				
131312 BB&T				
003 BB&T				
005 Deutsche Bank	24.06	24.06		
007 Cash-Mellon Lockbox	35,225.12CR	118,545.74	63,079.70CR	76,661.28
131998 Cash Clear-NSF Checks	288,307.16	276,226.56	22,499CR	2,659CR
001 Cash Clear-Mixed Pymt	456.24	1,487.34	510.90CR	121,444CR
002 Cash Clear-ORCOM			114.90CR	57.94
005 Cash Clear-Interco	35.74CR	35.74CR	278.43	174.98
007 Cash Clear-Pinnacle/ARP	8,670.41CR	367,370CR	449,37CR	400,75CR
008 Cash Clear-General	818,197.76CR	9,933CR	118,290.96CR	825,408.00
009 Cash Clear-ARC DR/CR		6.14		51.80
134100 Petty Cash		2,400.00		2,400.00
B10 Cash & Cash Equivalents	573,451.50CR	398,277.20	181,209.77CR	904,169.16
B12 Customer Accounts Receivable				
141000 Customer A/R	114,488.24	1,926,155.18	103,153.71	2,450,494.71
Customer A/R				

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2007

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.	114,488.24	1,928,082.47	101,056.26	2,453,028.64
B12 Customer Accounts Receivable	37,657.34	223,309.20CR	23,854.32	261,096.96CR
141999 Customer A/R Clearing	37,657.34	223,309.20CR	23,854.32	261,096.96CR
B12 Customer Accounts Receivable	114,488.24	1,928,082.47	101,056.26	2,453,028.64
B13 Allowance for Uncollectible A/ 143000 Accum prov-uncoll accts	290,931.91	2,562,043.18	89,632.10	2,510,264.49
B13 Allowance for Uncollectible A/ 144000 Accrued Utility Revenue	290,931.91	2,562,043.18	89,632.10	2,510,264.49
B14 Accrued Utility Revenue	290,931.91	2,562,043.18	89,632.10	2,510,264.49
B15 FIT Refund Due From Assoc Co	370,520.00CR	388,037.86	249,075.00	626,090.85
145000 FIT Refund Receivable	370,520.00CR	388,037.86	249,075.00	626,090.85
145100 SIT Refund Receivable	370,520.00CR	388,037.86	249,075.00	626,090.85
B15 FIT Refund Due From Assoc Co	370,520.00CR	388,037.86	249,075.00	626,090.85
B16 Miscellaneous Receivables	50,560.33CR	59,088.32	47,559.30CR	541,006.77
146100 Misc A/R-System	50,560.33CR	59,088.32	47,559.30CR	541,006.77
001 Misc A/R-Manual	1,928.95	8,762.43	108,641.84	45,154.49
145115 Misc A/R-Medicare Subsidy				
146300 Misc A/R-Adv to Employees				
146370 Accum prov-uncoll misc a/r				
146500 A/R Assoc Cos	2,233.42	1,730.57CR	3,657.57CR	3,657.57CR
AW02 A/R Assoc Cos-AW02				
AW03 A/R Assoc Cos-AW03				
146600 Rents Receivable				
B16 Miscellaneous Receivables	46,397.96CR	196,269.12	45,666.28	602,980.00
B17 Materials & Supplies	39,847.81	429,754.10	58,973.47CR	380,007.67
151100 Plant Material	7,756.33	203,413.48	28,303.54CR	135,507.78
151300 Chemicals	1,466.86	1,466.86		
153000 Other Mat. & Supplies	49,071.00	634,534.44	87,277.01CR	515,515.45
B17 Materials & Supplies	49,071.00	634,534.44	87,277.01CR	515,515.45
B19 Prepayments	57,031.59CR	431.66	55,186.18CR	708.24
165200 Prepaid Insurance	57,031.59CR	431.66	55,186.18CR	708.24
165300 Prepaid PUC/PSC Assessments	6,967.61CR	41,805.66	6,862.21CR	41,173.27
163500 Prepaid Other	13,630.67	38,471.24	3,763.39	27,326.34
174100 Deferred Vacation Pay	215,526.23CR	38,090.94	123,706.51CR	24,138.25
174200 Curr State Def Tax				
174300 Curr Fed Def Tax				
B19 Prepayments	265,894.76CR	118,799.50	356,616.51CR	93,346.10
B23 Debt & Preferred Stock Exp	667.03CR	150,023.38	668.50CR	158,075.43
181120 Unamort Debt Exp-Out				
181120 Unamort Debt Exp-In				
AW46 Unamort Debt AW46	5,285.56CR	217,954.84	5,340.03CR	281,653.93
181121 Unamort Debt AW46 NOIAS				
AW46 Unamort Debt AW46 NOIAS	139.97	455,597.96		
181512 Pref Stk Exp w/ mandatory				

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the period ending 12/31/2007

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
182000 Deferred Rate Proceedings	64,24CR	22,291.28	64,24CR	23,062.16
182000 Deferred Rate Proceedings	5,876.86CR	845,867.46	6,072.77CR	462,791.52
B23 Debt & Preferred Stock Exp				
B24 Deferred Rate Proceedings	60,856.31CR	485,892.90	30,086.22CR	421,207.06
B24 Deferred Rate Proceedings	60,856.31CR	485,892.90	30,086.22CR	421,207.06
B25 Preliminary Survey & Invest		125,657.24		125,657.24
183000 Preliminary Survey & Invest		125,657.24		125,657.24
B25 Preliminary Survey & Invest				
B26 Deferred Regulatory Asset	40,888.74	700,123.65	9,255.47	362,548.13
186030 Reg Asset-AFUDC-Eq-CWIP		2,495,394.60		2,495,394.60
186035 Reg Asset-AFUDC-Eq-CWIP		4,090,748.38		4,488,056.38
186040 Reg Asset-Plc Flow-Diff	33,109.00CR	477,241.39CR	30,875.00CR	501,337.39CR
186045 Reg Asset-Other	2,008.00	423,587.41CR	2,008.00	360,198.00CR
186055 Reg Asset-Accum Amort	5,282.45CR	6,385,437.83	2,144.00CR	6,484,463.72
B26 Deferred Regulatory Asset	4,505.29		21,755.53CR	
B27 Other Deferred Debits				
193280 DEF-Customer Service Project				
184100 Eng Clearing Dist OH	10,594.01		82.95CR	
184102 Mngmt Studu - AMR	590.17			
184103 Mngmt Studu Pipp Assmnt	773.01CR			
185125 RWIP Permits Fees & Premiums		9.75		9.75
185150 RWIP M & S and Purchases				
21 RWIP M & S and Purchases	682.08	12,292.30	1.50	8,239.81
185200 RWIP CO Labor		5,034.03		
21 RWIP CO Labor	357.42CR	248,451.05	3,188.83	234,315.42
185250 RWIP CO Labor OH	5,917.61			
21 RWIP CO Labor OH	287.40CR	126,416.10	2,001.46	119,080.00
185275 RWIP Contracted Services	3,282.16	14,358.90		
21 RWIP Contracted Services	199.21CR	2,076,380.37	21,120.25	1,847,899.15
31 RWIP Contracted Services	985.00	70,000.00		
185280 RWIP Retainage		5,093.07		5,093.07
185315 RWIP Salvage	12,705.50CR	80,727.10CR		67,062.60CR
31 RWIP Salvage		10,664.20CR		
185320 RWIP Scrap Meters	743.50CR			
21 RWIP Scrap Meters		743.50CR		
185322 RWIP Scrap Misc		1,125.51CR		
21 RWIP Scrap Misc		780.00CR		
31 RWIP Scrap Misc		1,292.88CR		
185999 RWIP Clear Removal & Salvage				
21 RWIP Clear Removal & Salvage	187.33CR	2,169,378.23CR	26,376.63CR	2,139,192.95CR
186401 DDA-Programmed Maint	2,561.50CR	13,394.44CR		
186405 DDA-RIA Software Licen	135,054.65	1,859,204.78	21,945.95CR	1,468,485.47
186426 DDA-FAS 112 Costs	427.90CR		342.72CR	
186431 DDA-Depreciation Study		61,130.00	54,852.00	61,130.00
186432 DDA-Cost of Service Study	456.92CR	26,965.95		
186444 DDA-Waste Disposal	19.82CR	13,300.70		
	8,437.50CR	92,812.50	194,062.50	194,062.50

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American Water Works Company
Kentucky-American Water Co 12
Total Company (USGAAP)
Trial Balance
For the period ending 12/31/2007

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B27 Other Deferred Debits				
186492 DDA-Add'l Security Costs			15.10	15.10
DDA-Add'l Security Costs				
186598 DDA-Oth Reg Assets	2,948,965.56		34,349.02CR	3,361,153.63
DDA-Oth Reg Assets				
186703 DDN-Prelim Financing E	873.50CR		3,134.00	14,124.92
DDN-Prelim Financing E				
186704 DDN-Undistributed Items	450.15CR			
DDN-Undistributed Items				
186705 DDN-Rec Pay Clearing				
DDN-Rec Pay Clearing				
186707 DDN-Res Other Hand Cap Reg	27,963.00			
DDN-Res Other Hand Cap Reg				
186711 DDN-Acquisition Costs			22,814.65CR	2,916.10
DDN-Acquisition Costs				
186750 DDN-Engineering Studie			1,608.05CR	.33
DDN-Engineering Studie				
186898 DDN-Oth LT Assets				
DDN-Oth LT Assets				
B27 Other Deferred Debits	122,349.16	5,364,533.91	170,855.67	5,109,489.70
B33 Common Stock				
201200 Com Stk Sub Interco		36,568,776.50CR		36,568,776.50CR
Com Stk Sub Interco				
AW02				
201200 Com Stk Sub Interco		36,568,776.50CR		36,568,776.50CR
Com Stk Sub Interco				
AW02				
B33 Common Stock				
B34 Paid In Capital				
205175 Donations from Stkholders				
Donations from Stkholders				
AW02	21,329.44CR			21,329.44CR
Donations from Stkholders				
205300 Gain on Resale/Cancel				
Gain on Resale/Cancel				
AW02	180.00CR			180.00CR
Gain on Resale/Cancel				
205440 Misc P/C AW02				
Misc P/C AW02				
AW02		8,034,810.00CR	8,000,000.00CR	8,034,810.00CR
Misc P/C AW02				
B34 Paid In Capital		8,056,319.44CR	8,000,000.00CR	8,056,319.44CR
B35 Retained Earnings				
210210 R/E at Acquisition				
R/E at Acquisition				
AW02	343,498.00CR			343,498.00CR
R/E at Acquisition				
210240 R/E Since Acquisition				
R/E Since Acquisition				
AW02	28,095,584.72CR			26,738,529.57CR
R/E Since Acquisition				
B35 Retained Earnings		28,349,082.72CR	8,000,000.00CR	27,082,027.57CR
B39 Preferred Stock				
215110 Pref Stk Outside				
Pref Stk Outside				
215410 Pref Stk Sub Outside				
Pref Stk Sub Outside				
B39 Preferred Stock		1,456,700.00CR	600.00	1,456,100.00CR
B40 Long Term Debt				
215113 Pref Stk-Mand LT				
Pref Stk-Mand LT				
221110 Bonds-Outside				
Bonds-Outside				
221120 Bonds-Inside				
Bonds-Inside				
AW46				
Bonds-Inside				
B40 Long Term Debt		84,300,000.00CR	27,100,000.00	54,400,000.00CR
B43 Bank Debt				
231200 Notes Pay-Assoc Cos				
Notes Pay-Assoc Cos				
AW46				
Notes Pay-Assoc Cos				
B43 Bank Debt		7,136,663.54CR	3,021,804.87	3,297,056.37CR
B44 Current Portion LTD				
232200 Curr Portion LTD-In				
Curr Portion LTD-In				
AW46				
Curr Portion LTD-In				
B44 Current Portion LTD		3,100,000.00CR	27,100,000.00CR	27,100,000.00CR

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2007

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B44 Current Portion LTD				
232200 Curr Portion LTD-In				
B44 Current Portion LTD	3,100,000.00CR	3,100,000.00CR	27,100,000.00CR	27,100,000.00CR
B45 Accounts Payable				
234100 Accts Pay-Gen System	1,760,576.09CR	2,164,937.83CR	1,152,058.91CR	1,321,667.39CR
234110 Accts Pay-Pcard	3,660.62CR	13,029.35	16,034.39	21,666.90
234200 Accts Pay-Contract Retention	186,019.22CR	1,136,834.89CR	67,133.42CR	196,873.65CR
234300 Accts Pay-Misc	17,233.18	155,036.79CR	129,537.97CR	171,683.70CR
002 Accts Pay-Wrksk Acct	2,750.00CR	2,000.00	73,842.09CR	327,228.41CR
006 Accts Pay-Pcard Acct	9,171.07CR	39,094.28CR	18,164.91	15,111.42CR
008 Accts Pay-I/C Loan Clearing	12,241.69	16,555.04CR	3,813.23CR	20,250.71CR
234350 Accts Pay-Prj Exp Acct	97,065.93	97,065.93		
234400 Accts Pay-AWMS	1,552,047.42CR	3,089,651.26CR	3,362,820.36CR	4,304,149.14CR
AW03 Accts Pay-AW03	29,381.84CR	16,448.66CR	918,222.62CR	994,977.29CR
234500 Accts Pay-Assoc Cos	3,408.57CR	10,225.70CR		
AW46 Accts Pay-AW46				
280999 Interco Rec/Pay	12,985.77CR	9,390.85	23,378.23CR	23,714.35CR
Interco Rec/Pay	3,433,450.80CR	6,507,358.29CR	5,696,607.53CR	7,353,989.16CR
B45 Accounts Payable				
B45 Accrued Taxes				
236120 FUTA	2,204.46CR	2,236.61CR	9.20CR	144.15CR
236130 FICA	6,593.09CR	22,686.17CR	587.30CR	15,673.55CR
236140 SUVA	1,986.39CR	2,015.36CR	21.50CR	210.19CR
236151 Gen Tax - Property	241,503.46CR	2,092,039.32CR	622,830.86	1,965,847.48CR
236152 Gen Tax - Sales/Use	19,284.14CR	390,486.90	987,758.16CR	1,047,181.51CR
236170 Gen Tax-Other		4,702.44CR	464,239.15CR	474,210.00CR
236201 FICA Clearing		1,820.00		1,820.00
236210 Acct FIT - Current Yr	2,926,747.00CR	2,920,010.00CR	2,338,800.00	2,802,775.00CR
236213 Acct FIT - Interim Curr	3,677,288.00			
236220 Acct FIT - Pr Yrs	2,941,415.00	41,286.97		2,060,993.85CR
236230 Acct SIT - Current Yr	25,770.00CR	25,770.00CR	311,792.00	4,533.00
236233 Acct SIT - Interim Curr	308,221.00			
236240 Acct SIT - Pr Yrs		372,703.00CR		53,486.00CR
236310 Curr Def FIT		120,523.00	142,076.00	120,523.00
236320 Curr Def SIT/LIT		26,020.00	31,549.00	26,020.00
Curr Def SIT/LIT	3,702,829.46	4,862,016.03CR	1,994,422.55	8,267,525.75CR
B45 Accrued Taxes				
B47 Accrued Interest				
237200 Int Acct-LTD-Outside	420,437.50	311,872.09CR	425,027.91	311,872.09CR
237300 Int Acct-LTD-Inside	329,215.83CR	800,648.22CR	823,801.46	269,170.42CR
AW46 Int Acct-LTD-AW46	63,525.00	30,703.75CR	64,583.75	30,703.75CR
241228 Accrued FFD Div Requirements	154,746.67	1,143,224.06CR	1,313,413.12	611,746.26CR
002 Accr FFD Div w/ mand				
B47 Accrued Interest				
B48 Customer Deposits				
238020 Unclaimed Cust Deposits			6,060.00	
Unclaimed Cust Deposits			6,060.00	
B48 Customer Deposits				

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American Water Works Company
Kentucky-American Water-
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2007

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B51 Misc Current Liabilities				
241100 Accrued Vacation Pay	215,526.23	38,090.94CR	123,706.51	24,138.25CR
241201 Accr Water Purchases	63,257.62	14,685.98CR	6,496.63CR	33,268.16CR
241202 Accr Water Purchases	19,711.35	235,527.46CR	4,923.11CR	273,336.96CR
241203 Accr Power	56,930.04CR	158,899.50CR	21,805.70CR	21,805.70CR
241204 Accr Audit			1,055.00CR	1,055.00CR
241205 Accr TMS License				
241206 Accr Wages	195,523.70	21,851.10CR	8,661.40CR	205,867.00CR
241207 Accr Insurance	.50CR	503.77CR	.02CR	1.06CR
241208 Accr Insurance	2,000.00	12,000.00CR	4,660.71	30,624.97CR
241210 Accr Waste Disposal	150,000.00		120,218.18CR	120,218.18CR
241211 Accr Waste Disposal	1,124.45CR	8,000.00CR	1,624.88CR	3,500.00CR
241212 Accr DCP Contribution	799.85CR	11,077.64CR	263.98CR	5,238.53CR
241214 Accr Bank Fees	23,687.89CR	50,832.11CR	11,096.67	34,155.52CR
241220 WH PR-Tax Coll SIT KY	13,531.13CR	13,531.13CR	1,221.49	
001 WH PR-Union Dues	2,051.41CR	2,051.41CR		
002 WH PR-Charity Contribution	1,76.00CR			
005 WH PR-Flex Spending Account	1,331.69CR	3,209.05CR		
006 WH PR-401k Contributions	21,580.90CR	56,872.01CR	540.41CR	1,774.37CR
010 WH PR-Gainshare	1,601.79CR	1,601.79CR		
013 WH PR-Tax Coll Pay FIT	33,050.36CR	33,050.36CR		
014 WH PR-Tax Coll Pay FIT	3,920.40CR	3,920.40CR		
999 WH PR-Miscellaneous	21,138.72CR	21,138.72CR	2,061.04CR	16,375.66CR
241227 Accr Employer 401k Match				
241228 Accr Employer 401k Match	2,184.33CR	14,193.47CR	299.98CR	10,510.05CR
241229 Accr PFD Div Requirements	6,559.59CR	19,460.10CR	6,514.89CR	19,460.10CR
241230 Unclaimed Credits Pay			57,053.20CR	57,053.20CR
241234 Unclaimed Ext Dep Refund Pay			21,393.95CR	52,620.93CR
241236 Unclaimed Items-System	113,892.07	20,935.20CR		4,598.15CR
241237 Unbilled Stock E-System	12,580.11	224,934.46CR	21,161.76CR	28,771.29CR
241238 Unbilled Stock E-System	56,819.87CR	31,121.82CR	35,494.36	66,572.45CR
005 CFO-Cust Asst Nonpledged	94.00	85,365.52CR	511,966.27	113,168.22CR
006 CFO-Cust Asst Pledged	72.00			25.00CR
241244 CFO-Sales Tax	8,144.19	153,695.74CR	31.00CR	124.00CR
241246 CFO-Gross Rcts Tax	101,062.40CR	216,921.33CR	89,561.88CR	370,382.05CR
241248 CFO-Mun Tax	10,420.31	111,131.07CR	27,310.74	38,041.80
241249 CFO-Mun Tax				1,367.80CR
001 CFO-Misc Contracts	78,292.82CR	2,395.963.91CR	47,674.70	2,418,622.53CR
002 CFO-MC/Swr A/R Cash	11,562.10	1,899,715.99	39,960.10CR	1,810,253.89
004 CFO-MC/Swr ChgOff			23,127.28	644,337.60
241250 A/P Check Clearing	1,132,411.65	1,063,025.98CR	1,883,943.77CR	3,375,861.04CR
241251 P/R Check Clearing	177,106.24CR	177,106.24CR	12,823.12	1,492.71CR
241261 Accr Insurance Retro	2,537.32CR	39,320.48CR		
241998 Other Curr Liab Analyzed	176,531.72	184,903.28CR	47,967.58CR	668,941.13CR
B51 Misc Current Liabilities	1,552,580.83	3,267,524.17CR	1,555,609.12CR	5,699,321.79CR

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American Water Works Company
Kentucky American Water Co 12
Total (Worksheet)
Trial Balance

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For the Period Ending 12/31/2007

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B55 Advances for Construction				
252110 Adv for Const-NT Mains	276,613.66	13,253,240.64CR	819,920.78	14,426,761.57CR
252120 Adv for Const-NT Ext	1,516.18CR		1,317,416.90	509,106.84CR
252130 Adv for Const-NT Services				358,112.36CR
252140 Adv for Const-NT Wt Sers		13,085.00CR		402,609.48CR
252150 Adv for Const-NT Wt Meters	17,190.79	36,641.02CR	11,077.88CR	574,399.94CR
252160 Adv for Const-NT Hydrants	5,200.52	254,968.48CR	3,711.27CR	
252170 Adv for Const-NT Other	197,861.44CR	1,097,395.81CR		
252220 Adv for Const-NT WIP		759.60CR	208,419.03	221,648.08CR
252220 Adv for Const-Tax Ext			2,330,967.56	16,492,638.27CR
B55 Advances for Construction	99,627.35	14,653,090.55CR	2,330,967.56	16,492,638.27CR
B56 Deferred Income Taxes				
253103 Def for Interm Def	705,856.00CR			
253203 Def for Interm Def		1,935,054.00CR	146,542.00CR	1,935,054.00CR
253301 Def for Norm Property	232,212.00CR	26,819,909.54CR	2,069,144.35CR	28,154,242.54CR
253309 Def for Other		133,392.00		133,392.00
253613 Def for Interm Def	245,644.00			
253701 Def for Interm Def	200,556.00CR	4,450,682.88CR	515,409.31CR	5,358,581.88CR
253701 Def for Other	892,980.00CR	33,072,254.42CR	2,730,095.66CR	35,314,486.42CR
B56 Deferred Income Taxes	892,980.00CR	33,072,254.42CR	2,730,095.66CR	35,314,486.42CR
B57 Deferred ITC				
255101 Unamortized ITC - 3%	637.67	101,825.97CR	638.00	109,478.67CR
255102 Unamortized ITC - 4%	565.42	61,159.21CR	525.00	67,503.41CR
255103 Unamortized ITC - 10%	5,903.33	1,054,826.27CR	5,903.00	1,125,665.57CR
B57 Deferred ITC	7,106.42	1,217,811.45CR	7,066.00	1,302,647.65CR
B58 Deferred Regulatory Liability				
256212 Reg Liab-Exc Def Depr FIT	11,733.58	1,425,596.83CR	11,734.00	1,566,400.63CR
256220 Reg Liab-Exc Def Depr FIT	2,296.50CR	278,847.84	2,296.00CR	305,404.84
256232 Reg Liab-Exc Def Depr SIT	28,836.31CR	1,643,356.75CR	2,200.00	873,357.00CR
256250 Reg Liab-ARO/NNS	359,698.90CR	8,772,379.89CR	82,277.34CR	7,597,007.36CR
256210 Reg Liab-ITC Gross-Up 3%	432.00	68,984.75CR	432.00	74,168.75CR
256311 Reg Liab-ITC Gross-Up 4%	355.83	41,418.45CR	356.00	45,688.75CR
256312 Reg Liab-ITC Gross-Up 10%	3,252.33	581,137.94CR	3,252.00	620,165.24CR
B58 Deferred Regulatory Liability	375,057.97CR	12,254,026.77CR	66,599.34CR	10,470,382.89CR
B59 Other Deferred Credits				
262110 DCA-Deferred Credits			834,296.02	
262120 DCA-Pension Pmt Op Co	60,076.75CR	2,174,086.20CR	64,524.75CR	2,381,721.20CR
262210 DCA-Accr OPEB	59,674.75CR	299,737.00CR	67,656.83CR	299,736.96CR
262215 DCA-Accr OPEB Med Subsidy		84,567.40CR	10,745.00CR	42,980.00CR
262313 DCA-FAS 112 Costs		61,130.00CR	54,852.00CR	61,130.00CR
262317 DCA-Def Comp Costs		31,657.20		31,657.20
262322 DCA-Inc Plan Cash Annual	24,896.38CR	280,134.55CR	18,780.09CR	213,721.81CR

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American Water Works Company
Kentucky-American Water
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2007

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B59 Other Deferred Credits				
262398 DCN-Other	10,734.54	805,090.91CR		
262401 DCN-Ins Other Than Grp Reg				
DCN-Ins Other Than Grp Reg	133,913.34CR	3,673,088.86CR	30,765.92CR	30,765.92CR
B59 Other Deferred Credits			586,971.43	2,998,398.69CR
B62 CIAC				
271110 CIAC-NT Mains	692.69	14,652,257.20CR		13,725,613.47CR
CIAC-NT Mains				
271120 CIAC-NT Ext Dep	324.47CR	10,368,051.01CR	232,039.52CR	9,849,066.41CR
CIAC-NT Ext Dep				
271130 CIAC-NT Services	83,493.82CR	14,239,812.09CR	1,411,488.93CR	12,726,971.56CR
CIAC-NT Services				
271140 CIAC-NT Meters	12,451.60	521,259.07CR		168,042.19CR
CIAC-NT Meters				
271150 CIAC-NT Hydrants	46,326.88CR	1,199,649.35CR		694,087.66CR
CIAC-NT Hydrants				
271160 CIAC-NT Other	148,453.98CR	3,603,117.02CR		2,991,896.06CR
CIAC-NT Other				
271170 CIAC-NT WIP	65,887.86CR	637,089.00CR		358.60CR
CIAC-NT WIP				
271180 CIAC-NT Non-Util Prop				
CIAC-NT Non-Util Prop				
271210 CIAC-Tax Mains		249,724.86CR		249,724.86CR
CIAC-Tax Mains				
271220 CIAC-Tax Ext Dep		1,998,493.38CR		1,998,493.38CR
CIAC-Tax Ext Dep				
271230 CIAC-Tax Services		766,585.92CR	155,843.02CR	704,228.02CR
CIAC-Tax Services				
271240 CIAC-Tax Meters	13,105.00CR	6,308,695.01CR		6,049,242.33CR
CIAC-Tax Meters				
271250 CIAC-Tax Hydrants		3,299.01CR		3,299.01CR
CIAC-Tax Hydrants				
271260 CIAC-Tax Other		487,486.50CR		487,486.50CR
CIAC-Tax Other				
271270 CIAC-Tax WIP		440,902.80CR		440,902.80CR
CIAC-Tax WIP				
272010 Accum Amort CIAC-Mains		281,286.30		281,286.30
Accum Amort CIAC-Mains				
272040 Accum Amort CIAC-Meters		35,022.86		35,022.86
Accum Amort CIAC-Meters				
272050 Accum Amort CIAC-Hydrants		5,907.84		5,907.84
Accum Amort CIAC-Hydrants				
272060 Accum Amort CIAC-Other		11,336,270.57	103,933.44	9,931,963.60
Accum Amort CIAC-Other				
272100 Accum Amort CIAC-Taxable	126,784.69	232,619.48		
Accum Amort CIAC-Taxable				
B62 CIAC	187,937.74CR	43,585,315.17CR	1,718,108.03CR	39,835,232.25CR
00012 Kentucky-American Water Co.	1,427,749.58CR	1,810,784.16	1,553,381.84CR	1,267,055.15

American Water - MD Operating Data Report - Regulated Business - Water

Company/Location Name: Kentucky American Water Company

User ID: SHILTZRA ; Date Run: 10/20/08; Period Type: YTD

; Date: 12/2007; Budget Type: ORIGINAL ; Post/Adj: ASADJUST ;

	Total	Residential	Commercial	Industrial	Fire	OPA	Resale	Miscellaneous
Number of Bills								
Monthly	1387336	1256950	102984	253	21160	5841	148	0
Bi-Monthly	0	0	0	0	0	0	0	0
Quarterly	0	0	0	0	0	0	0	0
Opening/Closing Bills	62161	59224	2718	0	202	17	0	0
Per	0	0	0	0	0	0	0	0
Total Actual	1449497	1316174	105702	253	21362	5858	148	0
Total Actual Prorated	1449497	1316174	105702	253	21362	5858	148	0
Budget	1408640	1275107	103707	252	23646	5808	120	0
Variance	40857	41067	1995	1	2284-	50	28	0
Number of Estimated Bills	35529	32387	2968	19	0	151	4	0
3 or More Estimates	601	539	58	1	0	3	0	0
Total Billed Days	43979140	39436483	3198739	7777	1153243	178360	4538	0
Water Sales (1000G)								
Metered	14173736	6783394	4380897	769952	30640	1576391	628116	4346
Flat Rate	0	0	0	0	0	0	0	0
Total Water Sales	14173736	6783394	4380897	769952	30640	1576391	628116	4346
Credit	208540-	116601-	69234-	1962-	0	5178-	15025-	540-
Intercompany Sales	0	0	0	0	0	0	0	0
Total Net Sales	13965196	6666793	4311663	767990	30640	1571213	613091	3806
Total Net Sales Prorated	13965196	6666793	4311663	767990	30640	1571213	613091	3806
Budget	13834590	6700089	4352092	796708	0	1517506	468195	0
Variance	130606	33296-	40429-	28718-	30640	53707	144896	3806
Revenues (\$)								
Billed	50587591	27933845	12530710	1483802	3307001	3906823	1403108	22302
Credits	528540-	310428-	162603-	3615-	5740-	11282-	32413-	2459-
Net Revenue	50059051	27623417	12368107	1480187	3301261	3895541	1370695	19843
Net Revenue Prorated	50059051	27623417	12368107	1480187	3301261	3895541	1370695	19843
Budget	49482556	27325970	12305585	1552979	3242551	3787531	1267940	0
Variance	576495	297447	62522	72792-	58710	108010	102755	19843
Billed Revenue/1000G	3.5845	4.1434	2.8685	1.9273	107.7435	2.4793	2.2357	5.2136
Budget Revenue/1000G	3.5767	4.0784	2.8275	1.9492	.0000	2.4958	2.7081	.0000
# of Credit Adjustments	11032	9654	1270	2	13	78	6	9
Connections								
Total-End of Period	117088	106068	8585	21	1913	488	13	0
Budget	118601	107339	8716	21	2031	484	10	0
Variance	1513-	1271-	131-	0	118-	4	3	0
System Delivery (1000G)								
	Actual	Prorated	Budget	%	Variance	Last Year	12-Month Roll	
Gross S/D Produce/Purch	16097991	16097991	16283665	98.8	185674-	16466425	16097991	
System Delivery Transfer	0	0	0			0	0	
Net System Delivery	16097991	16097991	16283665	98.8	185674-	16466425	16097991	
Total Net Water Sales	13965196	13965196	13834590	100.9	130606	13271822	13965196	
Total Non Revenue Water	2132795	2132795	2449075	87.0	316280-	3194603	2132795	
N.R.W. %	13.2		15.0		1.8-	19.4	13.2	
Unbilled/Consumption	304393					272142	0	
Actual Water Losses	1828402					2922461	2132795	
Operations								
	Actual	Budget	Variance	Last Year		Actual	Budget	Variance
Labor Costs (\$)								
Production	1783412	1751707	31705	1432563	Total O&M Expense (\$)			
Network	2633480	2521723	111757	2324129	Production	5662335	6003923	341588-
Cust Rltns	574427	648487	74060-	660274	Network	3509226	3744673	235447-
Maintenance	0	0	0	0	Cust Rltns	563042	671267	108225-
Admin & Gen	800288	914818	114530-	374313	Maintenance	0	0	0
Total O&M Payroll	5791607	5836735	45128-	4791279	Admin & Gen	18359326	18503305	143979-
Capital Payroll	1297804	2148	1295656	737899	Total	28093929	28923168	829239-
Total Payroll	7089411	5838883	1250528	5529178				
Capitalization %	18	0	18	13				
Non-Scheduled Overtime (Hrs)								
Production	4005	5164	1159-	3263	Sick Time (Hrs)			
Network	15957	13908	2049	9792	Production	1228	1226	2
Cust Rltns	1419	0	1419	3608	Network	4829	5110	281-
Maintenance	0	0	0	0	Cust Rltns	785	717	68
Admin & Gen	379	24	355	272	Maintenance	0	0	0
Total	21760	19096	2664	16935	Admin & Gen	483	585	102-
					Total	7325	7638	313-
# of Employees								
Production	30	46	16-	28				
Network	63	68	5-	60				
Cust Rltns	16	0	16	16				
Maintenance	0	0	0	0				
Admin & Gen	25	21	4	19				
Service Company	0	0	0	0				
Total	134	135	1-	123				
Permanent FTE	134	0	134	123				
Temporary FTE	0	0	0	0				
Total FTE	134	0	134	123				
Customer/Employee Ratio	873	878	5-	0				

For Statistical data the number of actual days YTD are 365 , the number of budgeted days YTD are 365 .
 For Statistical data the number of actual days in this period are 31, the number of budgeted days in this period are 31 .
 Prorated values are provided for comparison to Budget.

83500 American Water Works Company
 61012BSYGP Kentucky-American Water- CO 12
 0001R Total Company (USGAP)
 Comparative Balance Sheet
 For the Period Ending 12/31/2008

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Kentucky-American Water Co.

ASSETS	Description	Current Year	Prior Year
1	Utility Plant	369,485,721	345,341,374
2	Construction work in progress	54,501,130	21,309,716
3	Accumulated depreciation	84,212,709	80,434,539
4	Utility plant acquisition adjustment	310,871	326,777
5	Other utility plant adjustments		
6	Sub-total Utility Plant	340,085,013	286,543,328
7	Non-Utility property	270,193	249,738
8	Other investments		
	Current Assets	234,378	398,277
10	Cash and cash equivalents		
11	Temporary investments	2,342,465	1,928,082
12	Customer accounts receivable	2,859,825	2,562,043
13	Allowance for uncollectible accounts		
14	Unbilled revenues	412,129	196,269
15	Prepaid expenses	577,106	634,634
16	Prepaid due from assoc. companies	494,557	118,800
17	Miscellaneous receivables		
18	Materials and supplies	6,687,104	6,002,834
19	Other		
20	Sub-total	795,392	845,867
22	Deferred debits	593,892	496,897
23	Debt and preferred stock	1,185,657	1,212,657
24	Expense of rate proceeding		
25	Prelim survey & invest charges	6,475,868	6,388,438
26	Reg Asset-income tax recovery	4,412,746	5,364,534
27	Other		
29	Sub-total	12,363,555	13,207,389
30	Total Assets	359,405,865	306,003,289
	CAPITAL AND LIABILITIES		
32	Common stock	36,588,777	36,588,777
33	Paid in capital	22,812,189	29,856,795
34	Retained Earnings		
35	Unearned Compensation		
36	Accumulated Depreciation		
37	Reacquired C/S & Accum Comp Inc		
38	Total common equity	93,507,471	74,483,891
39	Preferred stock	1,455,600	1,455,600
40	Long term debt	81,200,000	84,300,000
41	Total capitalization	176,163,071	160,250,591
42	Current liabilities		
43	Bank debt	51,825,821	18,115,917
44	Current portion of LTD	8,100,000	3,100,000
45	Accounts Payable	8,360,752	9,247,358
46	Taxes accrued	1,129,643	1,113,224
47	Interest accrued		
48	Customer deposits		
49	Dividends declared		
50	Other	5,750,304	3,287,524
51	Sub-total	69,880,147	34,749,119
52	Sub-total		
54	Deferred credits for construction	11,815,827	14,653,891
55	Deferred income taxes	1,733,274	35,620,246
56	Deferred investment tax credits	1,701,844	1,217,811
57	Reg liab-inc. tax.refund thru rates	62,847,173	67,978,983
58	Other		
59	Sub-total	46,815,475	43,585,315
60	Sub-total		
62	Contributions in aid of construction	359,405,866	306,003,289
	Total capital and liabilities		

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American Water Wor...pany
Kentucky-American Wa...o 12
Total Company (Use AWP)
Income Statement Month & YTD
For the Period Ending 12/31/2008

Kentucky-American Water Co.

Description	December Actual	December Plan	December Prior Year	Yr to Date		Yr to Date Variance	Yr to Date		Yr to Date Variance	Annual Forecast
				Actual	Plan		Actual	Plan		
1 OPERATING REVENUES										
2 Water	4,005,178	4,581,775	4,122,133	57,247,485	57,285,664	38,179-	50,216,427	57,285,664	57,285,664	
3 Sewer	23,656	22,260	29,140	309,212	277,659	31,553	340,120	277,659	277,659	
4 Other	201,995	164,703	186,010	2,528,909	1,976,432	552,477	2,121,671	1,976,432	1,976,432	
5 Management										
6 Total Revenues	4,230,799	4,768,738	4,336,283	60,085,606	59,539,745	545,861	52,778,218	59,539,745	59,539,745	
7 OPERATIONS & MAINTENANCE EXPENSE										
8 Labor	612,029	622,002	531,541	6,595,197	6,735,008	148,811-	5,895,230	6,735,008	6,735,008	
9 Purchased Water	23,656	49,150	15,376	135,571	603,456	467,885	2,857,206	603,456	603,456	
10 Fuel & Power	226,410	239,074	213,669	3,244,869	2,885,689	359,180	2,857,206	2,885,689	2,885,689	
11 Chemicals	138,297	115,409	137,593	1,749,092	1,637,082	112,010	1,651,698	1,637,082	1,637,082	
12 Waste Disposal	16,201	27,910	17,709-	270,251	294,647	24,396-	260,565	294,647	294,647	
13 Management Fees	672,998	605,772	636,749	7,373,898	7,373,898	597,021	7,516,223	7,373,898	7,373,898	
14 Group Insurance	114,747	168,428	94,306	1,682,452	1,984,395	101,944-	1,695,771	1,984,395	1,984,395	
15 Pensions	26,837	43,130	29,096	622,650	518,280	104,370	579,958	518,280	518,280	
16 Regulatory Expense	13,445	45,833	43,086	220,743	607,390	386,645-	374,035	607,390	607,390	
17 Insurance Other Than Group	112,376	130,278	95,008	490,147	725,700	235,553-	576,700	725,700	725,700	
18 Customer Accounting	4,446	2,753	3,148	34,904	32,180	2,724	30,452	32,180	32,180	
19 Rentals Office Expense	208,035	216,528	267,324	645,272	465,939	179,333	463,222	465,939	465,939	
20 Miscellaneous	247,239	169,374	261,551	2,631,651	2,330,753	300,898	2,233,224	2,631,651	2,631,651	
21 Other Maintenance										
22 Total Maintenance & Operations Expense	2,516,567	2,513,117	2,607,420	30,683,867	30,636,617	67,250	28,235,415	30,636,617	30,636,617	
23 Depreciation	479,979	620,452	188,805	5,870,647	7,173,281	1,302,634-	6,287,030	7,173,281	7,173,281	
24 Amortization	42,684	34,215	42,007	512,125	410,580	101,546	504,092	410,580	410,580	
25 General Taxes	283,203	293,765	289,949	3,176,783	3,470,130	293,347-	3,057,241	3,470,130	3,470,130	
30 State Income Taxes	5,073	49,180	110,377	861,758	648,505	213,253	621,258	648,505	648,505	
31 Federal Income Taxes	212,931	329,579	481,743	5,158,530	4,264,136	894,394	3,441,773	4,264,136	4,264,136	
32 Tax Savings Acquisition Adjustment										
33 Total Operating Expenses	3,540,437	3,840,308	3,720,301	46,263,711	46,583,249	319,538-	42,146,809	46,583,249	46,583,249	
34 Utility Operating Income	690,362	928,430	685,982	13,822,695	12,986,506	836,189	10,631,409	12,986,506	12,986,506	
35 OTHER INCOME & DEDUCTIONS										
36 Non-Operating Rental Income										
37 Dividend Income-Common										
38 Dividend Income-Preferred										
39 Interest Income										
40 APUDC Equity	228,985	241,617	107,776	5,843	1,507,094	5,843	137,120	1,507,094	1,507,094	
42 M & J Miscellaneous Income	6,169		653	57,190		57,190	196,275			
43 Gain/(Loss) on Disposition										
44 Total Other Income	235,154	241,617	108,429	1,392,625	1,507,094	114,469-	1,166,231	1,507,094	1,507,094	
45 Miscellaneous Amortization	35-	84	35-	425-	768	1,193-	425-	768	768	
46 Tax Shelter Amortization Adjustment										
47 Misc Other Deductions	4,109	36,689	47,740	278,715	362,613	83,898-	319,101	362,613	362,613	
48 General Taxes	4,727-	3,027-	1,583-	6,689-	29,914-	21,215	1,178	29,914-	29,914-	
49 State Income Taxes		11,782-	19,603-	45,061-	116,445-	71,384-	1,406	116,445-	116,445-	
51 Federal Income Taxes		21,944	26,519	224,530	217,022	7,508	320,260	217,022	217,022	
52 Total Other Deductions	236,605	319,673	81,910	1,166,105	1,290,072	121,967-	845,971	1,290,072	1,290,072	
53 Total Other Income	926,967	1,448,103	697,892	14,990,000	14,246,578	743,422	11,477,300	14,246,578	14,246,578	
54 Income Before Interest Charges										
55 INTEREST CHARGES										
56 Interest on Long-Term Debt	470,209	487,253	487,956	5,693,320	5,900,277	206,957-	4,651,661	5,900,277	5,900,277	
57 Amortization on Long-Term Debt	7,356	5,294	7,320	89,550	71,448	18,102	75,069	71,448	71,448	
58 Other Interest Expense	97,914	207,603	63,504	761,822	1,045,249	283,427-	1,415,522	1,045,249	1,045,249	
59 Other Interest Expense										
60 APUDC-Debt	1,07,547-	1,09,727-	2,160	50,643-	584,424-	84,933	38,175-	584,424-	584,424-	
61 Total Interest Charges	467,972	591,083	507,937	5,955,194	6,332,550	377,356-	5,719,637	6,332,550	6,332,550	
62 Net Income	458,995	557,020	189,955	9,034,808	7,914,028	1,120,778	5,757,743	7,914,028	7,914,028	
64 Preferred Dividend Declared	6,511	38,335	31,814	459,900	381,593	78,307	78,773	381,593	381,593	
65 Ret Income to Common Stock	452,484	518,685	189,395	8,956,499	7,454,128	1,502,371	5,678,970	7,454,128	7,454,128	

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2008

Description	December	December	December	Yr to date	Yr to date	Yr to date	Yr to date	Yr to date	Annual Forecast
	Actual	Plan	Variance	December Actual	December Plan	December Variance	December Prior Year	December Prior Year	
00012 Kentucky-American Water Co.									
F18 Customer Accounting									
575741 Cell Phone CA	170	170CR		86	2,040	2,040CR			2,040
15 Cell Phone CA									
575780 Trash Removal CA									
15 Trash Removal CA									
575820 Uniforms CA									
15 Uniforms CA									
F18 Customer Accounting	112,376	130,278	17,902CR	1,536,013	1,583,610	47,597CR	1,425,215	1,425,215	1,583,610
F19 Rents									
541800 Rents-Real Property									
14 Rents-Real Prop Oper TD	1,000	315	685	4,705	3,780	925	3,456	538CR	3,780
16 Rents-Real Prop Oper AG									
541400 Rents-Equipment									
14 Rents-Equipment Oper TD	3,426	2,200	1,226	2,184	28,400	2,184	27,494	355CR	28,400
16 Rents-Equipment Oper AG	4,426	2,615	1,811	3,446	32,180	2,724	30,452		32,180
F19 Rents	14,111	3,508	10,603	59,323	46,976	12,347	44,564		46,976
P20 General Office Exp									
520100 M & Op Exp AG									
575002 Misc General Office	551	350	201	2,950	2,851	59	5,805		2,891
16 Misc General Office									
575100 Bank Service Charges AG									
16 Bank Service Charges AG									
575260 Credit Line Fees	35		35	420		420			536
16 Credit Line Fees									
575261 Credit Line Fees AM46	8,266	2,000	6,266	66,825	24,000	42,825	100,626		24,000
AM46 Credit Line Fees AM46									
575280 Dues/Membership Deduct	2,523	4,583	2,060CR	1,835	26,233	6,688CR	14,951		26,233
16 Dues/Membership Deduct									
575320 Electricity AG	5,147	2,800	2,347	48,893	52,506	3,613CR	45,347		52,506
16 Electricity AG									
575340 Empl Exp-AG-FA-7E									
16 Empl Exp-AG-FA-7E									
575342 Empl Exp-Conf/Registration AG	5,821CR	3,500	9,321CR	3,942	40,690	33,917	33,498		40,690
16 Empl Exp-Conf/Registration AG									
575350 Meals Deduct-F/R JE	3,525	980	2,545	11,551	22,226	10,675CR	10,917		22,226
16 Meals Deduct									
575351 Meals Non Deduct	2,053	2,581	528CR	2,653	29,435	10,361CR	18,006		29,435
16 Meals Non Deduct									
575420 Forms AG	2,053	1,565	488	3,351	25,131	5,211CR	15,210		25,131
16 Forms AG									
575480 Heat - Oil/Gas AG	514	330	184	3,742	3,420	322	1,241		3,420
16 Heat - Oil/Gas AG									
575500 Janitorial AG	3,657	2,600	1,057	19,147	25,500	6,353CR	10,891		25,500
16 Janitorial AG									
575620 Office & Admin Supplies AG	4,486	3,400	1,086	38,450	40,800	2,350CR	37,684		40,800
16 Office & Admin Supplies AG									
575660 Postage AG	2,297CR	1,878	4,175CR	2,222	28,866	1,513	22,093		28,866
16 Postage AG									
575670 Relocation Expenses	92	28	64	394	8,578	2,692CR	3,116		8,578
16 Relocation Expenses									
575740 Telephone AG									
16 Telephone AG									
575741 Cell Phone AG	3,024	6,020CR	9,044	80,357	1,000	79,357	1,000		1,000
16 Cell Phone AG									
575780 Trash Removal AG	11,192	2,696	8,496	38,468	56,535	21,067CR	22,086		56,535
16 Trash Removal AG									
575830 Wtr & Waste Mtr Exp AG	321	200	121	1,138	2,400	1,262CR	71,351		32,352
16 Wtr & Waste Mtr Exp AG									
P20 General Office Exp	53,481	27,179	26,302	546,272	463,939	182,333	463,232		463,939
F21 Miscellaneous									
504500 Other Mtr Exp AG									
16 Other Mtr Exp AG									
504610 Employee Awards AG	120CR	2,000	2,120CR	22,060	22,000	60	11,655		22,000
16 Employee Awards AG									
504620 Employee Physical Exam AG	3,851	2,750	1,101	18,762	15,150	3,612	14,838		15,150
16 Employee Physical Exam AG									
504640 Safety Incentive	242	900	658CR	1,405	12,500	6,277CR	6,704		12,500
16 Safety Incentive									
504660 Tuition Aid AG	617	3,000	2,383CR	5,558	8,700	3,042CR	8,700		8,700
16 Tuition Aid AG									
				26,319	36,000	9,681CR	18,284		36,000

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2008

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Description	December Actual	December Prior Year	December Variance	Yr to date Actual	Yr to date Prior Year	Yr to date Variance	Annual Forecast
ITC Restored - 10%	5,903CR	10,271CR	4,368	70,840CR	84,797CR	13,957	84,797CR
P31 Federal Income Taxes	212,931	329,579	116,648CR	5,158,530	4,264,136	894,394	4,264,136
P39 Interest Income							
710400 Int Inc-Outside				5,843CR			
710500 Int Inc-Inside							
AW45 Int Inc-Inside AW46							
P39 Interest Income							
P40 AFUDC Equity							
705100 AFUDC - Equity							
AFUDC - Equity							
P40 AFUDC Equity							
P42 M&T Misc Income							
715111 M&T Revenues-Outside							
M&T Revenues-Outside							
715112 M&T Revenues-Inside							
M&T Revenues-Inside							
AW26 M&T Expenses-Outside							
M&T Expenses-Outside							
716121 M&T Expenses-Inside							
M&T Expenses-Inside							
717110 Misc Non-Util Income-Out							
Misc Non-Util Income-Out							
P42 M&T Misc Income							
P46 Misc Amortization							
755100 Amort UPAA							
Amort UPAA							
755200 Amort Pref Stock Exp							
Amort Pref Stock Exp							
P46 Misc Amortization							
P48 Misc Other Deductions							
760100 Donations Deduct							
Donations Deduct							
760200 Other Income Deductions							
Other Income Deductions							
760400 Other Lobbying Expenses							
Other Lobbying Expenses							
760500 Non-Op Empl Exp Deduct							
Non-Op Empl Exp Deduct							
P48 Misc Other Deductions							
P50 State Income Taxes							
780100 SIT-Other Inc & Ded Curr							
SIT-Other Inc & Ded Curr							
780113 SIT-Other Inc & Ded Curr							
SIT-Other Inc & Ded Curr							
P50 State Income Taxes							
P51 Federal Income Taxes							
790100 FIT-Oth Inc & Ded-Curr							
FIT-Oth Inc & Ded-Curr							
790113 FIT-BTE Interim Curr							
FIT-BTE Interim Curr							
P51 Federal Income Taxes							
P56 Interest on LTD							
810100 Int LTD-Outside Reg							
Int LTD-Outside Reg							
810400 Int LTD-Inside							
Int LTD-Inside							
AW45 Int LTD-Inside AW46							
Div Dec PS-Out w/ mand							
P56 Interest on LTD							
P57 Amort Debt Exp							
755201 Amort PS Exp w/ mandatory							

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2008

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Description	December		Yr to Date		Yr to date		Yr to date		Annual Forecast
	Actual	Plan	Actual	Plan	Variance	Prior Year	December		
Amort P5 Exp w/ mandatory	64	64	771	771	771	771	771	771	771
820100 Amort Debt Disc & Exp	665	5,954	667	71,448	62,897CR	8,052	8,052	71,448	71,448
820110 Amort Debt Disc & Exp	6,667	6,667	80,218	66,346	80,218	66,346	66,346	66,346	66,346
AM46 Amort Dexp Inside AM46	7,396	5,954	7,319	71,448	18,092	75,069	75,069	71,448	71,448
P57 Amort Debt Exp									
P58 Interest on Bank Debt									
830100 Interest STD Inside	97,914	207,603	63,304	1,045,249	283,427CR	1,415,522	1,415,522	1,045,249	1,045,249
AM46 Interest STD Inside	97,914	207,603	63,304	1,045,249	283,427CR	1,415,522	1,415,522	1,045,249	1,045,249
F58 Interest on Bank Debt									
F59 Other Interest Exp									
840000 Other Interest Expense									
Other Interest Expense									
F59 Other Interest Exp			3	3		38,175CR	38,175CR		
P60 AFUDC Debt									
850000 AFUDC Debt	107,547CR	109,727CR	50,643CR	584,424CR	94,933	384,442CR	384,442CR	684,424CR	684,424CR
AFUDC Debt	107,547CR	109,727CR	50,643CR	584,424CR	94,933	384,442CR	384,442CR	684,424CR	684,424CR
P60 AFUDC Debt									
F64 Preferred Dividends									
860100 Div Dec Pref Stk-Outside	6,511	38,325	6,560	459,900	381,593CR	78,773	78,773	459,900	459,900
Div Dec Pref Stk-Outside	6,511	38,325	6,560	459,900	381,593CR	78,773	78,773	459,900	459,900
F64 Preferred Dividends									
P69 Common Dividends									
860220 Div Decl Com Stk In	2,554,847	2,289,981	6,003,108	4,882,323	1,120,785	4,169,860	4,169,860	4,882,323	4,882,323
AM02 Div Decl Com Stk In-AM02	2,554,847	2,289,981	6,003,108	4,882,323	1,120,785	4,169,860	4,169,860	4,882,323	4,882,323
F69 Common Dividends									
00012 Kentucky-American Water Co.	2,102,362	1,771,286	1,728,830	2,572,606CR	381,850CR	1,509,715CR	1,509,715CR	2,571,605CR	2,571,605CR

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2008

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B01 Utility Plant Original Cost				
101000 Organization				
301000		37,450.43		37,534.43
302000		70,360.82		70,260.82
303200		335,911.67		355,966.67
303300		91,826.50		91,826.50
303400		68,163.99		68,163.99
303500		4,019.85		4,019.85
304100		2,548.64		2,548.64
304200	14,636.41	48,037.50	55,325.54	55,325.54
304300	48,037.50	72,485.84	73,137.97	73,137.97
304400	72,485.84	9,292.30	28,206.06	28,206.06
304500	141,932.30	4,019.85	8,826.37	8,826.37
304600		1,187.58		1,187.58
304700		989,591.91		989,591.91
304800	3.19	1,805.85	118,902.65	1,805.85
305000		5,337.97		5,337.97
309000		5,337.97		5,337.97
310000		9,292.30		9,292.30
311200		718,476.09		718,476.09
311300		8,405.01		8,405.01
311400		4,261,436.46		4,261,436.46
311500		30,039,471.78		30,039,471.78
320100		1,556,989.77		1,556,989.77
330100		10,112,461.89		10,112,461.89
330200		12,882.92		12,882.92
330400		94,254.42		94,254.42
331100		1,044,581.91		1,044,581.91
331200		2,516,037.24		2,516,037.24
331300		810,595.71		810,595.71
331400		2,246,278.70		2,246,278.70
333000		211,135.70		211,135.70
334100		346,635.65		346,635.65
334200		62,251.91		62,251.91
334300		48,280.03		48,280.03
334400		59,368.90		59,368.90
339500		49,038.33		49,038.33
339600				
340100		313,789.57		313,789.57
340210		744,556.47		744,556.47
340220		76,836.55		76,836.55
340230		836,836.55		836,836.55
340300		207,518.59		207,518.59
340320		4,547,777.16		4,547,777.16
340330		97,249.20		97,249.20
340340		52,144.00		52,144.00
340350		884,310.93		884,310.93
341100		1,027,400.51		1,027,400.51
341200		225,926.63		225,926.63
341300		33,926.63		33,926.63
341400		2,144.33		2,144.33
344300		6,901.11		6,901.11
345000				
346000				
347000				
348000				
351200				
351300				
351400				
351500				
354000				
356000				
361100				
363300				
371120				

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American Water Works Company
Kentucky-American Water-CA 12
Total Balance (USGAAP)
For the Period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B01 Utility Plant Original Cost				
101000 WW TD Equipment		80,086.34		22,715.85
380000 WW TD Equipment		439.00		439.00
390000 WW Office Furniture & Equip			4,960.16	
390200 WW Computers & Peripheral			6,237.50	
391000 WW Trans Equip & Lc Dry Trks		35,144.16		35,144.16
392000 WW Stairs Equip		24,500.00		25,500.00
393000 WW Stairs Equip		32,733.43		25,748.28
394000 WW Lc Dry Trks		37,800.00		37,141.28
395000 WW Power Tools & Garage Equip	1,148.85			
396000 WW Power Tools & Garage Equip	2,157.80			
397000 WW Communi Equip				
397800 WW Misc Equip		22,560.98		22,560.98
101099 Completed Const not Classif				
101100 Reg Asset-AFUDC-Debt		272,637.00		272,637.00
103000 Property Held Future Use		114,076.24		114,076.24
104000 Utility Plant Purchased/Sold				
106000 Struct & Imp SS	153.79	30,579.97	182,550.90	80.65
304200 Struct & Imp SS	5,862.39	74,112.18	483,048.39	189,248.42
304300 Struct & Imp WT	7,761.78			666,548.35
304400 Struct & Imp TD	16,164.30			
304500 Struct & Imp AG	30,164.30			
304600 Struct & Imp AG	118,137.30			127,202.21
304800 Struct & Imp Misc	1,161,779.36	1,163,354.36	2,913.75	8,110.21
306000 Lake, River & Other Intakes	5,454.04	7,805.87	17,735.57	4,757.18
309000 Supply Generation Equip				312,331.84
310000 Pump Equip Electric	8,396.15	61,113.36	204,608.55	122,605.29
311200 Pumping Equipment SS				
311300 Pumping Equipment WT				
311500 Pumping Equipment TD				
312000 Elevatd Tanks & Standpipes	1,157,424.16	123,484.68	1,237,618.91	140,617.53
320000 Ground Level Facilities	23,277.89			1,612,010.25
330200 Clearwell				
331001 TD Mains Not Classified by	4,885.50	15,645.61	76,046.54	812,089.65
331100 TD Mains 4in & Less	220,259.82	521,431.10	727,316.60	5,118,840.92
331200 TD Mains 6in to 8in	511,235.66	2,098,091.72	413,672.02	1,488,574.21
331300 TD Mains 10in to 16in	619,383.25	1,751,995.67	1,356,520.70	1,488,574.21
331400 TD Mains 18in & Grtr	314,442.11	1,900,961.02	484,385.02	1,380,177.85
333000 Meters	30,877.21	233,278.46	13,667.06	952,385.17
334100 Meters Bronze Case	30,877.21	3,674,404.29	15,978.26	113,667.06
334120 Meters Plastic Case				8,600.36
334130 Meters Other	1,068.98	425,906.53	7,517.12	7,517.12
334200 Meters Other Rem Rdr Unts	16,265.73	480,616.02	86,069.79	478,815.83
334300 Meter Installations	43,200.24	791,932.18	282,534.25	272,619.05
335000 Hydrant				15,913.55
335500 Office Equip	3,206.64	31,672.00	335,413.09	671,651.42
340000 Comp & Periph	3,206.64	11,147.97	45,326.36	54,052.82
340200 Comp & Periph Personal	17,585.98		119,438.72	133,688.74
340300 Comp Software			9,515.40	331,377.16
340325 Comp Software Customized				
340330 Comp Software Other				
341100 Trans Equip Lt Duty Trks	1,911.95	80,865.89	31,059.32	97,002.83
341200 Trans Equip Hvy Duty Trks	38,083.15	142,377.00	44,438.73	142,196.78
341300 Tools, Shop, Garage Equip	9,263.09	194,104.81	2,155.00	
343000 Laboratory Equipment	72,136.61	85,142.93	3,155.00	
344000 Comm Equip Non Telephone	17,554.91	18,427.59	2,197.80	
344200 Comm Equip Telephone	599.38	11,952.06		
344300 Misc Equip	1,580.22	236,502.93		
347000 Misc Equip				
354000 WW Struct & Imp Gen	1,923.00	3,321.97	39.65	4,468.89
361100 WW Collecting Mains	1,119.77	5,119.77	43.02	4,873.02
363000 WW Laboratory Equip	1,151.98			
394000 WW Power Operated Equip				
B01 Utility Plant Original Cost	5,551,715.50	369,485,720.92	4,938,772.14	345,341,373.77
B02 CWIP				

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American Water Works Company
Kentucky-American Water Co 12
Total Company (USGAAP)
Trial Balance
For the period ending 12/31/2008

	Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
105050	CWIP Acct-Bldgs	619.14	619.14		
11	CWIP Acct-Bldgs	3,636,668.58CR	289,065.59	536,800.26	714,305.45
21	CWIP Acct-Infra	3,739,445.22	4,655,847.29	1,035,247.16	2,375,345.81
105110	CWIP History		10,021,825.69		10,021,825.69
11	CWIP History-Bldgs		51,966.84		51,966.84
21	CWIP History-Infrastr		5,381.46CR		5,381.46CR
105125	CWIP Permits		602,319.28		602,319.28
11	CWIP Permits-Bldgs		49,192.88		49,192.88
21	CWIP Permits-Infrastr	24,172.22	173,595.70	17,950.97	568,385.33
105150	CWIP M&S	179,031.00	2,431,467.71	44,799.99	142,231.91
11	CWIP M&S-Bldgs		19,115,344.78		19,115,344.78
21	CWIP M&S-Infrastr	107,297.89	26,038,979.61	558,750.76	22,808,707.89
105175	CWIP Professional Services	396,329.20	11,787,629.80	542,352.06	8,788,144.06
11	CWIP Prof Svc-Bldgs		30,275.65		30,275.65
21	CWIP Prof Svc-Infrastr	4,429.33	1,667,285.02	43,744.50	1,387,088.51
105200	CWIP Labor		73,348.98		40,587.35
11	CWIP Labor-Bldgs		1,584,842.33		1,594,842.33
21	CWIP Labor-Infrastr	118,175.47	4,747,189.17	97,819.26	3,228,515.20
105250	CWIP Labor OH	1,197.32	4,781,276.16	6,085.08	708,031.91
11	CWIP Labor OH-Bldgs		1,765,848.50		1,765,848.50
21	CWIP Labor OH-Infrastr	83,639.95	2,751,952.41	79,273.96	2,147,819.24
105260	CWIP Overhead	83,891.45	2,331,772.28	6,620.10	3,301,133.24
11	CWIP Overhead-Bldgs		688,754.64		688,754.64
21	CWIP Overhead-Infrastr	522.54	179,662.82	411.47	174,465.05
105270	CWIP Service	32,729.52	4,545,546.07	111,716.05	3,998,765.03
11	CWIP Svc-Bldgs		126,467.59		126,467.59
21	CWIP Svc-Infrastr	13,840.55	964,241.57	29,129.29	1,974,895.21
105275	CWIP AMWSC	30,325.54	58,229.72		5,269.73
11	CWIP AMWSC-Bldgs		30,325.54		543,743.59
21	CWIP AMWSC-Infrastr		964,241.57	17,115.36	746,941.01
105280	CWIP Retainage				
11	CWIP Retainage-Bldgs		366,817.31		366,817.31
21	CWIP Retainage-Infrastr	34,845.25	61,325.00	268,796.45	61,325.00
105300	CWIP Paying	139,650.59	4,166,330.04	71,276.85	3,375,378.01
11	CWIP Paying-Bldgs		1,589,342.04		3,706,739.69
21	CWIP Paying-Infrastr		22,858.20		22,858.20
105350	CWIP AFUDC Debt		199,028.00		199,028.00
11	CWIP AFUDC Debt-Bldgs		466.06		466.06
21	CWIP AFUDC Debt-Infrastr		703,911.94	703,911.94	703,911.94
105375	CWIP AFUDC Equity	95,358.75	639,632.76	28,416.85	351,633.27
11	CWIP AFUDC Equity-Bldgs		1,007,409.98		727,638.15
21	CWIP AFUDC Equity-Infrastr	12,187.87	809,429.26	22,157.58	809,429.26
105390	CWIP Tran	124,051.64	74,380.19	37,176.60	74,380.19
11	CWIP Tran-Bldgs	15,855.13	922,034.13	38,176.60	518,716.42
21	CWIP Tran-Infrastr		1,284,271.11		920,689.63
105391	CWIP Trans Current Yr Chgs		176,511.62		176,511.62
11	CWIP Trans Current Yr Chgs-Bldgs		562,183.19		562,183.19
21	CWIP Trans Current Yr Chgs-Infrastr		876,552.73CR	49.51	876,552.73CR
105399	CWIP Prelim Eng-Plant		9,843,395.47CR		9,843,395.47CR
11	CWIP Prelim Eng-Plant-Bldgs		2,618.00		2,618.00
21	CWIP Prelim Eng-Plant-Infrastr	439.74CR	3,526.85CR		3,526.85CR
105900	CWIP Transfer to UPIS		51,962,722.84CR		51,962,722.84CR
11	CWIP Transfer to UPIS-Bldgs		1,950,918.77CR		1,950,918.77CR
21	CWIP Transfer to UPIS-Infrastr	1,043,671.95CR	88,576,470.33CR	5,609.22CR	71,810,423.26CR
31	CWIP Tran UPIS-Infrastr	5,223,788.57CR	28,159,931.41CR	4,911,663.51CR	14,395,833.72CR
31	CWIP Tran UPIS-Plant	2,372,573.94	54,501,129.68	1,627,208.78CR	21,309,716.26

B02 CWIP

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American Water Works Company
Kentucky-American Water-CP 12
Total Balance
For the Period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
B03 Accumulated Depreciation				
108105 AD UPIS-Acc Depr-Not Classifd	609.90CR	50,365.2911.78CR	212.87CR	50,260,525.56CR
AD UPIS-Acc Depr-Not Classifd	34,211.50CR	2,574,011.30CR	38,128.73CR	2,574,011.30CR
AD UPIS-Acc Depr-Net P/089	22,507.90CR	2,886,949.81CR	37,855.47CR	2,886,949.81CR
AD UPIS-Acc Depr-Net P/089	103,881.30CR	22,827,711.84CR	40,399.85CR	18,810,108.22CR
AD UPIS-Acc Depr-Op Water Pr	51,139.30CR	2,122,722.84CR	159,078.99CR	8,746,753.27CR
AD UPIS-Acc Depr-Office Equi	51,139.30CR	7,423,684.77CR	67,231.21CR	4,430,232.39CR
AD UPIS-Acc Depr-Cap Develop	15,143.00CR	2,040,107.64	67,133.50CR	6,750,328.43CR
AD UPIS-Removal Cost				2,040,107.64
AD UPIS-Salvage				96,847.49CR
AD UPIS-Salvage				23,226.64CR
AD UPIS-Scrap Meters				10,764.38CR
AD UPIS-Scrap Meters				16,975.00CR
AD UPIS-Scrap Misc				2,490.81CR
AD UPIS-Salv Trade-In				10,110,183.06
AD UPIS-Salv Sale				103,489.18CR
AD UPIS-Orig Cost-Not Classifd				80,434,538.71CR
AD UPIS-Orig Cost-Not Classifd				455,951.18
AD UPIS-Orig Cost-Not Classifd				129,174.65CR
AD UPIS-Orig Cost-Not Classifd				326,776.53
AD UPIS-Orig Cost-Not Classifd				249,737.68
AD UPIS-Orig Cost-Not Classifd				249,737.68
B03 Accumulated Depreciation				
B04 UPAA				
114100 UPAA-ATL				
UPAA-ATL				
UPAA Post 1/1/06				
UPAA Post 1/1/06				
Accum Amort UPAA-ATL				
B04 UPAA				
121100 Non Utility Property, Net				
121100 NUF-Land				
121500 NUF-Other				
B07 Non Utility Property, Net				
B10 Cash & Cash Equivalents				
131312 BB&T				
003 BB&T				
005 Deutsche Bank				
007 Cash-Mellon Lockbox				
131998 Cash Clear-NSF Checks				
001 Cash Clear-NSF Checks				
003 Cash Clear-Misc DR/CR				
004 Cash Clear-Misc DR/CR				
002 Cash Clear-ORCOM				
007 Cash Clear-Interco				
008 Cash Clear-Fannaci/ARP				
009 Cash Clear-ARC DR/CR				
134100 Petty Cash				
134101 Petty Cash-OTC				
B10 Cash & Cash Equivalents				
B12 Customer Accounts Receivable				
141000 Customer A/R				
141999 Customer A/R Clearing				
B12 Customer Accounts Receivable				
B13 Allowance for Uncollectible A/				
143000 Accum prov-uncoll acct				
B13 Allowance for Uncollectible A/				

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
For the Period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
B14 Accrued Utility Revenue				
144000 Accrued Utility Revenue	238,916.72CR	2,899,825.02	290,931.91	2,562,043.18
145100 STP Refund Receivable	238,916.72CR	2,899,825.02	290,931.91	2,562,043.18
B14 Accrued Utility Revenue				
B15 FTT Refund Due From Assoc Co				
145100 STP Refund Receivable				
STP Refund Receivable				
B15 FTT Refund Due From Assoc Co				
B16 Miscellaneous Receivables				
146100 Misc A/R-System	80,320.91CR	351,530.05	50,560.33CR	59,088.32
001 Misc A/R-Manual	694.59CR	92,861.46	1,928.95	85,782.43
146105 Misc A/R-Retro Ins				
146115 Misc A/R-Retro Ins	13,880.21CR	43,248.59		
146300 Misc A/R-Medicare Subsidy	9,632.96CR	9,333.80		53,148.94
Misc A/R-Adv to Employees				
Misc A/R-Adv to Employees				
146370 Accum Provision Coll Misc a/r				
146500 A/R Assoc Fcos uncoll misc a/r	9,217.38	85,423.69CR	2,233.42	1,730.57CR
A/R Assoc Cos				
146520 A/R Div Equiv AM02				
AM02 A/R Div Equiv AM02	97.00	579.00		
146800 Rents Receivable				
Rents Receivable				
B16 Miscellaneous Receivables	95,214.29CR	412,129.21	46,397.96CR	136,269.12
B17 Materials & Supplies				
151100 Plant Material	38,116.04CR	405,665.34	39,847.81	429,754.10
151300 Chemicals	5,408.84	171,441.11	7,756.33	203,413.48
153000 Other Mat & Supplies				
Other Mat & Supplies				
B17 Materials & Supplies	32,707.20CR	577,106.45	49,071.00	634,634.44
B19 Prepayments				
165100 Prepaid Taxes	291,149.74	291,149.74		
Prepaid Taxes				
165200 Prepaid Insurance	54,508.37CR	5,257.28	57,031.59CR	431.66
Prepaid Insurance				
165300 Prepaid PUC/PSC Assessments	7,050.29CR	42,301.74	6,967.61CR	41,805.66
Prepaid PUC/PSC Assessments				
165500 Prepaid Other	22,781.88	72,091.29	13,630.67	38,471.24
Prepaid Other				
174100 Deferred Vacation Pay	191,366.18CR	83,757.27	215,526.23CR	38,090.94
Deferred Vacation Pay				
174200 Curr State Def Tax				
Curr State Def Tax				
174300 Curr Fed Def Tax				
Curr Fed Def Tax				
B19 Prepayments	61,006.78	494,557.32	265,894.76CR	118,799.50
B23 Debt & Preferred Stock Exp				
181110 Unamort Debt Exp-Out	665.38CR	141,472.12	667.03CR	150,023.38
Unamort Debt Exp-Out				
181120 Unamort Debt Exp-In	5,285.56CR	154,528.12	5,285.56CR	217,954.84
Unamort Debt Exp-In				
181121 Unamort Debt Exp-In	1,381.14CR	477,871.25	139.97	455,597.96
Unamort Debt Exp-In				
181512 Pref Stk Exp w/ mandatory	64.24CR	21,520.40	64.24CR	22,291.28
Pref Stk Exp w/ mandatory				
B23 Debt & Preferred Stock Exp	7,396.32CR	795,391.89	5,876.86CR	845,867.46
B24 Deferred Rate Proceedings				
182000 Deferred Rate Proceedings	59,548.80	553,892.05	60,856.31CR	485,892.90
Deferred Rate Proceedings				
B24 Deferred Rate Proceedings	59,548.80	553,892.05	60,856.31CR	485,892.90
B25 Preliminary Survey & Invest				

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American Water Works Company
Kentucky American Water
Total Trial Balance (USGAAP)
For the Period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
B26 Deferred Regulatory Asset				
183000 Prelim Survey & Invest		125,657.24		125,657.24
B25 Preliminary Survey & Invest		125,657.24		125,657.24
B26 Deferred Regulatory Asset				
B26030 Reg Asset-Deferred WIP	89,078.68	891,150.84	40,888.74	700,123.65
186035 Reg Asset-Deferred WIP		2,867,070.74		2,495,394.60
186040 Reg Asset-Deferred WIP	35,500.00CR	3,664,748.38	33,109.00CR	4,090,748.38
186045 Reg Asset-Other	2,008.00	453,145.39CR	2,008.00	477,241.39CR
186055 Reg Asset-Accum Amort	5,945.51CR	493,956.95CR	5,282.45CR	423,587.41CR
B26 Deferred Regulatory Asset	49,641.17	6,475,867.62	4,505.29	6,385,437.83
B27 Other Deferred Debits				
183280 DEF-Customer Service Project				
184100 Eng Clearing, Dist, OH	31,102.60		10,594.01	
184102 Mgmt Clearing, Dist, OH	81.24		590.17	
184103 Mgmt Study - Pipe Assmnt	1,384.21CR		773.01CR	
185125 RWIP Permits, Fees & Premiums		9.75		9.75
185150 RWIP M & S and Purchases		12,892.30		12,292.30
21 RWIP M & S and Purchases	2,355.19	10,991.07	682.08	5,034.03
185200 RWIP Co Labor	160.77CR	248,031.03	357.42CR	248,161.05
21 RWIP Co Labor	3,975.29	71,211.62	5,917.61	30,571.04
185250 RWIP Co Labor OH	92.51CR	126,302.77	287.40CR	126,416.10
21 RWIP Co Labor OH	2,177.09	14,705.02	3,282.16	14,358.90
185260 RWIP Indirect Labor	416.62	1,839.97		
185275 RWIP Contracted Services		2,077,128.98	129.21CR	2,076,280.37
21 RWIP Contracted Services	5,443.75	63,114.79	985.00	21,486.54
31 RWIP Contracted Services		110,000.00		70,000.00
185280 RWIP Retainage		5,093.07		5,093.07
185315 RWIP Salvage	517.50	94,294.86CR	12,705.50CR	80,727.10CR
31 RWIP Salvage		16,068.70CR		10,664.20CR
185320 RWIP Scrap Meters				
21 RWIP Scrap Meters	3,394.30CR	68,642.80CR	743.50CR	743.50CR
185322 RWIP Scrap Meters				
21 RWIP Scrap Misc		780.00CR		780.00CR
21 RWIP Scrap Misc		1,202.68CR		1,202.68CR
185950 RWIP Reg Liab Reclass	804.00CR	2,388.80CR		252.80CR
185999 RWIP Clear Removal & Salvage	15,143.07	15,143.07		
21 RWIP Clear Removal & Salvage	956.80	2,402,500.80CR	187.33CR	2,169,378.23CR
31 RWIP Clear Removal & Salvage	1,848.75CR	122,317.75CR	2,501.50CR	13,394.14CR
186401 DDA Programmed Maint	24,857.00CR	67,140.54CR		
186405 DDA Reg Liab Reclass	2,128.24	1,736,957.35	135,084.65	1,859,204.78
186426 DDA Reg Liab Reclass			427.90CR	
186431 DDA Depreciation Costs		61,130.00		61,130.00
186432 DDA Depreciation Study	500.09CR	23,504.23	456.92CR	26,965.95
186444 DDA-Waste Disposal	2,510.97	24,905.37	19.82CR	13,300.70
186492 DDA-Add'l Security Costs			8,437.50CR	92,812.50
*186598 DDA-Oth Reg Assets				
186703 DDN-Prelim Financing E	4,877.02CR	2,566,249.43	34,348.86CR	2,948,965.56
			873.50CR	30,118.63

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American Water Works Company
Kentucky-American Water Corp
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B27 Other Deferred Debits				
186704 DDN-Undistributed Items				
186705 DDN-IC Res/Can I/C	2.95CR		450.15CR	
186711 DDN-IC Res/Can I/C			27,963.00	
186750 DDN-Engineering Studio				
186898 DDN-Oth LT Assets				
B27 Other Deferred Debits	28,886.76	4,412,746.38	122,349.16	5,364,533.91
B33 Common Stock				
201200 Com Stk Subs Interco		36,568,776.50CR		36,568,776.50CR
AW02 Com Stk Subs AW02		36,568,776.50CR		36,568,776.50CR
B33 Common Stock				
B34 Paid In Capital				
205175 Donations stkhld I/C		21,329.44CR		21,329.44CR
AW02 Donations stkhld I/C		21,329.44CR		21,329.44CR
205300 Gain on res/can I/C		180.00CR		180.00CR
AW02 Gain on res/can I/C		180.00CR		180.00CR
205310 Gain on res/can min int.		3,330.00CR		
AW02 Gain on res/can min int.		3,330.00CR		
205440 Misc. PIC Interco	3,109.37CR	24,101,666.04CR		8,034,810.00CR
AW02 Misc. PIC Interco	3,109.37CR	24,101,666.04CR		8,034,810.00CR
B34 Paid In Capital				
B35 Retained Earnings				
210210 R/E at Acq. Position		343,498.00CR		343,498.00CR
AW02 R/E at Acq. Position		343,498.00CR		343,498.00CR
210240 R/E Since Acquisition		29,515,296.88CR		28,005,584.72CR
AW02 R/E Since Acquisition		29,515,296.88CR		28,005,584.72CR
B35 Retained Earnings				
B39 Preferred Stock				
B40 Long Term Debt				
215110 Pref Stk-Outside		1,455,600.00CR		1,456,700.00CR
AW46 Pref Stk Sub Outside		1,455,600.00CR		1,456,700.00CR
B39 Preferred Stock				
B40 Long Term Debt				
215113 Pref Stk-Mand LT		4,500,000.00CR		4,500,000.00CR
AW46 Pref Stk-Mand LT		4,500,000.00CR		4,500,000.00CR
221120 Bonds-Outside		23,500,000.00CR		23,500,000.00CR
AW46 Bonds-Outside		23,500,000.00CR		23,500,000.00CR
221120 Bonds-Inside		53,200,000.00CR		56,100,000.00CR
AW46 Bonds-Inside		53,200,000.00CR		56,100,000.00CR
B40 Long Term Debt				
B43 Bank Debt				
231200 Notes Pay-Asoc Cos		1,455,600.00CR		1,456,700.00CR
AW46 Notes Pay-Asoc Cos		1,455,600.00CR		1,456,700.00CR
B43 Bank Debt				
B44 Current Portion LTD				
232200 Curr Portion LTD-In		51,825,821.33CR	7,136,663.54CR	18,115,916.85CR
AW46 Curr Portion LTD-In		51,825,821.33CR	7,136,663.54CR	18,115,916.85CR
B44 Current Portion LTD				
B45 Accounts Payable				
234100 Accts Pay-Gen System		1,823,538.32CR	1,760,576.09CR	2,164,937.83CR
AW46 Accts Pay-Gen System		1,823,538.32CR	1,760,576.09CR	2,164,937.83CR
234110 Accts Pay-Pcard		4,107.96CR	3,660.62CR	13,029.35
AW46 Accts Pay-Pcard		4,107.96CR	3,660.62CR	13,029.35
234125 Accts Pay-Phone Billing		13,304.74		
AW46 Accts Pay-Phone Billing		13,304.74		

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American Water Works Company
Kentucky American (658150 12
Total Payable (GAAP)
For the Period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012. Kentucky-American Water Co.				
B45 Accounts Payable				
234200 Accts Pay-Contract Retention	97,565.73CR	1,383,682.48CR	186,019.22CR	1,136,834.89CR
234300 Accts Pay-Misc	8,803.92	169,655.33CR	17,233.18	155,096.79CR
002 Accts Pay-Misc W/O's			2,750.00CR	2,000.00
007 Accts Pay-Misc Accr	1,805.77CR	33,223.70CR	3,171.07CR	2,000.00
008 Accts Pay-IFC Loan Clearing	3,034,888.62CR	80,319.31	17,251.89	39,094.26CR
234350 Accts Pay-Prof Exp Accr	103,399.78CR	4,945,532.02CR	1,552,047.42CR	3,089,651.26CR
AM03 Accts Pay-AWMS	130,900.16CR	92,521.92CR	29,381.84CR	16,448.66CR
234500 Accts Pay-Assoc Cos	4,382.12	7,039.12CR	3,408.57CR	10,225.70CR
AM02 Accts Pay AW02	1,028.46			
AM46 Accts Pay AW46	53,259.69CR	57,860.27CR	12,986.77CR	9,390.86
280999 Interco Rec/Pay	2,856,600.36	8,445,100.70CR	3,433,450.80CR	6,507,358.29CR
B45 Accounts Payable				
B46 Accrued Taxes				
236120 FUTA	2,609.71CR	2,833.17CR	2,204.46CR	2,226.61CR
FICA	17,607.77CR	51,096.06CR	6,599.09CR	22,686.17CR
236130 FICA	3,058.00CR	3,334.44CR	1,986.39CR	2,015.36CR
SUTA	1,533,723.93	155,002.99CR	241,503.46CR	2,092,039.32CR
236151 Gen Tax - Property	300,071.93CR		19,284.14CR	390,486.90
236152 Gen Tax - Sales/Use	129.59	4,572.85CR		4,702.44CR
236170 Gen Tax - Other				1,820.00
236201 FIT in Clearing	2,000,354.00	841,464.00CR	2,926,747.00CR	2,920,010.00CR
236210 Acct FIT - Current Yr			3,677,288.00	
236213 Acct FIT - Interim Curr	2,427,031.00	1,492,843.97	4,885,951.00	1,985,822.97
236220 Acct FIT - Pr Yrs	85,263.00CR	599,554.00CR	25,770.00CR	25,770.00CR
236230 Acct SIT - Current Yr			308,221.00	
236233 Acct SIT - Interim Curr	64,104.00	471,407.86	366,419.00	6,284.00CR
236240 Acct SIT - Pr Yrs			50,741.00CR	69,782.00
236310 Curr Def FIT		12,726.00	13,294.00CR	12,726.00
236320 Curr Def SIT/UIT	5,616,732.11	390,722.32	5,949,749.46	2,615,096.03CR
B46 Accrued Taxes				
B47 Accrued Interest				
237200 Int Acct-LTD-Outside	420,437.50	311,872.09CR	420,437.50	311,872.09CR
237300 Int Acct-LTD-Inside	311,468.33CR	807,066.83CR	329,215.83CR	800,648.22CR
AM46 Int Acct-LTD-AW46	63,525.00	30,703.75CR	63,525.00	30,703.75CR
241228 Accrued PFD Div Requirements	172,494.17	1,149,642.67CR	154,746.67	1,143,224.06CR
002 Acct PFD Div w/ mand				
B47 Accrued Interest				
B51 Misc Current Liabilities				
241100 Accrued Vacation Pay	191,366.18	83,757.27CR	215,526.23	38,090.94CR
241201 Acct Water Purchases	2,876.90	14,063.98CR	63,257.62	14,685.98CR
241202 Acct Power	63,628.03	273,116.11CR	19,711.35	235,527.46CR
241203 Acct Legal	32,880.39CR	73,915.62CR	56,930.04CR	158,899.50CR
241205 Acct TMS License				
241206 Acct Wages	161,336.24	72,003.06CR	195,523.70	21,851.10CR
241207 Acct Insurance				

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American Water Works Company
Kentucky American Water Co 12
Total Balance (USGAAP)
For the Period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
241208 Accr Insurance			.50CR	503.77CR
241208 Accr Rents			2,000.00	12,000.00CR
241210 Accr Waste Disposal	4,167.00CR	50,004.00CR	150,000.00	
241211 Accr Waste Medical Reimb	4,374.48CR	11,249.58CR	1,124.45CR	8,000.00CR
241212 Accr PDC Contribution	1,642.72CR	6,400.03CR	799.85CR	11,077.64CR
241214 Accr Bank Fees	493.07	18,126.40CR	23,687.89CR	50,832.11CR
241220 WH PR-Tax Coll SIT KY	15,196.53CR	30,805.26CR	12,531.13CR	12,531.13CR
001 WH PR-Union Dues	2,039.88CR	2,039.88CR	2,039.88CR	2,039.88CR
002 WH PR-Charity Contribution	284.00CR	284.00CR	284.00CR	284.00CR
005 WH PR-Flex Spending Account	1,645.34CR	4,084.69CR	1,331.69CR	3,209.05CR
006 WH PR-401k Contribution	21,870.06CR	21,870.06CR	1,580.60CR	56,872.01CR
008 WH PR-Garnishments	1,746.94CR	1,746.94CR	1,601.79CR	1,601.79CR
010 WH PR-Tax Coll Pay FII	37,054.59CR	37,054.59CR	33,050.36CR	33,050.36CR
012 WH PR-Tax Coll Pay FII	10,165.03CR	27,890.47CR	9,820.40CR	25,384.75CR
013 WH PR-Tax Coll Pay FICA	23,907.46CR	23,907.46CR	21,138.72CR	21,138.72CR
999 WH PR-Miscellaneous	4,154.52CR	4,154.52CR		
241227 Accr Employer 401k Match				14,193.47CR
241228 Accr EMP Div Requirements	1,929.97CR	7,521.15CR	2,184.33CR	19,460.10CR
241229 Accr PFD Div Requirements	6,510.50CR	19,314.48CR	6,559.59CR	
241229 Accr Construction Costs Pay				22,150.68CR
241230 Unclaimed Credits Pay	11,958.59CR	22,872.46CR		
241232 Outstanding Checks Pay	2,376.88CR	2,376.88CR		
241234 Unclaimed Ext. Dep. Refund Pay	9,343.16	351.20CR	113,892.07	20,935.20CR
241236 Unbilled Ext. Dep. Refund Pa	80,085.30	4,669.85CR	12,580.11	224,994.46CR
241237 Unbilled Stock C-System	62,467.50	36,107.09CR	56,819.87CR	31,121.82CR
241238 Unbilled Stock E-System	188,520.55	4,786.80CR	94.00	85,365.52CR
241241 CFO-Cust Asst Nonpledged	77.00CR	193.00CR	72.00	65.00CR
006 CFO-Cust Asst Pledged	37.00CR	107.00CR		34.00CR
241244 CFO-Sales Tax	4,878.66	27,053.89CR	8,144.19	153,695.74CR
241246 CFO-Gross Rcts Tax	115,219.04CR	387,814.61CR	101,062.40CR	216,921.33CR
241248 CFO-Inv Tax	13,131.47	125,911.78CR	10,420.31	111,131.07CR
241249 CFO-Inv Tax	198,488.00	3,335,662.37CR	78,392.82	2,325,963.91CR
001 CFO-Mem Contracts	200,349.26CR	1,142,634.85	113,522.27	1,899,711.99
002 CFO-MC/Swr A/R/Cash	24,630.44	1,081,763.92CR	20,562.10	
004 CFO-MC/Swr ChgOff	887,184.08	1,081,763.92CR	1,132,411.65	1,063,025.98CR
241250 A/P Check Clearing	198,704.21CR	198,837.94CR	177,106.24CR	177,106.24CR
241251 P/R Check Clearing		8,000.00CR		
241260 Misc Deposits Payable	15,780.92	292,529.77CR	2,537.32CR	39,320.48CR
241261 Accr Insurance Retro	78,619.53CR	117,712.23CR	176,591.72	184,903.28CR
241322 Incentive Plan Cash Annual	2,500,000.00CR	2,500,000.00CR		
241998 Other Current Liabilities	1,372,600.41CR	5,750,303.72CR	1,552,580.83	3,267,524.17CR
252999 Adv for Const-Current Portl	3,648.20CR	48,121.84CR	276,613.66	13,253,240.64CR
CP Adv for Const-Current Portl	107,103.63	13,264,455.79CR	1,516.18CR	13,085.00CR
B51 Misc Current Liabilities				
B55 Advances for Construction				
252110 Adv for Const-NT Mains				
252120 Adv for Const-NT Ext				
252130 Adv for Const-NT Services				
252140 Adv for Const-NT Meters				

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American Water Works Company
Kentucky-American Water Co 12
Total Company (USGAAP)
Trial Balance
For the period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B55 Advances for Construction				
252150 Adv for Const-NT Hydrants			17,190.79	36,641.02CR
252160 Adv for Const-NT Hydrants			5,200.52	251,968.48CR
252170 Adv for Const-NT Other			197,861.44CR	1,097,399.81CR
252220 Adv for Const-NT WIP	36,403.00CR	1,103,449.59CR		759.60CR
252299 Adv for Const-Cur Portion Recl				
Adv for Const-Cur Portion R	2,500,000.00	2,500,000.00		
	2,567,054.43	11,916,027.22CR	99,627.35	14,653,090.55CR
B56 Deferred Income Taxes				
253113 Def FIT-Interim Def			705,856.00CR	
253203 Def FIT-Norm Property		1,886,054.00CR		1,935,054.00CR
253301 Def FIT-Other	24,202.00CR	31,145,629.54CR	2,519,970.00CR	29,107,667.54CR
253309 Def FIT-AMT		133,392.00		133,392.00
253613 Def SIT-Interim Def			245,644.00	
253701 Def SIT-Other	16,804.00	5,054,962.88CR	460,790.00CR	4,710,916.88CR
	7,398.00CR	37,953,254.42CR	3,440,972.00CR	35,620,246.42CR
B57 Deferred ITC				
255101 Unamortized ITC - 3%	637.67	94,173.93CR	637.67	101,825.97CR
255102 Unamortized ITC - 4%	525.42	54,854.17CR	565.42	61,159.21CR
255103 Unamortized ITC - 10%	5,903.33	983,986.31CR	5,903.33	1,054,826.27CR
	7,066.42	1,133,014.41CR	7,106.42	1,217,811.45CR
B58 Deferred Regulatory Liability				
256212 Reg Liab-Exc Def Depr FIT	11,733.58	1,284,793.87CR	11,733.58	1,425,596.83CR
256220 Reg Liab-Deficit Def FIT	2,296.50CR	251,289.84	2,296.50CR	278,847.84
256232 Reg Liab-Exc Def Depr SIT	4,057.00	1,569,198.50CR	28,836.31CR	1,643,356.75CR
256250 Reg Liab-ARO/WNS	82,662.03CR	9,749,179.29CR	359,698.90CR	8,772,379.89CR
BWTP				
256310 Reg Liab-ITC Gross-Up 3%	432.00	63,800.75CR	432.00	68,984.75CR
256311 Reg Liab-ITC Gross-Up 4%	355.83	37,148.49CR	355.83	41,418.45CR
256312 Reg Liab-ITC Gross-Up 10%	3,252.33	542,109.98CR	3,252.33	581,137.94CR
	80,270.86CR	13,001,084.11CR	375,057.97CR	12,254,026.77CR
B59 Other Deferred Credits				
262120 DCA-Accr Pension Def Benefit	67,034.00CR	1,389,494.20CR	60,076.75CR	2,174,086.20CR
262210 DCA-Accr OPEB	62,197.75CR	299,737.00CR	59,674.75CR	299,737.00CR
262215 DCA-Accr OPEB Med Subsidy	565.77	118,413.56CR		84,567.40CR
262313 DCA-AROS 10% Crts		61,130.00CR		61,130.00CR
262315 Accr Div Equivalents	97.00CR	579.00CR		
262317 Def Comp (prior 1/1/08)				31,657.20
262322 DCA-Inc Plan Cash Annual		674,440.22CR	24,896.38CR	280,134.55CR
262398 DCA-Other	10,734.55		10,734.54	805,090.91CR
	118,028.43CR	2,543,793.98CR	133,913.34CR	3,673,088.86CR

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American Water Works Company
Kentucky-American Water Co 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2008

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B62 CIAC				
271110 CIAC-NT Mains		15,973,504.55CR	692.69	14,652,257.20CR
271120 CIAC-NT Mains		10,927,250.44CR	324.47CR	10,368,051.01CR
271130 CIAC-NT Ext Dep		15,332,641.09CR	83,493.82CR	14,239,812.09CR
271140 CIAC-NT Services	93,982.00CR	576,081.79CR	12,451.60	521,259.07CR
271150 CIAC-NT Meters	1,141.91CR	1,461,001.83CR	46,346.88CR	1,199,649.35CR
271160 CIAC-NT Hydrants	6,374.90	4,492,897.07CR	148,453.98CR	3,603,117.02CR
271170 CIAC-NT Other	232.26	591,127.52CR	65,887.86CR	637,089.00CR
271180 CIAC-NT WIP	61,088.59CR	249,724.86CR	249,724.86CR	249,724.86CR
271190 CIAC-NT Non-Util Prop		1,998,493.38CR		1,998,493.38CR
271210 CIAC-Tax Mains		766,585.92CR		766,585.92CR
271220 CIAC-Tax Ext Dep		6,521,994.01CR	13,105.00CR	6,308,695.01CR
271230 CIAC-Tax Services	6,270.00CR	3,299.01CR		3,299.01CR
271240 CIAC-Tax Meters		487,486.50CR		487,486.50CR
271250 CIAC-Tax Hydrants		440,902.80CR		440,902.80CR
271260 CIAC-Tax Other				
271270 CIAC-Tax WIP				
272010 Accum Amort CIAC-Mains		378,786.29		281,286.30
272040 Accum Amort CIAC-Meters		35,022.86		35,022.86
272050 Accum Amort CIAC-Hydrants		5,907.84		5,907.84
272060 Accum Amort CIAC-Other Hydrants		12,090,116.44	126,784.69	11,336,270.57
272100 Accum Amort CIAC-Taxable	90,806.59	497,682.76	29,725.29	232,619.48
B62 CIAC	23,041.02	46,815,474.58CR	187,937.74CR	43,585,315.17CR
00012 Kentucky-American Water Co.	32,027.73CR	2,953,393.65	1,728,821.58CR	1,509,712.16

American Water - MD Operating Data Report - Regulated Business - Water
Company/Location Name: Kentucky American Water Company
User ID: SHILTZRA ; Date Run: 1/13/09; Period Type: YTD ; Date: 12/2008; Budget Type: ORIGINAL ; Post/Adj: ASADJUST ;

	Total	Residential	Commercial	Industrial	Fire	OPA	Resale	Miscellaneous
Number of Bills								
Monthly	1404605	1271460	104310	256	22459	5984	136	0
Bi-Monthly	0	0	0	0	0	0	0	0
Quarterly	0	0	0	0	0	0	0	0
Opening/Closing Bills	61124	58429	2429	1	227	37	1	0
Per Meter	0	0	0	0	0	0	0	0
Total Actual	1465729	1329889	106739	257	22686	6021	137	0
Total Actual Prorated	1465729	1329889	106739	257	22686	6021	137	0
Budget	1428360	1292433	106479	252	23268	5808	120	0
Variance	37369	37456	260	5	582-	213	17	0
Number of Estimated Bills	62312	55643	6330	21	1	313	4	0
3 or More Estimates	399	318	75	1	0	5	0	0
Total Billed Days	44941844	39840757	3233302	7867	1672756	182980	4182	0
Water Sales (1000G)								
Metered	13599059	6562292	4195268	624834	7537	1665397	524528	19203
Flat Rate	0	0	0	0	0	0	0	0
Total Water Sales	13599059	6562292	4195268	624834	7537	1665397	524528	19203
Credit	185214-	110767-	57067-	4313-	0	12739-	227-	101-
Intercompany Sales	0	0	0	0	0	0	0	0
Total Net Sales	13413845	6451525	4138201	620521	7537	1652658	524301	19102
Total Net Sales Prorated	13413845	6451525	4138201	620521	7537	1652658	524301	19102
Budget	13637856	6388264	4487633	792754	0	1517981	451224	0
Variance	224011-	63261	349432-	172233-	7537	134677	73077	19102
Revenues (\$)								
Billed	57420136	31212676	14615847	1495649	3679699	4925665	1459471	31129
Credits	585173-	355753-	159716-	15285-	18122-	34697-	611-	989-
Net Revenue	56834963	30856923	14456131	1480364	3661577	4890968	1458860	30140
Net Revenue Prorated	56834963	30856923	14456131	1480364	3661577	4890968	1458860	30140
Budget	57285664	30529500	15312175	1875230	3557412	4516895	1494452	0
Variance	450701-	327423	856044-	394866-	104165	374073	35592-	30140
Billed Revenue/1000G	4.2370	4.7828	3.4933	2.3856	485.8135	2.9594	2.7824	1.5778
Budget Revenue/1000G	4.2004	4.7789	3.4120	2.3654	.0000	2.9755	3.3119	.0000
# of Credit Adjustments	11820	10342	1375	4	18	71	4	6
Connections								
Total-End of Period	118246	107003	8748	22	1957	504	12	0
Budget	119979	108556	8947	21	1961	484	10	0
Variance	1733-	1553-	199-	1	4-	20	2	0
System Delivery (1000G)	Actual	Prorated	Budget	%	Variance	Last Year	12-Month Roll	
Gross S/D Produce/Purch	15642249	15642249	16733558	93.4	1091309-	16097991	15642249	
System Delivery Transfer	0	0	0		0	0	0	
Net System Delivery	15642249	15642249	16733558	93.4	1091309-	16097991	15642249	
Total Net Water Sales	13413845	13413845	13637856	98.3	224011-	13965195	13413845	
Total Non Revenue Water	2228404	2228404	3095702	71.9	867298-	2132796	2228404	
N.R.W. %	14.2		18.4		4.2-	13.2	14.2	
Unbilled/Consumption	0					304393	0	
Actual Water Losses	2228404					1828403	2228404	
Operations	Actual	Budget	Variance	Last Year	Actual	Budget	Variance	
Labor Costs (\$)					Total O&M Expense (\$)			
Production	1877590	2061703	184113-	1783412	Production	6391232	6137327	253905
Network	2827833	2795611	32222	2633480	Network	4190447	3943949	246498
Cust Rltms	603127	654602	51475-	574427	Cust Rltms	735704	676202	59502
Maintenance	0	0	0	0	Maintenance	1234	0	1234
Admin & Gen	1208320	1223092	14772-	800288	Admin & Gen	18474682	19548804	1074122-
Total O&M Payroll	6516870	6735008	218138-	5791607	Total	29793299	30306282	512983-
Capital Payroll	1871113	63346	1807767	1297804				
Total Payroll	8387983	6798354	1589629	7089411				
Capitalization %	22	0	22	18				
Non-Scheduled Overtime (Hrs)					Sick Time (Hrs)	Actual	Prior Year	Difference
Production	3968	4290	322-	4005	Production	1222	1228	6-
Network	14891	14293	598	15957	Network	4842	4829	13
Cust Rltms	1886	0	1886	1419	Cust Rltms	673	785	112-
Maintenance	0	0	0	0	Maintenance	0	0	0
Admin & Gen	612	24	588	379	Admin & Gen	1220	493	737
Total	21357	18607	2750	21760	Total	7957	7325	632
# of Employees								
Production	30	37	7-	30				
Network	66	81	15-	63				
Cust Rltms	17	0	17	16				
Maintenance	0	0	0	0				
Admin & Gen	28	26	2	25				
Service Company	0	0	0	0				
Total	141	144	3-	134				
Permanent FTE	141	144	3-	134				
Temporary FTE	0	0	0	0				
Total FTE	141	144	3-	134				
Customer/Employee Ratio	838	833	5	0				

For Statistical data the number of actual days YTD are 366 , the number of budgeted days YTD are 366 .
For Statistical data the number of actual days in this period are 31, the number of budgeted days in this period are 31 .
Prorated values are provided for comparison to Budget.

83500 American Water Works Company
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0001R Total Company (USGAP)
Comparative Balance Sheet
For the Period Ending 12/31/2009

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Kentucky-American Water Co.

Description	Current Year	Prior Year
ASSETS		
1 Utility Plant	384,855,343	369,485,721
2 Construction work in progress	138,797,378	84,501,130
3 Accumulated depreciation	90,949,724	84,212,709
4 Utility plant acquisition adjustment	284,296	310,871
5 Other utility plant adjustments		
6 Sub-total Utility Plant	432,997,293	340,085,013
7 Non-Utility property	270,193	270,193
8 Other investments		
Current Assets	176,259	234,378
9 Cash and cash equivalents		
10 Temporary investments		
11 Accounts receivable	2,377,311	2,342,465
12 Allowance for uncollectible accounts	3,230,872	2,899,825
13 Unbilled revenues	4,205,976	412,129
14 Bill refund due from assoc. companies	645,292	577,106
15 Miscellaneous receivables	362,811	494,557
16 Materials and supplies		
17 Other	10,956,227	6,687,104
20 Sub-total		
21 Deferred debits	1,689,840	785,382
22 Rebate preferred stock	891,878	553,832
23 Expense credit proceeding	52,204	125,657
24 Program survey & invest charges	7,250,103	6,475,858
25 Reg Asset-income tax recovery	3,964,465	4,412,746
26 Other		
27 Other		
29 Sub-total	13,448,490	12,363,555
30 Total Assets	457,672,203	359,405,865
CAPITAL AND LIABILITIES		
31 Common Stock	36,568,777	36,568,777
32 Paid in capital	39,636,045	34,786,720
33 Retained Earnings	35,219,617	
34 Unearned Compensation		
35 Recquired C/S & Accum		
36 Recquired C/S & Accum		
37 Recquired C/S & Accum		
38 Total common equity	138,444,439	93,482,002
39 Preferred stock	1,455,600	1,455,600
40 Long term debt	143,490,000	81,200,000
41 total capitalization	279,380,039	176,137,602
42 Current liabilities	26,432,050	51,825,821
43 Bank debt	1,100,000	8,100,000
44 Current portion of LTD	1,772,288	1,113,623
45 Accounts payable	2,006,260	5,750,304
46 Taxes accrued	4,515,438	
47 Customer deposits	52,255,314	69,555,034
48 Dividends declared		
49 Other		
50 Sub-total		
51 Other		
52 Sub-total		
53 Deferred credits	13,441,748	11,215,027
54 Customer adv. for construction	4,388,171	39,103,816
55 Deferred income taxes	1,030,616	13,031,064
56 Deferred investment tax credits	2,426,026	2,843,794
57 Reg. Liab.-Inc. tax. refund thru rates	78,421,021	66,897,755
58 Other		
59 Sub-total	47,605,827	46,815,475
60 Sub-total	457,672,201	359,405,866
Total capital and liabilities		

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (URGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2009

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Description	December	December	December	Yr to date	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Variance	Prior Year	Actual	Plan	Variance	Forecast
00012 Kentucky-American Water Co.								
P02 Water Revenues								
40110 Res Sales Billed	2,712,837CR	2,985,671CR	272,834	2,356,927CR	31,956,121CR	35,224,291CR	3,266,170	30,854,938CR
401120 Res Sales Unbilled	170,101		170,101	142,747	91,673CR	194,318CR	91,673CR	194,318CR
401210 Com Sales Billed	1,216,767CR	1,413,019CR	196,232	1,045,765CR	14,949,949CR	17,248,761CR	2,298,812	14,530,582CR
401220 Com Sales Unbilled	114,497		114,497	148,864	200,394CR	141,492CR	200,394CR	141,492CR
401310 Ind Sales Billed	127,785CR	174,927CR	45,142	101,715CR	1,403,564CR	1,998,815CR	595,154	1,480,364CR
401320 Ind Sales Unbilled	2,926		2,926	16,616	32,721CR	14,169	32,721CR	14,169
401410 Pub Fire Billed	226,134CR	129,861CR	96,273CR	196,087CR	2,567,693CR	1,421,505CR	1,146,188CR	2,333,248CR
401420 Pub Fire Unbilled	1CR		1CR					
401450 Priv Fire Billed	136,690CR	252,495CR	115,809	112,046CR	1,538,493CR	2,747,927CR	1,209,434	1,354,634CR
401460 Priv Fire Unbilled				962		82CR		
401510 Pub Auth Billed	371,871CR	432,614CR	60,743	336,637CR	4,808,636CR	5,173,145CR	364,509	4,890,969CR
401520 Pub Auth Unbilled	2,880		2,880	70,098CR	16,019	19,171CR	16,019	19,171CR
401610 SFR Billed	120,610CR	116,561CR	4,049CR	93,292CR	1,456,417CR	1,409,161CR	47,256CR	1,438,391CR
401620 Sales for Resale Unbilled	53,420		53,420	175CR	22,077CR	3,113	22,077CR	3,113
401630 Sales for Resale Unbilled	1,207CR		1,207CR	11,068CR	11,068CR		11,068CR	
401710 Misc Sales Billed	1,827CR	5,503,152CR	1,827CR	1,827CR	13,740CR	26,577CR	13,740CR	26,577CR
401720 Misc Sales Unbilled				4,005,180CR	59,036,624CR	65,223,605CR	6,188,424	57,247,485CR
P02 Water Revenues	4,571,925CR	5,503,152CR	931,227	4,005,180CR	59,036,624CR	65,223,605CR	6,188,424	57,247,485CR
P03 Sewer Revenues								
402110 Dom WW Serv Billed	15,144CR	16,207CR	1,063	14,833CR	191,296CR	195,972CR	4,676	192,489CR
402120 Com WW Serv Billed	9,778CR	11,872CR	3,094	8,175CR	115,954CR	110,744CR	5,210CR	108,997CR
402310 Ind WW Serv Billed	583CR	1,126CR	543	618CR	6,799CR	34,612CR	27,813	7,725CR
402510 Pub Auth WW Svc Billed	625CR		625CR	4,120CR	4,120CR		4,120CR	
402520 Pub Auth WW Svc Unbilled	25,100CR	29,205CR	4,105	23,626CR	318,169CR	341,328CR	23,159	309,211CR
P03 Sewer Revenues	20,988CR	20,988CR		20,988CR	91,889CR	91,889CR		91,889CR
P04 Other Revenues								
403003 Oth Rev-Intercro Rent					35		35	
403101 Oth Rev-Forfeited Discounts					6,406CR	94,020CR	4,138CR	105,144CR
403102 Oth Rev-Rentals Water Property	7,308CR	7,835CR	527	6,406CR	98,158CR	94,020CR	4,138CR	105,144CR
403103 Oth Rev-Rentals Water Property	93,375CR	84,201CR	9,174CR	102,175CR	1,111,400CR	1,010,412CR	100,988CR	1,071,239CR
403104 Oth Rev-NSF Check Charge	3,564CR	1,799CR	1,765CR	2,428CR	25,273CR	21,588CR	3,685CR	25,802CR
403105 Oth Rev-App/Initiate Serv Fee	44,616CR	50,050CR	5,434	37,246CR	617,492CR	600,600CR	16,892CR	617,172CR
403107 Oth Rev-Reconnection Charges	47,268CR	41,600CR	5,668CR	50,860CR	709,280CR	499,200CR	210,080CR	696,886CR
403198 Oth Rev-Misc Service Rev	219CR		219CR	1,445CR	3,396CR	4,165CR	3,396CR	4,165CR
403199 Oth Rev-Other Water Rev	857CR		857CR	856CR	10,618CR	9,500CR	10,618CR	9,500CR
P04 Other Revenues	185,495CR	185,495CR		201,996CR	2,667,471CR	2,225,820CR	441,651CR	2,528,910CR
P08 Labor								
501200 Labor	64,385	15,986	48,399	115,658	838,865	134,791	704,074	959,752
1305 Labor Oper WT	46,830	948	45,882	83,005	653,898	11,271	642,627	623,624
1405 Labor Oper TD Super/Hng	114,507	948	113,559	120,419	941,106	37,520	903,586	977,056
1410 Labor Oper TD Storage	10,429		10,429	17,422	142,072	78	142,072	37,428
1415 Labor Oper TD Lines	12,493		12,493	20,357	212,112	30	212,112	145,852

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2009

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Description	December	December	December	Yr to date	Yr to date	Yr to date	Yr to date	Annual
	Actual	Variance	Prior Year	Actual	Plan	December	December	Forecast
	7,423	7,423	10,447	101,168	101,168	101,168	127,275	
ANSI Chemicals Carbon ANSI	148,982	45,797CR	138,297	2,234,754	2,665,298	430,544CR	1,749,092	2,565,298
P11 Chemicals								
P12 Waste Disposal								
511100 Waste Disposal Exp WT	14,459	534CR	16,201	180,112	196,614	16,482CR	177,439	196,614
13 Waste Disposal Exp WT								
511200 Amort Waste Disp Exp	7,693	2,307CR		53,850	100,000	46,150CR	92,813	100,000
13 Amort Waste Disp Exp								
P12 Waste Disposal	22,152	2,841CR	16,201	233,962	296,614	62,632CR	270,252	296,614
P13 Management Fees-Corporate								
534600 Mngt Fees-Corporate	10,140	137,400CR	101,132	53,293	1,785,452	1,732,159CR	1,544,833	1,785,452
16 Mngt Fees-Corporate								
534601 Mngt Fees-External Affairs/Com	23,970	23,970		321,684		321,684		
16 Mngt Fees-External Affairs/Com								
534602 Mngt Fees-Finance	60,361	60,361		1,021,786		1,021,786		
16 Mngt Fees-Finance								
534603 Mngt Fees-Human Resources	38,881	38,881		327,878		327,878		
16 Mngt Fees-Human Resources								
534604 Mngt Fees-Legal	29,159	29,159		331,619		331,619		
16 Mngt Fees-Legal								
534605 Mngt Fees-Operations Svcs	29,443	29,443		304,767		304,767		
16 Mngt Fees-Operations Svcs								
534606 Mngt Fees-Property	46,472	46,472		419,097		419,097		
16 Mngt Fees-Property								
534607 Mngt Fees-Business Development	15,298	15,298		200,428		200,428		
16 Mngt Fees-Business Development								
534608 Mngt Fees-Business Developm								
16 Mngt Fees-Business Developm								
534609 Mngt Fees-Bus Transformatio	127CR	127CR		16		16		
16 Mngt Fees-Bus Transformatio								
534610 Mngt Fees-Budget	7,927	7,927		60,213		60,213		
16 Mngt Fees-Budget								
534611 Mngt Fees-Regulatory	1,852	1,852		23,766		23,766		
16 Mngt Fees-Regulatory								
534612 Mngt Fees-Inv Relations	2,067	2,067		19,363		19,363		
16 Mngt Fees-Inv Relations								
534615 SSC-Shrd Bus Sv Fees	51,546	1,354CR	55,558	592,479	586,680	5,799	653,956	586,680
16 SSC-Shrd Bus Sv Fees								
534620 Mngt Fees-Bsn Change-Corp								
16 Mngt Fees-Bsn Change-Corp								
534625 CSC-Shrd Bus Sv Fees	177,218	22,572	135,420	1,733,766	1,827,101	93,335CR	1,741,195	1,827,101
16 CSC-Shrd Bus Sv Fees								
534635 ITC-Shrd Bus Sv Fees	209,389	91,874	167,034	1,460,342	1,218,809	241,533	1,315,482	1,218,809
16 ITC-Shrd Bus Sv Fees								
534645 Procure-Shrd Bus Sv Fees	7,944	2,240	5,989	91,893	64,822	27,071	83,434	64,822
16 Procure-Shrd Bus Sv Fees								
534650 Mngt Fees-P13880-Corp								
16 Mngt Fees-P13880-Corp								
534655 Lab-Shrd Bus Sv Fees	13,617	1,497CR	16,764	193,954	188,549	5,405	197,794	188,549
16 Lab-Shrd Bus Sv Fees								
534665 BSC-Shrd Bus Sv Fees	4,426	205	3,414	47,317	45,811	1,506	40,154	45,811
16 BSC-Shrd Bus Sv Fees								
534700 Mngt Fees-Region	164,268	164,268	187,679	943,866	1,880,978	1,880,978	1,978,379	1,880,978
16 Mngt Fees-Region								
534701 Mngt Fees-Regulated Operations	82,091	82,091						
16 Mngt Fees-Regulated Operations								
534720 Mngt Fees-Regulated Operatio								
16 Mngt Fees-Regulated Operatio								
534750 Mngt Fees-P13880-Region								
16 Mngt Fees-P13880-Region								
P13 Management Fees-Corporate	811,674	149,766	672,990	8,147,527	7,598,202	549,325	7,930,317	7,598,202
P14 Group Insurance								
504100 Group Insurance	16,732CR	16,732CR	23,134CR	254,836CR	1,320,996	254,836CR	337,705CR	1,320,996
001 Group Insurance - Cap Credit								
16 Group Ins Oper AG	126,397	16,314	112,826	1,428,506	1,320,996	1,07,510	1,442,429	1,320,996
505100 PPOP	13,191CR	13,191CR	37,162CR	207,131CR	564,000	207,131CR	169,645CR	564,000
001 PPOP Cap Credits								
16 PPOP Oper AG	10,537	53,637	62,198	1,207,344	643,344	643,344	746,373	643,344
P14 Group Insurance	197,111	40,028	114,728	2,173,883	1,884,996	288,887	1,582,452	1,884,996
P15 Pensions								
506100 Pension	18,282CR	18,282CR	40,197CR	287,071CR	605,748	287,071CR	161,758CR	605,748
001 Pension - Cap Credits								
16 Pension Oper AG	139,477	88,998	67,034	1,673,395	605,748	1,067,647	808,408	605,748
P15 Pensions	121,195	70,716	26,837	1,386,324	605,748	780,576	622,650	605,748

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2009

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Description	December	December	December	Yr to date	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Prior Year	December	December	December	December	Forecast
				Variance	Actual	Plan	Variance	
16 Meals Non Deduct	2,762	3,637	2,053	875CR	14,140	25,866	11,726CR	19,920
16 420 Forms AG		300	514	300CR	3,437	900	2,537	3,742
16 Forms AG		1,100	335	300CR	17,371	16,466	905	19,147
575480 Heat - Oil/Gas AG	1,435	3,800	4,486	2,385	56,738	45,600	11,138	38,450
16 Heat - Oil/Gas AG	6,156	2,536	1,308	1,308	31,252	30,756	496	22,379
575500 Janitorial AG	3,646	1,450	92	1,410	7,238	600	6,638	5,886
16 Janitorial AG	11,370CR	2,585	3,024	126	29,775	32,049	2,274CR	35,468
575520 Office & Admin Supplies AG	2,711	7,095	11,192	992CR	65,762	85,140	19,378CR	115,792
16 Office & Admin Supplies AG	6,102	305	321	304	2,482	3,660	1,178CR	1,138
575560 Postage AG	609		49		1,950		1,950	543
16 Postage AG	49,060	45,001	53,481	4,059	531,525	589,375	58,800CR	645,272
575570 Relocation Expenses								
16 Relocation Expenses								
572740 Telephone AG	2,711			126	29,775	32,049	2,274CR	35,468
16 Telephone AG	6,102			992CR	65,762	85,140	19,378CR	115,792
575741 Cell Phone AG								
16 Cell Phone AG	609			304	2,482	3,660	1,178CR	1,138
575780 Trash Removal AG								
16 Trash Removal AG								
575830 Wtr & Waste Wtr Exp AG								
16 Wtr & Waste Wtr Exp AG								
P20 General Office Exp	49,060	45,001	53,481	4,059	531,525	589,375	58,800CR	645,272
P21 Miscellaneous								
504500 Other Refers Expense	40	700	120CR	40	11,458	25,700	15,242CR	22,060
16 Other Refers Expense	1,094	2,850	3,851	394	7,245	16,450	9,205CR	18,762
504650 Employee Awards AG	1,481	500	242	1,069CR	5,832	6,300	468CR	6,223
16 Employee Awards AG	3,808CR	1,200	617	4,308CR	2,254	6,000	3,746CR	5,658
504620 Employee Physical Exam AG		1,000	166		4,642	43,900	39,258CR	6,322
16 Employee Physical Exam AG	4,964	7,322	7,941	2,422CR	108,911	110,301	1,390CR	100,610
504640 Safety Incentive		9,300	7,941		97,813	109,800	11,987CR	79,125
16 Safety Incentive	792CR	600	4,256	821	8,261	6,600	1,661	10,260
504680 Tuition Aid AG								
16 Tuition Aid AG	482		987		6,448			3,058
504670 Training AG								
16 Training AG	2,742	2,500	430	250CR	29,205	20,080	9,125	2,294
507100 401k Oper AG	5,450	9,325	1,551	3,875CR	84,450	130,500	46,050CR	93,448
16 401k Oper AG		6,206	5,207		59,667	74,472	14,805CR	79,443
508102 Retiree Med Reimb								
16 Retiree Med Oper AG	9,145	6,550	7,723	9,145	54,128	78,600	24,472	144,444
508200 ESPP Oper AG								
16 ESPP Oper AG	975	20,950	2,365	5,575CR	166,370	20,080	87,770	182,835
520100 M & S Oper P								
12 M & S Oper P	2,742	1,325	1,551	1,415	250,521	330,050	89,529	133,608
13 M & S Oper TD	5,450	9,325	1,551	3,875CR	84,450	130,500	46,050CR	93,448
532000 Contract Svc-Accounting AG								
16 Contract Svc-Accounting AG	9,145	6,550	7,723	9,145	54,128	78,600	24,472	144,444
532100 Contract Svc-Admin Fees Oper A								
16 Contract Svc-Admin Fees Oper A	975	20,950	2,365	5,575CR	166,370	20,080	87,770	182,835
533000 Contract Svc-Legal Oper AG								
16 Contract Svc-Legal Oper AG	14,286	6,853	4,853	6,644CR	132,918	164,268	31,350	133,608
535000 Contract Svc-Other Oper WT	6,853	13,748	2,797	4,853CR	206,381	164,268	42,113	18,672
13 Contract Svc-Other Oper TD	12,848	13,748	9,266	3,472CR	151,854	175,000	23,146CR	143,376
15 Contract Svc-Other Oper CA	13,778							
16 Contract Svc-Other Oper AG	1,850							
535001 Contr Svc-Temp Empl Oper WT	1,847							
13 Contr Svc-Temp Empl Oper WT	100	160	2,733	60CR	14,517	9,920	4,597	24,862
14 Contr Svc-Temp Empl Oper CA	4,154CR	6	1,100	4,154CR	100,028CR	17	100,028CR	171,144CR
15 Contr Svc-Temp Empl Oper AG	500	80,000	9,118	500	7,543	960,000	7,543	10,013
535000 Contr Svc-Subs Washing Oper	5,417							
13 Contr Svc-Subs Washing Oper	100							
14 Trans - Cap Credits	6							
15 Trans Oper WT	500							
16 Trans Oper TD	5,417							
550000 Trans Oper AG Lease Cost	764CR							
16 Trans Oper AG Lease Cost	21,645							
550002 Trans Oper AG Lease Fuel	5,075							
16 Trans Oper AG Lease Fuel								
550003 Trans Oper AG Lease Maint								
16 Trans Oper AG Lease Maint								

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2009

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Description	December	December	December	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Variance	December Actual	December Plan	December Variance	Forecast
00012 Kentucky-American Water Co.							
P21 Miscellaneous							
556000 Insurance Vehicle	3,199	3,062	137	38,394	37,440	954	37,440
16 Ins Vehicle Oper AG							
568010 Water Res Conservation	9,038	6,490	2,508	143,696	160,632	16,936CR	160,632
575000 Misc Oper SS							
11 Misc Oper SS	269CR	355	269CR	1,096	4,260	3,164CR	861
12 Misc Oper P	3,759	4,750	269CR	81	221	81	221
13 Misc Oper WT	9,152	9,035	117	45,714	57,000	11,286CR	64,156
14 Misc Oper TD	3,942	81,797	77,855CR	118,199	108,420	9,779	108,420
16 Misc Oper AG				187,362	159,362	28,000	129,362
575001 Misc Oper Exp AG Consol				110		110	17
16 Misc Oper Exp AG Consol							
575030 Advertising	1,998	212	1,786	32,764	22,603	10,161	22,603
16 Advertising							
575130 Brochures and Handouts	1,314	3,183	1,869CR	16,175	54,635	38,460CR	54,635
16 Brochures and Handouts							
575140 Charitable Contrib Deduct	200CR	2,425	2,625CR	44,925	47,873	2,948CR	47,873
16 Charitable Contrib Deduct							
575220 Community Relations	1,518	1,750	232CR	19,748	21,905	2,157CR	21,905
16 Community Relations							
575240 Co Dues/Membership Deduct	615	787	172CR	7,378	9,444	2,066CR	9,444
16 Co Dues/Membership Deduct							
575242 Co Dues Deduct AWWA	3,142			35,564	27,500	8,064	27,500
16 Co Dues Deduct AWWA							
575244 Co Dues Deduct NAWC	1,500			18,000	18,000		18,000
16 Co Dues Deduct NAWC							
575270 Directors Fees	2,915CR	1,000CR	1,915CR	22,259CR	12,000CR	10,259CR	12,000CR
16 Directors Fees							
575275 Discounts Available	167			8CR	2,004	2,008CR	2,004
16 Discounts Available							
575320 Electricity WT	391	813	422CR	8,628	10,083	1,455CR	10,083
13 Electricity WT							
575480 Heat - Oil/Gas TD	1,866	8,634	6,768CR	27,216	52,268	25,052CR	52,268
14 Heat - Oil/Gas TD							
575490 Injuries and Damages	703	2,825	2,122CR	27,137	33,900	6,763CR	33,900
16 Injuries and Damages							
575500 Janitorial WT	1,104	3,900	2,796CR	10,565	46,800	36,234CR	46,800
14 Janitorial WT							
575545 Lab Supplies WT	8,025	8,855	831CR	95,838	97,679	1,841CR	97,679
13 Lab Supplies WT							
575560 Lobbying Expenses				8,040		8,040	
16 Lobbying Expenses							
575610 Merger Transactional Costs				25		25	
16 Merger Transactional Costs							
575620 Office & Admin Supplies WT	1,004	731	273	8,419	8,847	428CR	8,847
13 Office & Admin Supplies WT							
575625 Overnight Shipping WT	2,640	1,740	900	29,805	20,880	8,925	20,880
13 Overnight Shipping WT							
575640 Penalties/Non-Deduct	82	200	118CR	771	2,400	1,629CR	2,400
14 Penalties/Non-Deduct							
575660 Research & Development Exp	529	1,429	900CR	15,527	17,148	1,621CR	17,148
16 Research & Development Exp							
575680 Research & Development Exp				4,781CR		4,781CR	
16 Research & Development Exp							
575711 Add'l Security Costs AG	13,906	12,000	1,906	173,807	144,000	29,807	144,000
16 Add'l Security Costs AG							
575715 Software Licenses & Support	1,326	4,600	3,274CR	25,680	55,400	29,720CR	55,400
16 Software Licenses & Support							
575740 Telephone TD	334			767		767	
14 Telephone TD							
575741 Cell Phone WT	151	431	280CR	3,131	5,097	1,966CR	5,097
13 Cell Phone WT							
575780 Trash Removal SS	1,401	75	1,326CR	9,848	15,660	5,812CR	15,660
14 Trash Removal SS							
575790 Trustee Fees AG	545	755	210CR	11,189	10,125	1,064	10,125
16 Trustee Fees AG							
575820 Uniforms WT	667	577	89CR	3,988	6,924	2,936CR	6,924
13 Uniforms WT							
575830 Wtr & Waste Wtr Exp SS	1,338	685	653	8,763	9,220	457CR	9,220
14 Wtr & Waste Wtr Exp SS							
575830 Wtr & Waste Wtr Exp SS	3,637	1,500	2,137	21,289	16,000	5,289	16,000

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGRAP)
Analysis of Income Month & YTD
For the Period Ending 12/31/2009

Description	December		Yr to Date		Yr to Date		Yr to Date		Yr to date		Annual Forecast
	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	December	Prior Year	
11 Wtr & Waste Wtr Exp SS	3,681	2,300	39,454	27,600	2,854	17,661	27,600				
16 PCARD Undistributed	1,107	200	4,777CR	2,400	1,406CR	1,850	2,400				
F21 Miscellaneous	201,493	353,265	206,016	3,669,631	526,229CR	2,861,039	3,669,631				
P25 Maintenance Expense											
620000 Material and Supplies	50,797	14,750	9,267	181,600	35,012	256,852	181,600				
21 Mat and Sup Maint SS	22,385	5,000	13,917	137,000	527	106,795	137,000				
23 Mat and Sup Maint WT	21,243	3,318	30,269	218,400	29,381	242,460	218,400				
24 Mat and Sup Maint TD	2,486	3,333	2,179	39,996	13,890CR	39,996	39,996				
625000 Contr Svc-Other Maint AG	1,591	1,314	2,310	22,466	8,183	44,311	22,466				
610000 Misc Maint SS	3,545	7,100	5,517	85,200	66,243CR	70,656	85,200				
2315 Misc Maint WT Equip	1,772	2,750	6,124	33,000	5,998CR	23,883	33,000				
2420 Misc Maint TD Mains	10,273	6,475	8,069	77,700	4,456	86,231	77,700				
675050 Amort Def Maint WT	11,952	14,167	12,174	172,909	25,338CR	181,597	172,909				
24 Amort Def Maint TD	13,286	721	6,113	8,652	114,914	94,639	8,652				
675110 Maint Exp ARO/Sec Reg Sal AG	129,784	129,592	123,554	1,509,170	11,690	1,419,846	1,509,170				
675650 Paving/Backfill Defc Neg Sal A	20,502	11,000	26,747	246,500	55,508CR	106,202	246,500				
24 Paving/Backfill TD	289,616	214,127	247,240	2,732,193	37,762	2,683,649	2,732,193				
P25 Maintenance Expense											
P27 Depreciation											
680110 Depr Exp-General	623,452	616,855	593,827	7,033,786	261,038	6,889,556	7,033,786				
680120 Depr Exp-Amort CIAC Tax	23,559CR		23,041CR	280,192CR		265,063CR					
680125 Depr Exp-Amort CIAC Non Tax	94,814CR		90,807CR	1,116,724CR		753,846CR					
227 Depreciation	505,079	616,855	479,979	7,033,786	1,135,876CR	5,870,647	7,033,786				
P28 Amortization											
680300 Amortization of UPRA	1,801	1,801	1,814	21,612	951CR	22,668	21,612				
680540 Amort-Reg Asset AFUDC	6,332	6,000	5,946	72,000	3,985	70,370	72,000				
680600 Amort-Prop Losses	34,349	36,016	34,349	432,152	20,004CR	412,188	432,152				
580620 Amort-Reg Asset	575	575	575	6,900		6,900	6,900				
P28 Amortization	43,057	44,392	42,684	552,704	16,970CR	512,126	552,704				
P29 General Taxes											
685100 Util Reg Assessment Fee	7,701	9,039	7,050	108,466	19,960CR	84,107	108,466				
685200 Property Taxes	229,073	246,946	223,366	2,963,352	173,535CR	2,576,598	2,963,352				
685320 FUTA	28	28	2,090	4,729	4,729	6,911	4,729				
685325 FICA	44,844	47,192	46,247	523,498	28,849CR	499,510	523,498				
685350 SUTA	48		2,447	3,200	10,944	9,226	3,200				
685430 Other Taxes and Licenses											
685440 Gross Receipts Tax	57,549		57,549	57,549	57,549	431	3,200				
Gross Receipts Tax	339,243	303,177	283,202	3,598,518	152,322CR	3,176,783	3,598,518				
P29 General Taxes											
P30 State Income Taxes											
690210 SIT-Current	114,185	66,242	86,060	785,867	126,675CR	608,253	785,867				
690220 SIT-Prior Year Adj											
002 SIT-Prior Year Adj	545,269		136,304CR	19,662CR		136,304CR					
690720 Def SIT-Pf Yr Adj											
002 Def SIT-Pf Yr Adj	492,087CR		127,019	114,234		114,234					

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USDNKF)
Analyst: Rich (Income Month) & YTD
For the Period Ending 12/31/2009

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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 December Prior Year	Annual Forecast
STP-Other Inc & Ded Curr	15,354CR	561CR	14,793CR	798CR	29,728CR	27,757CR	1,971CR	8,698CR	27,757CR
P50 State Income Taxes	15,354CR	561CR	14,793CR	798CR	29,728CR	27,757CR	1,971CR	8,698CR	27,757CR
P51 Federal Income Taxes	84,192CR	2,185CR	82,007CR	4,727CR	163,006CR	108,041CR	54,965CR	45,061CR	108,041CR
790100 FIT-Oth Inc & Ded-Curr	84,192CR	2,185CR	82,007CR	4,727CR	163,006CR	108,041CR	54,965CR	45,061CR	108,041CR
P51 Federal Income Taxes	84,192CR	2,185CR	82,007CR	4,727CR	163,006CR	108,041CR	54,965CR	45,061CR	108,041CR
P56 Interest on LTD	126,837	126,837	0	1,521,899	1,521,899	0	1,521,899	1,521,899	1,521,899
810100 Int LTD-Outside Reg	126,837	126,837	0	1,521,899	1,521,899	0	1,521,899	1,521,899	1,521,899
Int LTD-Outside Reg	126,837	126,837	0	1,521,899	1,521,899	0	1,521,899	1,521,899	1,521,899
860040 Div Dec Pref Stk-Outside	293,721	829,061	535,340CR	311,468	3,577,301	7,765,096	4,187,795CR	3,790,271	7,765,096
Int LTD-Inside AM46	31,763	31,763	0	382,209	382,209	0	382,209	381,150	382,209
Int LTD-Inside AM46	31,763	31,763	0	382,209	382,209	0	382,209	381,150	382,209
Div Dec Pref Stk-Outside	293,721	829,061	535,340CR	311,468	3,577,301	7,765,096	4,187,795CR	3,790,271	7,765,096
Div Dec Pref Stk-Outside	293,721	829,061	535,340CR	311,468	3,577,301	7,765,096	4,187,795CR	3,790,271	7,765,096
P56 Interest on LTD	452,321	829,061	376,740CR	470,209	5,481,409	7,765,096	2,283,687CR	5,693,320	7,765,096
P57 Amort Debt Exp	64	64	0	771	771	0	771	771	771
758201 Amort PS Exp w/ mandatory	64	64	0	771	771	0	771	771	771
Amort PS Exp w/ mandatory	64	64	0	771	771	0	771	771	771
920100 Amort Debt Disc & Exp	665	13,751	13,086CR	665	7,985	117,262	109,277CR	8,551	117,262
Amort Debt Disc & Exp	665	13,751	13,086CR	665	7,985	117,262	109,277CR	8,551	117,262
920110 Amort Debt Exp Inside AM46	9,779	9,779	0	96,474	96,474	0	96,474	80,218	96,474
Amort Debt Exp Inside AM46	9,779	9,779	0	96,474	96,474	0	96,474	80,218	96,474
P57 Amort Debt Exp	10,508	13,751	3,243CR	7,396	105,230	117,262	12,032CR	89,540	117,262
P58 Interest on Bank Debt	8,405	74,830	66,424CR	97,954	355,135	1,308,150	953,014CR	751,822	1,308,150
830100 Interest STD Inside AM46	8,405	74,830	66,424CR	97,954	355,135	1,308,150	953,014CR	751,822	1,308,150
Interest STD Inside	8,405	74,830	66,424CR	97,954	355,135	1,308,150	953,014CR	751,822	1,308,150
P58 Interest on Bank Debt	8,405	74,830	66,424CR	97,954	355,135	1,308,150	953,014CR	751,822	1,308,150
840000 Other Interest Expense	8,405	74,830	66,424CR	97,954	355,135	1,308,150	953,014CR	751,822	1,308,150
Other Interest Expense	8,405	74,830	66,424CR	97,954	355,135	1,308,150	953,014CR	751,822	1,308,150
P59 Other Interest Exp	8,920	8,920	0	8,920	8,920	0	8,920	8,920	8,920
P60 AFUDC Debt	99,402CR	92,895CR	6,507CR	107,547CR	1,591,228CR	1,288,656CR	302,572CR	589,491CR	1,288,656CR
850000 AFUDC Debt	99,402CR	92,895CR	6,507CR	107,547CR	1,591,228CR	1,288,656CR	302,572CR	589,491CR	1,288,656CR
AFUDC Debt	99,402CR	92,895CR	6,507CR	107,547CR	1,591,228CR	1,288,656CR	302,572CR	589,491CR	1,288,656CR
P60 AFUDC Debt	99,402CR	92,895CR	6,507CR	107,547CR	1,591,228CR	1,288,656CR	302,572CR	589,491CR	1,288,656CR
P64 Preferred Dividends	6,511	6,511	0	78,343	78,343	0	78,343	78,343	78,343
860100 Div Dec Pref Stk-Outside	6,511	6,511	0	78,343	78,343	0	78,343	78,343	78,343
Div Dec Pref Stk-Outside	6,511	6,511	0	78,343	78,343	0	78,343	78,343	78,343
P64 Preferred Dividends	6,511	6,511	0	78,343	78,343	0	78,343	78,343	78,343
P69 Common Dividends	2,899,673	2,899,673	0	2,554,847	8,103,411	8,103,411	8,103,411	6,003,108	8,103,411
86020 Div Decl Com Stk In	2,899,673	2,899,673	0	2,554,847	8,103,411	8,103,411	8,103,411	6,003,108	8,103,411
Div Decl Com Stk In	2,899,673	2,899,673	0	2,554,847	8,103,411	8,103,411	8,103,411	6,003,108	8,103,411
P69 Common Dividends	2,899,673	2,899,673	0	2,554,847	8,103,411	8,103,411	8,103,411	6,003,108	8,103,411
00612 Kentucky-American Water Co.	2,871,647	789,114CR	3,660,761	2,127,831	2,432,889CR	10,611,489CR	8,178,300	3,927,925CR	10,611,489CR

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American Water Works Company
Kentucky-American Water Co 12
Total Balance (USGAAP)
For the period ending 12/31/2009

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Description		December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012	Kentucky-American Water Co.				
00100	Utility Plant Original Cost				
01000	Organization				
02000	Organizations				
03000	Land & Land Rights				
04000	Land & Land Rights				
05000	Land & Land Rights				
06000	Land & Land Rights				
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100000	Land & Land Rights				

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American Water Works Company
Kentucky-American Water-Co 12
Total Balance (US\$KAP)
Trial Balance
For the Period Ending 12/31/2009

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B01 Utility Plant Original Cost				
101000 WW Pump Equip Elegrt	10,707.91	10,707.91		10,707.91
311000 WW Pump Equip Elegrt	3,646.30	3,646.30		3,646.30
312000 WW Pump Equip Elegrt	80,086.34	80,086.34		80,086.34
320000 WW Office Furniture & Equip	43,000.00	43,000.00		43,000.00
321000 WW Office Furniture & Equip	144.16	144.16		144.16
322000 WW Stores Equipment	500.00	500.00		500.00
323000 WW Tool Shop & Garage Equip	91.74	91.74	1,148.85CR	24,593.43
324000 WW Laboratory Equipment	839.83	839.83	2,197.80	34,593.33
325000 WW Power Operated Equip	662.38	662.38		31,366.00
326000 WW Communication Equip	396.00	396.00		22,580.88
327000 WW Misc Equipment	631.15	631.15		
101099 Completed Const not Classified				
101100 Reg Asset-APUDC-Debt	272,637.00	272,637.00		272,637.00
103000 Property Held for Future Use	114,076.24	114,076.24		114,076.24
104000 Utility Plant Purchased/Sold				
106000 Struct & Imp SS				
304100 Struct & Imp SS				
304200 Struct & Imp WT				
304300 Struct & Imp TD				
304400 Struct & Imp AG				
304500 Struct & Imp Offices				
304600 Struct & Imp Store, Shop, Gar				
304700 Struct & Imp Misc				
304800 Pump Equip Electric				
304900 Pumping Equipment SS				
311200 Pumping Equipment WT				
311300 WT Equip Non-Media				
320100 Dist Reservoirs & Standpipes				
330100 Elevated Tanks & Standpipes				
330200 Ground Level Facilities				
330300 Clearwell				
330400 TD Mains Not Classified by				
331100 TD Mains 4in & Less				
331200 TD Mains 6in to 8in				
331300 TD Mains 10in to 16in				
331400 TD Mains 18in & Grtr				
332000 Services				
332100 Meters				
332200 Meters Bronze Case				
332300 Meters Plastic Case				
332400 Meters Other				
333411 Meter Other-Rem Rdr Unts				
333420 Meter Installations				
3334300 Meter Vaults				
333500 Hydrants				
3335000 Other P/E CPS				
340100 Office Furniture & Equip				
340200 Comp & Periph Personal				
340220 Comp & Periph Other				
340300 Computer Software				
340325 Comp Software Customized				
341100 Trans Equip Hvy Duty Trks				
341200 Trans Equip Hvy Duty Trks				
341300 Tools, Shop, Garage Equip				
341400 Laboratory Equipment				
343000 Comm Equip Non-Telephone				
346100 Remote Control & Instrument				
346200 Comm Equip Telephone				
347000 Misc Equipment				
347500 WW Struct & Imp Gen				
351000 WW Constructing Assets				
352000 WW Power Operated Equip				
B01 Utility Plant Original Cost	1,062,012.94	384,865,342.75	5,551,715.50	369,485,720.92
B02 CWIP				
105050 CWIP Accr-Bldgs				
11				
105050 CWIP Accr-Bldgs	30.67CR	1,004.21	619.14	619.14

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American Water Works Company
Kentucky American Water Company (REGAAP)
Actual Trial Balance
For the Period Ending 12/31/2009

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Description		December Activity	December Balance	Prior Year Activity	Prior Year Balance
----- Kentucky-American Water Co. -----					
B02	CWIP				
105050	CWIP Acqr-Infra	1,416,803.88	5,922,424.84	3,635,668.58CR	288,065.59
31	CWIP Acqr-Plant	460,240.31CR	365,987.59	3,739,449.22	4,656,847.29
105110	CWIP History		10,021,825.59		10,021,825.59
11	CWIP History-Bldgs		51,266.84		51,266.84
31	CWIP History-Infrastr		602,319.28CR		602,319.28
105125	CWIP Permits & Fees		49,192.88		49,192.88
11	CWIP Permits-Bldgs		948,521.46		948,521.46
31	CWIP Permits-Infrastr		212,647.61		153,839.61
105150	CWIP M&S Purchases	5,500.00	4,026,873.40		2,451,467.72
11	CWIP M & S-Bldgs		19,115,344.78		19,115,344.78
31	CWIP M & S-Infrastr		316,707.29		316,707.29
105175	CWIP Professional Services	440,798.12	28,939,943.42		26,038,979.61
11	CWIP Prof Svcs-Infrastr	179,478.48	13,157,770.77		11,787,629.80
31	CWIP Prof Svcs-Plant	85,847.32	30,275.65		30,275.65
105200	CWIP Labor		1,847,632.05		1,697,328.02
11	CWIP Labor-Bldgs		1,594,849.33		1,594,849.33
31	CWIP Labor-Infrastr	47,781.57	5,320,467.09		21,286.17
105250	CWIP Labor OH		1,765,848.50		4,433,109.55
11	CWIP Labor OH-Bldgs		3,402,640.61		7,761,276.16
31	CWIP Labor OH-Infrastr	25,471.37	3,402,640.61		1,765,848.50
105260	CWIP Overhead	484.35CR	3,402,640.61		2,751,952.41
11	CWIP Overhead-Bldgs		688,754.64		331,772.28
31	CWIP Overhead-Infrastr	7.91	181,101.10		588,754.64
105270	CWIP Service Co Chgs		5,404,900.13		4,572,822.82
11	CWIP Service Co Chgs		1,928,818.01		1,732,665.07
31	CWIP Service Co Chgs		672,457.67		5,269.73
105275	CWIP AMWSC Chg-Plant	3,496.25	1,487,721.15		891,916.23
11	CWIP AMWSC Chg-Plant		26,670,271.06		26,670,271.06
31	CWIP AMWSC Chg-Plant	42,508.65	1,487,721.15		589,221.57
105280	CWIP Contractor Services		26,670,271.06		961,916.23
11	CWIP Contr Svc-Bldgs		80,435,407.20		26,670,271.06
31	CWIP Contr Svc-Infrastr	77.72	98,698,602.30		54,529,995.62
105280	CWIP Retainage	3,286,393.14	366,817.31		42,757,281.45
11	CWIP Retainage		61,325.00		366,817.31
31	CWIP Retainage-Bldgs		3,965,544.44		4,182,328.00
105285	CWIP Retainage-Plant	36,640.82	4,965,544.44		1,588,328.00
11	CWIP Retainage-Plant		129,081.83		1,588,328.00
31	CWIP Retainage-Plant	129,081.83	12,614.00		22,858.20
105300	CWIP Developer Const Costs		12,614.00		199,028.00
11	CWIP Paving-Infrastr		199,028.00		199,028.00
31	CWIP Paving-Plant		466.06		466.06
105330	CWIP AFUDC Debt		703,911.94		703,911.94
11	CWIP AFUDC Debt		703,911.94		703,911.94
31	CWIP AFUDC Debt		4,355,913.71		36,763.27
105375	CWIP AFUDC Equity	457,841.38	4,859,267.34		607,632.98
11	CWIP AFUDC Equity		809,429.26		809,429.26
31	CWIP AFUDC Equity	328.17	3,130,812.01		74,380.19
105380	CWIP AFUDC Equity-Plant		3,130,812.01		922,034.13
11	CWIP AFUDC Equity-Plant		1,089,996.02		1,284,271.11
31	CWIP AFUDC Equity-Plant		176,511.62		176,511.62
105390	CWIP Trans Current Yr Chgs		52,183.19		52,183.19
11	CWIP Trans Current Yr Chgs		876,552.73CR		876,552.73CR
31	CWIP Trans Current Yr Chgs		9,843,395.47CR		9,843,395.47CR
105399	CWIP Prelim Eng-Plant		2,618.00		2,618.00
31	CWIP Prelim Eng-Plant		42,094.86CR		42,094.86CR
105810	CWIP Engineering Clearing				
105900	CWIP Engineer to O&M				

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2009

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
01 CWIP Transfer to UPIS		3,526.85CR		3,526.85CR
11 CWIP Tran UPIS-Bldgs		51,962,728.94CR		51,962,728.94CR
21 CWIP Tran UPIS-Infrastr		1,950,918.77CR		1,950,918.77CR
31 CWIP Tran UPIS-Plant	1,195,013.24CR	98,380,036.15CR	1,043,671.95CR	88,576,470.34CR
	1,259,360.56CR	34,825,055.94CR	5,233,768.57CR	28,159,931.41CR
B02 CWIP	5,876,476.83	138,797,378.37	2,372,573.94	54,501,129.68
B03 Accumulated Depreciation				
108105 AD UPIS-Acc Depr-Not Classifd				
AD UPIS-Acc Depr-Not Classifd	3,416.94CR	50,386,825.55CR	34,609.90CR	50,386,825.55CR
AD UPIS-Acc Depr-Oper Bldgs	35,007.77CR	3,399,379.06CR	2,977,214.87CR	2,977,214.87CR
AD UPIS-Acc Depr-Admin Bldgs	19,855.54CR	1,108,599.79CR	17,561.78CR	886,548.81CR
AD UPIS-Acc Depr-Infrastruct	311,136.02CR	25,445,854.92CR	322,283.62CR	22,527,591.16CR
AD UPIS-Acc Depr-Oper Misc	170,391.39CR	14,322,749.03CR	103,841.39CR	3,325,713.24CR
AD UPIS-Acc Depr-Office Equip	52,294.88CR	8,047,871.85CR	51,383.30CR	7,292,964.46CR
AD UPIS-Acc Depr-Cap Develop	139,300.00CR	55,383.65CR	139,300.00CR	7,533,712.05CR
108110 AD UPIS-Removal Cost		2,040,107.64		2,040,107.64
108115 AD UPIS-Salvage				
AD UPIS-Salvage	15,807.98CR	288,692.30CR	15,143.00CR	139,706.95CR
108120 AD UPIS-Scrap Meters				
AD UPIS-Scrap Meters		23,226.64CR		23,226.64CR
108122 AD UPIS-Scrap Misc		10,764.38CR		10,764.38CR
AD UPIS-Scrap Misc		16,975.00CR		16,975.00CR
108135 AD UPIS-Salv Trade-In		2,490.81CR		2,490.81CR
AD UPIS-Salv Trade-In		14,085,136.84	716,184.77	13,371,940.23
108140 AD UPIS-Salv Sale				
AD UPIS-Salv Sale	392,360.86	117,289.18CR	575.00CR	110,389.18CR
108145 AD UPIS-Orig Cost-Not Classifd				
AD UPIS-Orig Cost-Not Classifd	575.00CR	90,949,724.38CR	106,639.85	84,212,709.09CR
108190 Acc Depr Reg Asset				
Acc Depr Reg Asset	247,474.42CR			
B03 Accumulated Depreciation	1,765.58CR	455,951.18	1,778.79CR	455,951.18
	1,765.58CR	284,296.36	1,778.79CR	310,870.63
B04 UPAA				
114100 UPAA-ATL				
UPAA-ATL		171,654.82CR		151,418.58CR
114300 UPAA-ATL				
UPAA-ATL		284,296.36		310,870.63
115100 Accum Amort UPAA-ATL				
Accum Amort UPAA-ATL	1,765.58CR			
B04 UPAA				
121100 NUP-Land				
NUP-Land		270,192.68		270,192.68
B07 Non Utility Property, Net				
121100 NUP-Land				
NUP-Land		270,192.68		270,192.68
B10 Cash & Cash Equivalents				
101312 BB&G				
BB&G		167,777.94		6,906.94
101312 BB&G				
BB&G		299,714.81		246,854.75
131998 Cash Clear-NSF Checks				
Cash Clear-NSF Checks	188.10	732.18	1,270.40CR	50.07
1003 Cash Clear-Misc DR/CR		43.40		18.97
Cash Clear-Misc DR/CR	1,652.91		21,820.87CR	21,820.87CR
1004 Cash Clear-MI's				
Cash Clear-MI's	3,287.27	5,305.18		31.36CR
1005 Cash Clear-ORCOM				
Cash Clear-ORCOM		400.00		600.00
1006 Cash Clear-Interco				
Cash Clear-Interco		2,000.00		1,800.00
134100 Petty Cash				
Petty Cash		176,258.70		234,378.49
134101 Petty Cash-OTC				
Petty Cash-OTC		2,000.00		1,800.00
B10 Cash & Cash Equivalents	310,951.62CR	176,258.70	291,423.10	234,378.49
B12 Customer Accounts Receivable				
141000 Customer A/R				
Customer A/R	146,729.61CR	2,610,953.38	692,875.54CR	2,344,312.09
141999 Customer A/R Clearing				
Customer A/R Clearing	1,133.54	1,274.25	11.24CR	1,847.47CR
B12 Customer Accounts Receivable	145,596.07CR	2,612,227.63	692,886.78CR	2,342,464.62
B13 Allowance for Uncollectible A/				

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2009

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
143000 Accum prov-uncoll accts	27,022.32	277,010.92CR	12,070.38	273,355.78CR
Accum prov-uncoll accts	27,022.32	277,010.92CR	12,070.38	273,355.78CR
B13 Allowance for Uncollectible A/				
B14 Accrued Utility Revenue	330,560.87CR	3,230,671.79	238,916.72CR	2,899,825.02
144000 Accrued Utility Revenue	330,560.87CR	3,230,671.79	238,916.72CR	2,899,825.02
B14 Accrued Utility Revenue				
B16 Miscellaneous Receivables	230,891.12	593,358.35	80,320.91CR	351,530.05
146100 Misc A/R-System	2,868.10	593,358.35	694.59CR	92,861.46
Misc A/R-System	2,868.10	593,358.35	694.59CR	92,861.46
001 Misc A/R-System	19,971.73CR	73,652.85	13,880.21CR	43,248.59
146105 Misc A/R-Retro Ins	3,395.66CR	15,358.20	9,632.96CR	9,333.80
Misc A/R-Medicare Subsidy	3,395.66CR	15,358.20	9,632.96CR	9,333.80
146115 Misc A/R-Medicare Subsidy				
Misc A/R-Adv to Employees	75,010.12	5,044.59CR	9,217.38	85,423.69CR
146300 Misc A/R-Adv to Employees	75,010.12	5,044.59CR	9,217.38	85,423.69CR
Misc A/R-Adv to Employees				
146370 Accum prov-uncoll misc a/r	2,910,855.76CR	3,440,942.01	97.00	579.00
146500 A/R Assoc Cos	96.00	1,461.00		
A/R Assoc Cos	96.00	1,461.00		
AW46 A/R Assoc Cos	467.61	467.61		
146505 A/R Assoc Cos	467.61	467.61		
AW46 A/R Assoc Cos	467.61	467.61		
146600 A/R Div Equity AW02				
146800 Rents Receivable				
Rents Receivable				
147000 IC Rec/Pay Clearing				
IC Rec/Pay Clearing				
B16 Miscellaneous Receivables	2,625,190.20CR	4,205,975.56	95,214.29CR	412,129.21
B17 Materials & Supplies	32,253.83	404,936.38	38,116.04CR	405,665.34
151100 Plant Material	9,025.67	240,355.74	5,408.84	171,441.11
Plant Material	9,025.67	240,355.74	5,408.84	171,441.11
151300 Chemicals	20,928.53CR	645,292.12		
Chemicals	20,928.53CR	645,292.12		
153000 Other Mat & Supplies				
Other Mat & Supplies				
B17 Materials & Supplies	17,065.30CR	220,046.47	291,149.74	291,149.74
B19 Prepayments	60,630.47CR	6,878.16	54,508.37CR	5,257.28
165200 Prepaid Taxes	7,700.97CR	46,205.84	7,050.29CR	42,301.74
Prepaid Taxes	7,700.97CR	46,205.84	7,050.29CR	42,301.74
165200 Prepaid Insurance	9,144.58CR	1,180.52		
Prepaid Insurance	9,144.58CR	1,180.52		
165300 Prepaid PUC/PSC Assessments	15,883.58CR	38,554.44	22,781.88	72,091.29
Prepaid PUC/PSC Assessments	15,883.58CR	38,554.44	22,781.88	72,091.29
165400 Prepaid Audit Fees	165,360.20CR	49,945.20	191,366.18CR	83,757.27
Prepaid Audit Fees	165,360.20CR	49,945.20	191,366.18CR	83,757.27
165500 Prepaid Other				
Prepaid Other				
174100 Defered Vacation Pay				
Defered Vacation Pay				
174200 Curr State Def Tax				
Curr State Def Tax				
174300 Curr Fed Def Tax				
Curr Fed Def Tax				
B19 Prepayments	275,785.10CR	362,810.63	61,006.78	494,557.32
B23 Debt & Preferred Stock Exp	665.38CR	133,487.56	665.38CR	141,472.12
181110 Unamort Debt Exp-Out	5,285.56CR	91,101.40	5,285.56CR	154,528.12
Unamort Debt Exp-Out	5,285.56CR	91,101.40	5,285.56CR	154,528.12
181120 Unamort Debt Exp-AM4	3,341.53	1,444,501.11	1,381.14CR	477,871.25
Unamort Debt Exp-AM4	3,341.53	1,444,501.11	1,381.14CR	477,871.25
181121 Unamort Debt AW46 NoIAS	64.24CR	20,749.52	64.24CR	21,520.40
Unamort Debt AW46 NoIAS	64.24CR	20,749.52	64.24CR	21,520.40
181512 Pref Stk Exp w/ mandatory	2,673.65CR	1,689,839.59	7,396.32CR	795,391.89
Pref Stk Exp w/ mandatory	2,673.65CR	1,689,839.59	7,396.32CR	795,391.89
B23 Debt & Preferred Stock Exp				
B24 Deferred Rate Proceedings	13,401.13CR	491,878.35	59,548.80	553,892.05
182000 Deferred Rate Proceedings	13,401.13CR	491,878.35	59,548.80	553,892.05
Deferred Rate Proceedings	13,401.13CR	491,878.35	59,548.80	553,892.05
B24 Deferred Rate Proceedings				

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American Water Works Company
Kentucky American Water Co 12
Total Trial Balance (USGAP)

For the Period Ending 12/31/2009

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B27 Other Deferred Debits				
186704 DDN-Undistributed Items				
186711 DDN-Undistributed Items				
186750 DDN-Undistributed Items				
186898 DDN-Other Int Assets				
187007 Prelim Financing E				
B27 Other Deferred Debits	62,287.97CR	3,964,465.10	28,886.76	4,412,746.38
B33 Common Stock				
205175 Donations stkhld I/C				
205300 Gain on res/can I/C				
205310 Gain on res/can min int.				
205440 Misc. PIC Intsrco				
B34 Paid In Capital	1,798.89CR	56,631,205.85CR	3,109.37CR	24,101,666.04CR
B35 Retained Earnings	1,798.89CR	56,656,045.29CR	3,109.37CR	24,126,505.48CR
B39 Preferred Stock				
215110 Pref Stk-Outside				
215410 Pref Stk-Outside				
B39 Preferred Stock				
215113 Pref Stk-Mand LT				
221110 Bonds-Outside				
221120 Bonds-Inside				
B40 Long Term Debt				
231200 Notes Pay-AssoC Cos				
AW46 Notes Pay AW46				
B43 Bank Debt				
232200 Curr Portion LTD-In				
AW46 Curr Portion LTD-AW46				
B44 Current Portion LTD				
234100 Accts Pay-Gen System				
234110 Accts Pay-Gen System				
234120 Accts Pay-Utility Billing				
B43 Bank Debt	382,554.63CR	26,452,049.97CR	18,973,481.44CR	51,825,821.33CR
B44 Current Portion LTD	382,554.63CR	26,452,049.97CR	18,973,481.44CR	51,825,821.33CR
B43 Bank Debt				
231200 Notes Pay-AssoC Cos				
AW46 Notes Pay AW46				
B43 Bank Debt				
232200 Curr Portion LTD-In				
AW46 Curr Portion LTD-AW46				
B44 Current Portion LTD				
234100 Accts Pay-Gen System				
234110 Accts Pay-Gen System				
234120 Accts Pay-Utility Billing				
B43 Bank Debt	50,936.46	857,366.98CR	6,049,464.16	1,823,538.32CR
B44 Current Portion LTD	54,348.58	10,635.06	24,198.04CR	4,107.96CR
B43 Bank Debt	1,578.30			

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American Water Works Company
Kentucky American Water Co 12
Total Trial Balance (USGAP)

For the Period Ending 12/31/2009

Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B27 Other Deferred Debits				
186704 DDN-Undistributed Items				
186711 DDN-Undistributed Items				
186750 DDN-Undistributed Items				
186898 DDN-Other Int Assets				
187007 Prelim Financing E				
B27 Other Deferred Debits	62,287.97CR	3,964,465.10	28,886.76	4,412,746.38
B33 Common Stock				
205175 Donations stkhld I/C				
205300 Gain on res/can I/C				
205310 Gain on res/can min int.				
205440 Misc. PIC Intsrco				
B34 Paid In Capital	1,798.89CR	56,631,205.85CR	3,109.37CR	24,101,666.04CR
B35 Retained Earnings	1,798.89CR	56,656,045.29CR	3,109.37CR	24,126,505.48CR
B39 Preferred Stock				
215110 Pref Stk-Outside				
215410 Pref Stk-Outside				
B39 Preferred Stock				
215113 Pref Stk-Mand LT				
221110 Bonds-Outside				
221120 Bonds-Inside				
B40 Long Term Debt				
231200 Notes Pay-AssoC Cos				
AW46 Notes Pay AW46				
B43 Bank Debt				
232200 Curr Portion LTD-In				
AW46 Curr Portion LTD-AW46				
B44 Current Portion LTD				
234100 Accts Pay-Gen System				
234110 Accts Pay-Gen System				
234120 Accts Pay-Utility Billing				
B43 Bank Debt	382,554.63CR	26,452,049.97CR	18,973,481.44CR	51,825,821.33CR
B44 Current Portion LTD	382,554.63CR	26,452,049.97CR	18,973,481.44CR	51,825,821.33CR
B43 Bank Debt				
231200 Notes Pay-AssoC Cos				
AW46 Notes Pay AW46				
B43 Bank Debt				
232200 Curr Portion LTD-In				
AW46 Curr Portion LTD-AW46				
B44 Current Portion LTD				
234100 Accts Pay-Gen System				
234110 Accts Pay-Gen System				
234120 Accts Pay-Utility Billing				
B43 Bank Debt	50,936.46	857,366.98CR	6,049,464.16	1,823,538.32CR
B44 Current Portion LTD	54,348.58	10,635.06	24,198.04CR	4,107.96CR
B43 Bank Debt	1,578.30			

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American Water Works Compal.
Kentucky-American Water-00 12
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For the Period Ending 12/31/2009

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B45 Accounts Payable				
234125 Accts Pay-Phone Billing			13,304.74	
234200 Accts Pay-Phone Billing	159,842.25CR	4,186,565.89CR	97,565.73CR	1,383,682.48CR
234300 Accts Pay-Misc	28,910.90	86,955.03CR	8,803.92	169,655.33CR
002 Accts Pay-Misc W/O's	230,755.94	144,268.93CR	1,805.77CR	33,223.70CR
007 Accts Pay-Workst Accr	2,837.32	19,269.83CR	2,837.32	8,256.89CR
008 Accts Pay-Board Accr	2,850.38CR	112,231.73	3,054,888.62CR	80,317.31
234350 Accts Pay-I/C Loan Clearing				
234400 Accts Pay-Prj Exp Accr	956,532.90CR	6,366,416.64CR	103,399.78CR	4,945,532.02CR
234400 Accts Pay-AWMS	51,977.66CR	96,452.91CR	130,900.16CR	92,521.92CR
234500 Accts Pay-AW03				
234500 Accts Pay-Asson Cos	5,568.50	8,310.42CR	4,382.12	7,039.12CR
AW02 Accts Pay-AW02	3,833.23CR		1,028.46	
AW46 Accts Pay-AW46				
280999 Interco Rec/Pay	305,314.42CR	19,927.51	53,259.69CR	57,860.27CR
Interco Rec/Pay	1,104,814.94CR	11,622,704.43CR	2,656,600.36	8,445,100.70CR
B45 Accounts Payable				
B46 Accrued Taxes				
236110 Gross Inc & Receipts Tax	1.00CR	1.00CR		
236120 FUTA	27.69CR	46.20CR	2,609.71CR	2,833.17CR
236130 FICA	15,373.41	27,213.26CR	17,607.77CR	51,096.06CR
236140 SUTA	48.46CR	125.05CR	3,058.00CR	3,334.44CR
236151 Gen Tax - Property	229,073.01CR	2,748,718.16CR	1,533,723.93	155,002.99CR
236152 Gen Tax - Sales/Use	3,921.61	13,143.69CR	300,071.93CR	
236170 Gen Tax - Other	184.20	4,347.18CR	129.59	4,572.85CR
236201 FIT Tax Clearing				
236210 Acct FIT - Current Yr	499,837.54	494,788.38CR	2,000,354.00	1,820.00
236220 Acct FIT - Pr Yrs	4,135,214.00CR	116,744.03CR	2,664,186.00	841,464.00CR
236230 Acct SIT - Current Yr	98,831.26CR	224,099.17	85,263.00CR	1,723,998.97
236240 Acct SIT - Pr Yrs	603,817.00CR	277,164.86	117,301.00	599,554.00CR
236310 Curr Def FIT				
236320 Curr Def SIT/LIT				
236320 Curr Def SIT/LIT				
B46 Accrued Taxes	4,547,695.56CR	2,786,593.92CR	5,941,845.11	715,835.32
B47 Accrued Interest				
237200 Int Acct-LTD-Outside	420,437.50	311,872.09CR	420,437.50	311,872.09CR
237300 Int Acct-LTD-Inside	593,070.84	1,428,633.79CR	311,468.33CR	807,066.83CR
AW46 Int Acct-LTD-AW46				
241228 Accrued PFD Div Requirements	63,525.00	31,762.50CR	63,525.00	30,703.75CR
002 Acct PFD Div w/mand	1,077,033.34	1,772,268.38CR	172,494.17	1,149,642.67CR
B47 Accrued Interest				
B49 Accrued Dividends				
240140 Div Decl-Com Stk Inside				
AW02 Div Decl-Com Stk AW02	2,006,260.48CR	2,006,260.48CR		
B49 Accrued Dividends				
B51 Misc Current Liabilities				
241160 Accrued Vacation Pay	165,360.20	49,945.20CR	191,366.18	83,757.27CR
241201 Acct Water Purchases	6,168.00	14,024.41CR	2,876.90	14,063.98CR
241202 Acct Power	42,466.57	259,142.19CR	63,628.03	273,116.11CR
241203 Acct Legal				

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the period ending 12/31/2009

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
Accr Legal	22,328.84	3,729.76CR	32,880.39CR	73,915.62CR
Accr TMS License				
Accr TMS License				
Accr Wages	75,346.62CR	100,188.00CR	161,336.24	72,003.06CR
Accr Rents				
Accr Rents				
Accr Waste Disposal	4,167.00CR	100,008.00CR	4,167.00CR	50,004.00CR
Accr Waste Disposal				
Accr Waste Disposal Reimb	791.83	10,000.00CR	4,374.48CR	11,249.58CR
Accr Waste Disposal Reimb				
Accr Retiree Medical Reimb				
Accr Retiree Medical Reimb				
Accr DCP Contribution	1,473.68CR	7,393.17CR	1,642.72CR	6,400.03CR
Accr DCP Contribution				
Accr Bank Fees	10,160.33CR	37,818.68CR	493.07	18,126.40CR
Accr Bank Fees				
PR-Tax Coll SIT KY	15,997.16CR	30,936.31CR	15,196.53CR	30,805.26CR
PR-Tax Coll SIT KY				
PR-Union Dues	2,100.89		2,039.88CR	2,039.88CR
PR-Union Dues				
PR-Charity Contribution	1,431.55	3,171.72CR	1,645.30CR	4,084.20CR
PR-Charity Contribution				
PR-Charity Spending Account	294.17CR	20,116.59CR	21,870.06CR	21,870.06CR
PR-Charity Spending Account				
PR-Charity Contribution	1,297.67		1,746.90CR	1,746.90CR
PR-Charity Contribution				
PR-Tax Coll Pay FIT	31,628.41CR	27,355.98CR	30,051.50CR	37,054.58CR
PR-Tax Coll Pay FIT				
PR-Tax Coll Pay FIT	21,849.85	3,578.72CR	23,507.40CR	23,829.40CR
PR-Tax Coll Pay FIT				
PR-Tax Coll Pay WICA	2,479.55CR		4,194.52CR	4,194.52CR
PR-Tax Coll Pay WICA				
PR-Miscellaneous				
PR-Miscellaneous				
Accr Employer 401k Match	1,479.16CR	7,587.59CR	1,929.97CR	7,521.15CR
Accr Employer 401k Match				
Accrued PFD Div Requirements	6,510.50CR	19,531.50CR	6,510.50CR	19,314.48CR
Accrued PFD Div Requirements				
Accr Construction Combs Pay				
Accr Construction Combs Pay				
Unclaimed Credits Pay				
Unclaimed Credits Pay				
Outstanding Checks Pay	149.34CR	19,919.26CR	11,958.59CR	22,872.46CR
Outstanding Checks Pay				
Unclaimed Ext Dep Refund Pay	1,460.42CR	2,526.22CR	2,376.88CR	2,376.88CR
Unclaimed Ext Dep Refund Pay				
Unbilled Items-System				
Unbilled Items-System				
Unbilled Stock C-System	314,603.07CR	333,044.96CR	9,343.16	351.20CR
Unbilled Stock C-System				
Unbilled Stock E-System	13,812.67CR	77,354.99CR	80,085.30	4,669.85CR
Unbilled Stock E-System				
Unbilled Stock F-System	7,736.10CR	38,848.17CR	62,467.50	36,107.09CR
Unbilled Stock F-System				
CFO-Cust Asst Nonpledged				
CFO-Cust Asst Nonpledged				
CFO-Cust Asst Pledged	51.00CR	148.00CR	77.00CR	193.00CR
CFO-Cust Asst Pledged				
CFO-Sales Tax	4,473.38CR	36,294.73CR	4,878.66	27,053.89CR
CFO-Sales Tax				
CFO-Cross Tax				
CFO-Cross Tax				
CFO-Mun Tax	131,636.03CR	412,398.08CR	115,219.04CR	387,814.61CR
CFO-Mun Tax				
CFO-Mgt Contracts	356.59	144,217.47CR	13,131.47	125,911.78CR
CFO-Mgt Contracts				
CFO-MC/Swr Rev/Cash	325,245.20	3,853,984.66CR	198,488.00	3,335,662.37CR
CFO-MC/Swr Rev/Cash				
CFO-MC/Swr A/R	80,372.37CR	2,205,875.01	200,349.26CR	2,033,821.27
CFO-MC/Swr A/R				
A/P Check Clearing	30,294.14	1,532,907.97	24,630.44	1,146,634.85
A/P Check Clearing				
P/R Check Clearing	636,092.75	960,177.75CR	887,184.08	1,081,763.92CR
P/R Check Clearing				
Cred Refund A/P Check Clear	199,136.35	1,243.79CR	198,704.21CR	198,837.94CR
Cred Refund A/P Check Clear				
Misc Deposits Payable	5,257.08CR	12,193.62CR		8,000.00CR
Misc Deposits Payable				
Incentive Plan Cash Annual				
Incentive Plan Cash Annual				
Accrued Paving-Analyzed	134,636.28CR	392,856.59CR	15,780.92	292,529.77CR
Accrued Paving-Analyzed				
Other Curr Liab Analyzed	19,003.33CR	45,605.07CR		
Other Curr Liab Analyzed				
Adv for Const-Cur Portion Recl	71,781.17CR	15,583.51CR	78,619.53CR	117,712.23CR
Adv for Const-Cur Portion Recl				
CP	225,000.00	1,200,000.00CR	2,500,000.00CR	2,500,000.00CR
CP				
B51 Misc Current Liabilities	806,256.62	4,515,437.73CR	1,372,600.41CR	5,750,303.72CR
B51 Misc Current Liabilities				
B55 Advances for Construction				
B55 Advances for Construction				
252110 Adv for Const-NT Mains	3,648.20CR	206,444.61CR	3,648.20CR	48,121.84CR
252110 Adv for Const-NT Mains				
Adv for Const-NT Mains				

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American Water Works Compai,
Kentucky-American Water
Total Company (USGAAP)
Trial Balance
For the Period Ending 12/31/2009

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B55 Advances for Construction				
252120 Adv for Const-NT Ext	84,095.75CR	14,128,924.62CR	107,105.63	13,264,455.79CR
252130 Adv for Const-NT Ext				
252140 Adv for Const-NT Services				
252150 Adv for Const-NT Meters				
252160 Adv for Const-NT Hydrants				
252170 Adv for Const-NT Other	113,015.18CR	305,378.75CR	36,403.00CR	1,103,449.59CR
252999 Adv for Const-NT WIP	225,000.00CR	1,200,000.00	2,500,000.00	2,500,000.00
B55 Advances for Construction	425,759.13CR	13,441,747.98CR	2,567,054.43	11,916,027.22CR
B56 Deferred Income Taxes				
253203 Def FTT-Norm Property	1,172,185.44CR	41,775,815.46CR	363,639.00CR	1,886,054.00CR
253301 Def FTT-Other				
253309 Def FTT-Other				
253701 Def SIT-Other	511,716.99	5,608,355.57CR	5,719.00	133,392.00
B56 Deferred Income Taxes	660,468.45CR	47,384,171.03CR	357,980.00CR	31,485,126.54CR
B57 Deferred ITC				
255101 Unamortized ITC - 3%	637.67	86,521.89CR	637.67	94,173.93CR
255102 Unamortized ITC - 4%	525.42	48,549.13CR	525.42	54,854.17CR
255103 Unamortized ITC - 10%	5,903.33	913,146.35CR	5,903.33	983,986.31CR
B57 Deferred ITC	7,066.42	1,048,217.37CR	7,066.42	1,133,014.41CR
B58 Deferred Regulatory Liability				
256212 Reg Liab-Exc Def Depr FIT	11,733.58	1,143,990.91CR	11,733.58	1,284,793.87CR
256220 Reg Liab-Deficit Def FIT	2,296.50CR	223,731.84	2,296.50CR	251,289.84
256232 Reg Liab-Exc Def Depr SIT	4,057.00	1,520,514.50CR	4,057.00	1,569,198.50CR
256250 Reg Liab-Cost of Removal	120,629.62CR	11,097,504.81CR	92,562.02CR	9,740,179.29CR
BWTP Reg Liab-Cost of Removal	6,998.15	12,009,999.99	15,143.07CR	15,143,070.75CR
256310 Reg Liab-ITC Gross-Up 3%	432.00	58,616.75CR	432.00	63,800.75CR
256311 Reg Liab-ITC Gross-Up 4%	355.83	32,878.53CR	355.83	37,148.49CR
256312 Reg Liab-ITC Gross-Up 10%	3,252.33	503,082.02CR	3,252.33	542,109.98CR
B58 Deferred Regulatory Liability	96,036.23CR	14,120,835.69CR	80,270.86CR	13,001,084.11CR
B59 Other Deferred Credits				
256335 Reg Liab-Gain on Debt Exting	10,875.79	543,789.50CR		1,389,494.20CR
256340 Regulatory Liab - Other				
262120 DCA-ACCER OPEB Def Benefit	139,476.59CR	1,352,928.28CR	67,034.00CR	299,737.00CR
262210 DCA-ACCER OPEB Def Benefit	100,637.00CR	299,735.34CR	62,197.75CR	118,413.56CR
262215 DCA-ACCER OPEB Med Subsidy	3,875.21CR	167,004.77CR	565.77	61,130.00CR
262313 DCA-FAS 112 Costs	96.00CR	1,461.00CR	97.00CR	579.00CR
262315 Accr Div Equivalents				
262398 DCA-Other				
B59 Other Deferred Credits	233,209.01CR	2,426,048.89CR	118,028.43CR	674,440.22CR
				2,543,793.98CR

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American Water Works Company,
Kentucky-American Water Co 12
Total Company (USGAAP)
Trial Balance
For the period ending 12/31/2009

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Description	December Activity	December Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B62 CIAC				
271110 CIAC-NT Mains	16,336.190.94CR	16,336.190.94CR		15,973,504.55CR
271120 CIAC-NT Ext Dep	22,654.72CR	11,079,000.62CR		10,927,250.44CR
271130 CIAC-NT Services	182,143.08CR	16,507,126.88CR	83,982.00CR	15,332,641.09CR
271140 CIAC-NT Meters	85,497.92CR	702,137.21CR	1,141.91CR	576,081.79CR
271150 CIAC-NT Hydrants	17,754.99CR	1,580,159.29CR	6,374.90	1,461,001.83CR
271160 CIAC-NT Other	31,104.93CR	4,723,695.92CR	232.26	4,492,697.07CR
271170 CIAC-NT WIP	75,923.06CR	403,807.28CR	61,088.59CR	591,127.52CR
271180 CIAC-NT Non-Util Prop		249,724.86CR		249,724.86CR
271210 CIAC-Tax Mains		1,998,493.38CR		1,998,493.38CR
271220 CIAC-Tax Ext Dep		766,585.92CR		766,585.92CR
271230 CIAC-Tax Services	17,664.00CR	6,731,648.01CR	6,270.00CR	6,521,994.01CR
271240 CIAC-Tax Meters		3,299.01CR		3,299.01CR
271250 CIAC-Tax Hydrants		487,486.50CR		487,486.50CR
271260 CIAC-Tax Other		440,902.80CR		440,902.80CR
271270 CIAC-Tax WIP				
272010 Accum Amort CIAC-Mains				378,786.29
272040 Accum Amort CIAC-Meters				35,022.86
272050 Accum Amort CIAC-Hydrants				5,907.84
272060 Accum Amort CIAC-Other	94,814.39	13,626,557.09	90,806.59	12,090,116.44
272100 Accum Amort CIAC-Taxable	23,559.44	777,874.36	23,041.02	497,682.76
B62 CIAC	314,368.87CR	47,605,827.17CR	32,027.73CR	46,815,474.58CR
00012 Kentucky-American Water Co.	2,871,641.45CR	2,432,896.95	2,127,831.57CR	2,927,924.65

American Water - MD Operating Data Report - Regulated Business - Water

Company/Location Name: Kentucky American Water Company

User ID: IRELANSP ; Date Run: 2/16/10; Period Type: YTD

; Date: 12/2009; Budget Type: ORIGINAL ; Post/Adj: ASADJUST ;

	Total	Residential	Commercial	Industrial	Fire	OPA	Resale	Miscellaneous
Number of Bills								
Monthly	1419378	1284142	105202	261	23527	6102	144	0
Bi-Monthly	0	0	0	0	0	0	0	0
Quarterly	0	0	0	0	0	0	0	0
Opening/Closing Bills	61675	58989	2477	2	165	42	0	0
Other	0	0	0	0	0	0	0	0
Total Actual	1481053	1343131	107679	263	23692	6144	144	0
Total Actual Prorated	1481053	1343131	107679	263	23692	6144	144	0
Budget	1428864	1291424	105592	252	25524	5940	132	0
Variance	52189	51707	2087	11	1832-	204	12	0
Number of Estimated Bills	45293	41837	3293	7	0	156	0	0
3 or More Estimates	511	448	51	0	0	12	0	0
Total Billed Days	45832488	40186871	3266487	7988	2179893	186856	4393	0
Water Sales (1000G)								
Metered	12352112	6042493	3844146	517796	19316	1426772	467033	34556
Flat Rate	0	0	0	0	0	0	0	0
Total Water Sales	12352112	6042493	3844146	517796	19316	1426772	467033	34556
Credit	137478-	74508-	40168-	4744-	0	4368-	5-	13685-
Intercompany Sales	0	0	0	0	0	0	0	0
Total Net Sales	12214634	5967985	3803978	513052	19316	1422404	467028	20871
Total Net Sales Prorated	12214634	5967985	3803978	513052	19316	1422404	467028	20871
Budget	13369867	6329916	4355110	726037	1514700	0	444104	0
Variance	1155233-	361931-	551132-	212985-	1495384-	1422404	22924	20871
Revenues (\$)								
Billed	59230161	32315312	15110042	1417011	4091463	4822963	1456434	16936
Credits	552260-	340683-	175609-	13350-	7116-	14510-	17-	975-
Net Revenue	58677901	31974629	14934433	1403661	4084347	4808453	1456417	15961
Net Revenue Prorated	58677901	31974629	14934433	1403661	4084347	4808453	1456417	15961
Budget	65223605	35224291	17248761	1998815	4169432	5173145	1409161	0
Variance	6545704-	3249662-	2314328-	595154-	85085-	364692-	47256	15961
Billed Revenue/1000G	4.8039	5.3576	3.9260	2.7359	211.4489	3.3805	3.1184	.7647
Budget Revenue/1000G	4.8784	5.5647	3.9605	2.7530	2.7526	.0000	3.1730	.0000
# of Credit Adjustments	10702	9425	1175	2	16	70	2	12
Connections								
Total-End of Period	118855	107500	8760	22	2042	519	12	0
Budget	119606	108119	8833	21	2127	495	11	0
Variance	751-	619-	73-	1	85-	24	1	0
System Delivery (1000G)								
	Actual	Prorated	Budget	%	Variance	Last Year	12-Month Roll	
Gross S/D Produce/Purch	13904566	13904566	15841077	87.7	1936511-	15642249	13904566	
System Delivery Transfer	0	0	0		0	0	0	
Net System Delivery	13904566	13904566	15841077	87.7	1936511-	15642249	13904566	
Total Net Water Sales	12214634	12214634	13369867	91.3	1155233-	13413338	12214634	
Total Non Revenue Water	1689932	1689932	2471230	68.3	781278-	2228911	1689932	
N.R.W. %	12.1	15.6			3.5-	14.2	12.1	
Auth Unbilled/Consumption	0	0	0		0	0	0	
Actual Water Losses	1689932					2228911	1689932	
Operations								
	Actual	Budget	Variance	Last Year	Actual	Budget	Variance	
Labor Costs (\$)								
					Total O&M Expense (\$)			
Production	1773992	1913366	139374-	1877590	Production	5978869	7058254	1079385-
Network	3619218	3233397	385821	2827833	Network	5105648	4348709	756939
Cust Rltns	90158	699457	609299-	603127	Cust Rltns	165907	711457	545550-
Maintenance	0	0	0	0	Maintenance	0	0	0
Admin & Gen	1174063	1096724	77339	1208320	Admin & Gen	21453761	21569019	115258-
Total O&M Payroll	6657431	6942944	285513-	6516870	Total	32704185	33687439	983254-
Capital Payroll	1485719	0	1485719	1871113				
Total Payroll	8143150	6942944	1200206	8387983				
Capitalization %	18	0	18	22				
Non-Scheduled Overtime (Hrs)								
Production	3481	0	3481	3968	Sick Time (Hrs)	Actual	Prior Year	Difference
Network	15310	0	15310	14891	Production	1293	4842	71
Cust Rltns	214	0	214	1886	Network	7214	673	2372
Maintenance	0	0	0	0	Cust Rltns	376	0	297-
Admin & Gen	1084	0	1084	612	Maintenance	0	0	0
Total	20089	0	20089	21357	Admin & Gen	785	1220	435-
					Total	9668	7957	1711
# of Employees								
Production	28	37	9-	30				
Network	75	84	9-	66				
Cust Rltns	0	0	0	17				
Maintenance	0	0	0	0				
Admin & Gen	32	26	6	28				
Service Company	0	0	0	0				
Total	135	147	12-	141				
Permanent FTE	135	147	12-	141				
Temporary FTE	0	0	0	0				
Total FTE	135	147	12-	141				
Customer/Employee Ratio	880	813	67	0				

For Statistical data the number of actual days YTD are 365 , the number of budgeted days YTD are 365 .
 For Statistical data the number of actual days in this period are 31, the number of budgeted days in this period are 31 .
 Prorated values are provided for comparison to Budget.

83500 American Water Works Company
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 0001R Total Company (USGAAP) 15.18.157
 Comparative Balance Sheet
 For the Period Ending 03/31/2010

Kentucky-American Water Co.

Description	Current Year	Prior Year
ASSETS		
1 Utility Plant	386,744,988	372,123,974
2 Construction work in progress	182,099,871	77,255,814
3 Accumulated depreciation	92,537,371	85,847,843
4 Utility plant acquisition adjustment	2,279,000	85,300,173
5 Other utility plant adjustments		
6 Sub-total Utility Plant	446,586,488	363,832,118
7 Non-Utility property	270,193	270,193
8 Other investments		
Current Assets		
10 Cash and cash equivalents	317,480	179,362
11 Temporary investments		
12 Customer accounts receivable	2,316,058	1,919,268
13 Allowance for uncollectible accounts	3,140,637	2,557,438
14 Unbilled revenues		
15 FIT refund due from assoc. companies	961,981	554,430
16 Miscellaneous receivables	703,799	759,868
17 Materials and supplies	501,946	700,575
19 Other	7,717,660	6,436,059
20 Sub-total		
22 Deferred debits	1,651,822	773,203
23 Debt and preferred stock	528,817	654,541
24 Prime rate preceeding	32,234	123,657
25 Reg. asset- income tax recovery	4,138,884	4,481,810
27 Other		
29 Sub-total	13,823,294	12,669,654
30 Total Assets	468,397,635	383,198,034
CAPITAL AND LIABILITIES		
32 Common stock	36,568,777	36,568,777
33 Paid in capital	56,665,552	46,638,659
34 Retained Earnings	36,170,129	33,061,745
35 Unearned Compensation		
37 Reacquired C/S & Accum		
38 Total common equity	129,404,458	116,269,181
39 Preferred stock	1,445,600	1,455,600
40 Long term debt	146,390,000	78,100,000
41 Total capitalization	277,240,058	195,824,781
42 Current liabilities		
43 Bank debt	38,745,767	52,712,528
44 Current portion of LTD	3,100,000	3,100,000
45 Accounts Payable	10,930,699	9,593,722
46 Taxes accrued	1,195,964	550,127
47 Interest accrued	2,965,038	1,910,072
48 Customer deposits		
49 Dividends declared		
51 Other	3,679,183	4,631,333
52 Sub-total	60,616,651	71,397,528
54 Deferred credits		
55 Customer adv. for construction	14,003,460	12,539,474
56 Deferred income taxes	49,561,852	39,454,770
57 Deferred investment tax credits	1,027,018	1,111,815
58 Reg. liab.-inc. tax. refund thru rates	14,405,752	13,303,679
59 Other	4,049,695	2,600,417
60 Sub-total	83,047,777	69,010,155
62 Contributions in aid of construction	47,493,150	46,965,571
Total capital and liabilities	468,397,636	383,198,035

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Income Statement Month & YTD
For the Period Ending 03/31/2010

Kentucky-American Water Co.

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OPERATING REVENUES		March Actual	March Plan	March Variance	Yr to Date Actual	Yr to Date Plan	Yr to Date Variance	Yr to Date March Prior Year	Annual Forecast
1	OPERATING REVENUES	5,027,887	5,234,095	206,208-	14,473,306	15,087,579	614,273-	12,255,520	72,573,732
2	Water	24,353	28,417	4,064-	77,411	85,251	7,840-	77,884	341,004
3	Sewer	263,346	237,440	25,906	766,811	691,312	75,499	581,291	2,718,058
4	Management								
5	Total Revenues	5,315,586	5,499,952	184,366-	15,317,528	15,864,142	546,614-	12,914,795	75,632,794
6	OPERATIONS & MAINTENANCE EXPENSE	561,756	660,275	108,519-	1,677,883	1,845,731	167,848-	1,518,111	7,752,492
7	Labor	12,493	8,853	3,640	32,813	28,252	4,561	34,766	144,183
8	Purchased Water	309,732	259,883	49,849	920,760	742,429	178,331	703,904	4,054,603
9	Fuel & Power	118,425	159,757	41,332-	350,813	350,760	51	505,870	2,421,067
10	Chemicals	20,334	29,635	9,301-	68,680	68,680	0	144,172-	356,783
11	Waste Disposal	709,184	752,314	43,130-	2,115,794	2,150,622	34,828-	1,872,064	8,779,185
12	Management Fees	181,377	205,075	23,698-	582,455	615,216	32,761-	503,000	2,460,682
13	Group Insurance	96,374	109,317	12,943-	287,864	327,975	40,111-	351,344	1,344,984
14	Pensions	25,328	24,554	774	75,983	73,662	2,321	40,395	136,684
15	Regulatory Expense	7,658	68,311	60,653-	99,111	204,933	105,822-	151,300	839,732
16	Insurance Other than Group	116,285	150,435	34,150-	359,824	445,955	86,131-	385,383	1,921,945
17	Customer Accounting	2,110	3,057	947	6,497	9,171	2,674-	9,893	36,624
18	Restroom Accounting	68,725	106,700	37,975-	185,010	214,632	29,622-	121,222	741,917
19	General Office Expense	23,745	29,461	5,716-	89,599	94,433	4,834-	827,058	3,612,973
20	Miscellaneous	224,773	271,556	46,783-	695,342	707,043	11,701-	581,738	3,068,719
21	Other Maintenance	2,663,342	3,154,369	491,027-	8,012,952	8,909,381	896,429-	7,634,589	37,757,762
22	Maintenance & Operations Expense	506,315	547,634	41,319-	1,519,647	1,640,981	121,334-	1,439,208	7,457,675
23	Depreciation	43,412	42,849	563	130,237	128,547	1,690-	728,412	544,188
24	Amortization	333,702	400,329	66,627-	1,037,846	1,204,795	166,949	1,065,940	4,988,952
25	General Taxes	143,452	58,996	84,456	226,393	1,165,992	60,401	125,536	7,074,677
26	State Income Taxes	571,371	415,973	155,398	1,432,319	1,165,945	266,373	707,693	
27	Federal Income Taxes								
28	Interest Income	4,261,594	4,620,150	358,556-	12,419,394	13,215,578	796,184-	10,799,009	58,617,297
29	Total Operating Expenses	1,053,992	879,802	174,190	2,896,163	2,648,564	249,570	2,115,786	17,015,497
30	Utility Operating Income								
31	OTHER INCOME & DEDUCTIONS								
32	Non-Operating Rental Income								
33	Dividend Income-Common								
34	Dividend Income-Preferred								
35	Interest Income	2,241	2,241		2,241	2,241		2,241	2,164,582
36	AFUDC Equity	263,044	40,082	222,962	712,572	581,924	130,652	1,063,259	2,164,582
37	M & J Miscellaneous Income	12,473	12,473		58,015	58,015		35,116	
38	Gain/(Loss) on Disposition								
39	Total Other Income	277,758	222,962	54,796	772,832	581,924	190,908	1,098,377	2,164,582
40	Miscellaneous Amortization	35-	35-	35-	106-	106-		106-	
41	Share Acquisitions								
42	Misc Other Deductions	99,497	68,052	31,445	27,207	225,588	30,382	132,630	603,270
43	General Taxes	5,085-	27,882-	22,797-	11,736-	11,736-	365	365	
44	Federal Income Taxes	27,882-	68,052	40,170-	20,221	64,355-	64,355-	1,368	
45	Total Other Deductions	66,495	68,052	1,557-	179,773	225,588	45,815-	134,257	603,270
46	Total Other Income	211,263	154,910	56,353	593,059	356,336	236,723	964,120	1,561,312
47	Income Before Interest Charges	1,265,255	1,034,712	230,543	3,491,193	3,004,900	486,293	3,079,906	18,576,809
48	INTEREST CHARGES								
49	Interest on Long-term Debt	451,728	453,902	2,174-	1,356,369	1,352,890	3,469	1,410,529	7,605,764
50	Amortization and Debt Expense	10,309	15,417	5,108-	30,654	46,251	15,597-	22,189	185,004
51	Interest-short term Bank Debt	9,439	32,589	23,150-	24,291	71,824	47,533-	140,582	395,060
52	Other Interest Expense	8,153-	8,153-		8,153-	8,153-		8,153-	
53	AFUDC-Debt	131,411-	181,862-	50,451-	355,233-	475,824-	120,591-	496,623-	1,725,583-
54	Total Interest Charges	331,912	320,046	11,866	1,047,928	1,005,141	42,787	1,076,677	6,460,245
55	Net Income	933,343	714,666	218,677	2,443,265	1,999,759	443,506	2,003,229	12,116,564
56	Preferred Dividend Declared	6,489	31,785	25,296-	8,153-	35,295-	27,142-	19,749	381,180-
57	Net Income to Common Stock	926,874	746,431	180,443	2,435,112	1,964,464	470,650	1,983,480	12,437,744

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 03/31/2010

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Description	March	March	March	Yr to date	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Variance	Actual	Plan	Variance	Prior Year	Forecast
00012 Kentucky-American Water Co.								
P02 Water Revenues								
40110 Res Sales Billed	2,566,056CR	2,683,837CR	117,781	7,930,201CR	7,901,471CR	28,730CR	7,024,935CR	37,938,760CR
Res Sales Billed	144,146CR	144,146CR		90,807CR	90,807CR		106,550	19,370,365CR
Res Sales Unbilled	1,160,150CR	1,381,723CR	221,573	3,561,649CR	3,973,470CR	411,821	3,124,301CR	1,801,501CR
Com Sales Billed	99,595CR	99,595CR		136,640	136,640		98,168	2,940,894CR
Com Sales Unbilled	115,277CR	143,118CR	27,841	370,190CR	381,565CR	11,373	256,345CR	1,804,077CR
Ind Sales Billed	13,437CR	13,437CR		18,082	18,082		16,876	
Ind Sales Unbilled	233,725CR	7,625CR	226,100CR	686,984CR	678,300CR	8,684CR	591,191CR	
Pub Fire Billed	166,897CR	138,700CR	28,197CR	447,834CR	416,100CR	31,734CR	342,011CR	
Pub Fire Unbilled	402,989CR	543,187CR	140,198	1,197,659CR	1,384,385CR	186,726	952,419CR	
Priv Fire Billed	9,447CR	9,447CR		26,812	26,812		85,091	
Priv Fire Unbilled	111,588CR	117,430CR	5,842	364,090CR	352,290CR	11,800CR	303,696CR	
Pub Auth Billed	3,269CR	3,269CR		693CR	693CR		36,422	
Pub Auth Unbilled	1,309CR	1,309CR		3,932CR	3,932CR		1,820CR	
SRF Billed	2CR	2CR		801CR	801CR		1,269CR	
SRF Unbilled	5,027,887CR	5,234,095CR	206,208	14,473,306CR	15,087,579CR	614,273	12,255,621CR	72,573,732CR
P03 Sewer Revenues								
40210 DOM WW Serv Billed	14,866CR	17,652CR	2,786	46,342CR	52,986CR	6,644	47,230CR	211,944CR
Dom Serv Billed	8,493CR	10,000CR	1,507	27,850CR	30,000CR	2,150	28,973CR	120,000CR
Dom Serv Unbilled	534CR	709CR	175	1,637CR	2,127CR	490	1,682CR	8,508CR
Pub Auth WW Svc Billed	463CR	463CR		1,581CR	1,581CR		1,443CR	552CR
Pub Auth WW Svc Unbilled	24,354CR	28,417CR	4,063	77,410CR	85,251CR	7,841	77,885CR	341,004CR
P04 Other Revenues								
40300 Oth Rev-Intercro Rent	21,163CR	21,163CR		60,065CR	60,065CR		60,065CR	
Oth Rev-Intercro Rent	35CR	35CR		35CR	35CR		35CR	
Oth Rev-Forfeited Discounts	10,473CR	23,142CR	12,669	22,423CR	69,426CR	47,003	28,382CR	277,704CR
Oth Rev-Rents Water Property	127,557CR	93,250CR	34,305CR	382,568CR	279,756CR	102,812CR	270,173CR	1,119,024CR
Oth Rev-Rents Water Property	2,064CR	1,836CR	228CR	7,488CR	5,508CR	1,980CR	5,341CR	22,032CR
Oth Rev-App/Initiate Serv Fee	41,840CR	50,050CR	8,240	118,874CR	150,150CR	31,276	111,824CR	600,600CR
Oth Rev-Reconnection Charges	60,762CR	69,160CR	8,398	173,823CR	186,472CR	12,649	161,434CR	698,698CR
Oth Rev-Misc Service Rev	60CR	60CR		160CR	160CR		1,510CR	
Oth Rev-Other Water Rev	578	578		1,376CR	1,376CR		2,627CR	
Oth Rev-Other Water Rev	263,346CR	237,440CR	25,906CR	766,812CR	691,312CR	75,500CR	581,291CR	2,718,058CR
P08 Labor								
501200 Labor	625,623	625,623		1,748,839	1,748,839		1,748,839CR	7,357,858
Labor Oper WT	63,677	63,677		190,115	190,115		199,631	
Labor Oper WT Super/Eng	51,014	51,014		125,115	125,115		125,115	
Labor Oper TD	75,234	75,234		227,013	227,013		156,857	
Labor Oper TD Super/Eng	14,687	14,687		40,701	40,701		43,523	
Labor Oper TD Lines	13,817	13,817		36,678	36,678		50,452	
Labor Oper TD Meter	55,445	55,445		157,897	157,897		189,787	
Labor Oper CA	6,933	6,933		25,507	25,507		38,363	

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 03/31/2010

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Description	March Actual	March Plan	March Variance	Yr to Date March Actual	Yr to Date March Plan	Yr to Date March Variance	Yr to date March Prior Year	Annual Forecast
16 Co Dues Deduct NAMC	550	36,000	35,450CR	1,649	36,000	34,351CR	31,128	36,000
16 Directors Fees								
16 Discounts Available								
16 Electricity WT	4,468CR	1,333CR	3,135CR	7,530CR	3,999CR	3,531CR	4,336CR	15,996CR
13 Electricity WT	193	2,737	2,544CR	1,444	8,197	6,753CR	2,703	32,890
13 Electricity TD	5,678	4,186	1,492	13,621	14,508	887CR	6,539	43,798
13 Heat Oil/Gas TD								
16 Heat Oil/Gas TD	4,114	4,169	55CR	13,016	14,457	1,441CR	17,222	32,521
16 Injuries and Damages								
16 Janitorial WT	1,875	2,115	240CR	7,020	6,345	675	5,188	25,380
14 Janitorial TD	1,400	417	983	1,931	1,251	680	8,004	
13 Lab Supplies WT								
13 Lab Supplies WT	5,928	6,186	258CR	18,940	23,562	4,622CR	25,272	96,123
16 Lobbying Expenses								
16 Merger Transactional Costs								
16 Office & Admin Supplies WT	514	1,016	502CR	2,601	3,042	441CR	1,877	11,943
14 Office & Admin Supplies TD	2,577	2,557	20	9,932	7,671	2,261	6,602	30,984
16 Overnight Shipping WT	197	206	8CR	255	618	363CR	213	2,472
16 Overnight Shipping AG	838	1,550	712CR	1,944	4,650	2,706CR	3,935	19,450
16 Add'l Security Costs AG	14,952	16,917	1,965CR	46,873	50,751	3,878CR	42,005	203,004
16 Software Licenses & Support								
16 Software Licenses & Support	1,326	2,000	674CR	3,977	6,000	2,023CR	5,456	24,000
14 Telephone TD	158		158	408		408	56	
13 Cell Phone WT	171	484	313CR	476	1,502	1,026CR	1,169	6,236
14 Cell Phone TD	898	75	823	2,740	225	2,515	3,116	900
14 Trash Removal SS	199	1,154	955CR	1,285	3,826	2,541CR	1,956	15,540
14 Trash Removal TD	83	674	591CR	630	2,022	1,392CR	593	8,088
16 Trustee Fees AG	1,303		1,303	3,390		3,390	157	
13 Uniforms WT	1,012	737	275	2,454	2,461	7CR	1,766	9,344
14 Uniforms TD	2,283	2,428	145CR	4,953	7,284	2,331CR	4,648	30,036
11 Wtr & Waste Wtr Exp SS	2,951	2,415	536	9,470	7,245	2,225	2,950	28,980
16 PCard Undistributed	621CR		621CR	1,966CR		1,966CR	245CR	
P21 Miscellaneous	234,080	334,649	100,569CR	695,599	949,493	253,894CR	827,061	3,612,973
P25 Maintenance Expense								
620000 Material and Supplies								
23 Mat and Sup Maint SS	3,533	9,635	6,102CR	18,382	28,430	10,048CR	8,690	171,745
24 Mat and Sup Maint TD	4,519CR	59,500	66,919CR	29,638	70,500	40,862CR	21,831	156,400
26 Mat and Sup Maint AG	2,486	18,505	30,604	85,674	56,715	29,959	53,970	219,322
635000 Contr Svc-Other Maint AG								
26 Contr Svc-Other Maint AG	959	3,863	2,904CR	6,531	11,589	5,058CR	7,302	46,356
23 Misc Maint WT	3,208	1,180	2,028	3,444	4,390	946CR	2,034	16,210
24 Misc Maint TD	619	2,291	1,672CR	5,039	6,870	1,831CR	4,263	27,500
26 Misc Maint AG	8,080	7,500	580	1,643	22,500	20,857CR	18,895	131,466
675050 Amort Def Maint WT								
23 Amort Def Maint WT	11,952	12,772	820CR	35,857	38,316	2,459CR	38,208	153,264
24 Amort Def Maint TD	13,286	7,755	5,531	39,868	23,265	16,593	18,339	93,060
675110 Maint Exp ARO/Net Neg Sal AG								
26 Maint Exp ARO/Net Neg Sal A	130,186	130,000	186	390,822	390,000	822	371,992	1,754,000
24 Paving/Backfill TD	8,374		8,374	14,888		14,888	29,677	123,002
P25 Maintenance Expense	224,773	271,556	46,783CR	695,342	707,043	11,701CR	581,738	3,068,719
P27 Depreciation								
680110 Depr Exp-General	626,354	637,000	10,646CR	1,878,269	1,909,000	30,731CR	1,783,339	8,552,000
680120 Depr Exp-Amort CIAC Tax	23,633CR		23,633CR	70,851CR		70,851CR	69,295CR	

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Analysis of Income Month & YTD
For the Period Ending 03/31/2010

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Description	March	March	Yr to date	Yr to date	Yr to date	Yr to date	Yr to date	Annual
	Actual	Plan	Actual	Plan	Variance	Prior Year	March	Forecast
00012 Kentucky-American Water Co.								
P60 AFUDC Debt								
850000 AFUDC Debt	131,411CR	181,862CR	174,350CR	475,824CR	120,591	496,623CR	496,623CR	1,725,583CR
P60 AFUDC Debt	131,411CR	181,862CR	174,350CR	475,824CR	120,591	496,623CR	496,623CR	1,725,583CR
P64 Preferred Dividends								
860100 Div Dec Pref Stk-Outside	6,469	31,765CR	19,407	95,295CR	114,702	19,749	19,749	381,180CR
P64 Preferred Dividends	6,469	31,765CR	19,407	95,295CR	114,702	19,749	19,749	381,180CR
P69 Common Dividends								
860220 Div Decl Com Stk In	1,473,348	1,567,142	1,473,348	1,567,142	93,794CR	1,708,456	1,708,456	9,272,503
AM02 Div Decl Com Stk In-AM02	1,473,348	1,567,142	1,473,348	1,567,142	93,794CR	1,708,456	1,708,456	9,272,503
P69 Common Dividends	1,473,348	1,567,142	1,473,348	1,567,142	93,794CR	1,708,456	1,708,456	9,272,503
00012 Kentucky-American Water Co.	546,478	820,711	676,374	527,312CR	422,597CR	275,024CR	275,024CR	3,225,141CR

83410 American Water Works Company
GL012 Kentucky-American Water-Co 12
0001R Total Company (USGAP)
For the Period Ending 03/31/2010

March
Activity

Prior Year
Balance

Prior Year
Activity

March
Balance

Description

Account	Description	March Activity	Prior Year Balance	Prior Year Activity	March Balance
00012	Kentucky-American Water Co.				
B01	Utility Plant Original Cost				
101000	Organization				
301000	Organizations				
302000	Land & Ld Rights SS				
303200	Land & Ld Rights P				
303300	Land & Ld Rights WT				
303400	Land & Ld Rights TD				
304100	Struct & Imp SS				
304200	Struct & Imp P				
304300	Struct & Imp WT				
304400	Struct & Imp AC				
304500	Struct & Imp Off-ices				
304600	Gen Structures - HVAC				
304700	Struct & Imp Store, Shop, Gar				
304800	Struct & Imp Misc				
305000	Collect & Impounding				
305000	Lake, River & Other Intakes				
309000	Supply Generation Equip				
310000	Power Equip Electric				
311200	Pump Equip Diesel				
311300	Pump Equip Hydraulic				
311400	Pumping Equipment SS				
311500	Pumping Equipment ID				
311600	WT Equip P/Plt Media				
320000	Di St & Servo's & Standpipes				
330000	Elevated Tanks & Standpipes				
330100	Ground Level Facilities				
330200	Clearwell				
330400	TD Mains Not Classified by				
331001	TD Mains 4in & Less				
331100	TD Mains 6in to 8in				
331200	TD Mains 10in to 16in				
331300	TD Mains 18in & Grtr				
331400	Services				
332000	Meters				
333000	Meters Bronze Case				
334000	Meters Plastic Case				
334100	Meters Other Rem Rdr Unts				
334200	Meter Installations				
334300	Meter Vaults				
335000	Hydrants				
335100	Other P/E Intangible				
335600	Office Furniture & Equip				
340100	Comp & Periph Mainframe				
340200	Comp & Periph Personal				
340220	Comp & Periph Other				
340240	Comp & Periph Capital Lease				
340300	Computer Software				
340320	Comp Software Personalized				
340340	Comp Software Equipment				
340360	Other Software Equipment				
341100	Trans Equip Lt Duty Trks				
341200	Trans Equip Hvy Duty Trks				
341300	Trans Equip Autos				
341400	Trans Equip Other				
342000	Stores Equipment				
342000	Tools, Shop, Garage Equip				
344000	Laboratory Equipment				
345000	Power Operated Equipment				
345100	Comm Equip Non-Telephone				
345100	Remote Control & Instrument				
346200	Comm Equip Telephone				
346200	Misc Equipment Property				
352000	WW Structures & Imp				
352100	WW Ground & Ld Rights Gen				
352200	WW Struct & Imp SPP				
352300	WW Struct & Imp TDP				
352400	WW Struct & Imp Gen				
352500	WW Collecting Sewers Forced				
352600	WW Collecting Mains				
352700	WW Services				

83410 American Water Works Company
GLOIATBACP Kentucky-American Water-Co 12
0000R Total Balance (USGAAP)
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For the Period Ending 03/31/2010
March Activity Balance

Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B01 Utility Plant Original Cost				
101000 WW Flow Measuring Devices		2,168.69		10,707.91
364000 WW Pump Measuring Devices		10,707.91		3,646.30
371100 WW Pump Equip Elect		3,646.30		80,086.34
380000 WW Pump Equip Oth Pwr		80,086.34		439.00
390000 WW Office Furniture & Equip		439.00		35,144.16
391100 WW Office Equip Lt Dry Trks		35,144.16		500.00
392000 WW Stairs, Equipment		500.00		27,917.74
393000 WW Tool Shop & Garage Equip		27,917.74		34,832.83
394000 WW Power Tools, Equipment		34,832.83		33,982.88
395000 WW Comm. Radio Equip		33,982.88		20,531.15
396000 WW Misc Equipment		20,531.15	1,165.08	22,756.00
101099 Completed Const not Classified				
101100 Reg Asset-AFUDC-Debt		272,637.00		272,637.00
103000 Property Held Future Use		114,076.24		114,076.24
104000 Utility Plant Purchased/Sold				
106000 Struct & Imp				
304100 Struct & Imp SS	11,213.13	11,213.13	30,498.42CR	29,852.69
304200 Struct & Imp WT	13.44	2.85	14,722.18CR	14,709.81CR
304300 Struct & Imp TD			50,124.55CR	10,392.42
304400 Struct & Imp AG			42,642.84	1,593,156.88
304500 Struct & Imp Offices			5,454.04CR	2,351.83
304600 Struct & Imp Store, Shop, Car	6,748.28	6,748.28	14,955.06CR	34,644.42
304700 Struct & Imp Mains	9,321.43CR	167,603.85	81,584.01CR	15,645.61
309000 Pump Equip Electric			12,734.62CR	
311200 Pumping Equipment SS			442,102.82CR	
311520 Pumping Equipment WT			195,439.44CR	
320100 WT Equip Non-Media			19,201.04	
320200 Dist Reservoirs & Standpipe			11,582.46	
330000 Ground Level Facilities			15,100.01	
330200 TD Mains Not Classified by	4,608.92	108,738.91	42,432.82CR	288,593.86
331000 TD Mains 4in & Jct	102,436.82	1,979,832.43	195,439.44CR	1,702,642.40
331100 TD Mains 10in & Main	390,273.39	236,772.66	11,582.46	3,303,636.69
331200 TD Mains 18in & Grtr			15,100.01	1,975,763.57
333000 Meters	85,768.84	326,866.01	1,111.84	3,672,472.88
333410 Meters Bronze Case	753.47	391.25	9.25	3,416,527.61
334110 Meters Other	976.52	3,231.57	2.80	3,202.46
334130 Meters Other-Rem Rdr Unts	35,905.61	158,445.14CR	46,447.99	550,826.27
334200 Meter Installations	17,043.71	16,889.58	32,140.02	777,897.30
334300 Meter Vaults	16,889.58	91,822.40	32,140.02	322,547.08
335000 Hydrants			32,140.02	74,860.46
335600 Other P/E CPS			32,140.02	
340100 Office Furniture & Equip	8,903.25CR	12,535.76	130.39CR	11,694.00
340230 Comp & Periph Mainframe	14,440.00	11,794.05	3,251.90CR	24,237.29
340230 Comp & Periph Personal	12,889.43	14,140.00	11,694.00	24,237.29
340235 Comp & Periph Other	2,744.98	58,163.09	16,312.00	3,318.31
340330 Comp Software Other		11,897.59	44,900.23	56,701.66
341100 Tools, Shop, Garage Equip	1,367.09	141,589.82	28,978.58CR	12,15.52
343000 Laboratory, Equipment	1,332.57CR	15.41	19,383.58CR	22,604.52
344000 Power Operated Equipment			22,604.52	
345000 Comm Equip Non-Telephone	1,609.93	1,609.93	11,213.09	234,654.93
346200 Comm Equip Telephone	291.37	1,124.51	5,119.77CR	10,921.72
347000 Misc Equipment			2,996.93	2,996.93
354500 WW Struct & Imp Gen			9,240.78CR	9,240.78CR
361000 WW Collecting Mains			3,318.31	3,318.31
363000 WW Services Sewer			1,165.09CR	2,640.50
364000 WW Tool Shop & Garage Equip			876,688.69	372,123,974.09
365000 WW Laboratory Equipment				
365000 WW Power Operated Equip				
B01 Utility Plant Original Cost	1,368,803.74	386,744,988.15	876,688.69	372,123,974.09
B02 CWIP				
105050 CWIP Accr-Bldgs				
11 CWIP Accr-Bldgs				
21 CWIP Accr-Infra	1,171,656.04	5,139,328.44	607.34CR	3,014.52
31 CWIP Accr-Plant	499,983.64CR	28,298.37	1,206,737.99	6,302,668.27
			1,383,671.89	56,532,391.62

83410 American Water Works Company
 GLO12TBAGP Kentucky-American Water-CC 12
 0001R Total Company (USGAAP)
 Trial Balance
 For the Period Ending 03/31/2010

	Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
00012	Kentucky-American Water Co.				
B02	CWIP				
105110	CWIP History		10,021,825.69		10,021,825.69
1	CWIP History-Bldgs		51,966.84		51,966.84
21	CWIP History-Infrastr		5,381,46CR		5,381,46CR
31	CWIP History-Plant		602,319.28		602,319.28
105125	CWIP Permits & Fees		49,192.88		49,192.88
1	CWIP Permits-Bldgs	3,123.00	971,506.15	2,659.00	806,542.57
1	CWIP Permits-Infrastr	34.00	284,591.61		161,640.61
21	CWIP Permits-Plant	61.00	4,023,864.40	203,196.00	2,833,530.04
105150	CWIP M&S & Purchases		19,115,344.78		19,115,344.78
1	CWIP M & S-Bldgs		312,707.28		312,707.28
21	CWIP M & S-Infrastr	395,240.55	29,436,612.33	343,363.67	26,718,348.07
31	CWIP M & S-Plant	215,793.15	13,400,276.05	91,297.21	12,543,768.34
105175	CWIP Professional Services		30,275.65		30,275.65
1	CWIP Prof Svc-Infrastr	3,026.50	1,876,310.23	20,559.59	1,662,642.16
21	CWIP Prof Svc-Plant		73,348.98		73,348.98
31	CWIP Labor		1,594,849.33		1,594,849.33
1	CWIP CO Labor-Bldgs		21,286.17		21,286.17
1	CWIP CO Labor-Infrastr	74,044.34	5,516,159.73	102,551.13	4,698,068.09
2	CWIP CO Labor-Plant		770,547.82		4,762,215.51
105250	CWIP OH		1,765,848.50		1,765,848.50
1	CWIP Labor OH-Bldgs	45,881.93	3,530,545.23	78,767.54	2,932,210.19
21	CWIP Labor OH-Infrastr		3,336,429.83		3,336,429.83
31	CWIP Labor OH-Plant		688,754.64		688,754.64
105260	CWIP Overhead		181,140.89		179,860.63
1	CWIP Overhead-Bldgs	51,477.38	5,550,442.73	188.48	4,650,911.34
1	CWIP Overhead-Infrastr	15,737.37	1,948,547.30	44,758.87	1,756,682.20
21	CWIP Overhead-Plant		5,269.73		5,269.73
105270	CWIP Service, CO Chgs		5,269.73		610,113.61
1	CWIP Service CO Chgs		683,032.33		1,014,699.07
2	CWIP AMWSC Chg-Infrastr	3,299.00	1,618,388.51	4,949.09	1,014,699.07
31	CWIP AMWSC Chg-Plant	59,630.03		15,864.62	
105275	CWIP Contracted Services		26,670,271.06		26,670,271.06
1	CWIP Contracted Svc-Bldgs		81,523,782.50	4,530.81	52,424,405.42
1	CWIP Contr Svc-Infrastr	224,588.51	109,443,253.10	2,343,813.98	52,424,405.42
21	CWIP Contr Svc-Plant	2,539,306.31		4,661,813.98	52,424,405.42
105280	CWIP Retainage		366,817.31		366,817.31
1	CWIP Retainage-Bldgs		61,325.00		61,325.00
1	CWIP Retainage-Infrastr	9,631.51	5,052,214.26	71,022.28	4,410,980.18
21	CWIP Retainage-Plant	118,702.43	4,421,554.00	183,073.44	2,057,019.46
105285	CWIP Developer Const Costs		100,683.04		
21	CWIP Developer Const Costs	88,069.04			
105300	CWIP Paving		22,858.20		22,858.20
1	CWIP Paving-Infrastr		195,235.55		199,028.00
21	CWIP Paving-Plant		466.06		466.06
105350	CWIP AFUDC Debt		703,911.94		703,911.94
1	CWIP AFUDC Debt-Bldgs		51,761.27		51,761.27
1	CWIP AFUDC Debt-Infrastr	488,937.74	5,778,465.70	163,966.58	1,315,712.46
21	CWIP AFUDC Debt-Plant	488,937.74	861,347.55	10,383.58	887,628.83
105375	CWIP AFUDC Equity		809,429.26		809,429.26
1	CWIP AFUDC Equity-Bldgs		74,380.19		74,380.19
1	CWIP AFUDC Equity-Infrastr	159,793.20	3,562,718.20	213,303.14	1,724,626.48
21	CWIP AFUDC Equity-Plant	922.80	1,092,540.18	13,507.94	1,127,732.09
105390	CWIP Tran FY Chg-Bldgs		176,511.62		176,511.62
1	CWIP Tran FY Chg-Bldgs		562,183.19		562,183.19
1	CWIP Tran FY Chg-Infrastr		876,552.73CR		876,552.73CR
21	CWIP Tran FY Chg-Plant		9,843,395.47CR		9,843,395.47CR
105391	CWIP Trans Current Yr Chgs		2,618.00		2,618.00
1	CWIP Trans Current Yr Chgs		122,213.21		206,375.58
105399	CWIP Prelimng Plant				
1	CWIP Prelimng Plant	7,207.84			
105810	CWIP Engineering Clearing				
1	CWIP Engineering Clearing				
105900	CWIP Transfer to UPIS				
1	CWIP Transfer to UPIS		3,526.85CR		3,526.85CR
1	CWIP Transfer to UPIS		51,950,918.94CR		51,962,726.94CR
1	CWIP Tran UPIS-Bldgs				1,950,918.77CR

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American Water Works Company
Kentucky-American Water-Co 12
Total Company (USGAAP)
Trial Balance
For the Period Ending 03/31/2010

Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B02 CWIP				
105900 CWIP Tran UPIS-Infrastr	1,351,507.71CR	100,257,657.96CR	607,359.73CR	90,556,116.98CR
21 CWIP Tran UPIS-Plant	232,865.66CR	35,132,067.16CR	222,583.67CR	29,343,486.65CR
31 105999 Undistributed Items				
Undistributed Items				
	3,583,821.19	152,099,871.37	9,545,087.24	77,255,813.91
B02 CWIP				
B03 Accumulated Depreciation				
108105 AD UPIS-AccDepr-Not Classifd	4,558.81CR	50,400,247.08CR		50,367,119.20CR
AD UPIS-AccDepr-Other Bldgs	34,232.42CR	1,128,224.19CR	34,232.42CR	3,079,938.49CR
AD UPIS-AccDepr-Admin Bldgs	16,992.52CR	171,412,903.25CR	323,980.26CR	23,490,244.11CR
AD UPIS-AccDepr-Infrastruct	303,007.82CR	27,412,903.25CR	103,980.26CR	23,238,262.92CR
AD UPIS-AccDepr-Op Water Pr	140,152.22CR	11,584,813.58CR	103,980.26CR	10,229,223.00CR
AD UPIS-AccDepr-OTH Op Equi	71,829.71CR	8,172,238.58CR	63,705.65CR	9,351,253.10CR
AD UPIS-AccDepr-Office Equi	52,117.03CR	8,204,107.52CR	51,139.30CR	7,557,042.44CR
AD UPIS-AccDepr-Cap Develop	139,300.00CR	8,204,107.52CR		
AD UPIS-Removal Cost		2,040,107.64		2,040,107.64
AD UPIS-Salvage				
AD UPIS-Salvage	3,599.99CR	301,332.44CR		139,706.95CR
AD UPIS-Scrap Meters		23,226.64CR		23,226.64CR
AD UPIS-Scrap Meters		10,764.38CR		10,764.38CR
AD UPIS-Scrap Misc		16,975.00CR		16,975.00CR
AD UPIS-Salv Trade-In		2,490.81CR		2,490.81CR
AD UPIS-Salv Trade-In		14,390,124.47	46,745.29CR	13,521,870.14
AD UPIS-Salv Sale		119,014.18CR	575.00CR	112,114.18CR
AD UPIS-Orig Cost-Not Classifd	225,569.63			
AD UPIS-Orig Cost-Not Class	575.00CR			
AD UPIS-Orig Cost-Not Class		92,537,370.60CR	643,335.99CR	85,847,842.89CR
Acc Depr Reg Asset				
Acc Depr Reg Asset	404,959.25CR			
B03 Accumulated Depreciation				
B04 UPAA				
114100 UPAA-ATL	455,951.18			455,951.18
UPAA-ATL				
UPAA-ATL	1,765.58CR	176,951.56CR	1,778.79CR	155,778.41CR
Accum Amort UPAA-ATL				
Accum Amort UPAA-ATL	1,765.59CR	278,399.62	1,778.79CR	300,172.77
B04 UPAA				
B07 Non Utility Property, Net				
121100 NUP-Land		270,192.68		270,192.68
NUP-Land				
B07 Non Utility Property, Net				
B10 Cash & Cash Equivalents				
103112 BB&B				
BB&B				
Deutsche Bank				
Cash M&L Lockbox	29,617.03	316,958.78	67,192.87CR	181,199.72
Cash Clear-NSF Checks				
Cash Clear-Misc	614.39CR	53.00	1,072.06CR	
Cash Clear-Mixed Pymt				
Cash Clear-Misc DR/CR	968.17CR	17,193.00	3,271.64CR	4,135.34CR
Cash Clear-Mi's	1,946.17CR		6,080.69	1,020.86CR
Cash Clear-Interco	363.24	400.00	200.00CR	400.00
Petty Cash		400.00		
Petty Cash-OTC		2,000.00	200.00	2,000.00
Petty Cash-OTC		317,479.64	65,456.18CR	179,361.52
B10 Cash & Cash Equivalents	26,451.54			
B12 Customer Accounts Receivable				
141000 Customer A/R	842,364.62CR	2,316,058.00	587,186.11CR	1,921,060.89
Customer A/R				
141999 Customer A/R Clearing	34.66		40.00CR	1,792.13CR
Customer A/R Clearing				
Customer A/R Clearing	842,329.96CR	2,316,058.00	587,226.11CR	1,919,268.76
B12 Customer Accounts Receivable				
B13 Allowance for Uncollectible A/				

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the period Ending 03/31/2010

04/12/10
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Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
B13 Allowance for Uncollectible A/	21,779.87	224,241.30CR	14,917.32	244,903.36CR
B14 Accrued Utility Revenue	269,894.87	3,140,637.00	231,961.91	2,557,458.35
B14000 Accrued Utility Revenue	269,894.87	3,140,637.00	231,961.91	2,557,458.35
B15 Miscellaneous Receivables	305,552.19	595,938.85	166,581.79CR	472,086.09
145100 Misc A/R-System	121,452.37CR	132,348.15	4,970.22CR	98,508.75
001 Misc A/R-Manual				
146105 Misc A/R-Retro Ins	60,813.58	134,466.43	11,456.66	54,705.25
146115 Misc A/R-Retro Ins	3,370.53	16,188.58	5,921.64	22,921.30
146300 Misc A/R-Medicare Subsidy				
146300 Misc A/R-Adv to Employees				
146370 Accum prov-uncoll misc a/r	407.00	8,638.60CR	5,400.72CR	94,771.73CR
146500 A/R-AssoC Cos				
146520 A/R-Div Equity AM02	108.00	1,778.00	257.00CR	580.00
AM02 A/R-Div Equity AM02				
146800 Rents Receivable				
Rents Receivable				
B16 Miscellaneous Receivables	248,858.93	961,981.40	159,831.43CR	554,429.66
B17 Materials & Supplies	73,200.78	490,237.26	31,694.43CR	421,883.46
151100 Plant Material	17,353.02	213,562.19	67,722.46	337,984.72
151300 Chemicals	90,553.80	703,799.45	36,028.03	759,868.18
B17 Materials & Supplies	156,924.57CR	1,000.00	5,546.95	305,618.88
165100 Prepaid Taxes	57,094.54	279,779.38	58,970.51CR	180,053.26
165200 Prepaid Insurance	7,700.97CR	23,102.93	7,050.29CR	21,150.87
165300 Prepaid PUC/PSC Assessments	11,799.42	16,224.78		
165400 Prepaid Audit Fees	18,385.28CR	83,663.69	9,060.10CR	89,007.42
165500 Prepaid Other	82,993.00CR	98,175.08	75,449.33CR	104,744.71
174100 Deferred Vacation Pay				
174200 Curr State Del Tax				
174300 Curr Fed Del Tax				
B19 Prepayments	197,109.86CR	501,945.86	144,983.28CR	700,575.14
B23 Debt & Preferred Stock Exp	132,156.80CR		665.38CR	139,475.98
181110 Unamort Debt Exp-Out	131,491.42	131,491.42		
181111 Unamort Debt Exp-NOIAS				
181120 Unamort Debt Exp-In	80,530.28CR		5,285.56CR	138,671.44
AW46 Unamort Debt Exp-AW46	70,950.45	1,509,774.12	1,381.14CR	473,727.83
181121 Unamort Debt AW46 NOIAS	64.24CR	20,556.80	64.24CR	21,327.68
181152 Prepaid Exp w/ mandatory	10,309.45CR	1,661,822.54	7,396.32CR	773,202.93
B23 Debt & Preferred Stock Exp				
B24 Deferred Rate Proceedings	65,052.91	578,816.89	9,012.67CR	604,531.22
182000 Deferred Rate Proceedings	65,052.91	578,816.89	9,012.67CR	604,531.22
B24 Deferred Rate Proceedings				
B25 Preliminary Survey & Invest				

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
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Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
183000 Prelim Survey & Invest		52,203.63		125,657.24
B25 Preliminary Survey & Invest		52,203.63		125,657.24
B26 Deferred Regulatory Asset				
B26 Deferred Regulatory Asset				
186030 Reg Asset-AFUDC-Eq-CWIP	102,327.87	1,961,912.43	144,327.41	952,946.93
186035 Reg Asset-AFUDC-Eq-CWIP		3,362,404.32		3,222,480.73
186040 Reg Asset-AFUDC-Equity	40,775.00CR	3,080,579.38	38,487.00CR	3,549,287.38
186045 Reg Asset-Pit Flow-Diff	2,008.00	423,025.39CR	2,008.00	447,121.39CR
186055 Reg Asset-Other	6,687.26CR	590,004.17CR	6,391.25CR	513,130.70CR
Reg Asset-Accum Amort	56,873.61	7,391,866.57	101,457.16	6,764,462.95
B26 Deferred Regulatory Asset				
B27 Other Deferred Debits				
183280 DEF-Customer Service Project				
184100 Eng Clearing Dist OH	5,709.69	116,392.26	60,409.82	206,031.16
184102 Mngmt Studu. AMR	432.72	2,734.40	1,225.09CR	688.28CR
184103 Mngmt Studu. Pipe Assmnt	1,065.43	3,086.55	343.47	1,032.70
184199 Eng Clearing Dist OH	7,207.84CR	122,213.21CR	206,375.58CR	206,375.58CR
185125 RWIP permits fees & premiums		9.75		9.75
185150 RWIP M & S and Purchases	869.78	12,892.30	1,161.15	12,892.30
21 RWIP M & S and Purchases	65,49CR	24,161.36		12,152.22
185200 RWIP CO Labor	6,453.18	248,031.03	3,135.85	248,031.03
21 RWIP CO Labor	24,90CR	126,302.77	2,214.04	126,302.77
185250 RWIP CO Labor OH	3,205.79	84,461.12	367.54	42,699.76
21 RWIP CO Labor OH	870.70	15,180.05		2,882.01
185275 RWIP Indirect Labor		2,077,128.98		2,077,128.98
21 RWIP Indirect Labor		82,714.79		67,764.79
185275 RWIP Contracted Services		110,000.00		110,000.00
21 RWIP Contracted Services		5,093.07		5,093.07
185280 RWIP Retainage				
21 RWIP Retainage	3,600.00CR	127,421.81CR		94,294.86CR
185315 RWIP Salvage		16,068.70CR		16,068.70CR
31 RWIP Salvage		117,787.23CR		73,564.91CR
185320 RWIP Scrap Meters		3,975.61CR	4,922.11CR	1,125.51CR
21 RWIP Scrap Meters		780.00CR		780.00CR
185322 RWIP Scrap Misc		2,210.68CR		2,210.68CR
21 RWIP Scrap Misc		7,377.70CR		2,389.80CR
185950 RWIP Reg Lib Pass				
21 RWIP Reg Lib Pass	1,008.00CR	17,125.30CR	13,051.90	13,051.90
185999 RWIP Clear Removal & Salvage	3,774.99CR	2,402,400.30CR	6,290.48CR	2,397,400.30CR
21 RWIP Clear Removal & Salvage	3,934.07CR	200,409.37CR		2,142,120.35CR
31 RWIP Clear Removal & Salvage	5,548.95CR	39,753.54CR		67,140.54CR
186401 DDA-Programmed Maint		1,878,954.38	19,325.34CR	1,701,019.64
186405 DDA-RIA Software Licen				
186426 DDA-FAS 112 Costs				
21 DDA-FAS 112 Costs		61,130.00		61,130.00
186431 DDA-Depreciation Study				
21 DDA-Depreciation Study	10,109.91	31,722.88	500.09CR	22,003.96
186432 DDA-Cost of Service Study				
21 DDA-Cost of Service Study	12,442.50	31,924.80	521.85CR	25,047.32
186444 DDA-Waste Disposal				
21 DDA-Waste Disposal	7,692.79CR	107,698.94		
186598 DDA-Other Reg Assets				
21 DDA-Other Reg Assets	34,349.01CR	2,021,542.29	9,506.44CR	2,554,592.83
186711 DDA-Acquisition Costs				
21 DDA-Acquisition Costs				

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Kentucky-American Water-Co 12
Total Company (USGAAP)
Initial Balance
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Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B27 Other Deferred Debits				
186750 DDN-Engineering Studie				
DDN-Engineering Studie				
186898 DDN-Oth LT Assets				
DDN-Oth LT Assets				
187007 Prelim Financing E	5,610.90	5,610.90	1,377.50	1,377.50
Prelim Financing E				
187598 Other LT Asset				
Other LT Asset				
B27 Other Deferred Debits	19,427.44CR	4,138,584.19	15,201.94	36,639.17
B33 Common Stock				
201200 Com Stk Subs Interco				
AW02				
Com Stk Subs AW02				
B33 Common Stock				
B34 Paid In Capital				
205125 Donations skhold I/C				
Donations skhold I/C				
205300 Gain on res/can I/C				
Gain on res/can I/C				
AW02				
Gain on res/can AW02				
205310 Gain on res/can min int.				
Gain on res/can min int.				
205440 Misc PIC Interco				
Misc PIC Interco				
AW02				
B34 Paid In Capital	2,324.99CR	56,637,712.20CR	22,503,383.99CR	46,613,819.08CR
B35 Retained Earnings				
210210 R/E at Acquisition				
R/E at Acq AW02				
210240 R/E Since Acquisition				
R/E Since Acquisition				
B35 Retained Earnings	2,324.99CR	56,665,551.64CR	22,503,383.99CR	46,638,658.52CR
B39 Preferred Stock				
215110 Pref Stk-Outside				
Pref Stk-Outside				
215410 Pref Stk Sub Outside				
Pref Stk Sub Outside				
B39 Preferred Stock	1,445,600.00CR	343,498.00CR		343,498.00CR
B40 Long Term Debt				
215113 Pref Stk-Mand LT				
Pref Stk-Mand LT				
221110 Bonds-Outside				
Bonds-Outside				
221120 Bonds-Inside AW46				
Bonds-Inside AW46				
B40 Long Term Debt	3,100,000.00	118,390,000.00CR	3,100,000.00	50,100,000.00CR
B43 Bank Debt				
231200 Notes Pay-Assoc Cos				
Notes Pay-Assoc Cos				
AW46				
Notes Pay AW46				
B43 Bank Debt	5,761,143.85CR	38,745,766.96CR	11,079,908.73	52,712,528.23CR
B44 Current Portion LTD				
232200 Curr Portion LTD In				
AW46				
Curr Portion LTD-AW46				
B44 Current Portion LTD	5,761,143.85CR	38,745,766.96CR	11,079,908.73	52,712,528.23CR
B45 Accounts Payable				
234100 Accts Pay-Gen System				
Accts Pay-Gen System				
234110 Accts Pay-Pcard				
Accts Pay-Pcard				
234120 Accts Pay-Utility Billing				
Accts Pay-Utility Billing				
234125 Accts Pay-Phone Billing				
Accts Pay-Phone Billing				
B45 Accounts Payable	377,444.39	770,230.17CR	1,028,283.21	951,103.90CR
B46				
8,695.88CR				
1,271.35				
9.43CR				
9.43CR				
1,588.20				

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American Water Works Company
Kentucky-American Water- CO 12
Total Company (USGAAP)
Trial Balance
For the period Ending 03/31/2010

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Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B45 Accounts Payable				
234200 Accts Pay-Contract Retention	26,647.06CR	4,517,767.62CR	252,698.62CR	2,051,697.83CR
234300 Accts Pay-Misc	80,123.20CR	186,802.94CR	20,126.22CR	221,268.50CR
005 Accts Pay-Wrkshkt Acct	35,649.10CR	71,672.55CR	14,027.97CR	61,479.94CR
006 Accts Pay-Invnt Acct	1,347.09CR	19,367.44CR	1,565.19	23,339.50CR
234350 Accts Pay-Invnt Acct	57,437.59CR	26,238.37	356,208.15	483,504.91
234400 Accts Pay-AWMS	672,572.40CR	5,168,690.03CR	1,589,802.54CR	6,838,074.41CR
AW03 Accts Pay-AWMS	57,977.28CR	33,151.48CR	73,892.51CR	71,786.41
234500 Accts Pay-Assoc Cos	155,616.30CR	155,616.30CR	8,925.50	6,170.96CR
AW01 Accts Pay AWS	7,152.64		5,283.95	
AW02 Accts Pay AW02	8,959.37CR	12,773.61CR		
AW46 Accts Pay AW46	17,232.97CR	21,526.77CR	6,199.10CR	5,556.47CR
280999 Interco Rec/Pay	736,079.44CR	10,930,698.62CR	480,757.80CR	9,593,721.51CR
B45 Accounts Payable				
B45 Accrued Taxes				
236110 Gross Receipts & Receipts Tax	70,001.00			7,902.10CR
236111 Gross Receipts - Income Tax	75,001.00CR	75,001.00CR		13,034.31CR
236120 FUTA	332.69	7,780.23CR	132.78	15,713.36CR
236130 FICA	21,422.60	22,269.60CR	18,456.09	687,061.07CR
236140 SUTA	541.65	15,515.17CR	5,331.67CR	5,815.80CR
236151 Gen Tax - Property	281,996.91CR	3,594,570.90CR	129,116.47CR	4,572.85CR
236152 Gen Tax - Property	3,441.58CR	13,117.88CR	5,593.16	
236170 Gen Tax - Sales/Use		4,347.18CR		
236201 FIT - Clearing			1,820.00CR	
236210 Acct FIT - Current Yr	2,458,947.71	1,782,797.76	631,573.00	294,489.00
236220 Acct FIT - Pr Yrs	180,244.00CR	791,776.41CR	1,820.00	890,354.97
236230 Acct SIT - Current Yr	438,207.38	325,535.66	122,140.00	137,063.00
236240 Acct SIT - Pr Yrs	435,875.00	997,139.03		154,949.14CR
236310 Curr Del FIT	89,374.00	188,555.00		99,181.00
236320 Curr Del SIT/LIT	16,299.00	34,387.00		18,088.00
B45 Accrued Taxes	2,990,317.54	1,195,963.92CR	643,446.89	550,127.34
B47 Accrued Interest				
237200 Int Acct-LTD-Outside	137,712.50CR	456,884.59CR	137,712.50CR	456,884.59CR
237300 Int Acct-LTD-Inside	256,247.01	2,476,390.95CR	8,578.24	1,421,425.25CR
AW46 Int Acct-LTD-AW46	63,525.00	31,762.50CR	63,525.00	31,762.50CR
241228 Accrued PFD Div Requirements	182,059.51	2,965,038.04CR	65,609.26CR	1,910,072.34CR
B47 Accrued Interest				
B51 Misc Current Liabilities				
241100 Accrued Vacation Pay	82,993.00	98,175.08CR	75,449.33	104,744.71CR
241201 Acct Water Pollution Pay	305.43	12,678.98CR	2,162.00CR	15,655.50CR
241202 Acct Power	62,255.62CR	335,415.38CR	26,179.50CR	282,491.74CR
241203 Acct Legal	33,459.56CR	60,074.08CR	24,545.60	14,541.10CR
241205 Acct TMS License				
241206 Acct Wages				
241208 Acct Rents	85,961.38CR	217,691.68CR	47,336.80CR	170,382.80CR

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American Water Works Company
Kentucky-American Water-CC 12
Total Company (USGAAP)
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Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
241210 Accr Waste Disposal	4,286.00CR	115,722.00CR	4,167.00CR	62,505.00CR
241211 Accr Waste Medical Reimb	1,249.88CR	2,750.00CR	1,125.32CR	2,625.00CR
241212 Accr DCP Contribution	3,449.26	4,204.03CR	833.53CR	7,752.50CR
241214 Accr Bank Fees	4,400.76CR	29,637.62CR	681.30CR	27,247.49CR
241220 WH PR-ESPP	22,253.12CR	27,529.59CR	2,562.28CR	2,562.28CR
241222 WH PR-ESPP	21,391.35	27,529.59CR	627.01	2,891.96CR
241223 WH PR-ESPP	2,253.12CR	27,529.59CR	2,562.28CR	2,562.28CR
241227 Accr Employer 401k Match	2,764.95	5,971.80CR	1,316.37CR	9,773.11CR
241228 Accrued PFD Div Requirements	6,468.83CR	19,406.50CR	6,510.67CR	19,531.50CR
241229 Accr Construction Costs Pay				
241230 Unclaimed Credits Pay				
241232 Outstandng Checks Pay				
241234 Unclaimed Ext Dep Refund Pay				
241236 Unbilled Items-System	132,788.84CR	152,738.89CR	30,066.64CR	10,045.56CR
241237 Unbilled Stock C-System	915.20CR	31,214.49CR	39,449.06	30,405.84CR
241238 Unbilled Stock E-System	63,911.79CR	90,445.93CR	12,646.94	450.00CR
241241 CFO-Cust Asst Nonpledged	58.00CR	195.00CR	102.00CR	149.00CR
005 CFO-Cust Asst Nonpledged	39.00CR	114.00CR	37.00CR	77.41CR
241244 CFO-Sales Tax	8,438.68CR	32,874.82CR	9,505.50	17,473.08CR
241246 CFO-Cross Rccts Tax	128,215.63CR	392,731.21CR	108,074.93CR	340,763.82CR
241248 CFO-Mun Tax	1,889.95CR	139,513.59CR	5,752.87	117,213.16CR
241249 CFO-Mgmt Contracts				
001 CFO-MC/Swr Rev/Cash	569,373.73	4,178,461.33CR	288,993.35	3,029,777.63CR
002 CFO-MC/Swr A/R	664,380.17CR	2,363,177.00	326,274.83CR	1,632,550.26
004 CFO-MC/Swr ChgOff	27,054.32	1,622,570.34	19,603.13	1,240,335.65
241250 A/P Check Clearing	7,542.24CR	311,385.66CR	57,946.75CR	816,138.98CR
241251 P/R Check Clearing	8,096.73	3,958.88	1,455.19	4,298.50CR
241252 Cred Refund A/P Check Clearing	4,855.30CR	9,452.81CR		
241260 Misc Deposits Payable	365,995.38	13,000.00CR	264,152.04	5,000.00CR
241322 Incentive Plan Cash Annual	420.83	73,414.28CR	70,020.58CR	68,092.46CR
241500 Accrued Paving-Analyzed	64,209.57CR	18,710.11CR	350,000.00	2,150,000.00CR
241998 Other Curr Liab Analyzed				
252999 Adv for Const-Cur Portion Recl CP				
B51 Misc Current Liabilities	206,546.03CR	3,679,182.91CR	384,113.85	4,631,332.73CR
B55 Advances for Construction				
252110 Adv for Const-NT Mains	3,648.20CR	217,389.21CR	3,648.20CR	173,610.81CR
252120 Adv for Const-NT Mains	10,944.90CR	14,222,776.28CR	112,150.99	13,044,820.85CR
252130 Adv for Const-NT Ext				
252140 Adv for Const-NT Services				
252150 Adv for Const-NT Meters				
252160 Adv for Const-NT Hydrants				
252160 Adv for Const-NT Other				

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American Water Works Company
Kentucky-American Water Co 12
Total Company (USGAAP)
Initial Balance
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Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
00012 Kentucky-American Water Co.				
B55 Advances for Construction				
252170 Adv for Const-NT WIP	460,463.02CR	763,294.59CR	207,310.02CR	1,471,042.71CR
252999 Adv for Const-NT WIP		1,200,000.00	350,000.00CR	2,150,000.00
Adv for Const-Cur Portion Recl		14,003,460.08CR	448,807.23CR	12,539,474.37CR
B55 Advances for Construction	475,056.12CR			
B56 Deferred Income Taxes				
253203 Def FIT-Norm Property	1,123,898.92CR	43,021,173.48CR	783,183.00CR	1,886,054.00CR
253301 Def FIT-Norm Property				32,454,183.54CR
253309 Def FIT-AMT				133,392.00
253701 Def SIT-Other	910,172.45CR	6,540,678.61CR	150,034.00CR	5,247,924.88CR
B56 Deferred Income Taxes	2,034,071.37CR	49,561,852.09CR	933,217.00CR	39,454,770.42CR
B57 Deferred ITC				
255101 Unamortized ITC - 3%	637.67	84,608.88CR	637.67	92,260.92CR
255102 Unamortized ITC - 4%	525.42	46,972.87CR	525.42	53,277.91CR
255103 Unamortized ITC - 10%	5,903.33	895,436.36CR	5,903.33	966,276.32CR
B57 Deferred ITC	7,066.42	1,027,018.11CR	7,066.42	1,111,815.15CR
B58 Deferred Regulatory Liability				
256212 Reg Liab-Exc Def Depr FIT	11,733.58	1,108,790.17CR	11,733.58	1,249,593.13CR
256220 Reg Liab-Exc Def Depr FIT	2,296.50CR	216,842.34	2,296.50CR	244,400.34
256232 Reg Liab-Deficit Def FIT	4,057.00	1,508,343.50CR	4,057.00	1,557,027.50CR
256250 Reg Liab-Exc Def Depr SIT	122,524.37CR	11,440,129.13CR	118,154.93CR	10,097,467.97CR
RWIP	3,774.99		13,051.90CR	13,051.90CR
256310 Reg Liab-Cost of Removal	432.00	57,320.75CR	432.00	62,504.75CR
256311 Reg Liab-ITC Gross-Up 3%	355.83	31,811.04CR	355.83	36,081.00CR
256312 Reg Liab-ITC Gross-Up 4%	3,252.33	493,325.03CR	3,252.33	532,352.99CR
B58 Deferred Regulatory Liability	101,343.14CR	14,405,751.98CR	113,672.59CR	13,303,678.90CR
B59 Other Deferred Credits				
256335 Reg Liab-Gain on Debt Exting	10,875.79	511,162.13CR	10,875.79	641,671.61CR
256340 Reg Liab-Gain on Debt Exting				
Regulatory Liab				
262120 DCA-ACCR Pension Def Benefit	196,841.00	1,114,847.28CR	148,041.43CR	1,464,055.97CR
262210 DCA-ACCR OPEB	92,811.08CR	299,735.58CR	100,637.00CR	300,978.00CR
262215 DCA-ACCR OPEB Med Subsidy	3,370.53CR	177,116.36CR	5,921.64CR	132,001.06CR
262313 DCA-FAS 112 Costs		61,130.00CR		61,130.00CR
262315 Accr Div Equivalents	108.00CR	1,778.00CR	257.00	580.00CR
262398 DCA-Other				
265800 FIN Reserve - Federal	1,596,492.00CR	1,596,492.00CR		
265810 FIN 48 Reserve State	287,434.00CR	287,434.00CR		
B59 Other Deferred Credits	1,772,498.82CR	4,049,695.35CR	243,467.28CR	2,600,416.64CR
B62 CIAC				
271110 CIAC-NT Mains		16,653,115.69CR	22,879.39CR	16,302,886.62CR
271120 CIAC-NT Ext Dep		11,079,000.62CR	119,523.90CR	11,046,774.34CR
271130 CIAC-NT Services				

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Description	March Activity	March Balance	Prior Year Activity	Prior Year Balance
271140 CIAC-NT Services	63,769.95CR	16,686,911.41CR	50,154.00CR	15,515,910.11CR
271150 CIAC-NT Meters		709,078.24CR		577,028.33CR
271160 CIAC-NT Hydrants	.02	1,586,751.82CR	24,589.14CR	1,515,299.89CR
271170 CIAC-NT Other		4,724,144.63CR	35,978.37CR	4,698,919.76CR
271180 CIAC-NT WIP	27,233.00CR	107,416.00CR	62,640.01	105,367.37CR
271200 CIAC-NT Non-Util Prop		249,724.86CR		249,724.86CR
271210 CIAC-Tax Mains		1,998,493.38CR		1,998,493.38CR
271220 CIAC-Tax Ext Dep		766,585.92CR		766,585.92CR
271230 CIAC-Tax Services		6,763,292.01CR	67,241.00CR	6,608,539.01CR
271240 CIAC-Tax Meters	22,080.00CR			
271250 CIAC-Tax Hydrants		3,299.01CR		3,299.01CR
271260 CIAC-Tax Other		487,486.50CR		487,486.50CR
271270 CIAC-Tax WIP		440,902.80CR		440,902.80CR
272010 Accum Amort CIAC-Mains				378,786.29
272040 Accum Amort CIAC-Meters				35,022.86
272050 Accum Amort CIAC-Hydrants				5,907.84
272060 Accum Amort CIAC-Other	96,405.72	13,914,328.27	92,031.03	12,364,951.95
272100 Accum Amort CIAC-Taxable	23,632.96	848,725.06	23,135.15	566,978.18
B62 CIAC	6,955.75	47,493,149.56CR	142,559.61CR	46,965,570.78CR
00012 Kentucky-American Water Co.	546,475.62CR	950,512.65	678,273.06CR	275,025.29

American Water - MD Operating Data Report - Regulated Business - Water

Company/Location Name: Kentucky American Water Company

User ID: IRELANSP ; Date Run: 4/13/10; Period Type: YTD

; Date: 03/2010; Budget Type: ORIGINAL ; Post/Adj: ASADJUST ;

	Total	Residential	Commercial	Industrial	Fire	OPA	Resale	Miscellaneous
Number of Bills								
Monthly	357384	323703	26123	66	5895	1561	36	0
Bi-Monthly	0	0	0	0	0	0	0	0
Quarterly	0	0	0	0	0	0	0	0
Opening/Closing Bills	12588	11936	604	4	40	4	0	0
Other	0	0	0	0	0	0	0	0
Total Actual	369972	335639	26727	70	5935	1565	36	0
Total Actual Prorated	369972	335639	26727	70	5935	1565	36	0
Budget	355680	321515	26203	63	6381	1485	33	0
Variance	14292	14124	524	7	446-	80	3	0
Number of Estimated Bills 3 or More Estimates	28193 106	25415 64	2668 42	3 0	0 0	106 0	1 0	0 0
Total Billed Days	11399604	9915245	797341	2363	636748	46827	1080	0
Water Sales (1000G)								
Metered	2792527	1354433	827276	127660	51776	323784	107420	178
Flat Rate	0	0	0	0	0	0	0	0
Total Water Sales	2792527	1354433	827276	127660	51776	323784	107420	178
Credit	78797	17188-	9520-	7081-	43805-	1202-	1-	0
Intercompany Sales	0	0	0	0	0	0	0	0
Total Net Sales	2713730	1337245	817756	120579	7971	322582	107419	178
Total Net Sales Prorated	2713730	1337245	817756	120579	7971	322582	107419	178
Budget	2877840	1337120	942446	130739	0	404246	63289	0
Variance	164110-	125	124690-	10160-	7971	81664-	44130	178
Revenues (\$)								
Billed	14692417	8036735	3609763	385447	1091411	1203840	364093	1128
Credits	178182-	102450-	51802-	15257-	4129-	4540-	2-	2-
Net Revenue	14514235	7934285	3557961	370190	1087282	1199300	364091	1126
Net Revenue Prorated	14514235	7934285	3557961	370190	1087282	1199300	364091	1126
Budget	15087579	7901471	3973470	381563	1094400	1384385	352290	0
Variance	573344-	32814	415509-	11373-	7118-	185085-	11801	1126
Billed Revenue/1000G	5.3484	5.9333	4.3508	3.0701	136.4047	3.7178	3.3894	6.3258
Budget Revenue/1000G	5.2426	5.9093	4.2161	2.9185	.0000	3.4246	5.5663	.0000
# of Credit Adjustments	4250	3577	613	2	11	45	1	1
Connections								
Total-End of Period	119208	107860	8717	23	2067	529	12	0
Budget	118740	107385	8778	22	2042	501	12	0
Variance	468	475	61-	1	25	28	0	0
System Delivery (1000G)	Actual	Prorated	Budget	%	Variance	Last Year	12-Month Roll	
Gross S/D Produce/Purch	3108341	3108341	3459715	89.8	351374-	3206853	13806054	
System Delivery Transfer	0	0	0			0	0	
Net System Delivery	3108341	3108341	3459715	89.8	351374-	3206853	13806054	
Total Net Water Sales	2713730	2713730	2877840	94.2	164110-	2796194	12132169	
Total Non Revenue Water	394611	394611	581875	67.8	187264-	410659	1673885	
N.R.W. %	12.6		16.8		4.2-	12.8	12.1	
Auth Unbilled/Consumption	0					0	0	
Actual Water Losses	394611					410659	1673885	
Operations	Actual	Budget	Variance	Last Year	Actual	Budget	Variance	
Labor Costs (\$)					Total O&M Expense (\$)			
Production	421274	482481	61207-	422437	Production	1510748	1637652	126904-
Network	959725	933556	26169	735091	Network	1356051	1412854	56803-
Cust Rltns	0	0	0	89099	Cust Rltns	15405	615-	16020
Maintenance	0	0	0	0	Maintenance	0	0	0
Admin & Gen	267652	389231	121579-	250033	Admin & Gen	5070957	5753167	682210-
Total O&M Payroll	1648651	1805268	156617-	1496660	Total	7953161	8803058	849897-
Capital Payroll	316645	0	316645	437391				
Total Payroll	1965296	1805268	160028	1934051				
Capitalization %	16	0	16	22				
Non-Scheduled Overtime (Hrs)					Sick Time (Hrs)	Actual	Prior Year	Difference
Production	951	1068	117-	651	Production	676	172	504
Network	3555	4092	537-	3214	Network	920	1298	378-
Cust Rltns	0	0	0	214	Cust Rltns	0	376	376-
Maintenance	0	0	0	0	Maintenance	0	0	0
Admin & Gen	117	380	263-	185	Admin & Gen	175	120	55
Total	4623	5540	917-	4264	Total	1771	1966	195-
# of Employees								
Production	30	0	30	31				
Network	75	0	75	76				
Cust Rltns	0	0	0	0				
Maintenance	0	0	0	0				
Admin & Gen	31	153	122-	32				
Service Company	0	0	0	0				
Total	136	153	17-	139				
Permanent FTE	136	0	136	139				
Temporary FTE	0	0	0	0				
Total FTE	136	0	136	139				
Customer/Employee Ratio	876	776	100	0				

For Statistical data the number of actual days YTD are 90 , the number of budgeted days YTD are 90 .
 For Statistical data the number of actual days in this period are 31, the number of budgeted days in this period are 31 .
 Prorated values are provided for comparison to Budget.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: Michael A. Miller/Nick Rowe

164. Please provide a copy of the Board of Directors minutes for 2007, 2008, 2009 and 2010 to date.

Response:

Attached are all approved minutes for meetings of the Board of Directors since January 2007.

For the electronic version, refer to KAW_R_AGDR1#164_042610.pdf.

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
8:00 A.M. APRIL 19, 2007**

Present: Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
Daniel W. Warnock
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction business.

Also present: Thomas Bailey
Eric Farnier
Velma Redmond
Bryan Siler
A.W. Turner, Jr.

Mr. Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A.W. Turner, Jr., acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on December 19, 2006, were presented to the Board and, on a motion by P.A Freibert, seconded by W.G. Sisson, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held December 19, 2006, and the same hereby are, approved in the form presented to this meeting.

The Chairman submitted to the meeting the nomination of A.W. Turner as Vice President, Corporate Counsel and Secretary. On motion by Ms. Freibert, seconded by Mr. Sisson, and carried, the following resolution was duly adopted:

RESOLVED, that A.W. Turner be, and he hereby is, elected as Vice President, Corporate Counsel and Secretary of this Company, effective immediately, to complete the current term and to serve until his successor is chosen and qualified.

The Chairman submitted to the meeting the resignations of R. Quinn, W.J. Schiavi, T.C. Spritz and D.A. Stewart as Assistant Comptrollers of the Company and the election of F. Boffice and C.A. Gilbert as Assistant Comptrollers of the Company. On motion by L.W. Ingram, seconded by Mr. Sisson, and carried, the following resolution was duly adopted:

RESOLVED, that the resignations of R. Quinn, W.J. Schiavi, T.C. Spritz and D.A. Stewart as Assistant Comptrollers of the Company are hereby accepted to take effect at the closing of business on April 18, 2007.

RESOLVED, that F. Boffice and C.A. Gilbert be and hereby are elected as Assistant Comptrollers of the Company to serve until their successors are chosen and qualified.

RESOLVED, that Assistant Comptrollers Boffice and Gilbert's duties are limited to compiling and executing tax returns and government filings, authorizing and initiating the payments of fees and taxes, procurement card charges and authorizing ACH wire transfers on behalf of the Company.

Mr. Dan Warnock presented his Regional President's Report to the Board, which included: (1) the status of the regulatory filings associated with the change-in-control related to the American Water IPO, with Kentucky's approval making eight approvals overall and five out of six in the Southeast, (2) an update of the rate cases, noting the contentious nature of the Tennessee proceedings, (3) the effort to become complaint with Sarbanes-Oxley, (4) the hiring of Rochelle Kowalski to replace Chris Buis, and (5) the attention aging water and sewer infrastructures are getting from state PUCs and legislatures.

Mr. Rowe gave an operational report that included an update on the source of supply application. He pointed out that the effort of the filing team, both here and at the American Water headquarters levels, was outstanding. Mr. Warnock applauded the push for action that the Company has taken in that area. Mr. Rowe also discussed the Kentucky PSC order approving the IPO application, noting it has fewer conditions than the order approving the purchase by RWE and that it did not carry a rate freeze. The issue that has led to the most questions is the condition that requires restoration of pension funds. Among the other issues discussed by Mr. Rowe were: (1) the improved relationship with local officials, including the mayor, the city council, and other government officials, (2) the imminent filing of a rate case at the end of April, (3) the major sewer work Lexington is facing as a result of EPA enforcement, and American Water's potential to bid for work on the project, (4) the desire to expand our operations to the west, (5) the New Circle main replacement project, (6) the ongoing flushing program, (7) the negotiations over a new sewer billing contract with LFUCG, and (8) the fire hydrant painting project.

Mr. Eric Farner gave a presentation of Sarbanes-Oxley compliance. He noted this transitional project will impact every part of the company. The immediate goal at this point is successful implementation of the key controls by June 30 to correct "internal weaknesses."

Mr. Turner reported on legal matters. Ms. Freibert asked how long the Attorney General's investigation, which began in 2004, could continue. Mr. Ingram responded that it carries no end date. Mr. Warnock commented on how long the Rockwell Village case has been going on. Mr. Turner and Mr. Rowe reported that our company is not causing the delay in resolving the matter. He also asked about the status of the 2004 rate case appeal, and Mr. Ingram replied that we should reconsider how hard to push that case.

Mr. Tom Bailey gave the financial management report. After a slow first quarter, he said the recent trend is positive, and he was optimistic about the remainder of the year. Mr. Sisson asked about the cash flow numbers. Mr. Warnock commented that we need to

improve the accounting and reporting in that area. Mr. Bailey said the timing of the budget process makes those numbers create a somewhat misleading impression; the balance at the end of December is most important.

Mr. Bailey recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. Upon motion of Mr. Ingram, seconded by Mr. Sisson and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2007, be, and hereby is, declared payable on July 1, 2007, to stockholders of record at the close of business on June 8, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending June 30, 2007, be, and hereby is, declared payable July 1, 2007, to stockholders of record at the close of business on June 8, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending June 30, 2007, be, and hereby is, declared payable on July 1, 2007, to stockholders of record at the close of business on June 8, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending June 30, 2007, be, and hereby is, payable on June 1, 2007, to stockholders of record at the close of business on May 11, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.15 per share of the common stock of the Company be and hereby is payable on June 28, 2007, to stockholders of record on May 31, 2007.

Mr. Bailey also recommended the Board approve the Pension Plan Action--Plan year 2006. Upon motion of Mr. Ingram, seconded by Mr. Sisson and carried, the following Resolutions were unanimously adopted:

RESOLVED, that inasmuch as a contribution to the Pension Plan totaling \$1,358,487 for Plan Year 2006 is required, the Company's contribution is hereby fixed at \$1,358,487.

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

Mr. Bailey finally recommended the Board approve the Post-Retirement Welfare Plan Action--Benefits for 2006. Upon motion of Mr. Ingram,

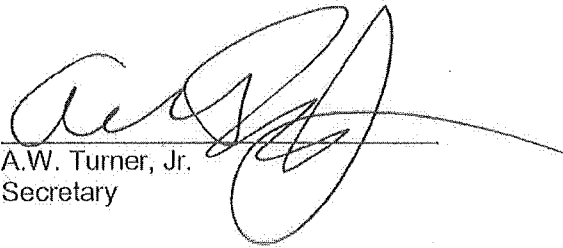
seconded by Mr. Sisson and carried, the following Resolutions were unanimously adopted:

RESOLVED, that this Company be, and hereby is, authorized to pay to the Voluntary Employee Beneficiary Association Trust established by American Water Works Company, Inc., for the payment of health and life insurance plan benefits the sum of \$785,313, its allocated share of the cost of these benefits for calendar year 2006.

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

The next meeting will be held on July 25 at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 9:00 a.m.


A.W. Turner, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
3:00 P.M. JULY 25, 2007**

Present: Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
John S. Young
Rochelle M. Kowalski
Walter Lynch

Constituting a majority and a quorum of the Board of Directors necessary for the transaction business.

Also present: Velma Redmond

Mr. Nick Rowe called the meeting to order and presided as Chairman of the meeting, and Velma Redmond, acted as Assistant Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on April 19, 2007, were presented to the Board and, on a motion by L. Ingram, seconded by P. Freibert, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held April 19, 2007, and the same hereby are, approved in the form presented to this meeting.

The Chairman submitted to the meeting the nomination of R. Kowalski and W. Lynch as directors of the company. On motion by L. Ingram, seconded by P. Freibert, and carried, the following resolution was duly adopted:

RESOLVED, that R. Kowalski and W. Lynch be and are hereby elected as directors of the Company to serve until their successors are chosen and qualified.

The Chairman submitted to the meeting the omnibus resignation of Daniel W. Warnock, as the Company's Board of Directors. On motion by L. Ingram, seconded by P. Freibert, and carried, the following resolution was duly adopted:

RESOLVED, that the omnibus resignation of Daniel W. Warnock as from the Company's Board of Directors is hereby accepted to take effect at the close of business on June 28, 2007.

RESOLVED, that the Board of Directors hereby appoints Walter Lynch, Nick O. Rowe, and John S. Young as the Executive Committee of the Board of Directors to serve for a period of one year or until their respective successors are appointed.

RESOLVED, that the persons named below are declared duly elected as such officers to serve for a term of one year or until their respective successors are chosen and qualified, provided, however, that nothing in this Resolution shall prohibit the earlier resignation or removal, with or without cause, of any officer prior to the end of the one year term.

President	Nick O. Rowe
Vice-President, Corporate Counsel, and Secretary	A. W. Turner, Jr.
Treasurer and Comptroller	Rochelle Kowalski
Assistant Treasurer	Michael A. Miller
Assistant Secretary	Velma A. Redmond
Assistant Comptroller and Assistant Secretary	Rachel S. Cole
Assistant Comptroller	Franco G. Boffice*
Assistant Comptroller	Charles A. Gilbert*
Assistant Comptroller	Doneen S. Hobbs*
Assistant Comptroller	Rod Nevirauskas*

RESOLVED, that Assistant Comptrollers Boffice, Gilbert, Hobbs, and Nevirauskas' duties are limited to compiling and executing tax returns and government filings, authorizing and initiating the payments of fees and taxes, procurement card charges and authorizing ACH wire transfers on behalf of the Company.

Mr. Rowe gave an operational report that included an update on the source of supply project. The target is to obtain approval from the Public Service Commission in 2007. The Kentucky Chamber of Commerce has endorsed the project as a top priority. The Louisville Water Company has presented an alternative proposal. KAWC continues to move forward and work with the regional players. Mr. Rowe then discussed the following issues: (1) central Kentucky is in a drought, although KAWC has not had to go on restrictions, (2) intervenor testimony in the rate case is due July 30, 2007; hearings will be in September, 2007; KAWC has approached the Attorney General's Office regarding settlement; (3) all state public utility commissions have now acted upon the change in control.

Rochelle Kowalski thanked Nick Rowe and his team for implementing the June Key Controls for SOX compliance.

Velma Redmond reported on legal matters.

Rochelle Kowalski gave the financial management report and a review of the American Water Subsidiary Dividend Policy.

Rochelle Kowalski recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. Upon motion of L. Ingram, seconded by W. Sisson and carried, the following Resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5-3/4% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 29, 2007, be, and hereby is, declared payable on October 1, 2007, to stockholders of record at the close of business on September 14, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5-1/2% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending June 29, 2007, be, and hereby is, declared payable October 1, 2007, to stockholders of record at the close of business on September 14, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending June 29, 2007, be, and hereby is, declared payable on October 1, 2007, to stockholders of record at the close of business on September 14, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending June 29, 2007, be, and hereby is, payable on September 1, 2007, to stockholders of record at the close of business on August 10, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.67 per share of the common stock of the Company be and hereby is payable on September 27, 2007, to stockholders of record on August 31, 2007.

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

The next meeting will be held on October 31, 2007, at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 4:00 p.m.


Velma A. Redmond,
Assistant Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
8:00 A.M. OCTOBER 30, 2007**

Present: Patricia A. Freibert
Lindsey W. Ingram, Jr.
Nick O. Rowe
William G. Sisson
Rochelle Kowalski
Walter Lynch
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction business.

Also present: A. W. Turner, Jr.

Mr. Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A. W. Turner, Jr., acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on July 25, 2007, were presented to the Board and, upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held July 25, 2007, be, and the same hereby are, approved in the form presented to this meeting.

The Chairman submitted to the meeting the nomination of Louis Walters as Assistant Treasurer. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that Louis Walters be, and he hereby is, elected as Assistant Treasurer of the Company, to serve a term of one year or until his successor is chosen and qualified.

Mr. Rowe gave an operational report. He pointed to completion of a billing contract with the Lexington-Fayette Urban County Government (LFUCG), approval of a union contract, and successful management of the drought. Mr. Rowe noted the settlement of the 2007 rate case with a successful outcome, and Mr. Lynch added his congratulations to that effort. Mr. Young asked for details of the agreed-upon addition to the low-income assistance program, which will increase KAW's contribution from \$20,000 to \$50,000 per year. In response to another question, Mr. Rowe stated that the settlement is a "black box" agreement, so no one can identify what specific items are or are not recognized. Mr. Rowe further reported that KAW has had no NOV's or lost time accidents this year. On capital projects, Mr. Rowe pointed to the completion of numerous jobs and said that KAW is working to complete the remaining few by the end of the year.

Mr. Rowe then turned to a report on the pending Source of Supply application before the Commission. He gave a procedural summary of the current status, leading up to the hearing November 26-28. Ms. Freibert asked about BWSC's participation and its effort to obtain grant funds. Mr. Young asked about LFUCG's position on the project. Mr. Rowe responded that the planning committee, which had studied the application and Louisville Water Company's counterproposal, ended its discussions without taking any action. The last action LFUCG took is still the 1999 resolution supporting a Kentucky River solution. Mr. Turner pointed out that, on procedural matters thus far, LFUCG has supported KAW.

Mr. Turner reported on legal matters. He summarized the potential Continental Inn claim, noting that it is still at the insurance investigation stage.

Ms. Kowalski gave an update on the Sarbanes-Oxley compliance efforts. She said future work will be focusing on fixed assets and legacy contracts.

Ms. Kowalski then turned to the financial management report. Generally revenue is over the plan and expenses are under. Sales have been positive in spite of the drought. She described the year to date operating income forecast as "very strong." At the request of Mr. Sisson, Ms. Kowalski and Mr. Rowe explained the role of non-revenue water in the financial performance.

Mr. Kowalski recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5.75% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 30, 2007, be, and hereby is, declared payable on January 2, 2008, to stockholders of record at the close of business on December 13, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5.5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending September 30, 2007, be, and hereby is, declared payable January 2, 2008, to stockholders of record at the close of business on December 13, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending September 30, 2007, be, and hereby is, declared payable on January 2, 2008, to stockholders of record at the close of business on December 13, 2007.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending September 30, 2007, be, and hereby is, payable on December 3, 2007, to stockholders of record at the close of business on November 11, 2007.

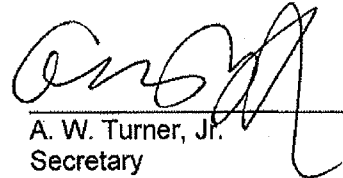
RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.22 per share of the common stock of the Company be and hereby is payable on December 31, 2007, to stockholders of record on December 13, 2007.

Mr. Young gave a brief update of the IPO process at the Securities and Exchange Commission (SEC). He said the SEC had asked about 60 questions, which American Water has answered, and he hoped the matter might be wrapped up by Thanksgiving.

Mr. Lynch complimented Mr. Rowe and KAW overall on the financial performance this year. Mr. Rowe expressed his appreciation to Ms. Kowalski for her efforts in that area.

The final meeting of the year will be held on December 13 at 8:00 a.m. at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 8:53 a.m.


A. W. Turner, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
LEXINGTON, KENTUCKY
8:30 A.M. JANUARY 16, 2008**

Present: Lindsey W. Ingram, Jr. (by telephone)
Nick O. Rowe
William G. Sisson
Rochelle Kowalski (by telephone)
Walter Lynch (by telephone)
John S. Young (by telephone)

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Velma Redmond (by telephone), Bryan Siler, A.W. Turner, Jr.,

Mr. Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A.W. Turner, Jr., acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on October 30, 2007, were presented to the Board and, upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held October 30, 2007, be, and the same hereby are, approved in the form presented to this meeting.

Mr. Rowe gave an operational report. He first presented a summary of the status of the application at the PSC for a certificate to build the supply plant on Pool 3 of the Kentucky River. The hearing in chief was held in November of 2007, but a series of post-hearing Commission orders has delayed the issuance of a decision.

Since the hearing, the Company has polled customers on a variety of issues, including the proposed plant. The results show strong support for the Company.

The new rates approved in the last rate case went into effect on December 1, 2007, providing additional revenues. The CAPEX projects for 2007 were completed so successfully that the Company exceeded its goals. Regulatory compliance has likewise been outstanding.

Internally, the Company is excelling. The office employees decertified their union recently. The Company had no Notices of Violations and no lost time injuries during 2007. Walter Lynch offered his congratulations to Mr. Rowe for a very good year.

Mr. Turner offered 2:00 p.m. on May 23, 2008, as the date for the annual meeting of shareholders. Upon motion duly made, seconded, and carried, the Board approved the form of Notice of the meeting.

Mr. Turner then presented the Company's annual contributions to the Pension Plan and the Post-Retirement Welfare Plan Action-Benefits. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that inasmuch as a contribution to the Pension Plan totaling \$928,556, for Plan Year 2007 is required, the Company's contribution is hereby fixed at \$928,556.

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

RESOLVED, that this company be and hereby is, authorized to pay to the Post-Retirement Welfare Plan Action-Benefits established by American Water Works Company, Inc., for the payment of health and life insurance plan benefits the sum of \$672,875, its allocated share of the cost of these benefits for the calendar year 2007.

RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

Ms. Rochelle Kowalski gave an update on the Sarbanes-Oxley compliance efforts. The American Water system continues to make good progress on this project.

Mr. Turner reported on legal matters.

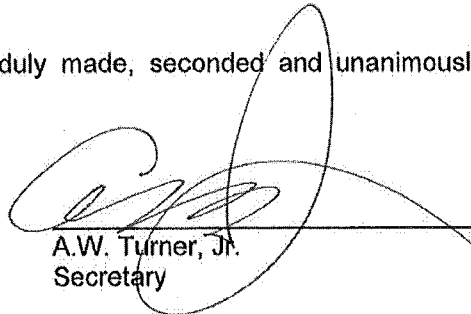
Ms. Kowalski then turned to the financial management report. She described 2007 as a great year for the Company, with net income surpassing the plan by \$1.1 million.

Mr. Kowalski also presented the 2008 Business Plan. The Plan includes the acceptance of an infusion of equity. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the 2008 Annual Business Plan be, and the same hereby is, approved in the form presented to this meeting and it is directed that said Plan be filed with the minutes of the meeting.

The next meeting will be held on Thursday, April 24, 2008, at the Company headquarters in Lexington, Kentucky.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 9:30 a.m.



A.W. Turner, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
8:30 A.M. APRIL 28, 2008**

Present: Lindsey W. Ingram, Jr.
Patricia A. Freibert
Nick O. Rowe
William G. Sisson
Rochelle Kowalski
Walter Lynch
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction business.

Also present: Velma Redmond
Mike A. Miller
Susan Lancho
Linda Bridwell
Steve Snowden
Brian Wright
Keith Cartier
A.W. Turner, Jr.,

Mr. Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A.W. Turner, Jr., acted as Secretary of the meeting.

Mr. Rowe introduced new leadership staff in Lexington, including Steve Snowden, Brian Wright, and Keith Cartier, who are all new, and Susan Lancho and Linda Bridwell, who are in new positions.

Mr. Walter Lynch and Mr. John Young gave an update on the IPO. They noted that, after a brief period of publicity, we are back in a quiet period per SEC regulations.

Ms. Rochelle Kowalski gave an update on the Sarbanes-Oxley compliance efforts. She said the Company has shifted responsibility for several functions from the region to the states. Power Plant has been delayed, so several controls are not yet fully in place. Mr. Lindsey Ingram asked about the control labeled "Contingencies." Ms. Kowalski explained that it is designed to cover mainly litigation.

Ms. Kowalski then turned to the financial management report. She said the Company had a very good first quarter. She pointed out that the timing of an

equity infusion has been changed due to the delay in getting PSC approval for the KRS II project. Rather than coming all in the spring, it will be divided between March and June.

Mr. Louis Walters submitted a letter of resignation as Assistant Treasurer, effective April 4, 2008. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the resignation of Louis Walters as Assistant Treasurer of the Company is hereby accepted to take effect at the closing of business on April 4, 2008.

The minutes of the meeting of the Board of Directors held on January 16, 2008, were presented to the Board and, upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held January 16, 2008, be and the same hereby are, approved in the form presented to this meeting.

Mr. Rowe gave a water supply update. The PSC issued the Company a certificate for the project on April 25. He recognized Ms. Bridwell, Ms. Lancho, Mr. Mike Miller, and the legal team for special efforts. Mr. Walter Lynch commented on the Company's overall professionalism throughout the proceeding, pointing out how well prepared everyone was. Mr. Rowe acknowledged the possibility of requests for rehearing and appeals but said the Company will go forward with construction regardless. He said negotiations with the BWSC and its members are continuing.

Mr. Keith Cartier gave the Operations Report. He said the Company is exploring possibly signing up for one of Kentucky Utilities' pilot projects to see if it will cut our power costs. Reliability upgrades at the Kentucky River Station are almost complete, with the addition of one more transformer the only remaining step. In Owen County, the Company is rethinking the painting of a storage tank. He also reported the receipt of two NOVs, one as a result of contractor conduct and one for Owenton sewer operations. Mr. Cartier was pleased to report the first major use of the Reverse 911 system in Scott County to inform customers of a boil notice as well as the subsequent lifting of it.

Mr. Young asked about non-revenue water figures. Mr. Cartier stated the Company is a little over 12%. We are focusing on that issue, in part because we are now required to do so under the water supply order. In addition, we have been successfully driving down uncollectibles.

Mr. Turner reported on legal matters.

Mr. Turner then recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5.75% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2008, be, and hereby is, declared payable on July 1, 2008, to stockholders of record at the close of business June 10, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5.5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2008, be, and hereby is, declared payable on July 1, 2008, to stockholders of record at the close of business June 10, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2008, be, and hereby is, declared payable on July 1, 2008, to stockholders of record at the close of business June 10, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2008, be, and hereby is, declared payable on June 2, 2008, to stockholders of record at the close of business May 13, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.61 per share of the common stock of the Company be, and hereby is, declared payable on June 27, 2008, to stockholders of record on June 7, 2008.

The next meeting will be held on Tuesday, July 22, 2008, at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 9:10 a.m.


A.W. Turner, Jr., Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
2300 Richmond Road, Lexington, Kentucky
8:00 A.M. JULY 22, 2008**

Present: Patricia A. Freibert
Rochelle Kowalski – via telephone
Walter Lynch – via telephone
Wayne M. Martin
Nick O. Rowe
John S. Young – via telephone

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present: Linda Bridwell
Keith Cartier
Michael Galavotti
Velma Redmond – via telephone

Mr. Nick Rowe called the meeting to order and presided as Chairman of the meeting, and Velma Redmond, acted as Secretary of the meeting.

The Chairman noted that Lindsey W. Ingram, Jr. has tendered his resignation from the Board. Mr. Rowe took note of Mr. Ingram's long association with the Company and his outstanding service as a member of the Board over many years. Mr. Rowe expressed for the record, the Board's appreciation for Mr. Ingram's distinguished contributions and exceptional service to the Company, and noted that the Company is planning an event to honor Mr. Ingram and to mark his retirement from the Board. Upon motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the resignation of Lindsey W. Ingram, Jr., as a member of the Board of Directors of the Company, is hereby accepted to take effect at the closing of business on July 22, 2008.

(Mr. Martin did not participate in the vote.)

The Chairman presented for consideration the nomination of Wayne M. Martin to the Company's Board of Directors. Mr. Rowe introduced Mr. Martin and reviewed his resume, biography, and related materials which had been previously distributed and included in the Board books. Mr. Rowe noted, in particular, Mr. Martin's many community activities and leadership positions. Mr. Rowe recommended the appointment of Mr. Martin to the Board of Directors, effective immediately. Upon motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the nomination of Wayne W. Martin as a member of the Board of Directors of the Company, is hereby accepted to take effect on July 22, 2008.

(Mr. Martin did not participate in the vote.)

Mr. Martin stated that he was honored to be a part of the Kentucky American Water organization.

The minutes of the meeting of the Board of Directors held on April 28, 2008 were presented to the Board and, upon motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held April 28, 2008, be and the same hereby are, approved in the form presented to this meeting

The Chairman submitted to the meeting, the nominations for the election of members of the Executive Committee, and the nominations for the election of the officers of the Company. Upon motion duly made, seconded and carried, the following resolutions was duly adopted:

RESOLVED, that the Board of Directors hereby appoints Walter Lynch, Nick O. Rowe and John S. Young as the Executive Committee of the Board of Directors to serve for a period of one year or until their respective successors are appointed.

Messrs. Rowe and Cartier presented an operational report. Mr. Rowe updated the Board on the source of supply project, including the construction timetable and the status of an appeal filed by a citizens group in the Franklin Circuit Court challenging the Order of the Public Service Commission approving the Certificate of Public Convenience for the project. Mr. Rowe noted that construction on the project is moving forward. Mr. Cartier then provided an extensive review of operations, including the following topics: (1) source of supply relative to current operations, (2) recent changes/appointments at the Public Service Commission, (3) status of major operational projects, (4) regulatory compliance, (5) safety, (6) business development activities, (7) recognition received from the Partnerships of Safe Water which awarded the Kentucky River and Richmond Road plants the Director's Award for the tenth consecutive year, (8) recent tabletop exercises which tested the Company's emergency response plan and emergency readiness, and (9) the training session conducted for field service representative focused on Sarbanes-Oxley (SOX) compliance and improving levels of customer satisfaction. During the presentation on business development, Mr. Rowe noted the efforts of Steve Snowden who was recently appointed as the Company's Business Development lead.

Ms. Kowalski then reviewed the implementation status of the various SOX controls. Ms. Kowalski noted that the transition of designated state-owned controls during the second quarter was completed. Ms. Kowalski addressed the status of those controls in the areas of Fixed Assets, Contract Administration, and Materials and Supplies that are partially in place or not yet in place, and she provided explanations for their status, noting that a few of these are dependant upon Power Plant which is not yet available.

The Chairman noted that the legal activity update summary is included in the Board books, and that there have not been any significant developments in any of the cases other than the water supply case previously discussed.

Ms. Kowalski presented the financial management report, including year-to-date financial results which she described as favorable.

Ms. Kowalski recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. Upon motion duly made, seconded and carried, the following resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5.75% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2008, be, and hereby is, declared payable on October 1, 2008, to stockholders of record at the close of business on September 11, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5.5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending June 30, 2008, be, and hereby is, declared payable October 1, 2008, to stockholders of record at the close of business on September 11, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending June 30, 2008, be, and hereby is, declared payable on October 1, 2008, to stockholders of record at the close of business on September 11, 2008.

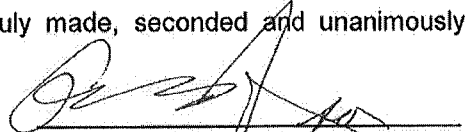
RESOLVED, that out of the earned surplus of the Company, a dividend of \$0.89 per share of the common stock of the Company be and hereby is payable on September 26, 2008, to stockholders of record on September 6, 2008.

Mr. Rowe and Ms. Bridwell then presented for the Board's consideration the recommendation to authorize the Company to file eminent domain actions as necessary for the acquisition of easements for the installation of the transmission main for the water supply project. Ms. Bridwell noted that although a substantial portion of the pipeline route is in state right-of-way, one hundred and eight (108) easements are needed for the completion of the project to connect the new water treatment plant on Pool 3 of the Kentucky River to the Central Division distribution system in Fayette County. Efforts have been made to contact every property owner multiple times. In order to keep the project on schedule, it may be necessary to initiate eminent domain actions in those situations where the Company is unable to reach an amicable agreement with the property owners. Mr. Bridwell reviewed the Easement Acquisition Status Report and the maps of the pipeline area. The Company will continue to contact property owners in an effort to acquire the easements by agreement, but requests permission to file eminent domain actions for those easements where the Company is unsuccessful in reaching agreement with the property owners. Upon motion duly made, seconded and carried, the following resolution was duly adopted:

RESOLVED, that the condemnation of real property for the purpose of fulfilling the order by the Public Service Commission to resolve the water supply problem in central Kentucky is approved by the Board of Directors.

The next meeting will be held on October 28, 2008 at 9:30 a.m. at Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 9:10 a.m.



Velma A. Redmond,
Assistant Secretary *Velma Redmond*

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
8:00 A.M., October 28, 2008**

Present: Wayne M. Martin
Patricia A. Freibert
Nick O. Rowe
William G. Sisson
Rochelle Kowalski
Walter Lynch
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present:
A.W. Turner, Jr.
Keith Cartier

Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A.W. Turner, Jr., acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on July 22, 2008, were presented to the Board and, upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held July 22, 2008, be and the same hereby are, approved in the form presented to this meeting.

Keith Cartier gave the Operations Report. He noted that, with central Kentucky in a moderate drought, the Company has been subject to water withdrawal restrictions from the Kentucky River for the last two months. The restrictions did not affect customers, however. Operational Costs have been close to forecast. Higher Fuel and Power costs have been offset by lower Purchased Water expenses. He reported on three major projects. The Carrick Pike main extension is on schedule; the North Broadway Main Replacement Project is likewise on schedule; and the Yarnallton Road main extension is already complete. On scheduled meter changes, the Company has already met the regulatory requirement for the year. Fire hydrant inspections are lagging the planned schedule but are expected to meet year-end targets. The PSC conducted inspections of the Rockwell village and Owenton wastewater facilities and found no deficiencies. To satisfy a PSC requirement, the Company has

retained Gannett Fleming to assist in developing a leak mitigation plan and Strand Associates to assist in the development of a water conservation/demand management plan. The Company had no NOVs in September, and injuries, vehicle accidents, and related areas are also on track to meet year-end targets. In a significant development, the state DOW recently approved in internal general permitting process for the Company. This internal review and approval process is expected to reduce costs and the turnaround time for projects. Walter Lynch was appreciative of the compliance successes. He also said the Company's meeting with its Top 25 business customers was a great idea that he will try to replicate in other states.

Mr. Rowe gave a Water Supply Project update. Work is proceeding without major problems and is slightly ahead of schedule. He spoke of the trencher work, which has gone very smoothly, and the continuing efforts to acquire easements. Opponents of the project have both appealed the certificate case from the PSC and have filed a petition for a declaration of rights in the Franklin Circuit Court challenging the Company's authority to condemn easements. In the appeal, the court has not yet set a schedule; in the declaratory action, KAW has filed a motion to dismiss that will be heard in early November. Wayne Martin complimented Michael Galavotti for his management of the project.

Mr. Lynch spoke briefly on American Water updates. He referenced the recent organizational realignment. He also asked John Young to explain the Business Transformation Project.

Mr. Young said the whole company must get more nimble in determining where to get its work done. A key goal is to optimize the system so the business drives IT and not the other way around. Pat Freibert suggested putting IT people on the project team, and Mr. Young said that step has already been taken. Bill Sisson asked Mr. Young where American Water's major growth will be, and he responded (1) operating systems at military bases, (2) designing and building systems, and (3) buying systems, including, as an alternative, operating them on long-term leases. Mr. Lynch mentioned that Steve Snowden is doing a good job in the business development area for Kentucky.

Mr. Sisson stated that the employees at KAW work well together and are always friendly. Mr. Martin pointed to the Company efforts to meet community needs by trucking water to an Eastern Kentucky area that was facing a severe outage.

Rochelle Kowalski then recommended the Board declare the regular quarterly dividends on the Preferred, Preference and Common Stock of the Company. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5.75% Cumulative Preferred Stock of the Company,

being the regular quarterly dividend for the period ending September 30, 2008, be, and hereby is, declared payable on January 2, 2009, to stockholders of record at the close of business on December 13, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5.5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending September 30, 2008, be, and hereby is, declared payable January 2, 2009, to stockholders of record at the close of business on December 13, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending September 30, 2008, be, and hereby is, declared payable on January 2, 2009, to stockholders of record at the close of business on December 13, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending September 30, 2008, be, and hereby is, payable on December 1, 2008, to stockholders of record at the close of business on November 11, 2008.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.63 per share of the common stock of the Company be and hereby is payable on December 29, 2008, to stockholders of record on December 13, 2008.

Mr. Turner requested that the Board approve the American Water Red Flag policy and practice. The Federal Trade Commission has issued regulations requiring utilities and other companies that maintain certain customer accounts to develop and implement identity theft prevention programs. The American Water Board adopted a policy and practice that it has requested each state affiliate adopt. Upon motion duly, made, seconded, and carried, the following Resolution was unanimously adopted:

RESOLVED, that the Board of Directors hereby adopts and approves the Identity Theft Red Flag Program Policy and Identity Theft Red Flag Practice, together constituting a Red Flag Program as required by the Red Flag Rules.

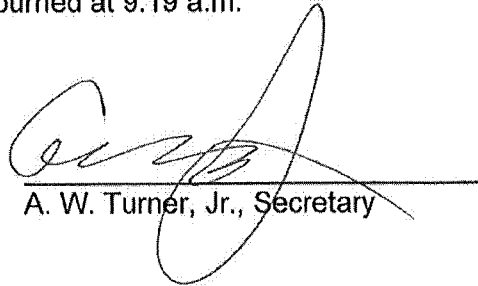
Mr. Turner then provided a legal activity update.

Ms. Kowalski gave a financial management report. She said operating income was up over \$2 million over budget for the first nine months. For the year, the Company is forecasted to be \$1.091 million favorable for the year. Revenues are expected to be up slightly, but Total Operating Expenses are forecasted to be favorable by over \$1 million.

Ms. Kowalski gave an update on the Sarbanes-Oxley compliance efforts. Her report showed only three areas where the Company is not fully compliant, one in which Power Plant still needs to be improved, one dealing with retirements, and one dealing with legacy contracts.

The next meeting will be held on Thursday, December 18, 2008, at 8:00 a.m. at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 9:19 a.m.



A. W. Turner, Jr., Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
8:00 A.M., December 18, 2008**

Present: Wayne M. Martin
Patricia A. Freibert
Nick O. Rowe
William G. Sisson
Rochelle Kowalski
Walter Lynch
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present:
A.W. Turner, Jr.
Keith Cartier

Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A.W. Turner, Jr., acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on October 28, 2008, were presented to the Board and, upon motion duly made, seconded, and carried the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held October 28, 2008, be and the same hereby are, approved in the form presented to this meeting.

M. Turner requested that the Board schedule the Annual Meeting of Shareholders and approve the form of Notice for that Meeting. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the annual meeting of the shareholders of the common stock of the Company be held at 10:00 a.m., local time, on Friday, May 22, 2009, at the offices of the Company at 2300 Richmond Road, Lexington, Kentucky, for all shareholders of record as of May 1, 2009.

Mr. Turner then requested the Board to consider funding for the 2008 Pension Plan and Post-Retirement Welfare Plans. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that inasmuch as a contribution to the Pension Plan totaling \$1,589,000.00, for Plan Year 2008 is required, the Company's contribution is fixed at \$1,589,000.00.

RESOLVED, that the proper officers of the Company be, and each of them is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

RESOLVED, that this company is authorized to pay to the Post-Retirement Welfare Plan Action-Benefits established by American Water Works Company, Inc., for the payment of health and life insurance plan benefits the sum of \$700,222.00, its allocated share of the cost of these benefits for the calendar year 2008.

RESOLVED, that the proper officers of the Company be, and each of them is authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

With his change in duties with American Water, Charles A. Gilbert could no longer perform the duties of Assistant Comptroller, and Mr. Rowe asked the Board to replace him with Sue Cole. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that because Charles A. Gilbert's position and responsibilities with American Water have changed such that he is no longer in a position to fulfill his responsibilities as Assistant Comptroller, he is removed as an officer of the Company, and

RESOLVED, that the nomination of Sue Cole as an Officer of Kentucky American Water, in the capacity of Assistant Comptroller, with duties limited to compiling and executing tax returns and government filings, authorizing and initiating the payments of fees and taxes, procurement card charges and authorizing ACH wire transfers on behalf of the Company, to replace Charles A. Gilbert, is accepted to take effect on December 18, 2008.

Rochelle Kowalski gave a financial report to the Board. She reported that operating income was \$2.373 million, or 14.33% over budget for the first eleven months of the year. The forecast for the full year is for operating income to be over \$1 million favorable for the year, with revenues over plan and expenses under plan. Walter Lynch complimented the Company for a good job on its business performance.

Ms. Kowalski then presented the 2009 Business Plan to the Board for its approval. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the 2009 Annual Business Plan be, and the same is approved in the form presented to this meeting.

Keith Cartier gave the Operations Report. He noted that central Kentucky continues to be in a moderate drought, although a wet winter would help reverse the trend. The Company filed a request for a rate increase at the end of October. He gave a summary of the procedural schedule, which would lead to hearings at the PSC in mid-April. Operational Regulatory Compliance has been good. Everything is on target except for valve operation maintenance, which is not subject to a regulatory requirement, and even that maintenance will be caught up by early 2009. The fairgrounds tank painting project in Owenton has been cancelled until water supply issues that occur when the tank is out of service have been resolved. The Company had no NOVs in November, and injuries, vehicle accidents, and related areas are also on track to meet year-end targets. Finally, Mr. Cartier reported that the Company is talking with LFUCG about collecting the stormwater fee that the City will be imposing as required by the EPA. Reaching an agreement is dependent in large part on how the fee is structured.

Mr. Rowe then gave a water supply report. The project is ahead of schedule and going well. The Company does anticipate having to file condemnation action for easements against a few landowners before the end of 2008.

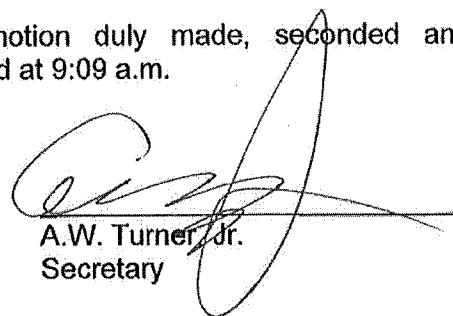
Mr. Turner then gave a legal report.

The Board members all congratulated Mr. Rowe on his recent promotion.

Finally, the Board approved the following dates for its 2009 meetings: April 20, July 24, October 21, and December 16.

The next meeting will be held on Monday, April 20, 2009, at 8:00 a.m. at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 9:09 a.m.


A.W. Turner, Jr.
Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
8:00 A.M., April 20, 2009**

Present: Wayne M. Martin
Patricia A. Freibert
Nick O. Rowe
William G. Sisson
Rochelle Kowalski
Walter Lynch

Constituting a majority and a quorum of the Board of Directors necessary for the transaction business.

Also present:
A.W. Turner, Jr.
John C. Romeo

Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A.W. Turner, Jr., acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on December 18, 2008, were presented to the Board and, upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held December 18, 2008, are approved in the form presented to this meeting.

With their change in duties with American Water, Rod Nevirauskas and Franco G. Boffice can no longer perform the duties of Assistant Comptroller, and Mr. Rowe asked the Board to replace them with Donna Grosser and Charles A Gilbert, respectively. In addition, with her change in duties, Velma A. Redmond can no longer perform the duties of Assistant Secretary, and Mr. Rowe asked the Board to replace her with John C. Romeo. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that because Rod Nevirauskas' position and responsibilities with American Water have changed such that he is no longer in a position to fulfill his responsibilities as Assistant Comptroller, he is removed as an officer of the Company, and

RESOLVED, that the nomination of Donna Grosser as an Officer of Kentucky American Water, in the capacity of Assistant Comptroller, with duties

limited to compiling and executing tax returns and government filings, authorizing and initiating the payments of fees and taxes, procurement card charges and authorizing ACH wire transfers on behalf of the Company, to replace Rod Nevirauskas, is accepted to take effect on April 20, 2009.

RESOLVED, that because Franco G. Boffice's position and responsibilities with American Water have changed such that he is no longer in a position to fulfill his responsibilities as Assistant Comptroller, he is removed as an officer of the Company, and

RESOLVED, that the nomination of Charles A. Gilbert as an Officer of Kentucky American Water, in the capacity of Assistant Comptroller, with duties limited to compiling and executing tax returns and government filings, authorizing and initiating the payments of fees and taxes, procurement card charges and authorizing ACH wire transfers on behalf of the Company, to replace Franco G. Boffice, is accepted to take effect on April 20, 2009.

RESOLVED, that because Velma A. Redmond's position and responsibilities with American Water have changed such that she is no longer in a position to fulfill her responsibilities as Assistant Secretary, she is removed as an officer of the Company, and

RESOLVED, that the nomination of John C. Romeo as an Officer of Kentucky American Water, in the capacity of Assistant Secretary, to replace Velma A. Redmond, is accepted to take effect on April 20, 2009.

Mr. Rowe gave both the Operations and Water Supply Reports. On the latter, he said 99 of the 110 needed easements for the pipeline have been obtained. Overall the project is about 40% complete and is on schedule and budget for completion by May 2010. The capital allocation for the project this year is \$46 million. The three condemnation cases are just beginning to reach the stage where we will see increased legal activity.

On Operations, Mr. Rowe reported on the rate case hearing to consider the settlement all parties reached. The major subjects of Commission questions were (1) impact on low income customers and (2) the KRA fee. A decision is expected no later than the end of May. Regulatory compliance has been good, with the Company moving ahead on all items. Mr. Rowe was pleased to report that 16 retirees took the time to attend the employee Appreciation Breakfast on February 25. He pointed to two opportunities for addition revenue, a renewal of the O&M contract for the Bluegrass Station and a potential purchase of the South Shore system. Finally, he noted both good news and bad news related to the ice storm. KAW had no customers out of service, for either water or sewer service, during and after the storm. The icy conditions, however, contributed to an increase in employee accidents this year.

Ms. Kowalski then presented the Financial Report. Lower commercial and industrial customer usage resulted in operating revenues for the First Quarter being \$216,000 under plan, but this result was more than offset by OPEX variances that were \$1million better than plan. She noted that, because the new treatment plant is ahead of construction schedule, long term debt is higher than had been anticipated. Walter Lynch commended the Company for the results.

Mr. Turner then gave a legal report.

Ms. Kowalski recommended that the Board approve the payment of quarterly dividends. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5.75% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2009, is declared payable on July 1, 2009, to stockholders of record at the close of business on June 10, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5.5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending June 30, 2009, is declared payable July 1, 2009, to stockholders of record at the close of business on June 10, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending June 30, 2009, is declared payable on July 1, 2009, to stockholders of record at the close of business on June 10, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company, being the regular quarterly dividend for the period ending June 30, 2009, is payable on June 2, 2009, to stockholders of record at the close of business on May 13, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$.95 per share of the common stock of the Company is payable on June 27, 2009, to stockholders of record on June 7, 2009.

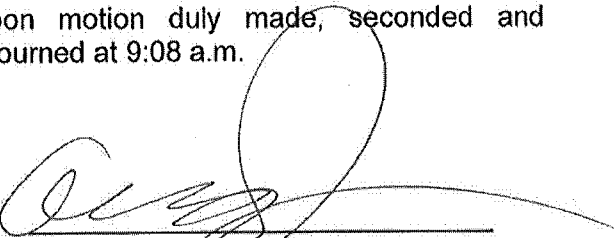
Finally, Ms. Kowalski gave an update on the Company's compliance efforts with regard to the Sarbanes-Oxley Act. She reported that the controls are becoming more ingrained in day-to-day operations rather than being viewed as a special effort. Once fixed asset report is still being implemented through PowerPoint. The contract administration still has a material weakness, and the Company

needs to have confidence that the controls are working. Last quarter some legacy contracts were still being added to the log.

She also reported on the PWC report sent to Board members. The report is new, so members had not seen anything like it in the past. The reports covers the audit steps and approach. Patricia A. Freibert asked about the reporting of pensions and retirements. Ms. Kowalski said the reporting depends on state law, with some states under ERISA requirements and others, including Kentucky, covered by FAS87 requirements.

The next meeting will be held on Friday, July 24, 2009, at 11:00 a.m. at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 9:08 a.m.



A. W. Turner, Jr., Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
11:00 A.M., July 24, 2009**

Present: Wayne M. Martin
Patricia A. Freibert
Nick O. Rowe
William G. Sisson
Deborah A. Degillio
Walter Lynch
John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present:
A. W. Turner, Jr.
John C. Romeo
David Little

Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A.W. Turner, Jr., acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on April 20, 2009, were presented to the Board and, upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meeting of the Board of Directors held April 20, 2009, are approved in the form presented to this meeting.

Mr. Turner requested that the Board authorize a second revenue bond offering through Owen County. The Board had authorized an earlier offering that has now closed, but the Company became aware that the Commonwealth has made additional money available. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that the Board of Directors of the Company declares it advisable and determines that it would be in the best interest of the Company for the Company and its affiliate, American Water Capital Corp., to enter into a transaction with Morgan Stanley & Co. Incorporated (the "Underwriter") and the County of Owen, Kentucky (the "Issuer"), for \$26,000,000 aggregate principal amount of Issuer's Waterworks System Revenue Bonds, 2009 Series B (the "Bond Offering"); and further

RESOLVED, that the Board of Directors of the Company recognizes that, in connection with the Bond Offering, it is contemplated, necessary or advantageous for the Company to execute a (i) Bond Purchase Agreement, (ii) Loan Agreement, and (iii) Indenture of Trust (collectively the "Bond Offering Documents") and certain opinions, certificates, instruments and other documents (collectively and including all exhibits and attachments, the "Closing Documents");

RESOLVED, that the Board of Directors of the Company declares it advisable and determines that it would be in the best interest of the Company to execute and deliver the Bond Offering Documents and the Closing Documents; and further

RESOLVED, that the Board of Directors of the Company declares it advisable and determines that it would be in the best interests of the Company to participate in the drafting of and distribution of that certain offering statement relating to the Bond Offering; and further

RESOLVED, that Ellen C. Wolf, James M. Kalinovich and George W. Patrick, and all others designated by them (the "Authorized Officers") be authorized and directed to do and perform, or cause to be done and performed, all acts, deeds and things and to make, execute and deliver, or cause to be made, executed and delivered, all agreements, undertakings, documents (including the Bond Offering Documents and Closing Documents), instruments or certificates in the name and on behalf of the Company or otherwise as each officer may deem necessary or advisable to effectuate or carry out fully the purpose and intent of the foregoing resolutions and any of the transactions contemplated by them, the taking of any actions and the execution and delivery of agreements, undertakings, legal opinions, documents, instruments or certificates to be conclusive evidence of the authority therefore; and further

RESOLVED, that all acts and things done by the Company, by any Authorized Officer, and any others designated by them, in connection with the transactions contemplated by the foregoing resolutions be ratified, approved and confirmed in all respects; and further

RESOLVED, that each of the Authorized Officers is appointed to the Pricing Committee; and that the Pricing Committee has the authority to negotiate the final terms of the Bond Offering.

Given his duties with American Water, James Kalinovich can no longer fulfill his responsibilities as Assistant Comptroller, and Mr. Rowe asked the Board to replace him with Mark Chierici. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that because James Kalinovich is no longer in a position to fulfill his responsibilities as Assistant Treasurer, he is removed as an officer of the Company, and

RESOLVED, that the nomination of Mark Chierici as an Officer of Tennessee American Water, in the capacity of Assistant Treasurer, to replace James Kalinovich, is accepted to take effect on July 24, 2009.

Mr. Rowe then requested that the Board elect the members of the Executive Committee. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the Board of Directors appoints Walter Lynch, Nick O. Rowe and John S. Young as the Executive Committee of the Board of Directors to serve for a period of one year or until their respective successors are appointed.

Finally Mr. Rowe requested the Board to elect officers for the coming year. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the duly elected officers of the Company are:

President	Nick O. Rowe
Vice-President, Corporate Counsel, and Secretary	A. W. Turner, Jr.
Vice-President, Operations	Keith Cartier
Treasurer and Comptroller	Deborah A. Degillio
Assistant Treasurer	Mark Chierici
Assistant Treasurer	Michael A. Millier
Assistant Secretary	John Romeo
Assistant Comptroller and Assistant Secretary	Rachel S. Cole
Assistant Comptroller	Charles A. Gilbert*
Assistant Comptroller	Sue Cole*
Assistant Comptroller	Doneen S. Hobbs*
Assistant Comptroller	Donna Grosser*

*Assistant Comptrollers Gilbert, Cole, Hobbs, and Grosser's duties are limited to compiling and executing tax returns and government filings, authorizing and initiating the payments of fees and taxes, procurement card charges and authorizing ACH wire transfers on behalf of the Company.

Mr. Cartier gave the Operations Report. He said there are no current source of supply issues. Rainfall this year has been above average. One result has been lower fuel and power costs due to lower than plan system delivery. Chemical costs, however, have been higher because the rainfall has caused high turbidity.

Probably as a result of the economic downturn, collections complaints to the PSC have more than doubled since last year. Bill complaints, though, are down.

One major capital project now underway is the replacement of over a mile of the main on North Broadway. The old line has been in place for over a century. Regulatory compliance projects are on target for the year.

The Company recently executed a contract with LFUCG to bill for the new stormwater fee. Billing will begin in January 2010 and will produce annual revenues of about \$376,000.

Mr. Cartier called special attention to several employees for work done this quarter. In mid-June, a major leak occurred at the Kentucky River Station. Temporary and then permanent repairs were made in short order with no impact on customer service, and the plant remained in compliance with all regulations throughout the repair. Mitzi Combs and Wayne Mattingly headed the team that accomplished this task. Stacy Owens headed another team that sought to improve results of the Customer Satisfaction Survey. Results have turned around from the end of 2008 such that we are on plan to meet 2009 targets. Mr. Rowe congratulated Mr. Cartier for the operations performance.

Deborah Degillio gave an update on the Sarbanes-Oxley compliance efforts. Her report showed only one area where the Company is not fully compliant, a fixed asset control that the Company is operating manually. Contract administration continues to get heightened attention.

Mr. Turner then gave a legal report.

Ms. Degillio then presented the Financial Report. Lower commercial and industrial customer usage contributed to operating revenues for the quarter being \$499,000 under plan, but the bigger driver was revenue variance from the rate case, which was completely offset by higher AFUDC. OPEX was almost a million dollars favorable, resulting in net income of \$818,000 over Plan.

Ms. Degillio recommended that the Board approve the payment of quarterly dividends. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5.75% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 30, 2009, is declared payable on October 1, 2009, to stockholders of record at the close of business on September 11, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5.5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending September 30,

2009, is declared payable October 1, 2009, to stockholders of record at the close of business on September 11, 2009.

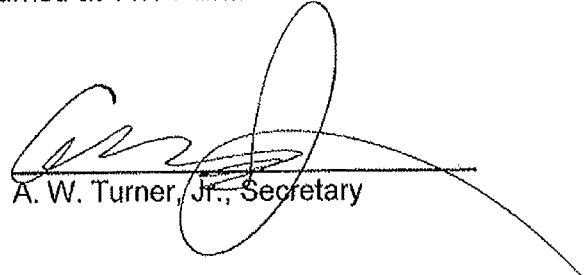
RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending September 30, 2009, is declared payable on October 1, 2009, to stockholders of record at the close of business on September 11, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending August 31, 2009, is payable on September 1, 2009, to stockholders of record at the close of business on August 12, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.28 per share of the common stock of the Company is payable on September 28, 2009, to stockholders of record on August 12, 2009.

The next meeting will be held on October 21, 2009, at 8:00 a.m. at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 11:54 a.m.


A. W. Turner, Jr., Secretary

**MINUTES OF THE BOARD OF DIRECTORS OF
KENTUCKY-AMERICAN WATER COMPANY
8:00 A.M., October 21, 2009**

Present: Wayne M. Martin
 Patricia A. Freibert
 William G. Sisson
 Nick O. Rowe
 Deborah A. Degillio
 Walter Lynch
 John S. Young

Constituting a majority and a quorum of the Board of Directors necessary for the transaction of business.

Also present:
 A. W. Turner, Jr.
 John C. Romeo
 Keith Cartier

Nick Rowe called the meeting to order and presided as Chairman of the meeting, and A.W. Turner, Jr., acted as Secretary of the meeting.

The minutes of the meeting of the Board of Directors held on April 20, 2009, a draft of which were approved at the last meeting, were presented in an amended form, and the minutes of the Board held on July 24, 2009, were also presented to the Board. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that the minutes of the meetings of the Board of Directors held April 20, 2009, and July 24, 2009, are approved in the form presented to this meeting.

Keith Cartier then gave both Operations and Water Supply Reports. On Operations, he reported that we have experienced a wet year. Through the third quarter, rainfall is 21% more than normal, and for the quarter alone precipitation is 50% greater than normal. One result has been lower fuel and power costs due to lower costs for system delivery. Non-revenue water numbers have improved.

Pursuant to a PSC order, KAW hired outside experts to make recommendations on conservation and non-revenue water efforts. Those reports were both submitted to the PSC this fall.

The biggest construction project ongoing is the Supply Plant near Owenton and the pipeline connecting it to Lexington. Four other large projects, however, are also in progress. Two, in concert with LFUCG, are on South Limestone and Newtown Pike. The others are on North Broadway and Kentucky Highway 607. Regulatory compliance projects are on target for the year.

Customer satisfaction is much improved over last year. One area where results are lower than target is on-time arrivals, which prompted a question from John Young. Mr. Cartier said the reasons are unclear. One possibility is simply in the way of counting the time; another may be that the worker is arriving when the customer is not present. William Sisson commented that he had an occasion the previous day to call the service line and he was pleased with how smoothly the process went. Mr. Rowe noted that on-line access for many services is now available to customers.

On the Water Supply Report, Mr. Cartier said that the earth-moving part of the plant construction is complete. Remaining work can be performed indoors this winter. Almost 80% of the pipeline is complete. The most significant recent event was the crossing of the North Elkhorn Creek, where we kept the creek open for boating traffic during the entire construction time. Testing of the pipeline, beginning near the Horse Park, has begun.

Ms. Degillio gave an update on the Sarbanes-Oxley compliance efforts. Her report shows the Company now has controls in place and operational for all processes.

Mr. Turner then gave a legal report.

Ms. Degillio then presented the Financial Report. Operating Revenues were unfavorable to plan by almost \$2.3 million for the quarter, interest expenses were favorable by almost \$1.5 million, and AFUDC was favorable by \$348,000. Overall results in quarterly net income were \$203,000 over Plan. Year to date results follow a similar trend, leading to net income to date of almost \$2.1 million favorable to Plan.

Ms. Degillio recommended that the Board approve the payment of quarterly dividends. Upon motion duly made, seconded, and carried, the following resolutions were duly adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.4375 per share of the 5.75% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period ending September 30, 2009, is declared payable on January 4, 2010, to stockholders of record at the close of business on December 15, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.375 per share of the 5.5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend for the period for the period ending September 30, 2009, is declared payable January 4, 2010, to stockholders of record at the close of business on December 15, 2009.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.25 per share of the 5% Cumulative Preferred Stock of the Company, being the regular quarterly dividend of the period ending September 30, 2009, is declared payable on January 4, 2010, to stockholders of record at the close of business on December 15, 2009.

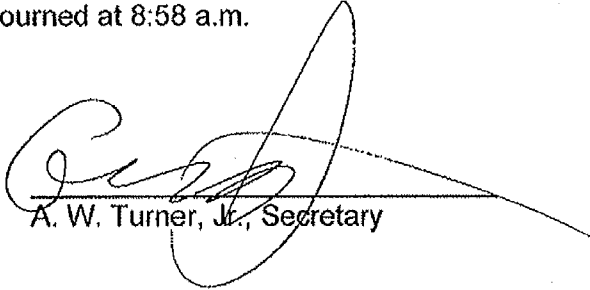
RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company being the regular quarterly dividend for the period ending September 30, 2009, is payable on December 1, 2009, to stockholders of record at the close of business on November 11, 2009.

Ms. Degillio then reported that payment of a Common Stock dividend would exceed 5% of last year's retained earnings. Thus the PSC must approve the payment before it is made. Ms. Degillio then recommended that the Board approve the payment of the quarterly common stock dividend, with the caveat that the PSC must approve it before it may be paid. Upon motion duly made, seconded, and carried, the following resolution was duly adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$1.85 per share of the common stock of the Company is payable on December 29, 2009, to stockholders of record on December 13, 2009.

The next meeting will be held on December 16, 2009, at 8:00 a.m. at the Company headquarters in Lexington.

With no further business, and upon motion duly made, seconded and unanimously adopted, the meeting adjourned at 8:58 a.m.


A. W. Turner, Jr., Secretary

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: **Michael A. Miller/Sheila Miller**

165. Please explain in detail any major changes in accounting treatment for O&M expenses, retirements, replacements and removal costs instituted by the Company since 2007.

Response:

There have been no major changes in accounting treatment for O&M expenses, retirements, replacements and removal costs instituted by the Company since 2007.

For the electronic version, refer to KAW_R_AGDR1#165_042610.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: Michael A. Miller

166. Please provide a copy of each out-of-period accounting adjustment (i.e., journal entry) recorded during 2008 and 2009, and past 2009 to the present, along with an explanation of each adjustment.

Response:

2008 out of period adjustments (“Dr.” denotes a debit record and “Cr.” denotes a credit record):

- 1) CIAC adjustment – used new rates for 2007
Dr. Depreciation expense \$32K
Cr. Accum Amortization CIAC liability \$32K
- 2) Remove 2007 amortization calculation from Advances – should not amortize
Dr. Depreciation expense \$270K
Cr. Accum Amortization Advances liability \$270K

2009 out of period adjustments:

- 1) Reverse AFUDC gross up for cancelled work orders
Dr. AFUDC Equity \$31K
Cr. CWIP \$31K
- 2) True up AFUDC on Kentucky River Pool 3 Project
Dr. CWIP \$100K
Cr. AFUDC Equity and Debt \$100K
- 3) Record federal income tax return interest – interest related to 2008 return
Dr. Federal income tax receivable \$11K
Cr. Income Tax expense \$11K
- 4) 2008 Annual incentive plan – liability trued up in 2009 when actually paid
Dr. Accrued incentive plan \$94K
Cr. Incentive plan expense \$94K
- 5) Leak detection charges were incorrectly capitalized in 2008
Dr. Materials and Supplies expense \$23K
Cr. CWIP \$23K

- 6) 2008 service company adjustments recorded in management fees in 2009
Dr. Inter-company receivable/payable \$46K
Cr. Management fees \$46K

2010 out of period adjustments:

- 1) 2009 Annual incentive plan – liability trued up when actually paid
Dr. Accrued incentive plan \$91K
Cr. Incentive expense \$91K
- 2) 2009 under-accrued for tax painting invoice
Dr. Deferred tax painting \$272K
Cr. Accounts Payable \$272K
- 3) 2009 service company adjustments recorded in management fees in 2010
Dr. Inter-company payable/receivable \$3K
Cr. Management fees \$3K

For the electronic version, refer to KAW_R_AGDR1#166_042610.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: **Michael A. Miller**

167. Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold in 2007, 2008, 2009 or anticipated in 2010 and 2011.

Response:

Please refer to the response to KAW_R_AGDR1#58_042610, this question appears to be duplicative of that question.

For the electronic version of this response, refer to KAW_AGDR1#167_042610.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: Michael A. Miller/Sheila Miller

168. Please provide a complete breakdown of other income, net, for 2007, 2008 and 2009 and projected for 2010 and 2011. Identify the jurisdictional portion of each element.

Response:

Please refer to the response to KAW_R_AGDR1#163_042610.pdf for the detailed income statements for 2007-2009 which shows the categories of other (below the line) income, net. Also refer to the analysis of income report which is provided in the response to KAW_R_AGDR1#163_042610.pdf which provides the detail of the other (below the line) income, net. The budgeted amounts of other (below the line) income for 2010/2011 are:

2010 - \$3,288,000 – Made up of AFUDC less Miscellaneous below the line deductions (shareholder donations and advertising not recoverable in rates).

2011 - \$66,000 - Made up of AFUDC less Miscellaneous below the line deductions (shareholder donations and advertising not recoverable in rates).

The Company did not include below the line other income, net in the rate filing.

For the electronic version of this response, refer to KAW_R_AGDR1#168_042610.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: Michael A. Miller/Sheila Miller/Keith Cartier/Linda Bridwell

169. Provide the Company's 2007, 2008 and 2009 Annual Reports to the KY PSC.

Response:

Please see the attached.

For the electronic version, refer to KAW_R_AGDR1#169_042610.pdf.

WATER

CLASS A & B WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY AMERICAN WATER

2300 Richmond Road, Lexington, Kentucky 40502

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

**211 SOWER BLVD.
P. O. BOX 615
FRANKFORT, KENTUCKY 40602**

FOR THE YEAR ENDED DECEMBER 31, 2007

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
4-6	The identification pages have been completed.		X		
7	101-106 agrees with	14 Total 101-106	X		3,554,486 is Sewer Utility
7	108-110 agrees with	16 Total 301-348 Cols c & h	X		(1,485,845) is Sewer Utility
7	114-115 agrees with	17 Net Balance 114-115	X		
7	123 agrees with	18 Total 123	N/A		
7	124 agrees with	18 Total 124	N/A		
7	125 agrees with	18 Total 125	N/A		
7	126-127 agrees with	18 Total 126-127	N/A		
7	141-144 agrees with	19 Net Balance 141-145	X		
7	151-153 agrees with	20 Total 151-153	X		
7	163-165 agrees with	20 Total 162	X		
8	181 agrees with	21 Total 181	X		
8	182 agrees with	21 Total 182	N/A		
8	186 agrees with	20 Total 186	X		
8	190 agrees with	21 Total 190	N/A		
9	201 agrees with	22 Total Par Value of Sks Issued Col b	X		
9	204 agrees with	22 Total Par Value of Sks Issued Col c	X		
9	214-215 agrees with	13 Total 214-215	X		
9	221 agrees with	24 Total Line 10 col 4	X		
9	221 agrees with	24 Total col 12	X		
9	224 agrees with	23 Total 224 col d	N/A		
9	232 agrees with	25 Total 232 col f	X		
9	233 agrees with	25 Total 233	X		
9	234 agrees with	25 Total 234 col f	X		
9	236 agrees with	26 Beginning & ending balance 236	X		
9	237 agrees with	27 Total 237 cols b & e	X		
9	242 agrees with	27a Total 242	X		
10	251 agrees with	21 Total 251	N/A		
10	252 agrees with	22 Total 252	X		
10	271 agrees with	28 Beginning & ending balance 271	X		
10	272 agrees with	28 Accumulated amortization 271	X		
11	400 agrees with	30 Total water operating revenue col e	X		
11	401 agrees with	31 Total col c	X		
11	406 agrees with	17 Total accumulated amortization 115	N/A		

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
12	427	agrees with 27 Total 237 col c	X		
12	Net Income	agrees with 13 Balance trans. From inc. 435 col c	X		
14	101	agrees with 15 Total 301-348 col f	X		
14	The analysis of accumulated depreciation and amort. by primary acct. has been completed		X		acct 101 plus acct 106
20	186.1	agrees with 28 Total 186.1 col c	X		
23	Schedule of long-term debt has been completed		N/A		
24	Schedule of bond maturities has been completed		X		
25	If the long-term debt consists of notes payable rather than bonds, then the notes payable schedule has been substituted for the schedule of bond maturities.		N/A		
15-15a	The analysis of water utility plant accounts cols c through k has been completed		X		
26	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from operating revenue		X		
30	The analysis of water operating revenue cols c, d, and e has been completed		X		
31	The analysis of water utility expense accounts cols c through k has been completed		X		
32	Schedule of pumping and purchased water statistics has been completed		X		
30	466	agrees with 33 Account 466		X	16,498 unbilled not included on page
32	col d	agrees with 33 Line 4 total produces and purchased	X		
	Oath page has been completed		X		

CLASS "A & B"
WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY AMERICAN WATER COMPANY

Exact Legal Name of Respondent

FOR THE
YEAR ENDED DECEMBER 31, 2007

NOTICE

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities as adopted by this Commission for Class A & B water companies.
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the work "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent, enter the words "Not Applicable" or "NA". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record, such as by typewriter. Money items (except averages) throughout the report should be shown in units of dollars adjusted to accord with footings.
7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not

enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
8. The report should be filled out in duplicate and one copy returned by March 31 of the year following the date of the report. The report should be returned to:

**Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, Kentucky 40602**

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2007

1. Amount of Principal Payment during calendar year \$41,100,000
2. Is Principal current? YES x NO _____
3. Is Interest current? YES x NO _____
4. Has all long-term debt been approved by the Public Service Commission?
YES x NO _____ PSC Case No. _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant?

YES x NO _____

If YES, which service is performed?

Audit x

Compilation _____

Review _____

Please enclose a copy of the accountant's report with annual report.

Additional Requested Information

Utility Name Kentucky American Water

Contact Person Rachel Cole

Contact Person's E-Mail Address RCole@KAWC.com

Utility's Web Address www.kawc.com

Please Complete the above information, if it is available

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

Additional Information Required By Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Items/Explanations
2002-00018		The attached supplements #1 and #2 are in response to ordering paragraph #7 and Condition #35 in Public Service Commission Case #2002-0018.

Attach additional sheets if more room is required

MAJOR WATER PROJECTS

Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "major Project is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at least 20%.

Brief Project Description (improvement, replacement, building construction, expansion. If expansion, provide the estimate number of new customers):

Resolution of Source of Supply and treatment capacity deficits. Kentucky American has proposed a 20 mgd treatment plant on Pool 3 of the Kentucky River with a transmission line to bring water into the Central District distribution system. KAW and the Bluegrass Water Supply Commission have executed a partnership agreement.

Projected Costs and Funding Sources/Amounts:

Estimated cost is \$160 million. KAW is prepared to provide funding for the entire project through private funding. Cost allocations and funding sources for the Bluegrass Water Supply Commission have not been determined yet.

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Application for Certificate of Convenience and Necessity was filed in Spring 2007. Bids were received in 2007

Location: (community, area or nearby roads)

The proposed Water Treatment Plant will be located in Owen County on US 127 at the Franklin County line. The raw water intake station is proposed on an adjacent property in Franklin County. The transmission line is proposed to run 30.5 miles along KY 1262 in Franklin County, to Woodlake Road, then along US 460 to Ironworks in Scott County, then south to I-75 in Fayette County, continuing along Ironworks with a connect at Newtown Pike. The proposed storage tank and booster pump station will be located near the Franklin/Scott County line on Woodlake Road north of US 460.

RWE Order Requirement #7 and Condition #35

<u>KAWC Operational Measures</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1 Number of water service interruptions (boil water advisories):	141	27	77
2 Average # of customers impacted from water service interruptions:	24.68	54.5	82.5
3 Average length of time of water service interruption/loss of water (l in hours):	2.62	4.04	2.7
4 Number of Customer Complaints from PSC:	52	51	79
5 Average response time to answer phones (in seconds):	41	63	38
6 Number of customer calls:	171,248	217,251	170,434

Supplement #2

List of Drinking Water Contaminants & MCLs

National Primary Drinking Water Regulations

National Primary Drinking Water Regulations (NPDWRs or primary standards) are legally enforceable standards that apply to public water systems. Primary standards protect public health by limiting the levels of contaminants in drinking water.

updated from website 1/26/08
URL: <http://www.epa.gov/safewater/mcl.html>

Microorganisms

Contaminant	MCLG1 (mg/L)2	MCL or TT1 (mg/L)2	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Cryptosporidium (pdf file)	zero	TT 3	Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and fecal animal waste
Giardia lamblia	zero	TT3	Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste
Heterotrophic plate count	n/a	TT3	HPC has no health effects; it is an analytic method used to measure the variety of bacteria that are common in water. The lower the concentration of bacteria in drinking water, the better maintained the water system is.	HPC measures a range of bacteria that are naturally present in the environment
Legionella	zero	TT3	Legionnaire's Disease, a type of pneumonia	Found naturally in water; multiplies in heating
Total Coliforms (including fecal coliform and E. Coli)	zero	5.0%4	Not a health threat in itself; it is used to indicate whether other potentially harmful bacteria may be present ⁵	Coliforms are naturally present in the environment; as well as feces; fecal coliforms and <i>E. coli</i> only come from human and animal fecal waste.
Turbidity	n/a	TT3	Turbidity is a measure of the cloudiness of water. It is used to indicate water quality and	Soil runoff
Viruses (enteric)	zero	TT3	Gastrointestinal illness (e.g., diarrhea, vomiting,	Human and animal fecal

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Disinfection Byproducts

Contaminant	MCLG1 (mg/L)2	MCL or TT4 (mg/L)2	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Bromate	zero	0.01	Increased risk of cancer	Byproduct of drinking water
Chlorite	0.8	1	Anemia; infants & young children: nervous system effects	Byproduct of drinking water disinfection
Haloacetic acids (HAA5)	n/a6	0.06	Increased risk of cancer	Byproduct of drinking water
Total Trihalomethanes (TTHMs)	n/a6	0.08	Liver, kidney or central nervous system problems; increased risk of cancer	Byproduct of drinking water disinfection

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Disinfectants

Contaminant	MRDLG (mg/L)2	MRDL1 (mg/L)2	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Chloramines (as Cl2)	MRDLG =41	MRDL= 4.01	Eye/nose irritation; stomach discomfort, anemia	Water additive used to control microbes
Chlorine (as Cl2)	MRDLG =41	MRDL= 4.01	Eye/nose irritation; stomach discomfort	Water additive used to control microbes
Chlorine dioxide (as ClO2)	MRDLG =0.81	MRDL= 0.81	Anemia; infants & young children: nervous system effects	Water additive used to control microbes

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Inorganic Chemicals

Contaminant	MCLG1 (mg/L)2	MCLG1 TTA (mg/L)2	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
<u>Antimony</u>	0.006	0.006	Increase in blood cholesterol; decrease in blood sugar	Discharge from petroleum refineries; fire retardants; ceramics; electronics; solder
<u>Arsenic</u>	7	0.01 as of 01/23/06	Skin damage or problems with circulatory systems, and may have increased risk of getting cancer	Erosion of natural deposits; runoff from orchards, runoff from glass & electronics production wastes
<u>Asbestos</u> (fiber >10 micrometers)	7 million fibers per liter	7 MFL	Increased risk of developing benign intestinal polyps	Decay of asbestos cement in water mains; erosion of natural deposits
<u>Barium</u>	2	2	Increase in blood pressure	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits
<u>Beryllium</u>	0.004	0.004	Intestinal lesions	Discharge from metal refineries and coal-burning factories; discharge from
<u>Cadmium</u>	0.005	0.005	Kidney damage	Corrosion of galvanized pipes; erosion of natural deposits; discharge from metal refineries; runoff
<u>Chromium (total)</u>	0.1	0.1	Allergic dermatitis	Discharge from steel and pulp mills; erosion of natural deposits
<u>Copper</u>	1.3	TTB: Action Level=1 .3	Short term exposure: Gastrointestinal distress Long term exposure: Liver or kidney damage	Corrosion of household plumbing systems; erosion of natural deposits
People with Wilson's Disease should consult their personal doctor if the amount of copper in their water exceeds the action level				
<u>Cyanide (as free cyanide)</u>	0.2	0.2	Nerve damage or thyroid problems	Discharge from steel/metal factories; discharge from plastic and fertilizer
<u>Fluoride</u>	4	4	Bone disease (pain and tenderness of the bones); Children may get mottled teeth	Water additive which promotes strong teeth; erosion of natural deposits;
<u>Lead</u>	zero	TTB: Action Level=0 .015	Infants and children: Delays in physical or mental development; children could show slight deficits in attention span and learning abilities	Corrosion of household plumbing systems; erosion of natural deposits
<u>Mercury (inorganic)</u>	0.002	0.002	Adults: Kidney problems; high blood pressure Kidney damage	Erosion of natural deposits; discharge from refineries
<u>Nitrate (measured as Nitrogen)</u>	10	10	Infants below the age of six months who drink water containing nitrate in excess of the MCL	Runoff from fertilizer use; leaching from septic tanks,
<u>Nitrite (measured as Nitrogen)</u>	1	1	Infants below the age of six months who drink water containing nitrite in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
<u>Selenium</u>	0.05	0.05	Hair or fingernail loss; numbness in fingers or toes; circulatory problems	Discharge from petroleum refineries; erosion of natural deposits; discharge
<u>Thallium</u>	0.0005	0.002	Hair loss; changes in blood; kidney, intestine, or liver problems	Leaching from ore-processing sites; discharge from electronics, glass,

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Organic Chemicals

Contaminant	MCLG1 (mg/L)2	MCL or TT1 (mg/L)2	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Acrylamide	zero	TT9	Nervous system or blood problems; increased risk of cancer	Added to water during sewage/wastewater
Alachlor	zero	0.002	Eye, liver, kidney or spleen problems; anemia; increased risk of cancer	Runoff from herbicide used on row crops
Atrazine	0.003	0.003	Cardiovascular system or reproductive problems	Runoff from herbicide used on row crops
Benzene	zero	0.005	Anemia; decrease in blood platelets; increased risk of cancer	Discharge from factories; leaching from gas storage
Benzo(a)pyrene (PAHs)	zero	0.0002	Reproductive difficulties; increased risk of cancer	Leaching from linings of water storage tanks and distribution lines
Carbofuran	0.04	0.04	Problems with blood, nervous system, or reproductive system	Leaching of soil fumigant used on rice and alfalfa
Carbon tetrachloride	zero	0.005	Liver problems; increased risk of cancer	Discharge from chemical plants and other industrial activities
Chlordane	zero	0.002	Liver or nervous system problems; increased risk of cancer	Residue of banned termiticide
Chlorobenzene	0.1	0.1	Liver or kidney problems	Discharge from chemical and agricultural chemical
2,4-D	0.07	0.07	Kidney, liver, or adrenal gland problems	Runoff from herbicide used on row crops
Dalapon	0.2	0.2	Minor kidney changes	Runoff from herbicide used on rights of way
1,2-Dibromo-3-chloropropane (DBCP)	zero	0.0002	Reproductive difficulties; increased risk of cancer	Runoff/leaching from soil fumigant used on
o-Dichlorobenzene	0.6	0.6	Liver, kidney, or circulatory system problems	Discharge from industrial chemical factories
p-Dichlorobenzene	0.075	0.075	Anemia; liver, kidney or spleen damage; changes in blood	Discharge from industrial chemical factories
1,2-Dichloroethane	zero	0.005	Increased risk of cancer	Discharge from industrial chemical factories
1,1-Dichloroethylene	0.007	0.007	Liver problems	Discharge from industrial chemical factories
cis-1,2-Dichloroethylene	0.07	0.07	Liver problems	Discharge from industrial chemical factories
trans-1,2-Dichloroethylene	0.1	0.1	Liver problems	Discharge from industrial chemical factories
Dichloromethane	zero	0.005	Liver problems; increased risk of cancer	Discharge from drug and chemical factories
1,2-Dichloropropane	zero	0.005	Increased risk of cancer	Discharge from industrial chemical factories
Di(2-ethylhexyl) adipate	0.4	0.4	Weight loss, liver problems, or possible reproductive difficulties.	Discharge from chemical factories
Di(2-ethylhexyl) phthalate	zero	0.006	Reproductive difficulties; liver problems; increased risk of cancer	Discharge from rubber and chemical factories
Dinoseb	0.007	0.007	Reproductive difficulties	Runoff from herbicide used on soybeans and vegetables
Dioxin (2,3,7,8-TCDD)	zero	3E-08	Reproductive difficulties; increased risk of cancer	Emissions from waste incineration and other

<u>Diquat</u>	0.02	0.02	Cataracts	Runoff from herbicide use
<u>Endothall</u>	0.1	0.1	Stomach and intestinal problems	Runoff from herbicide use
<u>Endrin</u>	0.002	0.002	Liver problems	Residue of banned insecticide
<u>Epichlorohydrin</u>	zero	TT9	Increased cancer risk, and over a long period	Discharge from industrial
<u>Ethylbenzene</u>	0.7	0.7	Liver or kidneys problems	Discharge from petroleum refineries
<u>Ethylene dibromide</u>	zero	5E-05	Problems with liver, stomach, reproductive system, or kidneys; increased risk of cancer	Discharge from petroleum refineries
<u>Glyphosate</u>	0.7	0.7	Kidney problems; reproductive difficulties	Runoff from herbicide use
<u>Heptachlor</u>	zero	0.0004	Liver damage; increased risk of cancer	Residue of banned termiticide
<u>Heptachlor epoxide</u>	zero	0.0002	Liver damage; increased risk of cancer	Breakdown of heptachlor
<u>Hexachlorobenzene</u>	zero	0.001	Liver or kidney problems; reproductive difficulties; increased risk of cancer	Discharge from metal refineries and agricultural chemical factories
<u>Hexachlorocyclopentadiene</u>	0.05	0.05	Kidney or stomach problems	Discharge from chemical factories
<u>Lindane</u>	0.0002	0.0002	Liver or kidney problems	Runoff/leaching from insecticide used on cattle, lumber, gardens
<u>Methoxychlor</u>	0.04	0.04	Reproductive difficulties	Runoff/leaching from insecticide used on fruits, vegetables, alfalfa, livestock
<u>Oxamyl (Vydate)</u>	0.2	0.2	Slight nervous system effects	Runoff/leaching from insecticide used on apples, potatoes, and tomatoes
<u>Polychlorinated biphenyls (PCBs)</u>	zero	0.0005	Skin changes; thymus gland problems; immune deficiencies; reproductive or nervous system difficulties; increased risk of cancer	Runoff from landfills; discharge of waste chemicals
<u>Pentachlorophenol</u>	zero	0.001	Liver or kidney problems; increased cancer risk	Discharge from wood preserving factories
<u>Picloram</u>	0.5	0.5	Liver problems	Herbicide runoff
<u>Simazine</u>	0.004	0.004	Problems with blood	Herbicide runoff
<u>Styrene</u>	0.1	0.1	Liver, kidney, or circulatory system problems	Discharge from rubber and plastic factories; leaching from landfills
<u>Tetrachloroethylene</u>	zero	0.005	Liver problems; increased risk of cancer	Discharge from factories and dry cleaners
<u>Toluene</u>	1	1	Nervous system, kidney, or liver problems	Discharge from petroleum factories
<u>Toxaphene</u>	zero	0.003	Kidney, liver, or thyroid problems; increased risk of cancer	Runoff/leaching from insecticide used on cotton and cattle
<u>2,4,5-TP (Silvex)</u>	0.05	0.05	Liver problems	Residue of banned herbicide
<u>1,2,4-Trichlorobenzene</u>	0.07	0.07	Changes in adrenal glands	Discharge from textile finishing factories
<u>1,1,1-Trichloroethane</u>	0.2	0.2	Liver, nervous system, or circulatory problems	Discharge from metal degreasing sites and other factories
<u>1,1,2-Trichloroethane</u>	0.003	0.005	Liver, kidney, or immune system problems	Discharge from industrial chemical factories
<u>Trichloroethylene</u>	zero	0.005	Liver problems; increased risk of cancer	Discharge from metal degreasing sites and other factories
<u>Vinyl chloride</u>	zero	0.002	Increased risk of cancer	Leaching from PVC pipes; discharge from plastic factories
<u>Xylenes (total)</u>	10	10	Nervous system damage	Discharge from petroleum factories; discharge from chemical factories

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Radionuclides

Contaminant	MCLG1 (mg/L) ²	MCLG2 (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Alpha particles	none ⁷	15 picocuries per Liter	Increased risk of cancer	Erosion of natural deposits of certain minerals that are radioactive and may emit a form of radiation known as alpha radiation
Beta particles and photon emitters	none ⁷	4 millirem per year	Increased risk of cancer	Decay of natural and man-made deposits of certain minerals that are radioactive and may emit forms of radiation known as photons and beta radiation
Radium 226 and Radium 228 (combined)	none ⁷	5 pCi/L	Increased risk of cancer	Erosion of natural deposits
Uranium	zero	30 ug/L as of 12/08/03	Increased risk of cancer, kidney toxicity	Erosion of natural deposits

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Notes

¹ Definitions:

Maximum Contaminant Level (MCL) - The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to MCLGs as feasible using Maximum Contaminant Level Goal (MCLG) - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are Maximum Residual Disinfectant Level (MRDL) - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a c Maximum Residual Disinfectant Level Goal (MRDLG) - The level of a drinking water disinfectant below which there is no known or expected risk to health. M Treatment Technique - A required process intended to reduce the level of a contaminant in drinking water.

² Units are in milligrams per liter (mg/L) unless otherwise noted. Milligrams per liter are equivalent to parts per million.

³ EPA's surface water treatment rules require systems using surface water or ground water under the direct influence of surface water to (1) disinfect their wa

Cryptosporidium: (as of 1/1/02 for systems serving >10,000 and 1/14/05 for systems serving <10,000) 99% removal.

Giardia lamblia: 99.9% removal/inactivation

Viruses: 99.99% removal/inactivation

Legionella: No limit, but EPA believes that if *Giardia* and viruses are removed/inactivated, *Legionella* will also be controlled.

Turbidity: At no time can turbidity (cloudiness of water) go above 5 nephelometric turbidity units (NTU); systems that filter must ensure that the turbidity (

HPC: No more than 500 bacterial colonies per milliliter.

Long Term 1 Enhanced Surface Water Treatment (Effective Date: January 14, 2005); Surface water systems or (GWUDI) systems serving fewer than 10, Filter Backwash Recycling; The Filter Backwash Recycling Rule requires systems that recycle to return specific recycle flows through all processes of the

⁴ more than 5.0% samples total coliform-positive in a month. (For water systems that collect fewer than 40 routine samples per month, no more than one sam

⁵ Fecal coliform and *E. coli* are bacteria whose presence indicates that the water may be contaminated with human or animal wastes. Disease-causing micro

⁶ Although there is no collective MCLG for this contaminant group, there are individual MCLGs for some of the individual contaminants:

Trihalomethanes: bromodichloromethane (zero); bromoform (zero); dibromochloromethane (0.06 mg/L). Chloroform is regulated with this group but has no

Haloacetic acids: dichloroacetic acid (zero); trichloroacetic acid (0.3 mg/L). Monochloroacetic acid, bromoacetic acid, and dibromoacetic acid are regulated

⁷ MCLGs were not established before the 1986 Amendments to the Safe Drinking Water Act. Therefore, there is no MCLG for this contaminant.

⁸ Lead and copper are regulated by a Treatment Technique that requires systems to control the corrosiveness of their water. If more than 10% of tap water s

⁹ Each water system must certify, in writing, to the state (using third-party or manufacturer's certification) that when acrylamide and epichlorohydrin are used i

Acrylamide = 0.05% dosed at 1 mg/L (or equivalent)

Epichlorohydrin = 0.01% dosed at 20 mg/L (or equivalent)

National Secondary Drinking Water Regulations

URL: <http://www.epa.gov/safewater/mcl.html>

updated from website 1/24/08

Contaminant	Secondary Standard
Aluminum	0.05 to 0.2 mg/L
Chloride	250 mg/L
Color	15 (color units)
Copper	1.0 mg/L
Corrosivity	noncorrosive
Fluoride	2.0 mg/L
Foaming Agents	0.5 mg/L
Iron	0.3 mg/L
Manganese	0.05 mg/L
Odor	3 threshold odor number
pH	6.5-8.5
Silver	0.10 mg/L
Sulfate	250 mg/L
Total Dissolved Solids	500 mg/L
Zinc	5 mg/L

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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.)

Kentucky American Water

2. Give the location including city, street and number, of the executive office.

2300 Richmond Road
Lexington, Kentucky 40502

3. Give the location, including street and number, and telephone number of the principal office in Kentucky.

Same as above

4. Name and address of principal officer within Kentucky.

Nick O. Rowe
2300 Richmond Road, Lexington, KY. 40502
(606) 268 - 6320

5. Give name, title, address and telephone number of the officer to whom correspondence concerning this report should be addressed.

Michael A. Miller, Assistant Treasurer
1600 Pennsylvania Avenue Charleston, WV 25302
(304) 353-6303

6. Date of organization. February 27, 1882.

7. Under the laws of what Government, State or Territory organized? (If more than one, name all. Give reference to each statute and amendments thereof.)

Incorporated as Lexington Hydraulic & Manufacturing Company by Acts of General
Assembly of the Commonwealth of Ky. Chap 22, Approved February 27, 1882.

8. If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same.

The Articles of Incorporation of Lexington Hydraulic and Manufacturing Company were amended 10/20/1922 to change name to Lexington Water Company. By Agreement of Consolidation dated 9/15/1927, Lexington Water Company and Blue Grass State Water Company were consolidated into one corporation known as the Lexington Water Company. The Articles of Incorporation of the Lexington Water Company were amended 3/30/1973 to change name to Kentucky-American Water Company.

9. Date and authority for each consolidation and each merger.

October 20, 1922 - Name change by amendment of Articles of Incorporation
September 15, 1927 - Agreement of Consolidation
March 30, 1973 - Name change by amendment of Articles of Incorporation

10. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual.

Corporation

11. If a reorganized company, give name of original corporation, refer to laws under which it was organized and the occasion for the reorganization.

See No. 8, above

12. Name all other operating departments.

None

13. Name of counties in which you furnish water service.

Bourbon, Fayette, Harrison, Scott, Clark, Woodford, Gallatin, Grant, and Owen counties. In addition, the company sells water for resale to customers in Bourbon, Jessamine, Scott, and Woodford counties.

REPORT OF
KENTUCKY-AMERICAN WATER COMPANY

For Year Ended December 31, 2007

Location where books and records are located:

2300 Richmond Rd.
Lexington, KY 40502

Contacts:

Name	Title	Principal Business Address	Salary Charged Utility
Send correspondence to: Nick O. Rowe	President	2300 Richmond Road Lexington, KY 40502-1308	
Report prepared by: Nicole Lawrence	Manager	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Officers & Managers: Nick O. Rowe	President	2300 Richmond Road Lexington, KY 40502-1308	
Franco Boffice	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Rochelle Kowalski	Treasurer and Comptroller	800 W. Hersheypark Drive Hershey, PA 17033	ALLOCATED
Michael A. Miller	Assistant Treasurer	1325 Virginia Street Charleston, WV 25301	ALLOCATED
Louis M. Walters	Assistant Treasurer	1025 Laruel Oak Road Voorhees, NJ 08043	ALLOCATED
Velma A. Redmond	Assistant Secretary	800 W. Hersheypark Drive Hershey, PA 17033	ALLOCATED
Rachel S. Cole	Assistant Comptroller	2300 Richmond Road Lexington, KY 40502-1308	
Charles Gilbert	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Doneen S. Hobbs	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Rod Nevirauskas	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
A.W. Turner, Jr.	Vice President, Corporate Counsel and Secretary	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED

Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
American Water Works Company, Inc.	100%	1025 Laurel Oak Road P.O.Box 1770, Voorhes, NJ 08043	N/A

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY PLANT			
101-106	Utility Plant	14	339,296,396	366,651,087
108-110	Less: Accumulated Depreciation and Amortization	16	(83,425,396)	(89,206,919)
	Net Plant		255,871,000	277,444,168
114-115	Utility Plant Acquisition			
	Adjustments (Net)	17	347,965	326,776
116	Other Utility Plant Adjustments			
	Total Net Utility Plant		256,218,965	277,770,944
	OTHER PROPERTY AND INVESTMENTS			
121	Nonutility Property		249,738	249,738
122	Less: Accumulated Depreciation and Amortization			
	Net Nonutility Property			
123	Investment in Associated Companies	18		
124	Utility Investments	18		
125	Other Investments	18		
126-127	Special Funds	18		
	Total Other Property & Investments		249,738	249,738
	CURRENT AND ACCRUED ASSETS			
131	Cash		901,769	395,877
132	Special Deposits			
133	Other Special Deposits			
134	Working Funds		2,400	2,400
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated			
	Provision for Uncollectible Accounts	19	2,794,913	1,901,042
145	Accounts Receivable from Associated Companies		4,096,176	388,037
146	Notes Receivable from Associated Companies			
151-153	Materials and Supplies	20	515,515	634,634
163	Misc Deposits		0	0
165	Prepayments		69,208	80,708
171	Accrued Interest and Dividends Receivable			
172	Rents Receivable			
173	Accrued Utility Revenues		2,510,265	2,562,043
174	Misc. Current and Accrued Assets		24,137	38,093
	Total Current and Accrued Assets		10,914,383	6,002,834

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	21	462,791	845,868
182	Extraordinary Property Losses	21		
183	Preliminary Survey & Investigation Charges		125,657	125,657
184	Clearing Accounts			
185	Temporary Facilities			
186	Misc. Deferred Debits	20	5,530,696	5,850,427
187	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes	21		
	Regulatory Assets		3,611,087	2,903,791
	Total Deferred Debits		9,730,231	9,725,743
	TOTAL ASSETS AND OTHER DEBITS		277,113,317	293,749,259

NOTES TO THE BALANCE SHEET

See attached audited financial statements for notes related to Balance Sheet items.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	22	36,568,776	36,568,776
204	Preferred Stock Issues	22	5,966,100	5,966,700
202,205	Capital Stock Subscribed		0	0
203,206	Capital Stock Liability for Conversion		0	0
207	Premium on Capital Stock		8,056,139	8,056,139
209	Reduction in Par or Stated Value of Capital Stock			
210	Gain on Resale or Cancellation of Reacquired Capital Stock		180	180
211	Other Paid-In Capital			
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	13	28,349,083	30,159,867
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
	Total Equity Capital		78,940,278	80,751,662
LONG-TERM DEBT				
221	Bonds	24	49,900,000	79,800,000
222	Reaquired Bonds			
223	Advances from Associated Companies			
224	Other Long-Term Debt			
	Total Long-Term Debt		49,900,000	79,800,000
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		6,335,298	6,490,075
232	Notes Payable	25	3,297,056	18,115,917
233	Accounts Payable to Associated Co	25	1,018,691	17,284
234	Notes Payable to Associated Co.	25	27,100,000	0
235	Customer Deposits		0	0
236	Accrued Taxes	26	8,267,526	4,862,016
237	Accrued Interest	27	581,042	1,112,521
238	Accrued Dividends		0	0
239	Matured Long-Term Debt			3,100,000
240	Matured Interest			
241	Tax Collections Payable		334,059	481,845
242	Miscellaneous Current and Accrued Liabilities	27A	5,395,964	2,816,380
	Total Current and Accrued Liabilities		52,329,636	36,996,038

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COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES (CONT)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED CREDITS			
251	Unamortized Premium on Debt	21		
252	Advances for Construction	22	16,492,638	14,653,091
253	Other Deferred Credits		2,998,399	3,673,089
255	Accumulated Deferred Investment Tax Credits		1,302,648	1,217,811
	Total Deferred Credits		20,793,685	19,543,991
	OTHER NON-CURRENT LIABILITIES			
	Accumulated Provision for:			
261	Property Insurance			
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves			
266	Rate Refunds			
	Total Other Non-Current Liabilities			
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions in Aid of Construction	28	50,089,413	55,476,422
	Tap-on Fees - Customers			
	Federal Grants in Aid of Construction			
	Other			
272	Accumulated Amortization of Contributions in Aid of Construction	28	(10,254,181)	(11,891,108)
	Total Net C.I.A.C.		39,835,232	43,585,314
	ACCUMULATED DEFERRED INCOME TAXES			
281	Accumulated Deferred Income Taxes Accelerated Depreciation			
282	Accumulated Deferred Income Taxes Liberalized Depreciation			
283	Accumulated Deferred Income Taxes Other		35,314,486	33,072,254
	Total Accumulated Deferred Income Taxes		35,314,486	33,072,254
	TOTAL EQUITY CAPITAL AND LIABILITIES		277,113,317	293,749,259

**Kentucky American
Notes to Balance Sheet
For the Year Ended 12/31/07**

Due to audit adjustments made subsequent to the filing of the 2006 report, for the accounts listed below, the beginning as reported in the 2007 report, do not match the ending balances in the 2006 report.

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO.	ACCOUNT NAME	REF. PAGE	Balance at beginning of year With Audit Adjustments 12/31/07 Report	Balance at end of year As Filed FYE 12/31/06 Report	Net Change
(a)	(b)	(c)			
101-106	Utility Plant	14	339,296,396	339,306,900	(10,504)
174	Misc. Current and Accrued Assets		24,137	197,763	(173,626)
214-215	Retained Earnings	13	28,349,083	28,434,769	(85,686)
236	Accrued Taxes	26	8,267,526	8,512,511	(244,985)
283	Accumulated Deferred Income Taxes		35,314,486	35,167,944	146,542

Due to these audit adjustments, the beginning balances and comparative prior year balances were changed from what was reported on the 2006 report for the following pages

Page 11 - 12 Comparative Operating Income Statement
Page 13 Statement of Retained Earnings
Page 26 Taxes Accrued

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COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			0
400	Operating Revenues	30	48,706,602	52,434,532
401	Operating Expenses	31	25,960,316	26,767,052
403	Depreciation Expenses		7,883,962	7,454,006
406	Amortization of Utility Plant Acquisition Adjustment		21,611	21,614
407	Amortization Expense		437,654	482,478
408.1	Taxes Other Than Income		2,856,475	3,052,724
409.1	Income Taxes		3,414,741	5,107,543
410.10	Deferred Federal Income Taxes		(936,223)	(1,166,142)
410.11	Deferred State Income Taxes		205,668	(94,605)
410.12	Deferred Local Income Taxes		0	0
411.10	Provision for Deferred Income Taxes Credit		0	0
412.10	Investment Tax Credits Deferred to Future Periods		0	0
412.11	Investment Tax Credits Restored to Operating Income		(84,757)	(84,836)
	Utility Operating Expenses		39,759,447	41,539,834
	Utility Operating Income		8,947,155	10,894,698
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) from Disposition of Utility Property		0	0
	Total Utility Operating Income		8,947,155	10,894,698
	OTHER INCOME AND DEDUCTIONS			
415	Revenues from Merchandising, Jobbing and Contract Deductions		1,629,103	402,243
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		(1,777,840)	(208,159)
419	Interest & Dividend Income		2,213	127,120
420	Allowance for Funds Used During Construction		390,200	1,226,848
421	Nonutility Income			3,444
426	Miscellaneous Nonutility Expenses		(277,970)	(318,676)
	Total Other Income and Deductions		(34,294)	1,232,820

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COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income			
409.20	Income Taxes		(170,552)	1,584
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes Credit			
412.20	Investment Tax Credits - Net			
412.21	Investment Tax Credits Restored to Nonoperating Income			
	Total Taxes Applicable to Other Income		(170,552)	1,584
	INTEREST EXPENSE			
427	Interest Expense		5,205,056	5,647,860
428	Amortization of Debt Discount & Exp.		72,873	75,069
429	Amortization of Premium on Debt			
	Total Interest Expense		5,277,929	5,722,929
	EXTRAORDINARY ITEMS			
433	Extraordinary Income			
434	Extraordinary Deduction			
409.30	Income Taxes, Extraordinary Items			
	Total Extraordinary Items			
	NET INCOME		3,805,484	6,403,005

STATEMENT OF RETAINED EARNINGS Page 29 of 223

1. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share.		
2. Show separately the state and federal income tax effect of items shown in Account No. 439.		
ACCT. NO. (a)	(b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year	28,349,083
	Changes to account:	
	Adjustments to Retained Earnings (requires Commission Approval prior to use):	
	Credits _____	
	Total Credits _____	
	Debits _____	
	Total Debits _____	
435	Balance Transferred from Income Water Sewer	6,403,005
436	Appropriations of Retained Earnings:	36,961

	Total Appropriations of Retained Earnings _____	
437	Dividends Declared:	
	Preferred Stock Dividends Declared _____	459,923
	Common Stock Dividends Declared _____	4,169,259
	Total Dividends Declared _____	4,629,182
	Balance end of year _____	1,810,784
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	

	Total Appropriated Retained Earnings _____	
	Total Retained Earnings	30,159,867
Notes to Statement of Retained Earnings:		

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	341,412,619
102	Utility Plant Leased to Others (Regulatory Asset - AFUDC-Debt)	272,637
103	Property Held for Future Use	114,076
104	Utility Plant Purchased or Sold	0
105	Construction Work in Progress	21,297,272
106	Completed Construction Not Classified	
	Total Utility Plant	363,096,604

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	
Balance first of year	82,015,525
Credit during year:	
Accruals Charged to Account 108.1	9,012,154
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	
Salvage - Scrap	6,260
Other Credits (specify):	6,900
	0
	0
Total Credits	9,025,314
Debits during year:	
Book Cost of Plant Retired	3,319,766
Cost of Removal	0
Other Debits (specify):	
<i>accum. Amort UPIS write-off</i>	0
Total Debits	3,319,766
Balance end of year	87,721,073

WATER UTILITY PLANT ACCOUNTS

ACCT. NO.	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	.1 INTANGIBLE PLANT (g)	.2 SOURCE OF SUPPLY & PUMPING PLANT (h)	.3 WATER TREATMENT PLANT (i)	.4 TRANS. & DISTRIBUTION PLANT (j)	.5 GENERAL PLANT (k)
301	Organization	31,640	5,894		37,534	37,534				
302	Franchises	70,261			70,261	70,261				
303	Land and Land Rights	4,535,811	0		4,535,811		447,792	68,164	4,019,855	
304	Structures and Improvements	23,730,866	1,870,304	12,090	25,589,080		8,080,308	9,628,566	826,275	7,053,931
305	Collecting & Impounding Reservoirs	1,016,553			1,016,553		1,016,553			
306	Lake River & Other Intakes	561,430	(20,666)	3,666	537,098		537,098			
307	Wells & Springs	0			0		0			
308	Infiltration Galleries & Tunnels	0			0		0			
309	Supply Mains	5,084,342	9,374		5,093,716		5,093,716			
310	Power Generation Equipment	572,454	312,332		884,786		884,786			
311	Pumping Equipment	10,387,003	801,678	58,389	11,130,292		11,130,292			
320	Water Treatment Equipment	26,461,237	1,896,041	231,024	28,126,254			28,126,254		
330	Distribution Reservoirs & Standpipes	11,813,469	812,328		12,625,797				12,625,797	
331	Transmission & Distribution Mains	151,503,649	9,687,207	218,690	160,972,166				160,972,166	
333	Services	35,325,950	2,094,219	295,572	37,124,597				37,124,597	
334	Meters and Meter Installations	23,700,676	1,635,403	495,200	24,840,879				24,840,879	
335	Hydrants	10,147,785	942,908	1,716	11,088,977				11,088,977	
339	Other Plant and Miscellaneous Equipment	3,838	68,092	328,246	(256,316)	(256,316)				
340	Office Furniture and Equipment	8,656,205	388,103	1,529,707	7,514,601					7,514,601
341	Transportation Equipment	2,817,636	432,509	121,759	3,128,386					3,128,386
342	Stores Equipment	35,547		1,620	33,927					33,927
343	Tools, Shop and Garage Equipment	1,421,289	119,220	2,890	1,537,619					1,537,619
344	Laboratory Equipment	843,099	17,216	4,134	856,181					856,181
345	Power Operated Equipment	1,589,811			1,589,811					1,589,811
346	Communication Equipment	1,931,144	5,925	6,364	1,930,705					1,930,705
347	Miscellaneous Equipment	1,262,277	11,841	8,699	1,265,419					1,265,419
348	Other Tangible Plant	138,485			138,485					138,485
	Total Water Plant	323,642,457	21,089,928	3,319,766	341,412,619	(148,521)	27,190,545	37,822,984	251,498,546	25,049,035

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT 2007

ACCT. NO. (a)	WATER ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CHARGES DURING THE YEAR			BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	
301	Organization	0				0
302	Franchises	58,778				58,778
303	Limited Term Interest in Land and Land Rights	26,813				26,813
304	Structures and Improvements	3,878,804	573,341		12,090	4,440,055
305	Collecting and Impounding Reservoirs	312,458	21,769			334,227
306	Lake River and Other Intakes	13,755	12,096		3,666	22,185
307	Wells and Springs	0				0
308	Infiltration Galleries and Tunnels	0				0
309	Supply Mains	862,124	59,464			921,588
310	Power Generating Equipment	267,442	20,730			288,172
311	Pumping Equipment	4,787,384	371,359		58,389	5,100,354
320	Water Treatment Equipment	12,800,696	987,968		231,024	13,557,640
330	Distribution Reservoirs and Standpipes	3,003,752	265,498			3,269,250
331	Transmission and Distribution Mains	21,787,397	1,892,530	1,158	218,690	23,462,395
333	Services	13,762,998	1,496,313		295,572	14,963,739
334	Meters & Meter Installations	4,692,213	629,645	5,101	495,200	4,831,759
335	Hydrants	2,554,707	261,483		1,716	2,814,474
339	Other Plant and Miscellaneous Equipment	394,911	8,260		328,246	74,925
340	Office Furniture and Equipment	7,623,980	1,498,428		1,529,707	7,592,701
341	Transportation Equipment	1,801,003	390,626		121,759	2,069,870
342	Stores Equipment	27,112	1,411		1,620	26,903
343	Tools, Shop and Garage Equipment	592,222	105,795		2,890	695,127
344	Laboratory Equipment	455,080	90,159		4,133	541,106
345	Power Operated Equipment	679,496	139,434			818,930
346	Communication Equipment	531,802	94,771		6,364	620,209
347	Miscellaneous Equipment	230,196	63,919		8,699	285,416
348	Other Tangible Plant	325,844	27,156			353,000
	Boonesboro Acquisition	447,969				447,969
	Subtotal	81,918,936	9,012,155	6,259	3,319,766	87,617,585
	Acc Depr Reg Asset	96,589	6,900			103,489
	Acc Amort UPIs	0				0
	TOTALS	82,015,525	9,019,055	6,259	3,319,766	87,721,073

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT 2007

ACCT. NO. (a)	SEWER ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	CHARGES DURING THE YEAR PLANT RETIREMENTS (f)	OTHER CHARGES (g)	BALANCE END OF YEAR (h)
351	WW Organization	0					0
352	WW Franchises	0					0
353	WW Land and Land Rights	0	0				0
354	WW Structures and Improvements	858,276	53,759			0	912,035
360	WW Collection Sewers- Force	329,608	17,536				347,144
361	WW Collection Sewers- Gravity	0	0				0
362	WW Special Collecting Structures	0	0				0
363	WW Services to Customers	191	191				382
364	WW Flow Measuring Devices	0	0				0
365	WW Flow Measuring Installations	0	0				0
370	WW Receiving Wells	0	0				0
371	WW Pumping Equipment	535	535				1,070
380	WW Treatment And Disposal Equipment	5,499	1,135			0	6,634
381	WW Plant Sewers	0	0			0	0
382	WW Outfall Sewer Lines	0	0			0	0
389	WW Other Plant And Miscellaneous Equipment	169,188	0			0	169,188
390	WW Office Furniture And Equipment	34,193	1,495		11,198		24,490
391	WW Transportation Equipment	3,908	3,613				7,521
392	WW Stores Equipment	50	50				100
393	WW Tools, Shop and Garage Equipment	2,562	2,589				5,151
394	WW Laboratory Equipment	0	153				153
395	WW Power Operated Equipment	3,810	3,738				7,548
396	WW Communication Equipment	140	140				280
397	WW Miscellaneous Equipment	1,911	2,238				4,149
398	WW Other Tangible Plant	0	0				0
		0	0	0	0		0
		0	0				0
		0					0
		0					0
		1,409,871	87,172	0	11,198	0	1,485,845
	Subtotal						
	Acc Depr Reg Asset	0	0				0
	Acc Amort UPIS	0					0
	TOTALS	1,409,871	87,172	0	11,198	0	1,485,845

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance first of year	0
Credit during year:	
Accruals Charged to Account 110.1	
Accruals Charged to Account 110.2	
Other Credits (specify)	

Total Credits	0
Debits during year:	
Book Cost of Plant Retired	
Other Debits (specify)	

Total Debits	0
Balance end of year	0

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
Boonesboro Water Association	138,217
Tri-Village	334,694
Owentown	(16,961)

Total Plant Acquisition Adjustments	455,950
Accumulated Amortization (115)	
Amortization Boones boro Water Association	(88,289)
Amortization Tri Village Water Association	(41,840)
Amortization Owentown	955

Total Accumulated Amortization	(129,174)
Net Acquisition Adjustments	326,776

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127) Page 36 of 223

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123): Total Investment in Associated Companies:		
UTILITY INVESTMENTS (ACCT. 124): Total Utility Investments		
OTHER INVESTMENTS (ACCT. 125): Total Other Investments		
SPECIAL FUNDS (ACCTS. 126 & 127): Total Special Funds		

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141)	1,928,082
Other Accounts Receivable (Acct. 142)	
_____	196,268

_____	196,268
Notes Receivable (Acct. 144)	

Total Accounts and Notes Receivable	2,124,350
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
Balance first of year	(261,097)
Add: Provision for uncollectibles for current year	0
Collections of accounts previously written off	(383,880)
Utility Accounts	86,117
Others	0
Yearly Provision Calculation	(174,324)
Total Additions	(733,184)
Deduct accounts written off during year:	509,876
Utility Accounts	
Other	

Total accounts written off	
Balance end of year	(223,308)
Total Accounts and Notes Receivable - Net	1,901,042

MATERIALS AND SUPPLIES (151 - 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151)	633,168
Merchandise (Account 152)	
Other Materials and Supplies (Account 153)	1,466
Total Materials and Supplies	634,634

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance	431
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	0
Prepaid PUC/PSC Assessments	41,806
Other Prepayments (Specify)	
Licensing Fees	7,121
Membership Fees	12,010
Oracle	16,302
Legal Fees	1,499
AWWA Research Fees	0
Lotus Notes Fees	1,539
Total Prepayments	80,708

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1)	485,893
Other Deferred Debits (Acct. 186.2)	5,364,534
Total Miscellaneous Deferred Debits	5,850,427

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
Series 9.96%	933	14,850
Series 7.21%	0	0
Series 6.96%	2,774	36,654
Series 6.79%	0	0
Series 7.15%	2,230	46,556
Series 6.99%	3,048	66,815
Series 6.87%	62,494	203,104
Preferred Stock Series 7.9%	0	0
Preferred Stock Series 8.47%	771	22,291
Series 5.65%	272	0
Series 6.58%	2,547	455,598
Total Unamortized Debt Discount and Expense	75,069	845,868
Unamortized Premium on Debt (Acct. 251):		
Total Unamortized Premium on Debt		

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	
Total Extraordinary Property Losses	

ACCUMULATED DEFERRED INCOME TAXES (ACCT. 190)

DESCRIPTION	TOTAL
Accumulated Deferred Income Taxes (Acct. 190):	
Federal (190.1)	
State (190.2)	
Local (190.3)	
Total Accumulated Deferred Income Taxes	

DESCRIPTION	TOTAL
Balance first of year	16,492,638
Add credits during year	3,300,637
Deduct charges during year	5,140,184
Balance end of year	14,653,091

CAPITAL STOCK (ACCTS. 201 - 204)

(a)	COMMON STOCK (b)	PREFERRED STOCK (c)
Par or stated value per share	NO PAR	100
Shares authorized	2,000,000	85,000
Shares issued and outstanding	1,567,391	14,667
Total par value of stock issued	36,568,776	5,966,700
Dividends declared per share for year	2.66	31.36

BONDS (ACCT. 221)

Line No.	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Held by or for Respondent (3)	Actually Outstanding At Close of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1						
2						
3	14,000,000	14,000,000	0	0	539,389	539,389
4	7,000,000	7,000,000	0	7,000,000	487,200	487,200
5	*	*	0	0	(21,468)	0
6	7,500,000	7,500,000	0	7,500,000	536,250	536,250
7	9,000,000	9,000,000	0	9,000,000	629,100	629,100
8	15,500,000	15,500,000	0	9,300,000	904,531	958,365
9	24,000,000	24,000,000	0	0	610,200	610,200
10	47,000,000	47,000,000	0	47,000,000	585,311	0
Total	124,000,000	124,000,000	0	79,800,000	4,270,513	3,760,504

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1						
2						
3		3/1/2014	4.75%	14,000,000	14,000,000	-
4		12/1/2023	6.96%	7,000,000		7,000,000
5						
6		2/1/2027	7.15%	7,500,000		7,500,000
7		6/1/2028	6.99%	9,000,000		9,000,000
8		3/29/2011	6.87%	15,500,000	3,100,000	9,300,000
9		6/12/2007	5.65%	24,000,000	24,000,000	-
10		10/15/2037	6.58%	47,000,000		47,000,000
11						
12						
13						
14						
15						
16						
17	* Credit of (\$21,468) represents amortization of					
18	gain realized on early redemption of 4.75* series					
19						
20						
21						
22						
23						
24						
25						
Total				124,000,000	41,100,000	79,800,000

NOTES PAYABLE (ACCOUNTS 232 & 234)

(a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	AMOUNT OF PAYMENT (e)	
Account 232 - Notes Payable:					
Notes Payable _ AWW Cap Corp					
					18,115,917
Total Account 232					18,115,917
Account 234 - Notes Payable to Associated Companies:					
Total Account 234					

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)

SHOW PAYABLE TO EACH ASSOCIATED COMPANY SEPARATELY	AMOUNT
American Water Works Service Co., Inc.	17,284
Total Account 233	17,284

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year	8,267,526
	Accruals Charged:	
408.10	Utility regulatory assessment fees	82,979
408.11	Property taxes	2,519,387
408.12	Payroll taxes	445,240
408.13	Other taxes and licenses	5,119
408.20	Taxes other than income, other income and deductions	0
409.10	Federal income taxes	4,425,048
409.11	State income taxes	682,495
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	1,584
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	(1,166,142)
410.11	Deferred state income taxes	(94,605)
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(84,837)
412.20	ITC - Net nonutility operatons	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes accrued	6,816,268
	Taxes paid during year:	
408.10	Utility regulatory assessment fees	82,979
408.11	Property taxes	2,393,196
408.12	Payroll taxes	434,340
408.13	Other taxes and licenses	5,119
408.20	Taxes other than income, net change in sales tax accruals	1,907,176
409.10	Federal income taxes	6,410,093
409.11	State income taxes	332,875
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	1,584
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	(1,166,142)
410.11	Deferred state income taxes	(94,605)
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	0
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(84,837)
412.20	ITC - Net nonutility operatons	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes paid	10,221,778
	Balance end of year	4,862,016

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Account No. 237.1 - Accrued Interest on Long-Term Debt:	581,042	4,291,981	3,760,504	1,112,519
Amortize Gain on Early Bond Redemption		(21,468)		
Total Acct. No. 237.1	581,042	4,270,513	3,760,504	1,112,519
Account No. 237.2 - Accrued Interest on Other Liabilities:				
Interest on Note Balance (AWCC)	0	1,415,522	1,415,522	0
Other Interest Expense	0	(38,175)	(38,175)	0
Total Acct. No. 237.2	0	1,377,347	1,377,347	0
Total Acct. No. 237	581,042	5,647,860	5,137,851	1,112,519

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MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
Accrued Vacation Payable	38,091
Accrued Water	14,686
Accrued Power	235,528
Accrued Legal	158,900
Accrued Audit Fees	0
Accrued Wages	21,851
Accrued Insurance	504
Accrued Rents	12,000
Accrued Waste Disposal	0
Accrued Retiree Medical Reimb	8,000
Accrued DPB Contribution	11,078
Accrued bank Fees	50,832
Withheld Payroll - Union Dues	2,051
Withheld Payroll - Garnishment	1,602
Withheld Payroll - Tax Coll Pay FIT/SIT/LIT/FICA	93,104
Withheld Payroll - Charitable Contributions	76
Withheld Payroll - Savings Account	0
Withheld Payroll - Credit Union	0
Withheld Payroll - Flexible Spending Accounts	3,209
Withheld Payroll - 401k	56,872
Withheld Payroll - Miscellaneous	0
Accrued 401k Expense	14,193
Accrued Preferred Dividend Requirements	50,164
Construction Costs Payable	0
Withheld Payroll - ESOP	0
Unclaimed Credits	22,151
Uncliamed Extension Deposit Refunds	20,935
Accrued Unbilled Items	224,935
Contract Liab Property Purchase Payments	0
Unbilled Stock C	31,122
Unbilled Stock E	85,365
CFO - Mgmt Contracts	194,776
Bank Clearing	1,240,132
Other Current Liabilities Analyzed	184,903
Accrued Retro Insurance	39,320
Total Miscellaneous Current and Accrued Liabilities	2,816,380

REGULATORY COMMISSION EXPENSE - AMORTIZATION
OF RATE CASE EXPENSE (ACCOUNTS 666 & 667)

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	AMOUNT TRANSFERRED TO ACCOUNT NO.186.1 (c)	CHARGED OFF DURING YEAR	
			ACCT. (d)	AMOUNT (e)
Rate Case Expense	437,884	437,884	666	373,198
Demand Study	0	0	667	0
Cost of Service Study	13,681	13,681	667	0
Depreciation Study	27,422	27,422	667	837
Total	478,987	478,987	0	374,035

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271 and ACCOUNT 272)

DESCRIPTION	TOTAL
Balance first of year	50,089,413
Add credits during year	8,756,150
Deduct charges during year	3,369,141
Balance end of year	55,476,422
Less Accumulated Amortization	11,891,108
Net Contributions in Aid of Construction	43,585,314

**RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

1. The reconciliation should include the same detail as furnished on Schedule M-1 of the Federal tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State name of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

DESCRIPTION	REF.	AMOUNT
Net income for the year		6,439,996
Federal Income Tax Accrual		3,175,475
State & Local Income Tax Accrual		588,068
Pre-Tax Book Income		10,203,539
Permanent Differences:		
Meal & Entertainment		19,210
Nondeductible Penalties		(396,180)
Medicare Subsidy		(158,998)
Lobbying Expenses		11,764
Total Permanent Differences		(524,204)
Financial Taxable Income		9,679,335
Temporary Differences:		
Uncollectible Accounts		176
Vacation Pay		(47,800)
Taxable Contributions (CIAC)		(1,171,710)
Taxable Advances		(220,888)
Rate Case Expense		(125,542)
Depreciation & Amortization		(696,616)
Reg Asset - AFUDC Debt		0
Gains & Losses		0
Abandonment Losses		(802,760)
Cost of Removal		(43,579)
Amortization-UPAA		0
Cost of Service Study		52,069
Incent Plan (Incen 3)		(52,143)
Incent Plan (Incen 5)		0
Regulatory Pension (Pension 2)		(108,911)
Regulatory Pension (Pension 3)		0
Accrued OPEB		201,978
AFUDC (AFUDC 1)		(534,340)
AFUDC Equity CWIP (AFUDC 2)		0
Amortization of Regulatory (AFUDC 3)		0
Deferred Maintenance (Maint 1)		(255,665)
Miscellaneous Deferred Debits (Misc 1)		377,412
Miscellaneous Deferred Credits (Misc 3)		508,319
Deferred Security Costs		15
Deferred Customer Service Center Costs		0
Deferred Financial Services Costs		0
Total Temporary Differences		(2,919,985)
Federal Taxable Income Before SIT		6,759,350
State Income Tax Deduction		(583,979)
Federal Taxable Income		6,175,371
Tax Rate		35%
Federal Income Tax Payable		2,161,380
Provision Adjustment		0
Federal Income Tax Expense		2,161,380

WATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues			
460	Unmetered Water Revenue			
461	Metered Water Revenue:			
461.1	Sales to Residential Customers	104,754	106,030	27,675,822
461.2	Sales to Commercial Customers	8,573	8,583	12,334,635
461.3	Sales to Industrial Customers	21	21	1,499,014
461.4	Sales to Public Authorities			
461.5	Sales to Multiple Family Dwellings			
461.6	Sales through Bulk Loading Stations			18,789
	Total Metered Sales	113,348	114,634	41,528,260
462	Fire Protection Revenue:			
462.1	Public Fire Protection	37	37	2,216,224
462.2	Private Fire Protection	1,693	1,806	1,137,795
	Total Fire Protection Revenue	1,730	1,843	3,354,019
464	Other Sales to Public Authorities	486	488	3,918,968
465	Sales to Irrigation Customers			
466	Sales for Resale	11	13	1,105,426
467	Interdepartmental Sales			309,752
	Total Sale of Water	115,575	116,978	50,216,425
	Other Water Revenues:			
470	Forfeited Discounts			(49)
471	Miscellaneous Service Revenues			1,121,344
472	Rents from Water Property			111,988
473	Interdepartmental Rents			
474	Other Water Revenues			984,824
475	Provision for Rate Refunds			
	Total Other Water Revenues			2,218,107
	Total Water Operating Revenues			52,434,532

WATER UTILITY EXPENSE ACCOUNTS

WATER EXPENSE ACCOUNT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 SOURCE OF SUPPLY EXPENSES-OPERATION (d)	.2 SOURCE OF SUPPLY EXPENSES-MAINTEN. (e)	.3 WATER TREATMENT EXPENSES-OPERATION (f)	.4 WATER TREATMENT EXPENSES-MAINTEN. (g)	.5 TRANS. & DISTRIBU. EXPENSES-OPERATION (h)	.6 TRANS. & DISTRIBU. EXPENSES-MAINTEN. (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINIS-TRATIVE & GENERAL EXPENSES (k)
601	Salaries & Wages - Employer ok	5,838,130	139	62,202	1,520,207	81,626	1,859,505	739,833	804,074	770,544
603	Salaries & Wages - Officers, Directors & Majority Stockholders ok	2,486,679	0			0			0	2,486,679
604	Employee Pensions & Benefits ok	427,205	427,205							
610	Purchased Water ok	2,770,819	221,862		2,538,800		10,157			
615	Purchased Power ok	5,648	5,648							
616	Fuel for Power Production ok	1,691,774	1,691,774							
618	Chemicals ok	569,899	2,024	93,224	20,846	76,212	105,628	210,789	(686)	61,862
620	Materials and Supplies	0	0				0	0		0
631	Contractual Services - Eng	101,038								101,038
632	Contractual Services - Acct	65,589			0					65,589
633	Contractual Services - Legal	0								0
634	Contractual Services - Management Fees	8,101,554	0		150,493		98,316	342	148,583	7,703,820
635	Contractual Services - Other	2,958					3,496			(538)
641	Rental of Bldg./Real Property	27,494			0		0			27,494
642	Rental of Equipment	555,903	57		0		14,737		0	541,109
650	Transportation Expenses	0								
656	Insurance - Vehicle ok	304,483								304,483
657	Insurance - General Liability ok	154,618								154,618
658	Insurance - Worker's Compensation ok	117,599								117,599
659	Insurance - Other ok	22,108								22,108
660	Advertising Expense									
666	Regulatory Commission Expense - Amortization of Rate Ca ok	373,198								373,198
667	Regulatory Commission Expense - Other ok	837								837
670	Bad Debt Expense	383,880							383,880	
675	Miscellaneous Expenses	2,765,639	35,038	4,350	428,143	232,315	192,613	252,425	1,042,021	578,734
	Total Water Utility Expenses	26,767,052	691,973	159,776	6,350,263	390,153	2,284,452	1,203,389	2,377,872	13,309,244

PUMPING AND PURCHASED WATER STATISTICS Page 51 of 223

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January	3,651	1,131,686	1,135,337	924,976
February	5,149	1,208,417	1,213,566	920,025
March	4,565	1,186,254	1,190,819	930,925
April	2,851	1,148,073	1,150,924	993,923
May	3,544	1,509,889	1,513,433	993,790
June	3,530	1,555,029	1,558,559	1,432,515
July	5,527	1,474,169	1,479,696	1,376,244
August	5,182	1,716,158	1,721,340	1,351,385
September	5,112	1,486,168	1,491,280	1,568,263
October	4,710	1,343,713	1,348,423	1,222,330
November	3,689	1,147,810	1,151,499	1,178,660
December	5,938	1,137,180	1,143,118	936,640
Total for year	53,448	16,044,546	16,097,994	13,829,679
Maximum gallons pumped by all methods in any one day (Omit 000's):				64,299
Date <u>6/15/2007</u>				
Minimum gallons pumped by all methods in any one day (Omit 000's):				28,848
Date <u>12/28/07</u>				
If water is purchased for resale, indicate the following:				
Vendor: <u>Winchester Municipal Utilities, Gallatin County Water District</u>				
<u>Georgetown Municipal Water & Waste Water.</u>				
Point of Delivery: <u>Clark County (4), Owen County (4), Gallatin County (1)</u>				
If water is sold to other water utilities for redistribution, list names of such utilities below:				
<u>CITY OF MIDWAY</u>				
<u>CITY OF NORTH MIDDLETOWN</u>				
<u>CITY OF NICHOLASVILLE</u>				
<u>CITY OF VERSAILLES</u>				
<u>JESSAMINE SOUTH ELKHORN WATER DISTRICT (2)</u>				
<u>HARRISON COUNTY WATER DISTRICT</u>				
<u>GEORGETOWN MUNICIPAL WATER AND SEWER SERVICE</u>				
<u>EAST CLARK WATER</u>				
<u> </u>				
<u> </u>				
<u> </u>				
<u> </u>				

SALES FOR RESALE (466)

LINE #	COMPANY	1,000 GALLONS	AVG. RATE (CENTS)	AMOUNT
1	CITY OF MIDWAY	57,055	2.23	127,434
2	EAST CLARK WATER	155	5.26	814
3	CITY OF NORTH MIDDLETOWN	86,098	2.20	189,637
4	CITY OF NICHOLASVILLE	32,113	2.55	82,016
5	CITY OF VERSAILLES	298	28.77	8,567
6	JESSAMINE SOUTH ELKHORN WATER DIST (2 ACCTS)	284,028	2.19	622,428
7	HARRISON COUNTY WATER DISTRICT	31,878	2.27	72,274
8	GEORGETOWN MUNICIPAL WATER AND SEWER SERVICE	6,144	3.05	18,753
9				
10	TOTAL	497,770	2.25	1,121,924
WATER STATISTICS				
LINE #	ITEM	1,000 GALLONS		
1	WATER PRODUCED AND PURCHASED:			
2	Water Produced	16,044,546		
3	Water Purchased	53,448		
4	TOTAL PRODUCED AND PURCHASED	16,097,994		
5				
6	Water Sales:			
7	Residential	6,676,488		
8	Commercial	4,313,064		
9	Industrial	767,991		
10	Bulk Loading Station	181,944		
11	Resale	497,770		
12	Other Sales - Public Authority	1,392,422		
13	TOTAL WATER SALES	13,829,679		
14				
15	OTHER WATER USED:			
16	Utility/ Water Treatment	20,695		
17	Wastewater Plant	0		
18	System Flushing	107,887		
19	Fire Department	1,825		
20	Other (Construction, Flushing, Disinfection, Etc.)	80,221		
21	OTHER WATER USED	210,628		
22				
23	Water Loss	2,057,687		
24				
25	TOTAL OTHER WATER USED	2,268,315		
26				
27	Water Loss Percentage:	12.78%		

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 1 THROUGH 4)
AS OF DECEMBER 31, 2007

1) Number of public fire hydrants:

Fayette County	6,831
Scott County	244
Clark County	5
Bourbon County	28
Owen County	11
Woodford County	4
Total Public	<u><u>7,123</u></u>

2) Number of private fire hydrants:

Fayette County	768
Scott County	109
Georgetown	20
Bourbon County	-
Owen County	-
Woodford County	5
Total Private	<u><u>902</u></u>

3) Source of water supply:

Kentucky-American Water Company's major source of supply is the Kentucky River, located twelve miles southeast of downtown Lexington. The company also utilizes Lake Ellerslie which impounds West Hickman Creek and Jacobson Reservoir which impounds East Hickman Creek.

4) Method of water supply:

Water from the Kentucky River is pumped up a 400 foot cliff through three water lines to the adjacent treatment facility (Kentucky River Station). Raw water from the Kentucky River can also be pumped to Jacobson Reservoir or directly to the Richmond Road Station. The impounded waters of Jacobson Reservoir are pumped to a treatment facility in Lexington (Richmond Road Station). Lake Ellerslie, located adjacent to the Richmond Road Station, is used only as a standby supply.

KENTUCKY-AMERICAN WATER COMPANY**PLANT STATISTICS (ITEM 5)****AS OF DECEMBER 31, 2007****5) Reservoir Statistics:****Greater Fayette System**

Tates Creek Tank - 500,000 Gallon Elevated		
Foundation Elevation		1,037.00
Overflow Elevation		1,185.25
York Street Tank - 1,000,000 Gallon Ground Storage		
Foundation Elevation		965.50
Overflow Elevation		1,000.50
Cox Street Tank - 1,000,000 Gallon Ground Storage		
Foundation Elevation		967.00
Overflow Elevation		1,002.50
Cox Street Tank - 1,000,000 Gallon Elevated		
Foundation Elevation		957.00
Overflow Elevation		1,117.00
Mercer Road Tank - 2,000,000 Gallon Elevated		
Foundation Elevation		982.00
Overflow Elevation		1,107.00
Parkers Mill Road Tank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		985.50
Overflow Elevation		1,025.50
Hume Road Rank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		943.50
Overflow Elevation		979.50
Hall Tank - 210,000 Gallon Standpipe		
Foundation Elevation		1,025.00
Overflow Elevation		1,115.00
Muddy Ford Tank - 750,000 Gallon Elevated		
Foundation Elevation		1,008.50
Overflow Elevation		1,130.00
Sadieville Tank - 380,000 Gallon Standpipe		
Foundation Elevation		920.00
Overflow Elevation		992.00
Clays Mill Tank #1 - 3,000,000 Gallon Ground Storage		
Foundation Elevation		985.50
Overflow Elevation		1,022.50

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2007**

5) Clays Mill Tank #2 - 3,000,000 Gallon Ground Storage
Foundation Elevation 985.50
Overflow Elevation 1,022.50

Briar Hill Tank - 750,000 Gallon Elevated
Foundation Elevation 1,012.00
Overflow Elevation 1,150.00

Russell Cave Tank - 1,000,000 Gallon Ground
Foundation Elevation 990.50
Overflow Elevation 1,020.80

Eastland Tank - 2,000,000 Gallon Elevated
Foundation Elevation 1,034.00
Overflow Elevation 1,170.00

Northern Division System

Long Ridge Tank - 100,000 Gallon Standpipe
Foundation Elevation 965.00
Overflow Elevation 1,043.60

Glencoe Tank - 100,000 Gallon Standpipe
Foundation Elevation 793.00
Overflow Elevation 820.30

Sparta Tank - 50,000 Gallon Standpipe
Foundation Elevation 640.00
Overflow Elevation 663.00

Bromley Tank - 177,000 Gallon Standpipe
Foundation Elevation 908.00
Overflow Elevation 1,015.00

Hesler Tank - 237,000 Gallon Standpipe
Foundation Elevation 953.00
Overflow Elevation 1,055.00

Monterey Tank - 117,000 Gallon Standpipe
Foundation Elevation 600.00
Overflow Elevation 652.00

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2007**

Wheatley Tank - 186,000 Gallon Standpipe	
Foundation Elevation	908.26
Overflow Elevation	1,015.00
Elk Lake Tank - 100,000 Gallon Standpipe	
Foundation Elevation	910.50
Overflow Elevation	1,015.00
New Columbus Tank - 229,000 Gallon Standpipe	
Foundation Elevation	909.50
Overflow Elevation	1,021.50
Perry Tank- 100,000 Gallon elevated tank	
Foundation Elevation	976.50
Overflow Elevation	1,099.50
Fairgrounds Tank- 400,000 Gallon elevated tank	
Foundation Elevation	1,008.90
Overflow Elevation	1,102.50

KENTUCKY-AMERICAN WATER
 PLANT STATISTICS (ITEM 6)
 AS OF DECEMBER 31, 2007

SIZE	KIND	CENTRAL DIVISION NORTHERN DIVISION LEASED SYSTEM		
		FEET (MILES)	FEET (MILES)	FEET (MILES)
36	RWLJ	256		
		0.048		
36	DI	368		
		0.070		
30	DI	61427		
		11.634		
30	CONC	46152		
		8.741		
30	RWDI	46649		
		8.835		
30	RWCONC	1789		
		0.339		
24	CONC	83387		
		15.793		
24	DI	236094		
		44.715		
20	DI	11611		
		2.199		
20	CONC	18136		
		3.435		
20	RWAC	12116		
		2.295		
20	CI	13901		
		2.633		
20	RWCI	1481		
		0.280		
20	RWDI	0		
		0.000		
20	RWSTEEL	520		
		0.098		
14	PEP	3450		
		0.653		
16	DI	13047		
		2.471		
16	CONC	19022		
		3.603		
16	CI	54283		
		10.281		
16	AC	179036		
		33.908		
16	RWCI	14381		
		2.724		
16	RWDI	527		
		0.100		

KENTUCKY-AMERICAN WATER
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2007

SIZE	KIND	CENTRAL DIVISION NORTHERN DIVISION LEASED SYSTEM		
		FEET (MILES)	FEET (MILES)	FEET (MILES)
12	CI	273879		
		51.871		
12	AC	287392		
		54.430		
12	DI	617978		
		117.041		
12	PVC	20268	9303	
		3.839	1.762	
10	CI	1286		
		0.244		
10	AC	24796		
		4.696		
10	DI	2		
		0.000		
8	CI	480476		
		90.999		
8	AC	804793		
		152.423		
8	PVC	1796935	103256	
		340.329	19.556	
8	DI	783068		
		148.308		
6	CI	539453		
		102.169		
6	AC	959758	132000	
		181.772	25.000	
6	PVC	360343.9	141654	87330
		68.247	26.828	16.540
6	DI	174193		910
		32.991		0.172
4	AC	235343	164460	
		44.573	31.148	
4	CI	89843		
		17.016		
4	PVC	33415.1	204391	49408
		6.329	38.710	9.358
4	GAL	1213		
		0.230		
4	DI	57337.5		520
		10.859		0.098
4	STEEL	60		
		0.011		
3	AC	39900	27000	
		7.557	5.114	

KENTUCKY-AMERICAN WATER
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2007

SIZE	KIND	CENTRAL DIVISION NORTHERN DIVISIOI LEASED SYSTEM		
		FEET (MILES)	FEET (MILES)	FEET (MILES)
3	PVC	188523 35.705	178035 33.719	
3	GAL	767 0.145		
3	CI	0 0.000		
3	STEEL	45 0.009		
2.5	PVC	43160 8.174		
2.2	CI	77194 44.715		
2	CI	74330 14.078		
2	PVC	74633 3.435	46880 8.879	
2	GAL	14828 2.808	15840 3.000	
2	VARIOUS	599 0.113		
1.2	CI	2086 0.395		
1	PVC	11 0.002		
SUB TOTAL		8875542 1680.974	1022819 193.716	138168 26.168
TOTAL COMBINED (CENTRAL, NORTHERN,LEASED)			10036529 1900.858	

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 7 THROUGH 8)
AS OF DECEMBER 31, 2007

7) Types of filters:*Kentucky River Station*

Type:	Gravity
Units:	10
Capacity Per Unit Per Minute:	0.00278 MG/min
Total Capacity Per Minute:	0.02778 MG/min
DOW Temporary High Rate:	0.0313 MG/min (on peak)

Richmond Road Station

Type:	Gravity
Units:	16
Capacity Per Unit Per Minute:	0.00109 MG/min
Total Capacity Per Minute:	0.01736 MG/min

8) Chlorinators:*Kentucky River Station*

Type:	Wallace & Tiernan Model V-2020
Units:	4
Capacity:	3,000 pounds per day
Total Capacity:	12,000 pounds per day

Richmond Road Station

Type:	Wallace & Tiernan Model V-2020
Units:	5
Capacity:	5 @ 3,000 pounds per day
Total Capacity:	15,000 pounds per day

TRI-VILLAGE

Long Ridge	Wallace & Tiernan
Hwy. 22 & 127	Wallace & Tiernan

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2007

9) Station Equipment

**KENTUCKY RIVER STATION
CONDENSED SYSTEM DATA**

- A. PLANT CAPACITY - 40,000,000 gallons
DOW TEMPORARY HIGH RATE - 45,000,000 gallons (on peak)
- B. SOURCE OF SUPPLY - Kentucky River
- C. INTAKE (Low Service) - Kentucky River

Pump No. 1: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258669
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840384
In Service April 1992

Pump No. 2: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)-
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258672
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840380
In Service April 1992

Pump No. 3: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258667
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840383
In Service April 1992

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2007**

C. INTAKE (Low Service) - (Continued)

- Pump No. 4: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258668
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840382
In Service February 1992
- Pump No. 5: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258670
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840381
In Service February 1992
- Pump No. 6: Peerless Vertical Turbine Pump
8680 GPM (12.50 MGD)
401.6 Feet Total Dynamic Head
Model No. 27MA and Serial No. 258671
Purchased in 1990 under Work Order No. A-7218
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840385

D. RAW WATER TRANSFER STATION

- Pump No. 8: Patterson Pump, Centrifugal Split Case
Size/ 18x14 MABS
7600 GPM (11 MGD), 315 TDH
Serial No. 91PT16109A14
Purchased in 1992 under BP 91-8 (A-7421)
900 H.P. General Electric Induction Motor
Type K, Frame 8309S
Serial No. 831036
In Service September 1992

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2007

D. RAW WATER TRANSFER STATION - (Continued)

Pump No. 9: Patterson Pump, Centrifugal Split Case
Size/ 18x14 MABS
7600 GPM (11 MGD), 315 TDH
Serial No. 91PT16108A14
Purchased in 1992 under BP 91-8 (A-7421)
900 H.P. General Electric Induction Motor
Type K, Frame 8309S
Serial No. 831037
In Service September 1992

Tri-Village Pressure Pump

Pump 1 - 127 PACO LC
3070 225 GPM
130 TDH
Electric High Efficiency

Pump 2 - 127 & 22
PACO 3070-7
806 GPM 145 TDH
Electric High Efficiency

E. RAW WATER CONTROL VAULT

The 36-inch raw water line enters the control vault which contains a Pratt Rubber Seated Butterfly, electric operated, size 30-inch serial No. 8-1067-86, year 1991, PSIG MAX,150. This valve is controlled from the computer located in the control room.

Purchased in 1980 under Work Order No. A-4810

F. CHEMICAL RAPID MIX BASINS

There are two mix tanks. One high energy mix tank equipped with lightning mixer with 50 h.p., U.S. motor drive adjustable speed.

One low energy mix tank equipped with 15 h.p., U.S. motor drive, adjustable speed. Chlorine, coagulant aid, polyaluminum chloride, carbon ferric chloride, caustic soda, polymer and lime slurry are added to raw water. After mixing, water leaves tanks via

Purchased in 1980 under Work Order No. A-4810

G. ALDRICH UNITS

Ten Aldrich Units (hydrotreaters) equipped with automatic sludge removal and mixed media filters and equipped with Dorr-Oliver variable frequency drives. Each unit 69' 8-inches in diameter and 17' 9-inches high.

1, 2, 3, 4 - Purchased in 1958 under Work Order No. A-521

5, 6 - Purchased in 1966 under Work Order No. A-1919

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2007

G. ALDRICH UNITS - (Continued)

7,8 - Purchased in 1970 under Work Order No. A-2535

9, 10 - Purchased in 1980 under Work Order No. A-4808

H. FILTERS (outside portion of Aldrich Units)

Total of ten filters. 4 MGD rating. 720 square feet of filter area per unit. 40 MGD total.

All filters are equipped with surface wash capability; chlorine and filter aid can be applied to the settled water prior to filtration.

Two wash water pumps, Worthington 10 HH-110-3 (1.44 MGD), US motor, 25 h.p., 440 volts. Purchased in 1958 under Work Order No. A-665. Pumps to two ground storage tanks with 0.53 MG of capacity. tanks with 0.53 MG of capacity.

I. CLEARWELLS

Ammonia, zinc orthophosphate, caustic soda and hydrofluorosilicic acid are applied to the filtered water just prior to the clearwells.

One concrete clearwell located under control building. (0.485 MG capacity).

Purchased in 1958 under Work Order No. A-746

One concrete clearwell located under control building. (.490 MG) and is connected to first clearwell by (2) 36-inch sluice gates and (1) 48-inch sluice gate.

Purchased in 1970 under Work Order No. A-2537

One above ground steel clearwell 110' in diameter by 30' high holding 2.0 MG is connected to No. 1 and No. 2 well by 24-inch pipeline.

Purchased in 1982 under Work Order No. A-4806

J. CLEARWELL TRANSFER PUMP

Pump used to fill No. 3 clearwell, Allis Chalmers vertical pump model 500, 3500 GPM (5 MGD) vs. 25' TDH, GE motor, 40 h.p., 460 volts.

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Kentucky River Station)
AS OF DECEMBER 31, 2007

K. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 10, Peerless discharge, flung bowls, 3 stage, 5560 GPM (8.0 MGD) vs. 380' TDH, Siemaen electric motor, 700 h.p., 4160 volts.

Purchased in 1988 under Work Order No. A-6425
- 2) H.S. Pump No. 11, Patterson vertical turbine, PVT, Size/Type-19 RMC, 5556 G.P.M. (8 MGD), 380' TDH, U.S. Electric Motor, 700 H.P., 4160-volt, 1780 R.P.M. (Purchased in 1998 under BP 98-03, W.O. No. A-8919)
- 3) H.S. Pump No. 12, DeLaval Pump, 2 stage, 5600 GPM (8.5 MGD) vs. 380' TDH, Ideal motor, 700 h.p., 4160 volts. (Purchased in 1966 under Work Order No. A-1872).
- 4) H.S. Pump No. 13, DeLaval P16/14D, 7000 GPM (10 MGD), vs. 380' TDH, Continental Electric motor, 800 h.p., 4160 volts. (Purchased in 1966 under Work Order No. A-1967).
- 5) H.S. Pump No. 14 - Peerless vertical turbine, 24 MA/H X B, 7000 GPM (10 MGD) vs. 380' TDH, Westinghouse motor, 800 h.p., 4160 volts. (Purchased in 1970 under Work Order No. A-2536).
- 6) H.S. Pump No. 15 - Allis Chalmers vertical turbine, H20 x 16, VTMC-7, 7000 GPM (10 MGD) vs. 380' TDH, Continental electric motor, 900 h.p., 4160 volts.

Purchased in 1981 under Work Order No. A-4812.

L. STANDBY EQUIPMENT

H.S. Pump No. 15 - Allis Chalmers vertical turbine VTMC-7, 7000 GPD (10 MGD) vs. 380' TDH, diesel driven by Detroit Diesel V-16, through a right angle drive, 765 h.p. (Purchased in 1981 under Work Order No. A-4804).

~~Emergency Generator No. 1 - Detroit Diesel, 4 Cyl., 90 k.w., 480 volts. (Purchased in 1981 under Work Order No. A-4805).~~

Emergency Generator No. 2 - Detroit Diesel, 4 Cyl, 75 k.w., 480 volts. (Purchased in 1981 under Work Order No. A-4811).

KENTUCKY-AMERICAN WATER COMPANY
 PLANT STATISTICS (ITEM 9 - Kentucky River Station)
 AS OF DECEMBER 31, 2007

M. IN PLANT MONITORING EQUIPMENT

Level	- Kentucky River
Chemtrac Streaming Current Monitor	- Treated Water
Hach	- Raw Water
Prominent and Wallace and Tiernan	- Treated Water
Hach	- Entrance to Clearwell
Leeds and Northrum	- Distributed water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters (12) Hach	- Filtered water (each filter)
	- Raw Water
	- Distributed water
Particle Counts (12) IBR	- Entrance to Clearwell
	- Filtered water (each filter)
	- Distributed water
Chlorine Residual Analyzers - Hach	- Entrance to Clearwell
	- Distributed water
Prominent and Wallace and Tiernan	- Treated Water
Phosphate Analyzer	- Distributed water
Flouride Analyzer	- Distributed water
Monochloramine Analyzer	- Distributed water
SCADA (entire plant operations)	- Intake Pumps
	- Raw water flow control
	- Transfer pumps
	- Supernatant pit pumps
	- Filter backwash water handling system
	- Filter operations
	- Dechlorination system
	- Distributed water vaults
	- Chemical feed ssystems
	- Filter operations
	- Clearwell levels

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2007

**RICHMOND ROAD STATION
CONDENSED SYSTEM DATA**

A. PLANT CAPACITY - 25,000,000 gallons

DOW TEMPORARY HIGH RATE - 30,000,000 gallons (on peak)

B. SOURCE OF SUPPLY - Kentucky River
Jacobson Reservoir - 745 MG
Lake Ellerslie Reservoir - 88.7 MG

C. INTAKE (Low Service)

1) Kentucky River - See Plant Statistics (Item 9.C Intake <LOW SERVICE> -Kentucky River Station)

2) Jacobson Reservoir

a. L.S. Pump Unit No. 1, DeLaval A-1018L, 2800 GPM (4* MGD) vs. 110' TDH, Westinghouse motor, 100 h.p., 440 volts. (Purchased in 1966 under Work Order No. A-2050).

b. L.S. Pump Unit No. 2, DeLaval A-1018L, 2800 GPM (4* MGD), vs. 110 ' TDH, Westinghouse motor, 100 h.p., 440 volts. (Purchased in 1966 under Work Order No. A-2050).

c. L.S. Pump Unit No. 3, Allis Chalmers Model, 205-848-503, 8350 GPM (12* MGD) vs. 180' TH, Ideal motor, 400 h.p., 2300 volts. (Purchased in 1956 under Work Order No. A-472).

* Low service pumps nos. 1,2 and 3 have name plate ratings of 4,4 and 12 MGD respectively. Historical performance since the installation of a 30-inch line on the outlet side of the pumps and a reduction in head pressure has been 6,6 and 16 MGD respective

d. Aeration System

Two (2) Ingersoll-Rand rotary screw air compressors with capacities of 117 CFM and 30 HP each supply the aeration system for Jacobson Reservoir. The aerator lines consist of two runs of tubing, 3,600 feet each, complete with buoyancy hose.

3) Lake Ellerslie Reservoir

a. L.S. Pump Unit No. 5, Ingersoll-Rand 12 AFV, 4160 GPM (6 MGD) vs. 50' TH, GE motor, 60 h.p., 440 volts. (Purchased in 1948 under Work Order No. E-152).

b. L.S. Pump Unit No. 4, DeLaval 250544, 2800 GPM (4 MGD) vs. 50' TH, GE motor, 40 h.p., 440 volts. (Purchased in 1938).

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2007

D. JACOBSON RESERVOIR INTAKE

The 24-inch line from the Jacobson Reservoir intake feeds a 16-inch, 20-inch, and a 24-inch main which, in turn, feeds to the suction side of the Jacobson Reservoir L.S. pumps, 1, 2, and 3. Also connected into the 24-inch line is a 30-inch raw water line

The Lake Ellerslie Reservoir intake has two (2) 24-inch lines leaving the intake to feed the suction of L.S. pumps No. 4 and 5. From the discharge side two (2) lines go to the chemical feed vault, a 12-inch and 20-inch. Potassium permanganate is added t

E. INFLUENT RAW WATER VAULT

The 30-inch, 20-inch and 16-inch raw water mains from Jacobson Reservoir flow into two (2) raw water control vaults inside the plant property.

Pre chlorine and pre caustic are fed at each raw water control vault. The remaining treatment chemicals are added at the influent of each sedimentation basin.

F. RAPID MIX FLOCCULATORS AND SEDIMENTATION BASINS

There are two (2) - 1.5 MG concrete settling basins each equipped with rapid mix at the point of application and eight (8) flocculators in each chamber passage directly in front of the Riffle plate aerators. Water is carried to these basins by a 30-inch

G. FILTERS

A total of 16 filters rated at 1.56 MGD each, 20' x 17' or 340 sq. ft. each, with Leopold bottoms and air wash backwash. The media consists of 24 inches of granular activated carbon and six inches of sand. Filter aid can be applied to each filter when n

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2007

G. FILTERS - (Continued)

One wash pump, Allis Chalmers Model C-3, 1000 GPM (1.44 MGD) vs. 90' TH, GE motor, 20 h.p., 440 volts which pumps to a steel 50,000 gallon wash water tank, 24' in diameter by 14' 10 - 1/2 inch high. The filter water gravity drips into a 0.6 MG clearwell un

H. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 8, Ingersoll Rand, 2780 GPM (4.0 MGD) vs. 240' TH, Continental motor, 200 h.p., 460 volts. (Purchased in 1955 under Work Order No. A-452).
- 2) H.S. Pump No. 7, DeLaval, 8333 GPM (12.0 MGD) vs. 240' TH, Continental motor, 500 h.p., 460 volts. (Purchased in 1955 under Work Order No. A-452).
- 3) H.S. Pump No. 6, DeLaval, 4520 GPM (6.5 MGD) vs. 190' TH, Continental motor, 250 h.p., 460 volts. (Purchased in 1953 under Work Order No. A-252).

I. HIGH SERVICE PUMPS WITH STANDBY DIESEL EQUIPMENT

- 1) H.S. diesel driven pump No. 9, Patterson Pump, 4862 GPM (7.0 MGD) VS 235, Cummins diesel 372 HP. (Purchased in 1993 under Work Order No. A-7322).
 - 2) H.S. diesel driven pump No. 11, Peerless, 2800 GPM (4.03 MGD) vs. 220' TH, 180 h.p. diesel driver. (Purchased in 1965 under Work Order No. A-1784).
 - 3) H.S. diesel driven pump No. 10, DeLaval, 3850 GPM (5.54 MGD) vs 231' TH, GM diesel, 580 h.p., or electric driven by Continental motor, 250 h.p., 460 volts. (Purchased in 1988 under Work Order No. A-6424 under BP-84-10).
-

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2007

J. STANDBY EQUIPMENT

Emergency Generator No. 1 (High Service Pumps) - GM diesel Model 6151E, 440 volt, 115 KW, 144 KVA.

Emergency Generator No. 2 (Chemical Feed Systems) - Onan Mocel 250 ODFM17R/3028N, 250 KW, 312.5 KVA, 390 h.p. (Purchased in 1988 under Work Order No. A-6218).

Emergency Generator No. 3 (Sludge Processing Systems) - Onan Model 500, ODFY-4xR/30285E, 500 KW, 625 KVA, 760 h.p. (prucahsed in 1988 under Work Order No. A-6218).

J. IN-PLANT MONITORING EQUIPMENT

Level	- Jacobson Reservoir
Chemtrac Streaming Current Monitor	- Treated Water
pH	- Treated Water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters (19)	-Raw water
	- Filtered Water (each filter)
	Entrance to clearwell
	-Effluent
Chlorine residual analyzers (5)	-Treated water
	-North and south basins
	- Entrance to Clearwell
	- Distributed Water
SCADA (entire plant operation)	-Intake pumps
	-Raw water flow control
	-Filter operation
Particle counts	-Distributed water
	-Filter backwash water handling system
	-Distributed water venturi
Flouride	-Distributed water
	-Chemical feed system
	-Distributed water @ RRS
	-Distributed system operation
Monochloramine Analyzer	-Distributed water
Phosphate Analyzer	-Distributed water

KENTUCKY-AMERICAN WATER COMPANY
 PLANT STATISTICS (ITEM 9 - Richmond Road Station)
 AS OF DECEMBER 31, 2007

K. SYSTEM STORAGE

Twenty-four (24) storage tanks ranging in size from 100,000 gallons to 3,000,000 gallons with a total storage capacity of 23,860,000 gallons (does not include clearwell storage).

TANK	MG	YEAR
Greater Fayette System		
Tates Creek Road Elevated	0.50	1954
Cox Street Elevated	1.00	1955
Cox Street Ground	1.00	1948
York Street Ground	1.00	1948
Mercer Road Elevated	2.00	1964
Parkers Mill Road Ground	3.00	1968
Sadieville Standpipe	0.38	1975
Hall Standpipe	0.21	1965
Muddy Ford Standpipe	0.75	1988
Hume Road Ground	3.00	1987
Briar Hill Tank	0.75	1999
Clays Mill Tank 1	3.00	1996
Clays Mill Tank 2	3.00	2004
Eastland Tank	2.00	2005
Russell Cave Tnk	1.00	2005
Owen County System		
Long Ridge	0.10	1965
Brombley	0.18	1993
Sparta	0.05	1965
Glencoe	0.10	1965
New Wheatley	0.17	1999
Hesler	0.23	1995
Monterey	0.12	1995
Elk Lake	0.10	1965
New Columbus	0.23	2002
Perry Street	0.10	
Fairground	0.50	
TOTAL TANK STORAGE	24.46	

CLEARWELLS	
Clearwells - KY River Station	1.00
Clearwells - Richmond Road Station	1.00
Clearwells - Storage Tank KRS	2.00
TOTAL TANK/CLEARWELL STORAGE	28.46

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9 - Richmond Road Station)
AS OF DECEMBER 31, 2007**

***NORTHERN DISTRICT
CONDENSED SYSTEM DATA***

Storage tanks:

Perry Street tank 100,000 gallons
Ellis Road tank 400,000 gallons

Raw water pumps Severn Creek:
2 pumps rated at 1,000,000 gallons per day each

Raw water pumps Lower Thomas Lake:
2 pumps rated at 1,440,000 gallons per day each

Clear well transfer pumps
2 pumps rated at 1,440,000 gallons per day each

High Service pumps:
2 pumps rated at 1,440,000 gallons per day each

Clear Wells:
1 concrete under ground 59,000 gallons
1 steel above ground 235,000 gallons

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 10 THROUGH 14)
AS OF DECEMBER 31, 2007**

10) Quantity of Fuel Used:

Coal:	-
Gas:	-
Electricity:	54,921,711 kWh

11) Description of Sizable Plant Additions/Retirements:

Major hydraulic improvements (piping) completed in 2003 with most attendat SCADA improvements completed in 2004 and remainder to be completed in 2005.

In the summer of 2004 the 3 MG Clay's Mill ground tank #2 was completed and placed in serv

12) Clear Well Capacities:***Kentucky River Station***

Clearwell No. 1 - Concrete structure under control building	485,000 Gallons
Clearwell No. 2 - Concrete structure under and adjacent to building	490,000 Gallons
Clearwell No. 3 - Steel above ground reservoir	2,000,000 Gallons

Richmond Road Station

Clearwell No. 1 - Concrete structure underneath filters	600,000 Gallons
Clearwell No. 2 - Concrete structure adjacent to pumping station	450,000 Gallons

13) Peak Month of Water Sold:

August 2007 was peak month for System Delivery = 1,694,276,000 gallons

14) Peak Day of Water Sold:

June 15, 2007 was the peak day of water sold with sales of 64.296 MG.

OATH

Commonwealth of West Virginia)
)
County of Kanawha)

Michael A. Miller makes oath and says
(Insert here the name of the affiant)

that he is Assistant Treasurer of
(Insert here the official title of the affiant)

Kentucky-American Water Company
(Insert her the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 2007, to and including December 31, 2007

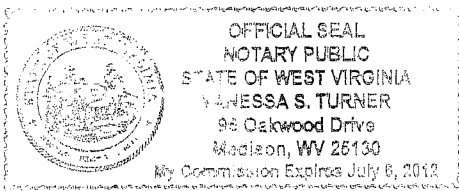
Michael A. Miller
(Signature of official)

Subscribed and sworn to before me, Notary Public, in and for the
State and County above named, this 28th day of March, 2008

(APPLY SEAL HERE)

My commission expires July 6, 2012

Vanessa S. Turner
(Signature of officer authorized to administer oaths)



Rev. 7/19/2004

**PUBLIC SERVICE COMMISSION OF KENTUCKY
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 2007**

KENTUCKY-AMERICAN WATER COMPANY, 2300 RICHMOND ROAD, LEXINGTON, KY 40502
(Utility Reporting) (Address)

(DO NOT INCLUDE TAXES COLLECTED)

(1)	Gross Revenues of Electric Utility.....	\$	-
(2)	Gross Revenues of Gas Utility	\$	-
(3)	Gross Revenues of Water Utility	\$	50,216,425
(4)	Gross Revenues of Sewer Utility	\$	340,120
(5)	Other Operating Revenues Water.....	\$	2,218,107
(5)	Other Operating Revenues Sewer.....	\$	3,566
*** TOTAL GROSS REVENUES		\$	52,778,218

OATH

State of West Virginia)
County of Kanawha) ss.

Michael A. Miller
(Officer)
Asst. Treasurer
(Official Title)

being duly sworn, states that he/she is
of the KENTUCKY-AMERICAN WATER COMPANY
(Utility Reporting)

that the above report of gross revenues is in exact accordance with the books of accounts of:

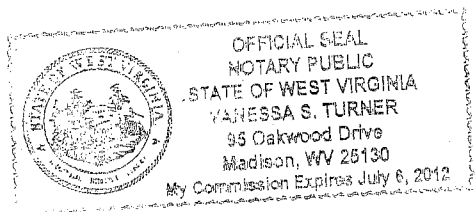
KENTUCKY-AMERICAN WATER COMPANY, and that such books accurately show the gross
(Utility Reporting)
revenues of: KENTUCKY-AMERICAN WATER COMPANY, derived from Intra-Kentucky business
(Utility Reporting)
for the year ending DECEMBER 31 2007

This is the 28th day of MARCH 28, 2008
Michael A. Miller (Officer) Asst. Treasurer (Title)

Vanessa S. Turner (Notary Public) Kanawha Co., WV (County)

My Commission expires July 6, 2012

**NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE
ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE
RECONCILED ON THE REVERSE SIDE OF THIS REPORT**



WATER

CLASS A & B WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY-AMERICAN WATER

2300 Richmond Road, Lexington, Kentucky 40502

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

**211 SOWER BLVD.
P. O. BOX 615
FRANKFORT, KENTUCKY 40602**

FOR THE YEAR ENDED DECEMBER 31, 2008

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
4-6	The identification pages have been completed.		X		
7	101-106 agrees with	14 Total 101-106		X	3,630,583 is Sewer Utility
7	108-110 agrees with	16 Total 301-348 Cols c & h		X	(1,574,641) is Sewer Utility
7	114-115 agrees with	17 Net Balance 114-115	X		
7	123 agrees with	18 Total 123	N/A		
7	124 agrees with	18 Total 124	N/A		
7	125 agrees with	18 Total 125	N/A		
7	126-127 agrees with	18 Total 126-127	N/A		
7	141-144 agrees with	19 Net Balance 141-145	X		
7	151-153 agrees with	20 Total 151-153	X		
7	163-165 agrees with	20 Total 162	X		
8	181 agrees with	21 Total 181	X		
8	182 agrees with	21 Total 182	N/A		
8	186 agrees with	20 Total 186	X		
8	190 agrees with	21 Total 190	N/A		
9	201 agrees with	22 Total Par Value of Stk Issued Col b	X		
9	204 agrees with	22 Total Par Value of Stk Issued Col c	X		
9	214-215 agrees with	13 Total 214-215	X		
9	221 agrees with	24 Total Line 10 col 4	X		
9	221 agrees with	24 Total col 12	X		
9	224 agrees with	23 Total 224 col d	N/A		
9	232 agrees with	25 Total 232 col f	X		
9	233 agrees with	25 Total 233	X		
9	234 agrees with	25 Total 234 col f	X		
9	236 agrees with	26 Beginning & ending balance 236	X		
9	237 agrees with	27 Total 237 cols b & e	X		
9	242 agrees with	27a Total 242	X		
10	251 agrees with	21 Total 251	N/A		
10	252 agrees with	22 Total 252	X		
10	271 agrees with	28 Beginning & ending balance 271	X		
10	272 agrees with	28 Accumulated amortization 271	X		
11	400 agrees with	30 Total water operating revenue col e	X		
11	401 agrees with	31 Total col c	X		
11	406 agrees with	17 Total accumulated amortization 115	N/A		

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
12	427 agrees with	27 Total 237 col c	X		
12	Net Income agrees with	13 Balance trans. From inc. 435 col c	X		
14	101 agrees with	15 Total 301-348 col f	X		
14	The analysis of accumulated depreciation and amort. by primary acct. has been complete		X		acct 101 plus acct 106
20	186.1 agrees with	28 Total 186.1 col c	X		
23	Schedule of long-term debt has been completed		N/A		
24	Schedule of bond maturities has been completed		X		
25	If the long-term debt consists of notes payable rather than bonds, then the notes payable schedule has been substituted for the schedule of bond maturities.		N/A		
15-15a	The analysis of water utility plant accounts cols c through k has been completed		X		
26	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from operating revenue		X		
30	The analysis of water operating revenue cols c, d, and e has been completed		X		
31	The analysis of water utility expense accounts cols c through k has been completed		X		
32	Schedule of pumping and purchased water statistics has been completed		X		
30	466 agrees with	33 Account 466		X	16,498 unbilled not included on page
32	col d agrees with	33 Line 4 total produces and purchased	X		
	Oath page has been completed		X		

CLASS "A & B"
WATER COMPANIES

ANNUAL REPORT
OF

KENTUCKY- AMERICAN WATER COMPANY

Exact Legal Name of Respondent

FOR THE
YEAR ENDED DECEMBER 31, 2008

NOTICE

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities as adopted by this Commission for Class A & B water companies.
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the work "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent, enter the words "Not Applicable" or "NA". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record, such as by typewriter. Money items (except averages) throughout the report should be shown in units of dollars adjusted to accord with footings.
7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
8. The report should be filled out in duplicate and one copy returned by March 31 of the year following the date of the report. The report should be returned to:

**Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, Kentucky 40602**

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2008

1. Amount of Principal Payment during calendar year \$3,100,000
2. Is Principal current? YES x NO
3. Is Interest current? YES x NO
4. Has all long-term debt been approved by the Public Service Commission?
YES x NO PSC Case No.

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant?

YES x NO

If YES, which service is performed?

Audit x

Compilation

Review

Please enclose a copy of the accountant's report with annual report.

Additional Requested Information

Utility Name	<u>Kentucky-American Water</u>
Utility's Web Address	<u>www.kawc.com</u>
Contact Person	<u>Michael Miller</u>
Contact Person's E-Mail Address	<u>mike.miller@amwater.com</u>
Contact Person's Address	1600 Pennsylvania Avenue Charleston, West Virginia 25302
Contact Person's Phone	304-340-2009

Please Complete the above Information, if it is available

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

Additional Information Required By Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Items/Explanations
2002-00018		The attached supplements #1 and #2 are in response to ordering paragraph #7 and Condition #35 in Public Service Commission Case #2002-0018.
2007-00134		Ordering Paragraph #9 from the Order dated April 25, 2008 requires that Kentucky American Water shall submit a written report to the Commission on the first day of each month on the status of the development and implementation of its water conservation, leak-mitigation and demand side management plan and the effects that the implementation of such plan has had on water usage. Those reports have been submitted
2007-00134		Ordering Paragraph #12 from the Order dated April 25, 2008 requires that Kentucky American Water shall submit a written report to the Commission on the first day of each calendar quarter on the status of the approved project including its construction progress, a comparison of actual project costs versus budgeted costs, and a statement of the percentage of project

Attach additional sheets if more room is required

MAJOR WATER PROJECTS

<p>Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "major Project is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at leasty 20%.</p>
<p><u>Brief Project Description</u> (improvement, replacement, building construction, expansion. If expansion, provide the estimate number of new customers):</p> <p>Not applicable</p>
<p><u>Projected Costs and Funding Sources/Amounts:</u></p>
<p><u>Approval Status:</u> (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)</p>
<p><u>Location:</u> (community, area or nearby roads)</p>

Supplement 1

RWE Order Requirement #7 and Condition #35

KAWC Operational Measures	2005	2006	2007	2008
1 Number of water service interruptions (boil water advisories):	141	27	12	13
2 Average # of customers impacted from water service interruptions:	24.68	54.5	82.5	163.45
3 Average length of time of water service interruption/loss of water (l in hours):	2.62	4.04	2.7	2.39
4 Number of Customer Complaints from PSC:	52	51	79	91
5 Average response time to answer phones (in seconds):	41	63	38	68
6 Number of customer calls:	171,248	217,251	170,434	208,731

List of Drinking Water Contaminants & MCLs

National Primary Drinking Water Regulations

National Primary Drinking Water Regulations (NPDWRs or primary standards) are legally enforceable standards that apply to public water systems.
updated from website 1/23/09

URL: <http://www.epa.gov/safewater/mcl.html>

Contaminant	MCLG1 (mg/L)2	MCL or TT1 (mg/L)2	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Microorganisms				
Cryptosporidium	zero	TT3	Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste
Giardia lamblia	zero	TT3	Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste
Heterotrophic plate count	n/a	TT3	HPC has no health effects; it is an analytic method used to measure the variety of bacteria that are common in water. The lower the concentration of bacteria in drinking water, the better maintained the water system is.	HPC measures a range of bacteria that are naturally present in the environment
Legionella	zero	TT3	Legionnaire's Disease, a type of pneumonia	Found naturally in water; multiplies in heating systems
	zero	5.0%4	Not a health threat in itself; it is used to indicate whether other potentially harmful bacteria may be present ⁵	Coli forms are naturally present in the environment; as well as feces; fecal coli forms and <i>E. coli</i> only come from human and animal fecal waste.
Total Coli forms (including fecal coli form)	n/a	TT3	Turbidity is a measure of the cloudiness of water. It is used to indicate water quality and filtration effectiveness (e.g., whether disease-causing organisms are present). Higher turbidity levels are often associated with higher levels of disease-causing	Soil runoff
Turbidity				
Viruses (enteric)	zero	TT3	Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste
Disinfection Byproducts				
Bromate	zero	0.01	Increased risk of cancer	Byproduct of drinking water disinfection
Chlorite	0.8	1	Anemia; infants & young children: nervous system effects	Byproduct of drinking water disinfection
Haloacetic acids (HAA5)	n/a6	0.0607	Increased risk of cancer	Byproduct of drinking water disinfection
Total Trihalomethanes (TTHMs)	n/a6	0.0807	Liver, kidney or central nervous system problems; increased risk of cancer	Byproduct of drinking water disinfection
Disinfectants				
Chloramines (as Cl2)	MRDLG= 41	MRDL=4.01	Eye/nose irritation; stomach discomfort, anemia	Water additive used to control microbes
Chlorine (as Cl2)	MRDLG= 41	MRDL=4.01	Eye/nose irritation; stomach discomfort	Water additive used to control microbes
Chlorine dioxide (as ClO2)	MRDLG= 0.81	MRDL=0.81	Anemia; infants & young children: nervous system effects	Water additive used to control microbes
Inorganic Chemicals				
Antimony	0.006	0.006	Increase in blood cholesterol; decrease in blood sugar	Discharge from petroleum refineries; fire retardants; ceramics; electronics; solder
Arsenic	Z	0.01 as of 01/23/06	Skin damage or problems with circulatory systems, and may have increased risk of getting cancer	Erosion of natural deposits; runoff from orchards, runoff from glass & electronics production
Asbestos (fiber >10 micrometers)	7 million fibers per 2	7 MFL 2	Increased risk of developing benign intestinal polyps	Decay of asbestos cement in water mains; erosion of natural
Barium	0.004	0.004	Intestinal lesions	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits
Beryllium	0.005	0.005	Kidney damage	Discharge from metal refineries and coal-burning factories; discharge from electrical, aerospace, and defense industries
Cadmium	0.1	0.1	Allergic dermatitis	Corrosion of galvanized pipes; erosion of natural deposits; discharge from metal refineries; runoff from waste batteries and paints
Chromium (total)	1.3	TT8; Action Level=1.3	Short term exposure: Gastrointestinal distress Long term exposure: Liver or kidney damage	Discharge from steel and pulp mills; erosion of natural deposits
Copper	0.2	0.2	People with Wilson's Disease should consult their personal doctor if the amount of copper in their water exceeds the action level Nerve damage or thyroid problems	Corrosion of household plumbing systems; erosion of natural deposits
Cyanide (as free cyanide)				Discharge from steel/metal factories; discharge from plastic and fertilizer factories

Contaminant	MCLG1 (mg/L)2	MCL or TT1 (mg/L)2	Potential Health Effects from Ingestion of Water	Sources of Contaminant In Drinking Water
Fluoride	4	4	Bone disease (pain and tenderness of the bones); Children may get mottled teeth	Water additive which promotes strong teeth; erosion of natural deposits; discharge from fertilizer and aluminum factories
	zero	TT8: Action Level=0.0 15	Infants and children: Delays in physical or mental development; children could show slight deficits in attention span and learning abilities	Corrosion of household plumbing systems; erosion of natural deposits
Lead	0.002	0.002	Adults: Kidney problems; high blood pressure Kidney damage	Erosion of natural deposits; discharge from refineries and factories; runoff from landfills and croplands
Mercury (inorganic)	10	10	Infants below the age of six months who drink water containing nitrate in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
Nitrate (measured as Nitrogen)	1	1	Infants below the age of six months who drink water containing nitrite in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
Nitrite (measured as Nitrogen)	0.05	0.05	Hair or fingernail loss; numbness in fingers or toes; circulatory problems	Discharge from petroleum refineries; erosion of natural deposits; discharge from mines
Selenium	0.0005	0.002	Hair loss; changes in blood; kidney, intestine, or liver problems	Leaching from ore-processing sites; discharge from electronics, glass, and drug factories
Thallium				
Organic Chemicals				
Acrylamide	zero	TT9	Nervous system or blood problems; increased risk of cancer	Added to water during sewage/wastewater treatment
Alachlor	zero	0.002	Eye, liver, kidney or spleen problems; anemia; increased risk of cancer	Runoff from herbicide used on row crops
Atrazine	0.003	0.003	Cardiovascular system or reproductive problems	Runoff from herbicide used on row crops
Benzene	zero	0.005	Anemia; decrease in blood platelets; increased risk of cancer	Discharge from factories; leaching from gas storage tanks and landfills
Benzo(a)pyrene (PAHs)	zero	0.0002	Reproductive difficulties; increased risk of cancer	Leaching from linings of water storage tanks and distribution lines
Carbofuran	0.04	0.04	Problems with blood, nervous system, or reproductive system	Leaching of soil fumigant used on rice and alfalfa
Carbon tetrachloride	zero	0.005	Liver problems; increased risk of cancer	Discharge from chemical plants and other industrial activities
Chlordane	zero	0.002	Liver or nervous system problems; increased risk of cancer	Residue of banned termiticide
Chlorobenzene	0.1	0.1	Liver or kidney problems	Discharge from chemical and agricultural chemical factories
2,4-D	0.07	0.07	Kidney, liver, or adrenal gland problems	Runoff from herbicide used on row crops
Dalapon	0.2	0.2	Minor kidney changes	Runoff from herbicide used on rights of way
1,2-Dibromo-3-chloropropane (DBCP)	zero	0.0002	Reproductive difficulties; increased risk of cancer	Runoff/leaching from soil fumigant used on soybeans, cotton, pineapples, and
o-Dichlorobenzene	0.6	0.6	Liver, kidney, or circulatory system problems	Discharge from industrial chemical factories
p-Dichlorobenzene	0.075	0.075	Anemia; liver, kidney or spleen damage; changes in blood	Discharge from industrial chemical factories
1,2-Dichloroethane	zero	0.005	Increased risk of cancer	Discharge from industrial chemical factories
1,1-Dichloroethylene	0.007	0.007	Liver problems	Discharge from industrial chemical factories
cis-1,2-Dichloroethylene	0.07	0.07	Liver problems	Discharge from industrial chemical factories
trans-1,2-Dichloroethylene	0.1	0.1	Liver problems	Discharge from industrial chemical factories
Dichloromethane	zero	0.005	Liver problems; increased risk of cancer	Discharge from drug and chemical factories
1,2-Dichloropropane	zero	0.005	Increased risk of cancer	Discharge from industrial chemical factories
Di(2-ethylhexyl) adipate	0.4	0.4	Weight loss, liver problems, or possible reproductive difficulties.	Discharge from chemical factories
Di(2-ethylhexyl) phthalate	zero	0.006	Reproductive difficulties; liver problems; increased risk of cancer	Discharge from rubber and chemical factories
Dinoseb	0.007	0.007	Reproductive difficulties	Runoff from herbicide used on soybeans and vegetables

Contaminant	MCLG1 (mg/L)2	MCL or TT1 (mg/L)2	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
	zero	3E-08	Reproductive difficulties; increased risk of cancer	Emissions from waste incineration and other combustion; discharge from chemical factories
Dioxin (2,3,7,8-TCDD)				Runoff from herbicide use
Diquat	0.02	0.02	Cataracts	Runoff from herbicide use
Endothall	0.1	0.1	Stomach and intestinal problems	Runoff from herbicide use
Endrin	0.002	0.002	Liver problems	Residue of banned insecticide
	zero	TT9	Increased cancer risk, and over a long period of time, stomach problems	Discharge from industrial chemical factories; an impurity of some water treatment chemicals
Epichlorohydrin				Discharge from petroleum refineries
Ethylbenzene	0.7	0.7	Liver or kidneys problems	Discharge from petroleum refineries
Ethylene dibromide	zero	0.00005	Problems with liver, stomach, reproductive system, or kidneys; increased risk of cancer	Discharge from petroleum refineries
Glyphosate	0.7	0.7	Kidney problems; reproductive difficulties	Runoff from herbicide use
Heptachlor	zero	0.0004	Liver damage; increased risk of cancer	Residue of banned termiticide
Heptachlor epoxide	zero	0.0002	Liver damage; increased risk of cancer	Breakdown of heptachlor
	zero	0.001	Liver or kidney problems; reproductive difficulties; increased risk of cancer	Discharge from metal refineries and agricultural chemical factories
Hexachlorobenzene				Discharge from chemical factories
Hexachlorocyclopentadiene	0.05	0.05	Kidney or stomach problems	Runoff/leaching from insecticide used on cattle, lumber, gardens
Lindane	0.0002	0.0002	Liver or kidney problems	Runoff/leaching from insecticide used on fruits, vegetables, alfalfa, livestock
	0.04	0.04	Reproductive difficulties	Runoff/leaching from insecticide used on apples, potatoes, and tomatoes
Methoxychlor				Runoff from landfills; discharge of waste chemicals
Oxamyl (Vydate)	0.2	0.2	Slight nervous system effects	Discharge from wood preserving factories
Polychlorinated biphenyls (PCBs)	zero	0.0005	Skin changes; thymus gland problems; immune deficiencies; reproductive or nervous system difficulties;	Herbicide runoff
	zero	0.001	Liver or kidney problems; increased cancer risk	Herbicide runoff
Pentachlorophenol				Discharge from rubber and plastic factories; leaching from landfills
Picloram	0.5	0.5	Liver problems	Discharge from factories and dry cleaners
Simazine	0.004	0.004	Problems with blood	Discharge from petroleum factories
	0.1	0.1	Liver, kidney, or circulatory system problems	Runoff/leaching from insecticide used on cotton and cattle
Styrene				Residue of banned herbicide
Tetrachloroethylene	zero	0.005	Liver problems; increased risk of cancer	Discharge from textile finishing factories
Toluene	1	1	Nervous system, kidney, or liver problems	Discharge from metal degreasing sites and other factories
Toxaphene	zero	0.003	Kidney, liver, or thyroid problems; increased risk of cancer	Discharge from industrial chemical factories
2,4,5-TP (Silvex)	0.05	0.05	Liver problems	Discharge from metal degreasing sites and other factories
	0.07	0.07	Changes in adrenal glands	Leaching from PVC pipes; discharge from plastic factories
1,2,4-Trichlorobenzene				Discharge from petroleum factories; discharge from chemical factories
	0.2	0.2	Liver, nervous system, or circulatory problems	
1,1,1-Trichloroethane				
	0.003	0.005	Liver, kidney, or immune system problems	
1,1,2-Trichloroethane				
	zero	0.005	Liver problems; increased risk of cancer	
Trichloroethylene				
	zero	0.002	Increased risk of cancer	
Vinyl chloride				
	10	10	Nervous system damage	
Xylenes (total)				
Radionuclides				
Alpha particles	<u>none</u> 7	15 picocuries per Liter	Increased risk of cancer	Erosion of natural deposits of certain minerals that are radioactive and may emit a form
Beta particles and photon emitters	<u>none</u> 7	4 millirems per year	Increased risk of cancer	Decay of natural and man-made deposits of certain minerals that are radioactive and may emit forms of radiation known as photons and beta radiation
	zero			Erosion of natural deposits
Radium 226 and Radium 228 (combined)	<u>none</u> 7	5 pCi/L	Increased risk of cancer	
Uranium	zero	30 ug/L as of 12/08/03	Increased risk of cancer, kidney toxicity	Erosion of natural deposits

Notes

Contaminant	MCLG ¹ (mg/L) ²	MCL or TT ¹ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
-------------	--	--	---	---

¹ Definitions:

Maximum Contaminant Level (MCL) - The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to MCLGs as feasible using the best available treatment technology and taking cost into consideration. MCLs are enforceable standards.
 Maximum Contaminant Level Goal (MCLG) - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety and are non-enforceable public health goals.
 Maximum Residual Disinfectant Level (MRDL) - The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
 Maximum Residual Disinfectant Level Goal (MRDLG) - The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.
 Treatment Technique - A required process intended to reduce the level of a contaminant in drinking water.

² Units are in milligrams per liter (mg/L) unless otherwise noted. Milligrams per liter are equivalent to parts per million.

³ EPA's surface water treatment rules require systems using surface water or ground water under the direct influence of surface water to (1) disinfect their water, and (2) filter their water or meet criteria for avoiding filtration so that the following contaminants are controlled at the following levels:

Cryptosporidium: (as of 1/1/02 for systems serving >10,000 and 1/14/05 for systems serving <10,000) 99% removal.

Giardia lamblia: 99.9% removal/inactivation

Viruses: 99.99% removal/inactivation

Legionella: No limit, but EPA believes that if *Giardia* and viruses are removed/inactivated, *Legionella* will also be controlled.

Turbidity: At no time can turbidity (cloudiness of water) go above 5 nephelometric turbidity units (NTU); systems that filter must ensure that the turbidity go no higher than 1 NTU (0.5 NTU for conventional or direct filtration) in at least 95% of the daily samples in any month. As of January 1, 2002, turbidity may never exceed 1 NTU, and must not exceed 0.3 NTU in 95% of daily samples in any month.

HPC: No more than 500 bacterial colonies per milliliter.

Long Term 1 Enhanced Surface Water Treatment (Effective Date: January 14, 2005): Surface water systems or (GWUDI) systems serving fewer than 10,000 people must comply with the applicable Long Term 1 Enhanced Surface Water Treatment Rule provisions (e.g. turbidity standards, individual filter monitoring, Cryptosporidium removal requirements, updated watershed control requirements for unfiltered systems).

Long Term 2 Enhanced Surface Water Treatment Rule (Effective Date: January 4, 2006) - Surface water systems or GWUDI systems must comply with the additional treatment for Cryptosporidium specified in this rule based on their Cryptosporidium bin classification calculated after the completion of source water monitoring.

Filter Backwash Recycling: The Filter Backwash Recycling Rule requires systems that recycle to return specific recycle flows through all processes of the system's existing conventional or direct filtration system or at an alternate location approved by the state.

⁴ More than 5.0% samples total coli form-positive in a month. (For water systems that collect fewer than 40 routine samples per month, no more than one sample can be total coli form-positive per month.) Every sample that has total coli form must be analyzed for either fecal coli forms or E. coli if two consecutive TC-positive samples, and one is also positive for E. coli fecal coli forms, system has an acute MCL violation.

⁵ Fecal coli form and E. coli are bacteria whose presence indicates that the water may be contaminated with human or animal wastes. Disease-causing microbes (pathogens) in these wastes can cause diarrhea, cramps, nausea, headaches, or other symptoms. These pathogens may pose a special health risk for infants, young children, and people with severely compromised immune systems.

⁶ Although there is no collective MCLG for this contaminant group, there are individual MCLGs for some of the individual contaminants:

Trihalomethanes: bromodichloromethane (zero); bromoform (zero); dibromochloromethane (0.06 mg/L); chloroform (0.07mg/L).

Haloacetic acids: dichloroacetic acid (zero); trichloroacetic acid (0.02 mg/L); monochloroacetic acid (0.07 mg/L). Bromoacetic acid and dibromoacetic acid are regulated with this group but have no MCLGs.

⁷ The MCL values are the same in the Stage 2 DBPR as they were in the Stage 1 DBPR, but compliance with the MCL is based on different calculations. Under Stage 1, compliance is based on a running annual average (RAA). Under Stage 2, compliance is based on a locational running annual average (LRAA), where the annual average at each sampling location in the distribution system is used to determine compliance with the MCLs. The LRAA requirement will become effective April 1, 2012 for systems on schedule 1, October 1, 2012 for systems on schedule 2, and October 1, 2013 for all remaining systems.

⁸ Lead and copper are regulated by a Treatment Technique that requires systems to control the corrosiveness of their water. If more than 10% of tap water samples exceed the action level water systems must take additional steps. For copper, the action level is 1.3 mg/L, and for lead is 0.015 mg/L.

⁹ Each water system must certify, in writing, to the state (using third-party or manufacturer's certification) that when acrylamide and epichlorohydrin are used in drinking water systems, the combination (or product) of dose and monomer level does not exceed the levels specified, as follows:

Acrylamide = 0.05% dosed at 1 mg/L (or equivalent)

National Secondary Drinking Water Regulations

URL: <http://www.epa.gov/safewater/mcl.html>

updated from website 1/23/09

National Secondary Drinking Water Regulations (NSDWRs or secondary standards) are non-enforceable guidelines regulating contaminants that may cause cosmetic effects (such as skin or tooth discoloration) or aesthetic effects (such as taste, odor, or color) in drinking water. EPA recommends secondary standards to water systems but does not require systems to comply. However, states may choose to adopt them as enforceable standards.

List of National Secondary Drinking Water Regulations

Contaminant	Secondary Standard
Aluminum	0.05 to 0.2 mg/L
Chloride	250 mg/L
Color	15 (color units)
Copper	1.0 mg/L
Corrosivity	noncorrosive
Fluoride	2.0 mg/L
Foaming Agents	0.5 mg/L
Iron	0.3 mg/L
Manganese	0.05 mg/L
Odor	3 threshold odor number
pH	6.5-8.5
Silver	0.10 mg/L
Sulfate	250 mg/L
Total Dissolved Solids	500 mg/L
Zinc	5 mg/L

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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.)

Kentucky American Water

2. Give the location including city, street and number, of the executive office.

2300 Richmond Road
Lexington, Kentucky 40502

3. Give the location, including street and number, and telephone number of the principal office in Kentucky.

Same as above

4. Name and address of principal officer within Kentucky.

Nick O. Rowe
2300 Richmond Road, Lexington, KY. 40502
(606) 268 - 6320

5. Give name, title, address and telephone number of the officer to whom correspondence concerning this report should be addressed.

Michael A. Miller, Assistant Treasurer
1600 Pennsylvania Avenue Charleston, WV 25302
(304) 340-2009

6. Date of organization. February 27, 1882.

7. Under the laws of what Government, State or Territory organized? (If more than one, name all. Give reference to each statute and amendments thereof.)

Incorporated as Lexington Hydraulic & Manufacturing Company by Acts of General
Assembly of the Commonwealth of Ky. Chap 22, Approved February 27, 1882.

8. If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same.

The Articles of Incorporation of Lexington Hydraulic and Manufacturing Company were amended 10/20/1922 to change name to Lexington Water Company. By Agreement of Consolidation dated 9/15/1927, Lexington Water Company and Blue Grass State Water Company were consolidated into one corporation known as the Lexington Water Company. The Articles of Incorporation of the Lexington Water Company were amended 3/30/1973 to change name to Kentucky-American Water Company.

9. Date and authority for each consolidation and each merger.

October 20, 1922 - Name change by amendment of Articles of Incorporation
September 15, 1927 - Agreement of Consolidation
March 30, 1973 - Name change by amendment of Articles of Incorporation

10. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual.

Corporation

11. If a reorganized company, give name of original corporation, refer to laws under which it was organized and the occasion for the reorganization.

See No. 8, above

12. Name all other operating departments.

None

13. Name of counties in which you furnish water service.

Bourbon, Fayette, Harrison, Scott, Clark, Woodford, Gallatin, Grant, and Owen counties.
In addition, the company sells water for resale to customers in Bourbon, Jessamine, Scott, and Woodford counties.

14. Number of Full-time employees

139

15. Number of Part-time employees

0

REPORT OF
KENTUCKY-AMERICAN WATER COMPANY

For Year Ended December 31, 2008

Location where books and records are located:

2300 Richmond Rd.
Lexington, KY 40502

Contacts:

Name	Title	Principal Business Address	Salary Charged Utility
Send correspondence to: Nick O. Rowe	President	2300 Richmond Road Lexington, KY 40502-1308	
Report prepared by: Nicole Lawrence	Manager	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Officers & Managers: Nick O. Rowe	President	2300 Richmond Road Lexington, KY 40502-1308	
Keith Cartier	VP Operations	2300 Richmond Road Lexington, KY 40502-1308	
Franco Boffice	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Rochelle Kowalski	Treasurer and Comptroller	800 W. Hersheypark Drive Hershey, PA 17033	ALLOCATED
Michael A. Miller	Assistant Treasurer	1600 Pennsylvania Ave Charleston, WV 25302	ALLOCATED
James Kalinovich	Assistant Treasurer	1025 Laruel Oak Road Voorhees, NJ 08043	ALLOCATED
Velma A. Redmond	Assistant Secretary	800 W. Hersheypark Drive Hershey, PA 17033	ALLOCATED
Rachel S. Cole	Assistant Comptroller, Secretary	2300 Richmond Road Lexington, KY 40502-1308	
Sue Cole	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Doneen S. Hobbs	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Rod Nevirauskas	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
A.W. Turner, Jr.	Vice President, Corporate Counsel and Secretary	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED

Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
American Water Works Company, Inc.	100%	1025 Laurel Oak Road P.O.Box 1770, Voorhes, NJ 08043	N/A

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	14	366,651,087	423,986,851
108-110	Less: Accumulated Depreciation and Amortization	16	(89,206,919)	(93,952,888)
	Net Plant		277,444,168	330,033,963
114-115	Utility Plant Acquisition			
	Adjustments (Net)	17	326,776	310,871
116	Other Utility Plant Adjustments			
	Total Net Utility Plant		277,770,944	330,344,834
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property		249,738	270,193
122	Less: Accumulated Depreciation and Amortization			
	Net Nonutility Property			
123	Investment in Associated Companies	18		
124	Utility Investments	18		
125	Other Investments	18		
126-127	Special Funds	18		
	Total Other Property & Investments		249,738	270,193
CURRENT AND ACCRUED ASSETS				
131	Cash		395,877	231,978
132	Special Deposits			
133	Other Special Deposits			
134	Working Funds		2,400	2,400
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated			
	Provision for Uncollectible Accounts	19	1,901,042	2,480,659
145	Accounts Receivable from Associated Companies		388,037	579
146	Notes Receivable from Associated Companies			
151-153	Materials and Supplies	20	634,634	577,106
163	Misc Deposits		0	0
165	Prepayments		80,708	410,800
171	Accrued Interest and Dividends Receivable			
172	Rents Receivable			
173	Accrued Utility Revenues		2,562,043	2,899,825
174	Misc. Current and Accrued Assets		38,093	83,757
	Total Current and Accrued Assets		6,002,834	6,687,104

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	21	845,868	795,392
182	Extraordinary Property Losses	21		
183	Preliminary Survey & Investigation Charges		125,657	125,657
184	Clearing Accounts			
185	Temporary Facilities			
186	Misc. Deferred Debits	20	5,850,427	4,951,495
187	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes	21		
	Regulatory Assets		2,903,791	3,230,107
	Total Deferred Debits		9,725,743	9,102,651
	TOTAL ASSETS AND OTHER DEBITS		293,749,259	346,404,782

NOTES TO THE BALANCE SHEET

See attached audited financial statements for notes related to Balance Sheet items.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	22	36,568,776	36,568,776
204	Preferred Stock Issues	22	5,966,700	5,955,600
202,205	Capital Stock Subscribed		0	0
203,206	Capital Stock Liability for Conversion		0	0
207	Premium on Capital Stock		8,056,139	24,122,995
209	Reduction in Par or Stated Value of Capital Stock			
210	Gain on Resale or Cancellation of Reacquired Capital Stock		180	3,510
211	Other Paid-In Capital			
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	13	29,858,795	32,786,720
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
	Total Equity Capital		80,450,590	99,437,601
LONG-TERM DEBT				
221	Bonds	24	79,800,000	76,700,000
222	Reacquired Bonds			
223	Advances from Associated Companies			
224	Other Long-Term Debt			
	Total Long-Term Debt		79,800,000	76,700,000
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		6,587,141	8,367,996
232	Notes Payable	25	0	0
233	Accounts Payable to Associated Co	25	17,284	157,421
234	Notes Payable to Associated Co.	25	19,258,983	53,026,106
235	Customer Deposits		0	0
236	Accrued Taxes	26	2,615,096	(715,835)
237	Accrued Interest	27	1,112,521	1,118,939
238	Accrued Dividends		0	0
239	Matured Long-Term Debt		3,100,000	3,100,000
240	Matured Interest			
241	Tax Collections Payable		481,845	541,081
242	Miscellaneous Current and Accrued Liabilities	27A	1,576,248	1,459,328
	Total Current and Accrued Liabilities		34,749,118	67,055,036

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED CREDITS			
251	Unamortized Premium on Debt	21		
252	Advances for Construction	22	14,653,091	14,416,027
253	Other Deferred Credits		3,673,089	2,543,793
255	Accumulated Deferred Investment Tax Credits		1,217,811	1,133,014
	Total Deferred Credits		19,543,991	18,092,834
	OTHER NON-CURRENT LIABILITIES			
	Accumulated Provision for:			
261	Property Insurance			
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves			
266	Rate Refunds			
	Total Other Non-Current Liabilities			
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions in Aid of Construction	28	55,476,422	59,822,991
	Tap-on Fees - Customers			
	Federal Grants in Aid of Construction			
	Other			
272	Accumulated Amortization of Contributions in Aid of Construction	28	(11,891,108)	(13,007,516)
	Total Net C.I.A.C.		43,585,314	46,815,475
	ACCUMULATED DEFERRED INCOME TAXES			
281	Accumulated Deferred Income Taxes Accelerated Depreciation			
282	Accumulated Deferred Income Taxes Liberalized Depreciation			
283	Accumulated Deferred Income Taxes Other		35,620,246	38,303,836
	Total Accumulated Deferred Income Taxes		35,620,246	38,303,836
	TOTAL EQUITY CAPITAL AND LIABILITIES		293,749,259	346,404,782

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			0
400	Operating Revenues	30	52,434,532	59,773,182
401	Operating Expenses	31	26,767,052	29,034,743
403	Depreciation Expenses		7,454,006	7,223,994
406	Amortization of Utility Plant Acquisition Adjustment		21,614	22,668
407	Amortization Expense		482,478	489,457
408.1	Taxes Other Than Income		3,052,724	3,171,868
409.1	Income Taxes		3,394,378	3,514,370
410.10	Deferred Federal Income Taxes		835,988	2,202,828
410.11	Deferred State Income Taxes		(82,498)	413,356
410.12	Deferred Local Income Taxes		0	0
411.10	Provision for Deferred Income Taxes Credit		0	0
412.10	Investment Tax Credits Deferred to Future Periods		0	0
412.11	Investment Tax Credits Restored to Operating Income		(84,836)	(84,797)
	Utility Operating Expenses		41,840,906	45,988,487
	Utility Operating Income		10,593,626	13,784,695
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) from Disposition of Utility Property		0	0
	Total Utility Operating Income		10,593,626	13,784,695
	OTHER INCOME AND DEDUCTIONS			
415	Revenues from Merchandising, Jobbing and Contract Deductions		402,243	230,642
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		(208,159)	(173,451)
419	Interest & Dividend Income		127,120	5,843
420	Allowance for Funds Used During Construction		1,226,848	1,918,748
421	Nonutility Income		3,444	0
426	Miscellaneous Nonutility Expenses		(318,676)	(278,293)
	Total Other Income and Deductions		1,232,820	1,703,489

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income			
409.20	Income Taxes		1,584	(53,760)
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes Credit			
412.20	Investment Tax Credits - Net			
412.21	Investment Tax Credits Restored to Nonoperating Income			
	Total Taxes Applicable to Other Income		1,584	(53,760)
	INTEREST EXPENSE			
427	Interest Expense		5,647,860	6,073,994
428	Amortization of Debt Discount & Exp.		75,069	89,540
429	Amortization of Premium on Debt			
	Total Interest Expense		5,722,929	6,163,534
	EXTRAORDINARY ITEMS			
433	Extraordinary Income			
434	Extraordinary Deduction			
409.30	Income Taxes, Extraordinary Items			
	Total Extraordinary Items			
	NET INCOME		6,101,933	9,378,410

STATEMENT OF RETAINED EARNINGS

1. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share.		
2. Show separately the state and federal income tax effect of items shown in Account No. 439.		
ACCT. NO. (a)	(b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year	29,858,795
	Changes to account:	
	Adjustments to Retained Earnings (requires Commission Approval prior to use):	
	Credits	
	Total Credits	
	Debits	
	Total Debits	
435	Balance Transferred from Income	
	Water	9,378,410
	Sewer	12,079
436	Appropriations of Retained Earnings:	

	Total Appropriations of Retained Earnings	
437	Dividends Declared:	
	Preferred Stock Dividends Declared	459,456
	Common Stock Dividends Declared	6,003,108
	Total Dividends Declared	6,462,564
	Balance end of year	2,927,925
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	

	Total Appropriated Retained Earnings	
	Total Retained Earnings	32,786,720
Notes to Statement of Retained Earnings:		

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	365,468,986
102	Utility Plant Leased to Others (Regulatory Asset - AFUDC-Debt)	272,637
103	Property Held for Future Use	114,076
104	Utility Plant Purchased or Sold	0
105	Construction Work in Progress	54,500,568
106	Completed Construction Not Classified	
	Total Utility Plant	420,356,267

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	
Balance first of year	87,721,073
Credit during year:	
Accruals Charged to Account 108.1	8,259,865
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	

Salvage - Scrap	42,860
Other Credits (specify):	0
_____	0
_____	0
Total Credits	8,302,725
Debits during year:	
Book Cost of Plant Retired	3,252,968
Cost of Removal	452,048
Other Debits (specify):	
<i>accum. Amort UPIS write-off</i>	(59,464)

Total Debits	3,645,552
Balance end of year	92,378,246

WATER UTILITY PLANT ACCOUNTS

ACCT. NO.	ACCOUNT NAME	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	.1 INTANGIBLE PLANT (g)	.2 SOURCE OF SUPPLY & PUMPING PLANT (h)	.3 WATER TREATMENT PLANT (i)	.4 TRANS. & DISTRIBUTION PLANT (j)	.5 GENERAL PLANT (k)
301	Organization	37,534	(84)		37,450	37,450				
302	Franchises	70,261	0		70,261	70,261				
303	Land and Land Rights	4,535,811	(20,455)		4,515,356		427,337	68,164	4,019,855	
304	Structures and Improvements	25,589,080	2,069,969	532,916	27,126,133		7,843,684	9,929,945	812,634	8,539,869
305	Collecting & Impounding Reservoirs	1,016,553	0	11,467	1,005,086		1,005,086			
306	Lake River & Other Intakes	537,098	0		537,098		537,098			
307	Wells & Springs	0	0		0		0			
308	Infiltration Galleries & Tunnels	0	0		0		0			
309	Supply Mains	5,093,716	50,611	412	5,143,915		5,143,915			
310	Power Generation Equipment	884,786	33,355		918,141		918,141			
311	Pumping Equipment	11,130,292	3,610,332	124,691	14,615,933		14,615,933			
320	Water Treatment Equipment	28,126,254	2,258,153	174,737	30,209,671			30,209,671		
330	Distribution Reservoirs & Standpipes	12,625,797	(619,477)	10,495	11,995,825				11,995,825	
331	Transmission & Distribution Mains	160,972,166	9,577,466	428,665	170,120,987				170,120,988	
333	Services	37,124,597	3,734,258	570,463	40,288,392				40,288,392	
334	Meters and Meter Installations	24,840,879	4,423,579	610,344	28,654,114				28,654,114	
335	Hydrants	11,088,977	619,476	35,914	11,672,539				11,672,539	
339	Other Plant and Miscellaneous Equipment	(256,316)	31,736	49,098	(273,678)	(273,678)				
340	Office Furniture and Equipment	7,514,601	110,683	451,351	7,173,932					7,173,932
341	Transportation Equipment	3,128,386	791,413	191,987	3,727,812					3,727,812
342	Stores Equipment	33,927	0	0	33,927					33,927
343	Tools, Shop and Garage Equipment	1,537,619	336,633	1,723	1,872,529					1,872,529
344	Laboratory Equipment	856,181	22,589	50,369	828,401					828,401
345	Power Operated Equipment	1,589,811	9,303	0	1,599,114					1,599,114
346	Communication Equipment	1,930,705	258,912	2,721	2,186,896					2,186,896
347	Miscellaneous Equipment	1,265,419	10,881	5,616	1,270,684					1,270,684
348	Other Tangible Plant	138,485	0	0	138,485					138,485
	Total Water Plant	341,412,619	27,309,334	3,252,968	365,468,984	(165,967)	30,491,194	40,207,780	267,564,327	27,371,650

SEWER UTILITY PLANT ACCOUNTS

ACCT. NO.	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	.1 INTANGIBLE PLANT (g)	.2 SOURCE OF SUPPLY & PUMPING PLANT (h)	.3 WATER TREATMENT PLANT (i)	.4 TRANS. & DISTRIBU. PLANT (j)	.5 GENERAL PLANT (k)
353	Land & Land Rights	2,250			2,250		2,250			
354	Structures & Improvements	2,498,291	(26,588)	7,640	2,484,063		2,464,063		878,024	
360	Collection Sewers	871,010	7,014		878,024				35,319	
363	Services to Customers	9,550	25,769		35,319					
371	Pumping Equipment - Electric	10,708	3,646		14,354		14,354			
380	Treatment & Disposal Equipment	22,716	57,370		80,086			80,086		
390	Office Furniture & Equipment	439			439					439
391	Transportation Equipment	35,144			35,144					35,144
392	Stores Equipment	500			500					500
393	Tool, Shop & Garage Equipment	25,749	(1)	1,149	24,599					24,599
394	Laboratory Equipment	4,567	27,633		32,200					32,200
395	Power Operated Equipment	37,141	1,924		39,065					39,065
396	Communication Equipment	1,396			1,396					1,396
397	Misc Equipment	22,581	1		22,582					22,582
	Total Sewer Plant	3,542,042	96,769	8,789	3,630,022	0	2,480,667	80,086	913,344	155,925

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT 2008 -WATER

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR		CHARGES DURING THE YEAR		BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	OTHER CHARGES (g)	
301	Organization	0					0
302	Franchises	58,778				58,778	0
303	Limited Term Interest in Land and Land Rights	26,813				26,813	0
304	Structures and Improvements	4,440,055	600,739		532,916	(68,599)	4,576,477
305	Collecting and Impounding Reservoirs	334,227	15,172		11,467		337,931
306	Lake River and Other Intakes	22,185	12,300		0	(5,901)	40,386
307	Wells and Springs	0	0		0		0
308	Infiltration Galleries and Tunnels	0	0		0		0
309	Supply Mains	921,588	93,394		412	(52,357)	1,066,927
310	Power Generating Equipment	288,172	25,916	(53,899)	0	0	260,189
311	Pumping Equipment	5,100,354	284,234	(168,362)	124,691	153,719	4,937,816
320	Water Treatment Equipment	13,557,640	659,749	(110,000)	174,737	(34,019)	13,966,672
330	Distribution Reservoirs and Standpipes	3,269,250	282,704	99	10,495	379,070	3,162,488
331	Transmission and Distribution Mains	23,462,395	2,768,570	(26,733)	428,665	(708,006)	26,483,573
333	Services	14,963,739	1,236,777	(94,867)	570,463	477,171	15,058,015
334	Meters & Meter Installations	4,831,759	754,734	3,486	610,344	(69,097)	5,048,732
335	Hydrants	2,814,474	197,645	(1,770)	35,914	38,799	2,935,636
339	Other Plant and Miscellaneous Equipment	74,925	(29,341)	0	49,098	270,057	(273,572)
340	Office Furniture and Equipment	7,592,700	664,079	0	451,351	(286,846)	8,092,274
341	Transportation Equipment	2,069,870	261,719	42,859	191,987	(518,193)	2,700,554
342	Stores Equipment	26,903	1,757		0	(2,500)	31,160
343	Tools, Shop and Garage Equipment	695,127	96,953		1,723	7,233	783,124
344	Laboratory Equipment	541,106	59,795	0	50,369	(126,145)	676,677
345	Power Operated Equipment	818,930	70,919	0	0	(209)	890,058
346	Communication Equipment	620,209	121,034		2,721	(21,869)	760,391
347	Miscellaneous Equipment	285,416	66,431		5,616	(68,556)	414,787
348	Other Tangible Plant	353,000	7,686		0	43,224	317,462
	Boonesboro Acquisition	447,969	0			447,969	0
	Subtotal	87,617,584	8,252,965	(409,187)	3,252,968	(59,464)	92,267,857
	Acc Depr Reg Asset	103,489	6,900				110,389
	Acc Amort UPIS	0				0	0
	TOTALS	87,721,073	8,259,865	(409,187)	3,252,968	(59,464)	92,378,246

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance first of year	0
Credit during year:	
Accruals Charged to Account 110.1	
Accruals Charged to Account 110.2	
Other Credits (specify)	

Total Credits	0
Debits during year:	
Book Cost of Plant Retired	
Other Debits (specify)	

Total Debits	0
Balance end of year	0

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
Boonesboro Water Association	138,217
Tri-Village	341,033
Owentown	(16,961)

Total Plant Acquisition Adjustments	462,289
Accumulated Amortization (115)	
Amortization Boonesboro Water Association	(101,641)
Amortization Tri -Village Water Association	(51,158)
Amortization Owentown	1,381

Total Accumulated Amortization	(151,418)
Net Acquisition Adjustments	310,871

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):		

Total Investment in Associated Companies:		
UTILITY INVESTMENTS (ACCT. 124):		

Total Utility Investments		
OTHER INVESTMENTS (ACCT. 125):		

Total Other Investments		
SPECIAL FUNDS (ACCTS. 126 & 127):		

Total Special Funds		

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141)	2,342,465
Other Accounts Receivable (Acct. 142)	
Misc. Accounts Receivable Net of Uncollectible Provision	411,548
_____	_____
_____	_____
_____	411,548
Notes Receivable (Acct. 144)	
_____	_____
_____	_____
_____	_____
_____	_____
Total Accounts and Notes Receivable	2,754,013
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
Balance first of year	(223,308)
Add: Provision for uncollectibles for current year	0
Collections of accounts previously written off	(383,519)
Utility Accounts	(95,422)
Others	_____
Yearly Provision Calculation	0
Total Additions	(702,249)
Deduct accounts written off during year:	428,895
Utility Accounts	_____
Other	_____
_____	_____
Total accounts written off	_____
Balance end of year	(273,354)
Total Accounts and Notes Receivable - Net	2,480,659

MATERIALS AND SUPPLIES (151 - 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151)	577,106
Merchandise (Account 152)	
Other Materials and Supplies (Account 153)	0
Total Materials and Supplies	577,106

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance	5,258
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	291,150
Prepaid PUC/PSC Assessments	42,302
Other Prepayments (Specify)	
Licensing Fees	16,155
Membership Fees	8,333
Oracle	4,257
Audit, Legal & Credit Line Fees	20,144
AWWA Research Fees	11,931
Circuit Lines Maintenance	11,270
Total Prepayments	410,800

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1)	553,892
Other Deferred Debits (Acct. 186.2)	4,397,603
Total Miscellaneous Deferred Debits	4,951,495

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
Series 6.96%	2,439	34,215
Series 7.15%	2,631	43,925
Series 6.99%	3,482	63,333
Series 6.87%	62,494	140,610
Series 6.58%	16,789	477,872
Series 9.96%	933	13,917
Preferred Stock Series 8.47%	772	21,520
Total Unamortized Debt Discount and Expense	89,540	795,392
Unamortized Premium on Debt (Acct. 251):		
NONE		
Total Unamortized Premium on Debt		

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	
NONE	
Total Extraordinary Property Losses	

ACCUMULATED DEFERRED INCOME TAXES (ACCT. 190)

DESCRIPTION	TOTAL
Accumulated Deferred Income Taxes (Acct. 190):	
Federal (190.1) NONE	
State (190.2)	
Local (190.3)	
Total Accumulated Deferred Income Taxes	

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
Balance first of year	14,653,091
Add credits during year	2,658,772
Deduct charges during year	2,895,836
Balance end of year	14,416,027

CAPITAL STOCK (ACCTS. 201 - 204)

(a)	COMMON STOCK (b)	PREFERRED STOCK (c)
Par or stated value per share	NO PAR	100
Shares authorized	2,000,000	85,000
Shares issued and outstanding	1,567,391	59,556
Total par value of stock issued	36,568,776	5,955,600
Dividends declared per share for year	3.83	7.71

BONDS (ACCT. 221)

Line No.	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Held by or for Respondent (3)	Actually Outstanding At Close of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1						
2						
3						
4	7,000,000	7,000,000	0	7,000,000	487,200	487,200
5	*	*	0	0	(130,651)	0
6	7,500,000	7,500,000	0	7,500,000	536,250	536,250
7	9,000,000	9,000,000	0	9,000,000	629,100	629,100
8	15,500,000	15,500,000	0	6,200,000	691,561	745,395
9	47,000,000	47,000,000	0	47,000,000	3,098,710	3,038,457
10						0
Total	86,000,000	86,000,000	0	76,700,000	5,312,170	5,436,402

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1						
2						
3						
4		12/1/2023	6.96%	7,000,000		7,000,000
5						
6		2/1/2027	7.15%	7,500,000		7,500,000
7		6/1/2028	6.99%	9,000,000		9,000,000
8		3/29/2011	6.87%	15,500,000	3,100,000	6,200,000
9		10/15/2037	6.59%	47,000,000		47,000,000
10						
11						
12						
13						
14						
15						
16						
17	* Credit of (\$130,651) represents amortization of					
18	gain realized on early redemption of 4.75% series Redeemed 2007					
19	Principal amount of \$14,000,000					
20						
21						
22						
23						
24						
25						
Total				86,000,000	3,100,000	76,700,000

NOTES PAYABLE (ACCOUNTS 232 & 234)

(a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	AMOUNT OF PAYMENT (e)	
Account 232 - Notes Payable:					0
Total Account 232					0
Account 234 - Notes Payable to Associated Companies: American Water Capital Corporation					53,026,106
Total Account 234					53,026,106

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)

SHOW PAYABLE TO EACH ASSOCIATED COMPANY SEPARATELY	AMOUNT
American Water Works Service Co., Inc.	92,522
American Water Capital Corporation	7,039
Intercompany clearing	57,860
Total Account 233	157,421

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year	2,615,095
	Accruals Charged:	
408.10	Utility regulatory assessment fees	84,107
408.11	Property taxes	2,519,387
408.12	Payroll taxes	515,647
408.13	Other taxes and licenses	431
408.20	Taxes other than income, other income and deductions	0
409.10	Federal income taxes	3,042,421
409.11	State income taxes	471,949
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	(53,760)
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	2,202,828
410.11	Deferred state income taxes	413,356
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(84,797)
412.20	ITC - Net nonutility operators	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes accrued	9,111,569
	Taxes paid during year:	
408.10	Utility regulatory assessment fees	84,107
408.11	Property taxes	4,456,423
408.12	Payroll taxes	485,312
408.13	Other taxes and licenses	431
408.20	Taxes other than income, net change in sales tax accruals	(390,359)
409.10	Federal income taxes	4,865,143
409.11	State income taxes	429,054
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	(53,760)
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	2,232,227
410.11	Deferred state income taxes	418,718
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	0
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(84,797)
412.20	ITC - Net nonutility operators	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes paid	12,442,499
	Balance end of year	(715,835)

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Account No. 237.1 - Accrued Interest on Long-Term Debt:	1,112,520	5,442,821	5,436,402	1,118,939
Amortize Gain on Early Bond Redemption		(130,651)		
4.75% Series				
Total Acct. No. 237.1	1,112,520	5,312,170	5,436,402	1,118,939
Account No. 237.2 - Accrued Interest on Other Liabilities:				
Interest On Note Balance (AWCC)	0	761,822	761,822	0
Other Interest Expense	0	2	2	0
Total Acct. No. 237.2	0	761,824	761,824	0
Total Acct. No. 237	1,112,520	6,073,994	6,198,226	1,118,939

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
Accrued Vacation Payable	83,757
Accrued Water	14,064
Accrued Power	273,116
Accrued Legal	73,915
Accrued Audit Fees	0
Accrued Wages	72,003
Accrued Insurance	0
Accrued Rents	0
Accrued Waste Disposal	50,004
Accrued Retiree Medical Reimb	11,250
Accrued DPB Contribution	6,400
Accrued bank Fees	18,126
Withheld Payroll - Union Dues	2,040
Withheld Payroll - Garnishment	1,747
Withheld Payroll - Tax Coll Pay FIT/SIT/LIT/FICA	119,562
Withheld Payroll - Charitable Contributions	284
Withheld Payroll - ESPP	4,154
Withheld Payroll - Credit Union	0
Withheld Payroll - Flexible Spending Accounts	4,084
Withheld Payroll - 401k	21,870
Withheld Payroll - Miscellaneous	0
Accrued 401k Expense	7,521
Accrued Preferred Dividend Requirements	50,019
Construction Costs Payable	0
Withheld Payroll - ESOP	0
Unclaimed Credits	25,249
Uncliamed Extension Deposit Refunds	351
Accrued Unbilled Items	4,670
Misc Deposits Payable	8,000
Unbilled Stock C	36,107
Unbilled Stock E	4,786
CFO - Mgmt Contracts	156,006
Bank Clearing	0
Other Current Liabilities Analyzed	117,713
Incentive Plan	292,530
Total Miscellaneous Current and Accrued Liabilities	1,459,328

RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. The reconciliation should include the same detail as furnished on Schedule M-1 of the Federal tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.			
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State name of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.			
DESCRIPTION	REF.	AMOUNT	
Net income for the year		9,390,489	
Federal Income Tax Accrual		5,115,391	
State & Local Income Tax Accrual		876,606	
	Pre-Tax Book Income	15,382,486	
Permanent Differences:			
Meal & Entertainment		19,920	
Nondeductible Penalties		0	
Medicare Subsidy		(156,133)	
Lobbying Expenses		393	
	Total Permanent Differences	(135,820)	
Financial Taxable Income		15,246,666	
Temporary Differences:			
Uncollectible Accounts		133,740	
Vacation Pay		(49,382)	
Taxable Contributions (CIAC)		(795,533)	
Taxable Advances		(760)	
Rate Case Expense		(8,450)	
Depreciation & Amortization		(4,000,313)	
Reg Asset - AFUDC Debt		6,325	
Gains & Losses		0	
Abandonment Losses		(863,038)	
Cost of Removal		967,799	
Amortization UPAAs		0	
Cost of Service Study		86,682	
Incent Plan (Incen 3)		57,991	
Incent Plan (Incen 5)		0	
Regulatory Pension (Pension 2)		(454,742)	
Regulatory Pension (Pension 3)		0	
Accrued OPEB		190,197	
AFUDC (AFUDC 1)		(1,259,425)	
AFUDC Equity CWIP (AFUDC 2)		0	
Amortization of Regulatory (AFUDC 3)		64,424	
Deferred Maintenance (Maint 1)		124,376	
Miscellaneous Deferred Debits (Misc 1)		377,840	
Miscellaneous Deferred Credits (Misc 3)		(265,726)	
FAS 123		19,839	
Deferred Customer Service Center Costs		0	
Deferred Financial Services Costs		0	
	Total Temporary Differences	(5,668,156)	
Federal Taxable Income Before SIT		9,578,510	
State Income Tax Deduction		(606,265)	
Federal Taxable Income		8,972,245	
Tax Rate		35%	
	Federal Income Tax Payable	3,140,286	
	Provision Adjustment	0	
	Federal Income Tax Expense	3,140,286	

WATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues			
460	Unmetered Water Revenue			
461	Metered Water Revenue:			
461.1	Sales to Residential Customers	106,030	106,961	31,049,256
461.2	Sales to Commercial Customers	8,583	8,746	14,672,074
461.3	Sales to Industrial Customers	21	22	1,466,196
461.4	Sales to Public Authorities			
461.5	Sales to Multiple Family Dwellings			
461.6	Sales through Bulk Loading Stations			26,577
	Total Metered Sales	114,634	115,729	47,214,103
462	Fire Protection Revenue:			
462.1	Public Fire Protection	37	39	2,333,248
462.2	Private Fire Protection	1,806	1,893	1,354,716
	Total Fire Protection Revenue	1,843	1,932	3,687,964
464	Other Sales to Public Authorities	488	504	4,910,140
465	Sales to Irrigation Customers			
466	Sales for Resale	13	12	1,435,277
467	Interdepartmental Sales			0
	Total Sale of Water	116,978	118,177	57,247,484
	Other Water Revenues:			
470	Forfeited Discounts			0
471	Miscellaneous Service Revenues			1,340,815
472	Rents from Water Property			105,144
473	Interdepartmental Rents			
474	Other Water Revenues			1,079,739
475	Provision for Rate Refunds			
	Total Other Water Revenues			2,525,698
	Total Water Operating Revenues			59,773,182

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	WATER EXPENSE ACCOUNT MATRIX									
		CURRENT YEAR (c)	.1 SOURCE OF SUPPLY EXPENSES- OPERATION (d)	.2 SOURCE OF SUPPLY EXPENSES- MAINTEN. (e)	.3 WATER TREATMENT EXPENSES- OPERATION (f)	.4 WATER TREATMENT EXPENSES- MAINTEN. (g)	.5 TRANS. & DISTRIBU. EXPENSES- OPERATION (h)	.6 TRANS. & DISTRIBU. EXPENSES- MAINTEN. (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINISTRATIVE & GENERAL EXPENSES (k)	
601	Salaries & Wages - Employer	6,520,773	0	152,927	1,551,489	83,991	1,951,967	724,454	811,321	1,244,624	
603	Salaries & Wages - Officers, Directors & Majority Stockholders	0				0			0	0	
604	Employee Pensions & Benefits	2,582,068								2,582,068	
610	Purchased Water	125,573	125,573								
615	Purchased Power	3,194,805	292,769		2,870,104		31,932				
616	Fuel for Power Production	3,230	3,230								
618	Chemicals	1,749,122			1,749,122						
620	Materials and Supplies	795,358	2,294	255,136	25,663	104,781	88,754	234,246	68	84,416	
631	Contractual Services - Eng	0					0			0	
632	Contractual Services - Acct	79,443								79,443	
633	Contractual Services - Legal	144,444			0					144,444	
634	Contractual Services - Management Fees	0								0	
635	Contractual Services - Other	8,574,719	0		169,454		116,740	0	167,961	8,120,964	
641	Rental of Bldg./Real Property	4,705					4,705			0	
642	Rental of Equipment	30,199			0		2,154			28,045	
650	Transportation Expenses	560,772	0	98	0		10,013		0	550,661	
656	Insurance - Vehicle	34,028								34,028	
657	Insurance - General Liability	237,500								237,500	
658	Insurance - Worker's Compei	136,714								136,714	
659	Insurance - Other	115,933								115,933	
660	Advertising Expense	29,388								29,388	
666	Regulatory Commission Expense										
666	- Amortization of Rate Ca	208,297								208,297	
667	Regulatory Commission Expense	12,448								12,448	
667	- Other	0								0	
670	Bad Debt Expense	467,213							467,213		
675	Miscellaneous Expenses	3,428,011	33,677	0	427,567	277,160	190,148	222,656	1,068,733	1,208,070	
	Total Water Utility Expenses	29,034,743	457,543	408,161	6,793,399	465,932	2,396,413	1,181,356	2,515,296	14,816,643	

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January	4,991	1,198,191	1,203,182	934,037
February	5,175	1,102,892	1,108,067	985,458
March	4,287	1,163,459	1,167,746	886,066
April	4,076	1,159,692	1,163,768	927,587
May	4,177	1,268,325	1,272,502	1,029,392
June	4,638	1,403,201	1,407,839	1,125,305
July	4,670	1,556,913	1,561,583	1,262,497
August	4,904	1,651,065	1,655,969	1,412,262
September	4,695	1,557,249	1,561,944	1,437,623
October	2,260	1,373,638	1,375,898	1,326,241
November	2,012	1,071,769	1,073,781	1,170,651
December	2,235	1,089,970	1,092,205	917,348
Total for year	48,120	15,596,364	15,644,484	13,414,467

Maximum gallons pumped by all methods in any one day (Omit 000's):	62,302
Date	<u>08/21/08</u>
Minimum gallons pumped by all methods in any one day (Omit 000's):	28,848
Date	<u>12/31/08</u>

If water is purchased for resale, indicate the following:

Vendor: Winchester Municipal Utilities, Gallatin County Water District
Georgetown Municipal Water & Waste Water, Carroll County Water District

Point of Delivery: Clark County (4), Owen County (4), Gallatin County (1)

If water is sold to other water utilities for redistribution, list names of such utilities below:

Entity Receiving Water (a)	Maximum Daily (b)	Maximum Monthly (c)
CITY OF MIDWAY	unlimited	unlimited
CITY OF NORTH MIDDLETOWN	90	2,790
CITY OF NICHOLASVILLE	650	20,150
CITY OF VERSAILLES	unlimited	unlimited
JESSAMINE SOUTH ELKHORN WATER DISTRICT (2)	1,152	35,712
HARRISON COUNTY WATER DISTRICT	150	4,650
GEORGETOWN MUNICIPAL WATER AND SEWER SER	1,350	41,850
EAST CLARK WATER	2.1	65.1

SALES FOR RESALE (466)

LINE #	COMPANY	1,000 GALLONS	AVG. RATE (CENTS)	AMOUNT
1	CITY OF MIDWAY	59,868	2.74	163,763
2	EAST CLARK WATER	176	4.76	838
3	CITY OF NORTH MIDDLETOWN	81,421	2.72	221,668
4	CITY OF NICHOLASVILLE	61,901	2.92	180,495
5	CITY OF VERSAILLES	448	20.35	9,116
6	JESSAMINE SOUTH ELKHORN WATER DIST (2 ACCTS)	281,647	2.71	762,665
7	HARRISON COUNTY WATER DISTRICT	37,060	2.54	94,071
8	GEORGETOWN MUNICIPAL WATER AND SEWER SERVICE	1,781	3.24	5,776
9				
10	TOTAL	524,302	2.74	1,438,391

WATER STATISTICS

LINE #	ITEM	1,000 GALLONS
1	WATER PRODUCED AND PURCHASED:	
2	Water Produced	15,596,364
3	Water Purchased	48,120
4	TOTAL PRODUCED AND PURCHASED	15,644,484
5		
6	Water Sales:	
7	Residential	6,452,802
8	Commercial	4,136,914
9	Industrial	621,136
10	Bulk Loading Station	19,103
11	Resale	524,302
12	Other Sales - Public Authority	1,660,210
13	TOTAL WATER SALES	13,414,467
14		
15	OTHER WATER USED:	
16	Utility/ Water Treatment	25,295
17	Wastewater Plant	0
18	System Flushing	135,113
19	Fire Department	1,352
20	Other (Construction, Flushing, Disinfection, Etc.)	63,893
21	OTHER WATER USED	225,653
22		
23	Water Loss	2,004,364
24		
25	TOTAL OTHER WATER USED	2,230,017
26		
27	Water Loss Percentage:	12.81%

**KENTUCKY-AMERICAN WATER COMPANY
 PLANT STATISTICS (ITEMS 1 THROUGH 4)
 AS OF DECEMBER 31, 2008**

1) Number of public fire hydrants, by size

Fayette County	6,932
Scott County	190
Clark County	13
Bourbon County	30
Owen County	81
Woodford County	4
Total Public	<u><u>7,250</u></u>

2) Number of private fire hydrants, by size

Fayette County	820
Scott County	101
Georgetown	45
Bourbon County	-
Owen County	-
Woodford County	6
Total Private	<u><u>972</u></u>

3) If produced, whether water supply is river, impounded streams, well springs, artificial lake, or collector well

Kentucky-American Water Company's major source of supply is the Kentucky River, located twelve miles southeast of downtown Lexington. The company also utilizes Lake Ellerslie which impounds West Hickman Creek and Jacobson Reservoir which impounds East Hickman Creek.

4) If produced, whether supply is by gravity, pumping or a combination

Water from the Kentucky River is pumped up a 400 foot cliff through three water lines to the adjacent treatment facility (Kentucky River Station). Raw water from the Kentucky River can also be pumped to Jacobson Reservoir or directly to the Richmond Road Station. The impounded waters of Jacobson Reservoir are pumped to a treatment facility in Lexington (Richmond Road Station). Lake Ellerslie, located adjacent to the Richmond Road Station, is used only as a standby supply.

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2008**

5) Type, capacity, and elevation of reservoirs at overflow and ground level

Greater Fayette System

Tates Creek Tank - 500,000 Gallon Elevated		
Foundation Elevation		1,037.00
Overflow Elevation		1,185.25
York Street Tank - 1,000,000 Gallon Ground Storage		
Foundation Elevation		965.50
Overflow Elevation		1,000.25
Cox Street Tank - 1,000,000 Gallon Ground Storage		
Foundation Elevation		967.00
Overflow Elevation		1,001.73
Cox Street Tank - 1,000,000 Gallon Elevated		
Foundation Elevation		957.00
Overflow Elevation		1,117.00
Mercer Road Tank - 2,000,000 Gallon Elevated		
Foundation Elevation		982.00
Overflow Elevation		1,107.00
Parkers Mill Road Tank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		985.50
Overflow Elevation		1,025.50
Hume Road Rank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		943.50
Overflow Elevation		979.50
Hall Tank - 210,000 Gallon Standpipe		
Foundation Elevation		1,025.00
Overflow Elevation		1,115.00
Muddy Ford Tank - 750,000 Gallon Elevated		
Foundation Elevation		992.00
Overflow Elevation		1,082.00
Sadieville Tank - 380,000 Gallon Standpipe		
Foundation Elevation		920.00
Overflow Elevation		993.00
Clays Mill Tank #1 - 3,000,000 Gallon Ground Storage		
Foundation Elevation		985.50
Overflow Elevation		1,022.50

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2008**

**5) Type, capacity, and elevation of reservoirs at overflow and ground level
(continued)**

Clays Mill Tank #2 - 3,000,000 Gallon Ground Storage
Foundation Elevation 985.50
Overflow Elevation 1,022.50

Briar Hill Tank - 750,000 Gallon Elevated
Foundation Elevation 1,012.00
Overflow Elevation 1,150.00

Russell Cave Tank - 1,000,000 Gallon Ground
Foundation Elevation 990.50
Overflow Elevation 1,020.83

Eastland Tank - 2,000,000 Gallon Elevated
Foundation Elevation 1,034.67
Overflow Elevation 1,170.00

Northern Division System

Long Ridge Tank - 100,000 Gallon Standpipe
Foundation Elevation 965.00
Overflow Elevation 1,043.60

Glencoe Tank - 100,000 Gallon Standpipe
Foundation Elevation 793.00
Overflow Elevation 820.30

Sparta Tank - 50,000 Gallon Standpipe
Foundation Elevation 640.00
Overflow Elevation 663.00

Bromley Tank - 177,000 Gallon Standpipe
Foundation Elevation 908.00
Overflow Elevation 1,015.00

Hesler Tank - 237,000 Gallon Standpipe
Foundation Elevation 953.00
Overflow Elevation 1,055.33

Monterey Tank - 117,000 Gallon Standpipe
Foundation Elevation 600.00
Overflow Elevation 651.33

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2008**

**5) Type, capacity, and elevation of reservoirs at overflow and ground level
(continued)**

Wheatley Tank - 186,000 Gallon Standpipe
Foundation Elevation 909.50
Overflow Elevation 1,021.50

Elk Lake Tank - 100,000 Gallon Standpipe
Foundation Elevation 910.00
Overflow Elevation 960.00

New Columbus Tank - 229,000 Gallon Standpipe
Foundation Elevation 980.00
Overflow Elevation 1,119.00

Perry Tank- 100,000 Gallon elevated tank
Foundation Elevation 973.50
Overflow Elevation 1,097.30

Fairgrounds Tank- 400,000 Gallon elevated tank
Foundation Elevation 971.00
Overflow Elevation 1,099.50

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2008

6) Miles of Main by size and kind

SIZE	KIND	CENTRAL DIVISION	NORTHERN DIVISION	LEASED SYSTEM
		FEET (MILES)	FEET (MILES)	FEET (MILES)
36	RWLJ	256		
		0.048		
36	DI	368		
		0.070		
30	DI	61,427		
		11.634		
30	CONC	46,152		
		8.741		
30	RW DI	46,649		
		8.835		
30	RW CONC	1,789		
		0.339		
24	CONC	83,387		
		15.793		
24	DI	250,479		
		47.439		
20	DI	11,611		
		2.199		
20	CONC	18,136		
		3.435		
20	RW AC	12,116		
		2.295		
20	CI	13,901		
		2.633		
20	RW CI	1,481		
		0.280		
20	RW DI	0		
		0.000		
20	RW STEEL	520		
		0.098		
14	PEP	3,450		
		0.653		
16	DI	15,434		
		2.923		
16	CONC	19,022		
		3.603		
16	CI	54,283		
		10.281		
16	AC	179,036		
		33.908		
16	RW CI	14,381		
		2.724		
16	RW DI	527		
		0.100		

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2008

6) Miles of Main by size and kind
(continued)

SIZE	KIND	CENTRAL DIVISION	NORTHERN DIVISION	LEASED SYSTEM
		FEET (MILES)	FEET (MILES)	FEET (MILES)
12	CI	273,879		
		51,871		
12	AC	287,392		
		54,430		
12	DI	650,585		
		123,217		
12	PVC	20,268	9,303	
		3,839	1,762	
10	CI	1,286		
		0,244		
10	AC	24,796		
		4,696		
10	DI	2		
		0,000		
8	CI	480,476		
		90,999		
8	AC	804,793		
		152,423		
8	PVC	1,796,935	103,256	
		340,329	19,556	
8	DI	885,536		
		167,715		
6	CI	539,453		
		102,169		
6	AC	959,758	132,000	
		181,772	25,000	
6	PVC	360,343.9	228,984	
		68,247	43,368	
6	DI	174,932	910	
		33,131	0,172	
4	AC	235,343	164,460	
		44,573	31,148	
4	CI	89,843		
		17,016		
4	PVC	38,164	253,799	
		7,228	48,068	
4	GAL	1,213		
		0,230		
4	DI	58,239	520	
		11,030	0,098	
4	STEEL	60		
		0,011		
3	AC	39,900	27,000	
		7,557	5,114	

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2008

6) Miles of Main by size and kind
(continued)

SIZE	KIND	CENTRAL DIVISION	NORTHERN DIVISION	LEASED SYSTEM
		FEET (MILES)	FEET (MILES)	FEET (MILES)
3	PVC	195,492	178,035	
		37.025	33.719	
3	GAL	767		
		0.145		
3	CI	0		
		0.000		
3	STEEL	45		
		0.009		
2.5	PVC	43,160		
		8.174		
2.2	CI	77,194		
		47.439		
2	CI	74,330		
		14.078		
2	PVC	74,923	46,880	
		3.435	8.879	
2	GAL	14,828	15,840	
		2.808	3.000	
2	VARIOUS	599		
		0.113		
1.2	CI	2,086		
		0.395		
1	PVC	11		
		0.002		
SUB TOTAL		9,041,037	1,160,987	
		1712.318	219.884	0.000
TOTAL COMBINED (CENTRAL, NORTHERN, LEASED)				10,202,024
				1932.201

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 7 - 8)
AS OF DECEMBER 31, 2008**

7) Types of filters: gravity or pressure, number of units and total rated in capacity in gal/min

Kentucky River Station

Type:	Gravity
Units:	10
Capacity Per Unit Per Minute:	0.00278 MG/min
Total Capacity Per Minute:	0.02778 MG/min
DOW Temporary High Rate:	0.0313 MG/min (on peak)

Richmond Road Station

Type:	Gravity
Units:	16
Capacity Per Unit Per Minute:	0.00109 MG/min
Total Capacity Per Minute:	0.01736 MG/min

8) Type of disinfectant, number of units and capacity in pounds per 24 hours

Kentucky River Station

Type:	Wallace & Tiernan Model V-2020
Units:	4
Capacity:	3,000 pounds per day
Total Capacity:	12,000 pounds per day

Richmond Road Station

Type:	Wallace & Tiernan Model V-2020
Units:	5
Capacity:	2 @ 3,000 pounds per day & 3 @ 1000 pounds per day
Total Capacity:	9,000 pounds per day

Northern

Long Ridge	Wallace & Tiernan
Units	1
Capacity	10 pounds per day
Hwy. 22 & 127	Wallace & Tiernan
Units	1
Capacity	10 pounds per day

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2008
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA

- 9) Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/low duty

KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA

- A. PLANT CAPACITY - 40,000,000 gallons
DOW TEMPORARY HIGH RATE - 45,000,000 gallons (on peak)
- B. SOURCE OF SUPPLY - Kentucky River
- C. INTAKE (Low Service) - Kentucky River

Pump No. 1: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-1-T2
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840384
In Service April 2008

Pump No. 2: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-2-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840380
In Service April 2008

Pump No. 3: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-3-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840383
In Service April 2008

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2008
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA

C. INTAKE (Low Service) - (Continued)

Pump No. 4: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-4-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840382
In Service April 2008

Pump No. 5: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-5-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840381
In Service April 2008

Pump No. 6: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-6-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840385
In service April 2008

D. RAW WATER TRANSFER STATION

Pump No. 8: KSB Inc. Pump, Centrifugal Split Case
Type RDL 400-540B
12600 GPM (18.144 MGD), 270 TDH at 1785 RPM
(Serial No.) OP#668386
Purchased in 2007 under Task Order #50100899
1000 H.P. General Electric Induction Motor
Model 5KAF83091174501
Type KAF, Frame 8309S
Serial No. CAH283005020
Purchased in 2007 under Task Order #50100899
In Service April 2008

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2008
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA**

D. RAW WATER TRANSFER STATION - (Continued)

Pump No. 9: KSB Inc. Pump, Centrifugal Split Case
Type RDL 400-540B
12600 GPM (18.144 MGD), 270 TDH at 1785 RPM
(Serial No.) OP#668385
Purchased in 2007 under Task Order #50100899
1000 H.P. General Electric Induction Motor
Model 5KAF83091174501
Type KAF, Frame 8309S
Serial No. CAH283005021
Purchased in 2007 under Task Order #50100899
In Service April 2008
Tri-Village Pressure Pump

Pump 1 - 127 N. PACO LC
3070 225 GPM
130 TDH
Electric High Efficiency

Pump 2 - 127 & 22
PACO 3070-7
806 GPM 145 TDH
Electric High Efficiency

E. RAW WATER CONTROL VAULT

The 36-inch raw water line enters the control vault which contains a Pratt Rubber Seated Butterfly, electric operated, size 30-inch serial No. 8-1067-86, year 1991, PSIG MAX, 150. This valve is controlled from the computer located in the control room.

Purchased in 1980 under Work Order No. A-4810

F. CHEMICAL RAPID MIX BASINS

There are two mix tanks. One high energy mix tank equipped with lightning mixer with 50 h.p., U.S. motor drive adjustable speed.

One low energy mix tank equipped with 15 h.p., U.S. motor drive, adjustable speed. Chlorine, coagulant aid, polyaluminum chloride, carbon ferric chloride, caustic soda, polymer and lime slurry are added to raw water. After mixing, water leaves tanks via

Purchased in 1980 under Work Order No. A-4810

G. ALDRICH UNITS

Ten Aldrich Units (hydrotreaters) equipped with automatic sludge removal and mixed media filters and equipped with Dorr-Oliver variable frequency drives. Each unit 69' 8-inches in diameter and 17' 9-inches high.

1, 2, 3, 4 - Purchased in 1958 under Work Order No. A-521

5, 6 - Purchased in 1966 under Work Order No. A-1919

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2008
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA

G. ALDRICH UNITS - (Continued)

7,8 - Purchased in 1970 under Work Order No. A-2535

9, 10 - Purchased in 1980 under Work Order No. A-4808

H. FILTERS (outside portion of Aldrich Units)

Total of ten filters. 4 MGD rating. 720 square feet of filter area per unit. 40 MGD total.

All filters are equipped with surface wash capability; chlorine and filter aid can be applied to the settled water prior to filtration.

Two wash water pumps, Worthington 10 HH-110-3 (1.44 MGD), US motor, 25 h.p., 440 volts. Purchased in 1958 under Work Order No. A-665. Pumps to two ground storage tanks with 0.53 MG of capacity.

I. CLEARWELLS

Ammonia, zinc orthophosphate, caustic soda and hydrofluorosilicic acid are applied to the filtered water just prior to the clearwells.

One concrete clearwell located under control building. (0.485 MG capacity).

Purchased in 1958 under Work Order No. A-746

One concrete clearwell located under control building. (.490 MG) and is connected to first clearwell by (2) 36-inch sluice gates and (1) 48-inch sluice gate.

Purchased in 1970 under Work Order No. A-2537

One above ground steel clearwell 110' in diameter by 30' high holding 2.0 MG is connected to No. 1 and No. 2 well by 24-inch pipeline.

Purchased in 1982 under Work Order No. A-4806

J. CLEARWELL TRANSFER PUMP

Pump used to fill No. 3 clearwell, Allis Chalmers vertical pump model 500, 3500 GPM (5 MGD) vs. 25' TDH, GE motor, 40 h.p., 460 volts.

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2008
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA**

K. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 10, Peerless discharge, flung bowls, 3 stage, 5560 GPM (8.0 MGD) vs. 380' TDH, Siemaen electric motor, 700 h.p., 4160 volts.

Purchased in 1988 under Work Order No. A-6425
- 2) H.S. Pump No. 11, Patterson vertical turbine, PVT, Size/Type-19 RMC, 5556 G.P.M. (8 MGD), 380' TDH, U.S. Electric Motor, 700 H.P., 4160-volt, 1780 R.P.M. (Purchased in 1998 under BP 98-03, W.O. No. A-8919)
- 3) H.S. Pump No. 12, DeLaval Pump, 2 stage, 5600 GPM (8.5 MGD) vs. 380' TDH, Ideal motor, 700 h.p., 4160 volts. (Purchased in 1966 under Work Order No. A-1872).
- 4) H.S. Pump No. 13, DeLaval P16/14D, 7000 GPM (10 MGD), vs. 380' TDH, Continental Electric motor, 800 h.p., 4160 volts. (Purchased in 1966 under Work Order No. A-1967).
- 5) H.S. Pump No. 14 - Peerless vertical turbine, 24 MA/H X B, 7000 GPM (10 MGD) vs. 380' TDH, Continental motor, 800 h.p., 4160 volts. (Purchased in 1970 under Work Order No. A-2536).
- 6) H.S. Pump No. 15 - Allis Chalmers vertical turbine, H20 x 16, VTMC-7, 7000 GPM (10 MGD) vs. 380' TDH, Continental electric motor, 900 h.p., 4160 volts.

Purchased in 1981 under Work Order No. A-4812.

L. STANDBY EQUIPMENT

- H.S. Pump No. 15 - Allis Chalmers vertical turbine VTMC-7, 7000 GPD (10 MGD) vs. 380' TDH, diesel driven by Detroit Diesel V-16, through a right angle drive, 765 h.p. (Purchased in 1981 under Work Order No. A-4804).
- Emergency Generator No. 1 - Detroit Diesel, 4 Cyl., 90 k.w., 480 volts. (Purchased in 1981 under Work Order No. A-4805).
- Emergency Generator No. 2 - Detroit Diesel, 4 Cyl, 75 k.w., 480 volts.(Purchased in 1981 under Work Order No. A-4811).

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2008
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA**

M. IN PLANT MONITORING EQUIPMENT

Level	- Kentucky River
Chemtrac Streaming Current Monitor	- Treated Water
Hach	- Raw Water
Prominent and Wallace and Tiernan	- Treated Water
Hach	- Entrance to Clearwell
Leeds and Northrum	- Distributed water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters (12) Hach	- Filtered water (each filter)
	- Raw Water
	- Distributed water
Particle Counts (12) IBR	- Entrance to Clearwell
	- Filtered water (each filter)
	- Distributed water
Chlorine Residual Analyzers - Hach	- Entrance to Clearwell
	- Distributed water
Prominent and Wallace and Tiernan	- Treated Water
Phosphate Analyzer	- Distributed water
Fluoride Analyzer	- Distributed water
Monochloramine Analyzer	- Distributed water
SCADA (entire plant operations)	- Intake Pumps
	- Raw water flow control
	- Transfer pumps
	- Supernatant pit pumps
	- Filter backwash water handling system
	- Filter operations
	- Dechlorination system
	- Distributed water vaults
	- Chemical feed systems
	- Filter operations
- Clearwell levels	

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9b)
AS OF DECEMBER 31, 2008
RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

- 9) **Station Equipment.** List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/low duty

RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

A. **PLANT CAPACITY -** 25,000,000 gallons

DOW TEMPORARY HIGH RATE - 30,000,000 gallons (on peak)

B. **SOURCE OF SUPPLY -** Kentucky River
Jacobson Reservoir - 618 MG
Lake Ellerslie Reservoir - 88.7 MG

C. **INTAKE (Low Service)**

1) Kentucky River - See Plant Statistics (Item 9.C Intake <LOW SERVICE> -Kentucky River Station)

2) Jacobson Reservoir

- a. L.S. Pump Unit No. 1, DeLaval A-1018L, 2800 GPM (4* MGD) vs. 110' TDH, (Pump purchased in 1966 under Work Order No. A-2050), TECO premium efficiency motor, 100 h.p., 460 volts. Motor purchased 7/7/95 work order No. A-8185 to replace original.
- b. L.S. Pump Unit No. 2, DeLaval A-1018L, 2800 GPM (4* MGD), vs. 110' TDH, Westinghouse motor, 100 h.p., 440 volts. (Purchased in 1966 under Work Order No. A-2050).
- c. L.S. Pump Unit No. 3, Allis Chalmers Model, 205-848-503, 8350 GPM (12* MGD) vs. 180' TH, Ideal motor, 400 h.p., 2300 volts. (Purchased in 1956 under Work Order No. A-472).

* Low service pumps Nos. 1,2 and 3 have name plate ratings of 4, 4 and 12 MGD respectively. Historical performance since the installation of a 30-inch line on the outlet side of the pumps and a reduction in head pressure has been 6, 6 and 16 MGD respectively

d. Aeration System

One Compare, Ref 100012122/0027, Type L37-9A, rotary screw air compressors to supply the aeration system for Jacobson Reservoir. The aerator lines consist of two runs of tubing, 3,600 feet each, complete with buoyancy hose.

3) Lake Ellerslie Reservoir

- a. L.S. Pump Unit No. 5, DeLaval 250544, 2800 GPM (4MGD) vs. 50' TH, (Purchased in 1948 under work order No. E-152), GE motor, 40 h.p., 440 volts, Frame 332, Type KT, Model Cin 8370 (9186), RPM-1145, (motor made 1921 as per SN.3883178. Rebuilt or purchased
- b. L.S. Pump Unit No. 4, Ingersoll-Rand pump # 0738147, size 12 AFV, 4160 GPM (6 MGD) vs. 50' TH, RPM 870, GE motor Frame - 544, Type KT, Model 84E184G1, RPM - 890, 60 h.p., 440 volts. (Installed 1938). Previous numbered as 13.

D. **JACOBSON RESERVOIR INTAKE**

The 24-inch line from the Jacobson Reservoir intake feeds a 16-inch, 20-inch, and a 24-inch main which, in turn, feeds to the suction side of the Jacobson Reservoir L.S. pumps, 1, 2, and 3. Also connected into the 24-inch line is a 30-inch raw water line

The Lake Ellerslie Reservoir intake has two (2) 24-inch lines leaving the intake to feed the suction of L.S. pumps No. 4 and 5. From the discharge side two (2) lines go to the chemical feed vault, a 12-inch and 20-inch. Potassium permanganate is added to

E. **INFLUENT RAW WATER VAULT**

The 30-inch, 20-inch and 16-inch raw water mains from Jacobson Reservoir flow into two (2) raw water control vaults inside the plant property.

Pre chlorine and pre caustic are fed at each raw water control vault. The remaining treatment chemicals are added at the influent of each sedimentation basin.

F. **RAPID MIX FLOCCULATORS AND SEDIMENTATION BASINS**

There are four (4) - 0.75 MG concrete settling basins with one rapid mix for each pair of basins (North and South) at the point of chemical application. Eight (8) flocculators are in eight chambers that begin directly after the rapid mix unit of each basin

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9b)
AS OF DECEMBER 31, 2008
RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

G. FILTERS

A total of 16 filters rated at 1.56 MGD each, 20' x 17' or 340 sq. ft. each, with Leopold bottoms and air wash backwash. The media consists of 24 inches of granular activated carbon and six inches of sand. Filter aid can be applied to each filter when needed

One wash pump, Allis Chalmers, Ser# 1-5203-72199-1-1, Size 6x5, Type N, Model C-3, Imp. dia. 10 - 7/8", 1000 GPM (1.44 MGD) vs. 90' TH, GE motor, 20 h.p., 440 volts which pumps to a steel 50,000 gallon wash water tank, 24' in diameter by 14' 10 - 1/2 inch. The filter water gravity drips into a .06 MG clearwell under the Filter Building and is transferred to another .4MG clearwell in front of the Pump Station.

H. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 8, Ingersoll Rand Size 8ALV, Ser# 03553072, RPM, Imp. 8ALV3BX1, Dia. 16.375, 1775, 2780 GPM (4.0 MGD) vs. 240' TH, Continental motor, 200 h.p., 480 volts. (Purchased in 1955 under Work Order No. A-452). Motor replaced 6/10/88 under Work Order No. A-? Was a 2400 Volt motor. Pump was previously numbered as #18.
- 2) H.S. Pump No. 7, DeLaval Ser# 259260 Type P16/14D, RPM 1200, 6950 GPM (10.008 MGD) vs. 240' TH, Continental motor, 500 h.p., 480 volts. (Purchased in 1955 under Work Order No. A-452 BP 43-54). Motor replaced 6/10/88 under Work Order No. A-6218 was a 2400 Volt Meter.
- 3) H.S. Pump No. 6, DeLaval Ser#257314, Type L12/10 1750 RPM, 4520 GPM (6.5 MGD) vs. 190' TH, Continental motor, 250 h.p., 480 volts. (Purchased in 1953 under Work Order No. A-252). Motor replaced 7/11/88 under Work Order No. A-6424 was a 2400 Volt motor. Pump was previously numbered as #16

I. HIGH SERVICE PUMPS WITH STANDBY DIESEL EQUIPMENT

- 1) H.S. diesel driven pump No. 9, Patterson Pump Ser# 91PT 15783A10, 4862 GPM (7.0 MGD) VS 235 TH, Cummins diesel Model NTA855P, 372 HP @ 1800 RPM. Engine # 11634478 / SO# 60752 (Purchased in 1993 under Work Order No. A-7322).
- 2) H.S. diesel driven pump No. 11, Peerless Pump Model 8A16B, Ser# 308185, 2800 GPM, RPM 1800 (4.03 MGD) vs. 220' TH, (Purchased in 1965 under Work Order No. A-1784). 180 h.p. diesel driver GM Model 7064-3002 Unit # 6VA-26731 Max RPM No Load = 1940. Installed 8/21/65 W.O. # A-1784R. This unit was previously numbered as #19 Pump Unit
- 3) H.S. diesel driven pump No. 10, DeLaval Ser# 230310, 3850 GPM (5.54 MGD) vs. 231' TH, RPM 1200, Installed 1940. GM diesel Model 24104, Unit # 24A-293, S.O.# 52399, 580 h.p., Installed 1955 BP60-55 ; W.O.# A-475. or electric driven by Continental motor, 250hp, 480 volts. (Purchased in 7/25/88 Under Work Order No A-8424 under BP-84-10.) This replaced older Generator and 2400 V motor. This unit was previously numbered as #5

J. STANDBY EQUIPMENT

Emergency Generator No. 1 (High Service Pumps) - GM diesel Model 6151E, 440 volt, 115 KW, 144 KVA.

Emergency Generator No. 2 (Chemical Feed Systems) - Onan Mocol 250 ODFM17R/3028N, 250 KW, 312.5 KVA, 390 h.p. (Purchased in 6/10/88 under Work Order No. A-6218).

Emergency Generator No. 3 (Sludge Processing Systems) - Onan Model 500, ODFY-4xR/30285E, 500 KW, 625 KVA, 760 h.p. (purchased in 6/10/88 under Work Order No. A-6218).

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9b)
AS OF DECEMBER 31, 2008
RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

J. IN-PLANT MONITORING EQUIPMENT

Level	- Jacobson Reservoir
Chemtrac Streaming Current Monitor	- Treated Water
pH	- Treated Water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters (19)	-Raw water
	- Filtered Water (each filter)
	Entrance to clearwell
	-Effluent
Chlorine residual analyzers (5)	-Treated water
	-North and south basins
	- Entrance to Clearwell
	- Distributed Water
SCADA (entire plant operation)	-Intake pumps
	-Raw water flow control
	-Filter operation
Particle counts	-Distributed water
	-Filter backwash water handling system
	-Distributed water venturi
Flouride	-Distributed water
	-Chemical feed system
	-Distributed water @ RRS
	-Distributed system operation
Monochloramine Analyzer	-Distributed water
Phosphate Analyzer	-Distributed water

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9b)
AS OF DECEMBER 31, 2008
RICHMOND ROAD STATION - CONDENSED SYSTEM DATA**

K. SYSTEM STORAGE

Twenty-six (26) storage tanks ranging in size from 100,000 gallons to 3,000,000 gallons with a total storage capacity of 24,460,000 gallons (does not include clearwell storage).

TANK	MG	YEAR
Greater Fayette System		
Tates Creek Road Elevated	0.50	1954
Cox Street Elevated	1.00	1955
Cox Street Ground	1.00	1948
York Street Ground	1.00	1948
Mercer Road Elevated	2.00	1964
Parkers Mill Road Ground	3.00	1968
Sadieville Standpipe	0.38	1975
Hall Standpipe	0.21	1965
Muddy Ford Standpipe	0.75	1988
Hume Road Ground	3.00	1987
Briar Hill Tank	0.75	1999
Clays Mill Tank 1	3.00	1996
Clays Mill Tank 2	3.00	2004
Eastland Tank	2.00	2005
Russell Cave Tnk	1.00	2005
Owen County System		
Long Ridge	0.10	1965
Brombley	0.18	1993
Sparta	0.05	1965
Glencoe	0.10	1965
New Wheatley	0.17	1999
Hesler	0.23	1995
Monterey	0.12	1995
Elk Lake	0.10	1965
New Columbus	0.23	2002
Perry Street	0.10	1959
Fairground	0.50	1989
TOTAL TANK STORAGE	24.46	
CLEARWELLS		
Clearwells - KY River Station	1.00	
Clearwells - Richmond Road Station	1.00	
Clearwells - Storage Tank KRS	2.00	
TOTAL TANK/CLEARWELL STORAGE	28.46	

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 10 - 14)
AS OF DECEMBER 31, 2008**

10) Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in KWH

Coal:	-
Gas:	-
Oil:	
Electricity:	55,086,594 kWh

11) Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report

Kentucky River Station: 6 six-stage pumps replaced
Richmond Road residuals improvement;
Richmond Road instrumentation power monitoring equipment;
Owentown Scada Equipment

12) Capacity of clear well

Kentucky River Station

Clearwell No. 1 - Concrete structure under control building	485,000 Gallons
Clearwell No. 2 - Concrete structure under and adjacent to building	490,000 Gallons
Clearwell No. 3 - Steel above ground reservoir	2,000,000 Gallons

Richmond Road Station

Clearwell No. 1 - Concrete structure underneath filters	600,000 Gallons
Clearwell No. 2 - Concrete structure adjacent to pumping station	450,000 Gallons

13) Peak month, in gallons of water sold

August 2008 was peak month for System Delivery = 1,651,065,000 gallons

14) Peak day, in gallons of water sold

August 21, 2008 was the peak day of water sold with sales of 62.30 MG.

OATH

Commonwealth of Kentucky)
County of Fayette)

Michael A. Miller makes oath and says
(Insert here the name of the affiant)

that he is Assistant Treasurer of
(Insert here the official title of the affiant)

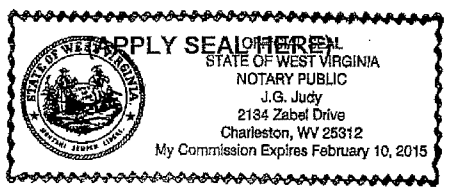
Kentucky American Water Company
(Insert her the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from

January 1, 20 08, to and including December 31, 20 08

Michael A. Miller
(Signature of official)

Subscribed and sworn to before me, Notary Public, in and for the
State and County above named, this 31st day of March, 20 09



My commission expires February 10, 2015

J.G. Judy
(Signature of officer authorized to administer oaths)

WATER

CLASS A & B WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY-AMERICAN WATER

2300 Richmond Road, Lexington, Kentucky 40502

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

**211 SOWER BLVD.
P. O. BOX 615
FRANKFORT, KENTUCKY 40602**

FOR THE YEAR ENDED DECEMBER 31, 2009

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
4-6	The identification pages have been completed.		X		
7	101-106 agrees with	14 Total 101-106	X		
7	108-110 agrees with	16 Total 301-348 Cols c & h		X	3,639,633 is Sewer Utility
7	114-115 agrees with	17 Net Balance 114-115		X	(1,649,654) is Sewer Utility
7	123 agrees with	18 Total 123	X		
7	124 agrees with	18 Total 124	N/A		
7	125 agrees with	18 Total 125	N/A		
7	126-127 agrees with	18 Total 126-127	N/A		
7	141-144 agrees with	19 Net Balance 141-145	X		
7	151-153 agrees with	20 Total 151-153	X		
7	163-165 agrees with	20 Total 162	X		
8	181 agrees with	21 Total 181	X		
8	182 agrees with	21 Total 182	N/A		
8	186 agrees with	20 Total 186	X		
8	190 agrees with	21 Total 190	N/A		
9	201 agrees with	22 Total Par Value of Stk Issued Col b	X		
9	204 agrees with	22 Total Par Value of Stk Issued Col c	X		
9	214-215 agrees with	13 Total 214-215	X		
9	221 agrees with	24 Total Line 10 col 4	X		
9	221 agrees with	24 Total col 12	X		
9	224 agrees with	23 Total 224 col d	N/A		
9	232 agrees with	25 Total 232 col f	X		
9	233 agrees with	25 Total 233	X		
9	234 agrees with	25 Total 234 col f	X		
9	236 agrees with	26 Beginning & ending balance 236	X		
9	237 agrees with	27 Total 237 cols b & e	X		
9	242 agrees with	27a Total 242	X		
10	251 agrees with	21 Total 251	N/A		
10	252 agrees with	22 Total 252	X		
10	271 agrees with	28 Beginning & ending balance 271	X		
10	272 agrees with	28 Accumulated amortization 271	X		
11	400 agrees with	30 Total water operating revenue col e	X		
11	401 agrees with	31 Total col c	X		
11	406 agrees with	17 Total accumulated amortization 115	N/A		

**Checklist for the Annual Report
For A and B Water Companies
To Be Completed and Returned with the Annual Report**

Page No.	Account No.	Page No.	Yes	No	If no, explain why
12	427	27	X		
		agrees with			Total 237 col c
12	Net Income	13	X		Balance trans. From inc. 435 col c
14	101	15	X		Total 301-348 col f
14	The analysis of accumulated depreciation and amort.		X		by primary acct. has been completed
20	186.1	28	X		Total 186.1 col c
23	Schedule of long-term debt		N/A		has been completed
24	Schedule of bond maturities		X		has been completed
25	If the long-term debt consists of notes payable rather than bonds, then the notes payable schedule has been substituted for the schedule of bond maturities.		N/A		
15-15a	The analysis of water utility plant accounts		X		col c through k has been completed
26	Taxes collected (example: school tax, sales tax, franchise tax)		X		have been excluded from operating revenue
30	The analysis of water operating revenue		X		cols c, d, and e has been completed
31	The analysis of water utility expense		X		accounts col c through k has been completed
32	Schedule of pumping and purchased water statistics		X		has been completed
30	466	33	X		Account 466
32	col d	33	X		Line 4 total produces and purchased
	Oath page		X		has been completed

CLASS "A & B"
WATER COMPANIES

ANNUAL REPORT

OF

KENTUCKY- AMERICAN WATER COMPANY

Exact Legal Name of Respondent

FOR THE
YEAR ENDED DECEMBER 31, 2009

NOTICE

1. Prepare this report in conformity with the 1984 National Association of Utility Regulatory Commissioners Uniform System of Accounts for Water Utilities as adopted by this Commission for Class A & B water companies.
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the work "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent, enter the words "Not Applicable" or "NA". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. Complete this report by means which result in a permanent record, such as by typewriter. Money items (except averages) throughout the report should be shown in units of dollars adjusted to accord with footings.
7. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
8. The report should be filled out in duplicate and one copy returned by March 31 of the year following the date of the report. The report should be returned to:

**Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, Kentucky 40602**

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2009

1. Amount of Principal Payment during calendar year \$3,100,000
2. Is Principal current? YES x NO
3. Is Interest current? YES x NO
4. Has all long-term debt been approved by the Public Service Commission?
YES x NO PSC Case No.

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant?

YES x NO

If YES, which service is performed?

Audit x

Compilation

Review

Please enclose a copy of the accountant's report with annual report.

Additional Requested Information

Utility Name Kentucky-American Water

Utility's Web Address www.kawc.com

Contact Person Michael Miller

Contact Person's E-Mail Address mike.miller@amwater.com

Contact Person's Address 1600 Pennsylvania Avenue
Charleston, West Virginia 25302

Contact Person's Phone 304-340-2009

Please Complete the above Information, if it is available

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

Additional Information Required By Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Items/Explanations
2006-0019	April 2007	Ordering Paragraph #8 from the Order requires that Kentucky American Water shall include with its annual report to the Commission a report in table format that shows each water quality standard impact, the number of water service interruptions, the number of customer complaints, and the customer inquiry response time for that year. The attached supplement #2 are in response to this required Order instruction.
2006-0019	April 2007	Ordering Paragraph #9 from the Order requires that Kentucky American Water shall report with its annual report to the Commission its actual expenditures for economic development activities and civic and charitable activities for the past calendar year. The expenditures for economic development and charitable activities for Kentucky American Water for 2009 were
2006-0019	April 2007	Condition #21 from the Order requires that Kentucky American Water will include in its annual report to the Commission a report of its dividend payment fund transfers to AWWC. This report will list the date of each dividend or other fund transfers made to AWWC during the calendar year, the amount of each payment, and the amount of net income available at the time of payment. Supplement #3 is in response to this required Order instruction.
2006-0019	April 2007	Condition #24 from the Order requires beginning for the calendar year and for the next five years thereafter, Kentucky American Water will include in its annual report to the Commission in table format a report that shows each water quality standard impact, the number of water service interruptions, the average employee response time to water service interruptions, the number of customer complaints, and the customer inquiry response time for that calendar year. The attached supplement are provided as response to Ordering Paragraph #8.
2007-00134	April 2008	Ordering Paragraph #9 from the Order dated April 25, 2008 requires that Kentucky American Water shall submit a written report to the Commission on the first day of each month on the status of the development and implementation of a water conservation, leak-mitigation and demand side management plan and the effects that the implementation of such plan has had on water usage. The reports have been submitted as required by the Commission.
2007-00134	April 2008	Ordering Paragraph #12 from the Order requires that Kentucky American Water shall submit a written report to the Commission on the first day of each quarter on the status of the approved project including its construction progress.

comparison of actual project costs versus budgeted costs, and a sta
percentage of project completion. Those reports have been submit
by the Commission

Attach additional sheets if more room is required

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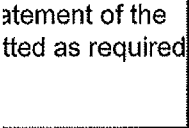
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Supplement 1

Case #2006-00197, paragraph 8

<u>KAWC Operational Measures</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1 Number of water service interruptions (boil water advisories):	141	27	12	13
2 Average # of customers impacted from water service interruptions:	24.68	54.5	82.5	163.45
3 Average length of time of water service interruption/loss of water (l in hours):	2.62	4.04	2.7	2.39
4 Number of Customer Complaints from PSC:	52	51	79	91
5 Average response time to answer phones (in seconds):	41	63	38	68
6 Number of customer calls:	171,248	217,251	170,434	208,731

Supplement 2

List of Drinking Water Contaminants & MCLs

National Primary Drinking Water Regulations

National Primary Drinking Water Regulations (NPDWRs or primary standards) are legally enforceable standards that apply to public water systems.
updated from website 1/26/10

URL: <http://www.epa.gov/safewater/mcl.html>

Contaminant	MCLG ¹ (mg/L) ²	MCL or TT ³ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Microorganisms				
Cryptosporidium (pdf file)	zero	TT ³	Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste
Giardia lamblia	zero	TT ³	Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste
Heterotrophic plate count	n/a	TT ³	HPC has no health effects; it is an analytic method used to measure the variety of bacteria that are common in water. The lower the concentration of bacteria in drinking water, the better maintained the water system is.	HPC measures a range of bacteria that are naturally present in the environment
Legionella	zero	TT ³	Legionnaire's Disease, a type of pneumonia	Found naturally in water; multiplies in heating systems
Total Coliforms (including fecal coliform and <i>E. Coli</i>)	zero	5.0% ⁴	Not a health threat in itself; it is used to indicate whether other potentially harmful bacteria may be present ⁵	Coliforms are naturally present in the environment; as well as feces; fecal coliforms and <i>E. coli</i> only come from human and animal fecal waste.
Turbidity	n/a	TT ³	Turbidity is a measure of the cloudiness of water. It is used to indicate water quality and filtration effectiveness (e.g., whether disease-causing organisms are present). Higher turbidity levels are often associated with higher levels of disease-causing microorganisms such as viruses, parasites and some bacteria. These organisms can cause symptoms such as nausea, cramps, diarrhea, and associated headaches.	Soil runoff
Viruses (enteric)	zero	TT ³	Gastrointestinal illness (e.g., diarrhea, vomiting, cramps)	Human and animal fecal waste

Disinfection Byproducts

Contaminant	MCLG ¹ (mg/L) ²	MCL or TT ³ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Bromate	zero	0.01	Increased risk of cancer	Byproduct of drinking water disinfection
Chlorite	0.8	1	Anemia; infants & young children: nervous system effects	Byproduct of drinking water disinfection
Haloacetic acids (HAA5)	n/a ⁶	0.06	Increased risk of cancer	Byproduct of drinking water disinfection
Total Trihalomethanes (TTHMs)	n/a ⁶	0.08	Liver, kidney or central nervous system problems; increased risk of cancer	Byproduct of drinking water disinfection

Disinfectants

Contaminant	MRDL G ¹ (mg/L) ²	MRDL ¹ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Chloramines (as Cl ₂)	MRDLG =4 ¹	MRDL= 4.0 ¹	Eye/nose irritation; stomach discomfort, anemia	Water additive used to control microbes
Chlorine (as Cl ₂)	MRDLG =4 ¹	MRDL= 4.0 ¹	Eye/nose irritation; stomach discomfort	Water additive used to control microbes
Chlorine dioxide (as ClO ₂)	MRDLG =0.8 ¹	MRDL= 0.8 ¹	Anemia; infants & young children: nervous system effects	Water additive used to control microbes

Inorganic Chemicals

Contaminant	MCLG ¹ (mg/L) ²	MCL or TT ¹ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Antimony	0.006	0.006	Increase in blood cholesterol; decrease in blood sugar	Discharge from petroleum refineries; fire retardants; ceramics; electronics; solder
Arsenic	7	0.01 as of 01/23/06	Skin damage or problems with circulatory systems, and may have increased risk of getting cancer	Erosion of natural deposits; runoff from orchards, runoff from glass & electronics production wastes
Asbestos (fiber >10 micrometers)	7 million fibers per liter	7 MFL	Increased risk of developing benign intestinal polyps	Decay of asbestos cement in water mains; erosion of natural deposits
Barium	2	2	Increase in blood pressure	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits
Beryllium	0.004	0.004	Intestinal lesions	Discharge from metal refineries and coal-burning factories; discharge from electrical, aerospace, and defense industries
Cadmium	0.005	0.005	Kidney damage	Corrosion of galvanized pipes; erosion of natural deposits; discharge from metal refineries; runoff from waste batteries and paints
Chromium (total)	0.1	0.1	Allergic dermatitis	Discharge from steel and pulp mills; erosion of natural deposits
Copper	1.3	TT ⁸ , Action Level=1 3	Short term exposure: Gastrointestinal distress Long term exposure: Liver or kidney damage People with Wilson's Disease should consult their personal doctor if the amount of copper in their water exceeds the action level	Corrosion of household plumbing systems; erosion of natural deposits
Cyanide (as free cyanide)	0.2	0.2	Nerve damage or thyroid problems	Discharge from steel/metal factories; discharge from plastic and fertilizer factories
Fluoride	4	4	Bone disease (pain and tenderness of the bones); Children may get mottled teeth	Water additive which promotes strong teeth; erosion of natural deposits; discharge from fertilizer and aluminum factories

Contaminant	MCLG ¹ (mg/L) ²	MCL or TT ¹ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Lead	zero	TT ² ; Action Level=0 .015	Infants and children: Delays in physical or mental development; children could show slight deficits in attention span and learning abilities	Corrosion of household plumbing systems; erosion of natural deposits
Mercury (inorganic)	0.002	0.002	Adults: Kidney problems; high blood pressure Kidney damage	Erosion of natural deposits; discharge from refineries and factories; runoff from landfills and croplands
Nitrate (measured as Nitrogen)	10	10	Infants below the age of six months who drink water containing nitrate in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
Nitrite (measured as Nitrogen)	1	1	Infants below the age of six months who drink water containing nitrite in excess of the MCL could become seriously ill and, if untreated, may die. Symptoms include shortness of breath and blue-baby syndrome.	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
Selenium	0.05	0.05	Hair or fingernail loss; numbness in fingers or toes; circulatory problems	Discharge from petroleum refineries; erosion of natural deposits; discharge from mines
Thallium	0.0005	0.002	Hair loss; changes in blood; kidney, intestine, or liver problems	Leaching from ore-processing sites; discharge from electronics, glass, and drug factories

Organic Chemicals

Contaminant	MCLG ¹ (mg/L) ²	MCL or TT ³ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant In Drinking Water
Acrylamide	zero	TT ⁹	Nervous system or blood problems; increased risk of cancer	Added to water during sewage/wastewater treatment
Alachlor	zero	0.002	Eye, liver, kidney or spleen problems; anemia; increased risk of cancer	Runoff from herbicide used on row crops
Atrazine	0.003	0.003	Cardiovascular system or reproductive problems	Runoff from herbicide used on row crops
Benzene	zero	0.005	Anemia; decrease in blood platelets; increased risk of cancer	Discharge from factories; leaching from gas storage tanks and landfills
Benzo(a)pyrene (PAHs)	zero	0.0002	Reproductive difficulties; increased risk of cancer	Leaching from linings of water storage tanks and distribution lines
Carbofuran	0.04	0.04	Problems with blood, nervous system, or reproductive system	Leaching of soil fumigant used on rice and alfalfa
Carbon tetrachloride	zero	0.005	Liver problems; increased risk of cancer	Discharge from chemical plants and other industrial activities
Chlordane	zero	0.002	Liver or nervous system problems; increased risk of cancer	Residue of banned termiticide
Chlorobenzene	0.1	0.1	Liver or kidney problems	Discharge from chemical and agricultural chemical factories
2,4-D	0.07	0.07	Kidney, liver, or adrenal gland problems	Runoff from herbicide used on row crops
Dalapon	0.2	0.2	Minor kidney changes	Runoff from herbicide used on rights of way
1,2-Dibromo-3-chloropropane (DBCP)	zero	0.0002	Reproductive difficulties; increased risk of cancer	Runoff/leaching from soil fumigant used on soybeans, cotton, pineapples, and orchards
o-Dichlorobenzene	0.6	0.6	Liver, kidney, or circulatory system problems	Discharge from industrial chemical factories
p-Dichlorobenzene	0.075	0.075	Anemia; liver, kidney or spleen damage; changes in blood	Discharge from industrial chemical factories
1,2-Dichloroethane	zero	0.005	Increased risk of cancer	Discharge from industrial chemical factories
1,1-Dichloroethylene	0.007	0.007	Liver problems	Discharge from industrial chemical factories
cis-1,2-Dichloroethylene	0.07	0.07	Liver problems	Discharge from industrial chemical factories
trans-1,2-Dichloroethylene	0.1	0.1	Liver problems	Discharge from industrial chemical factories
Dichloromethane	zero	0.005	Liver problems; increased risk of cancer	Discharge from drug and chemical factories
1,2-Dichloropropane	zero	0.005	Increased risk of cancer	Discharge from industrial chemical factories
Di(2-ethylhexyl) adipate	0.4	0.4	Weight loss, liver problems, or possible reproductive difficulties.	Discharge from chemical factories
Di(2-ethylhexyl) phthalate	zero	0.006	Reproductive difficulties; liver problems; increased risk of cancer	Discharge from rubber and chemical factories
Dinoseb	0.007	0.007	Reproductive difficulties	Runoff from herbicide used on soybeans and vegetables
Dioxin (2,3,7,8-TCDD)	zero	3E-08	Reproductive difficulties; increased risk of cancer	Emissions from waste incineration and other combustion; discharge from chemical factories
Diquat	0.02	0.02	Cataracts	Runoff from herbicide use
Endosulfan	0.1	0.1	Stomach and intestinal problems	Runoff from herbicide use
Endrin	0.002	0.002	Liver problems	Residue of banned insecticide
Epichlorohydrin	zero	TT ⁹	Increased cancer risk, and over a long period of time, stomach problems	Discharge from industrial chemical factories; an impurity of some water treatment chemicals

Contaminant	MCLG ¹ (mg/L) ²	MCL or TT ¹ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant in Drinking Water
Ethylbenzene	0.7	0.7	Liver or kidneys problems	Discharge from petroleum refineries
Ethylene dibromide	zero	5E-05	Problems with liver, stomach, reproductive system, or kidneys; increased risk of cancer	Discharge from petroleum refineries
Glyphosate	0.7	0.7	Kidney problems; reproductive difficulties	Runoff from herbicide use
Heptachlor	zero	0.0004	Liver damage; increased risk of cancer	Residue of banned termiticide
Heptachlor epoxide	zero	0.0002	Liver damage; increased risk of cancer	Breakdown of heptachlor
Hexachlorobenzene	zero	0.001	Liver or kidney problems; reproductive difficulties; increased risk of cancer	Discharge from metal refineries and agricultural chemical factories
Hexachlorocyclopentadiene	0.05	0.05	Kidney or stomach problems	Discharge from chemical factories
Lindane	0.0002	0.0002	Liver or kidney problems	Runoff/leaching from insecticide used on cattle, lumber, gardens
Methoxychlor	0.04	0.04	Reproductive difficulties	Runoff/leaching from insecticide used on fruits, vegetables, alfalfa, livestock
Oxamyl (Vydate)	0.2	0.2	Slight nervous system effects	Runoff/leaching from insecticide used on apples, potatoes, and tomatoes
Polychlorinated biphenyls (PCBs)	zero	0.0005	Skin changes; thymus gland problems; immune deficiencies; reproductive or nervous system difficulties; increased risk of cancer	Runoff from landfills; discharge of waste chemicals
Pentachlorophenol	zero	0.001	Liver or kidney problems; increased cancer risk	Discharge from wood preserving factories
Picloram	0.5	0.5	Liver problems	Herbicide runoff
Simazine	0.004	0.004	Problems with blood	Herbicide runoff
Styrene	0.1	0.1	Liver, kidney, or circulatory system problems	Discharge from rubber and plastic factories; leaching from landfills
Tetrachloroethylene	zero	0.005	Liver problems; increased risk of cancer	Discharge from factories and dry cleaners
Toluene	1	1	Nervous system, kidney, or liver problems	Discharge from petroleum factories
Toxaphene	zero	0.003	Kidney, liver, or thyroid problems; increased risk of cancer	Runoff/leaching from insecticide used on cotton and cattle
2,4,5-TP (Silvex)	0.05	0.05	Liver problems	Residue of banned herbicide
1,2,4-Trichlorobenzene	0.07	0.07	Changes in adrenal glands	Discharge from textile finishing factories
1,1,1-Trichloroethane	0.2	0.2	Liver, nervous system, or circulatory problems	Discharge from metal degreasing sites and other factories
1,1,2-Trichloroethane	0.003	0.005	Liver, kidney, or immune system problems	Discharge from industrial chemical factories
Trichloroethylene	zero	0.005	Liver problems; increased risk of cancer	Discharge from metal degreasing sites and other factories
Vinyl chloride	zero	0.002	Increased risk of cancer	Leaching from PVC pipes; discharge from plastic factories
Xylenes (total)	10	10	Nervous system damage	Discharge from petroleum factories; discharge from chemical factories

Radionuclides

Contaminant	MCLG ¹ (mg/L) ²	MCL or TT ¹ (mg/L) ²	Potential Health Effects from Ingestion of Water	Sources of Contaminant In Drinking Water
Alpha particles	none ⁷	15 picocuries per Liter	Increased risk of cancer	Erosion of natural deposits of certain minerals that are radioactive and may emit a form of radiation known as alpha radiation
Beta particles and photon emitters	zero none ⁷	4 pCi/L millirem s per year	Increased risk of cancer	Decay of natural and man- made deposits of certain minerals that are radioactive and may emit forms of radiation known as photons and beta radiation
Radium 226 and Radium 228 (combined)	zero none ⁷	5 pCi/L	Increased risk of cancer	Erosion of natural deposits
Uranium	zero	30 ug/L as of 12/08/0 3	Increased risk of cancer, kidney toxicity	Erosion of natural deposits

National Secondary Drinking Water Regulations

URL: <http://www.epa.gov/safewater/mcl.html>

updated from website 1/25/10

National Secondary Drinking Water Regulations (NSDWRs or secondary standards) are non-enforceable guidelines regulating contaminants that may cause cosmetic effects (such as skin or tooth discoloration) or aesthetic effects (such as taste, odor, or color) in drinking water. EPA recommends secondary standards to water systems but does not require systems to comply. However, states may choose to adopt them as enforceable standards.

List of National Secondary Drinking Water Regulations

Contaminant	Secondary Standard
Aluminum	0.05 to 0.2 mg/L
Chloride	250 mg/L
Color	15 (color units)
Copper	1.0 mg/L
Corrosivity	noncorrosive
Fluoride	2.0 mg/L
Foaming Agents	0.5 mg/L
Iron	0.3 mg/L
Manganese	0.05 mg/L
Odor	3 threshold odor number
pH	6.5-8.5
Silver	0.10 mg/L
Sulfate	250 mg/L
Total Dissolved Solids	500 mg/L
Zinc	5 mg/L

**KENTUCKY-AMERICAN WATER COMPANY
REPORT OF DIVIDEND PAYMENTS
TO AMERICAN WATER WORKS COMPANY, INC.
AS REQUIRED BY CONDITION NO. 21
OF THE APRIL 16, 2007 ORDER IN CASE NO. 2006-00197**

DATE OF PAYMENT	EARNINGS AVAILABLE	DIVIDEND AMOUNT
3/31/2009	\$ 2,282,205.00	\$ 1,708,456.19
6/29/2009	\$ 1,983,480.00	\$ 1,489,021.45
See Explanation	\$ 2,691,086.00	See Explanation
12/29/2009	\$ 3,852,508.00	\$ 2,899,673.35

Third quarter 2009 dividend declared September 28, 2009 in the amount of \$2,006,260.48 was not paid until Fel

MAJOR WATER PROJECTS

Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "major Project is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at leasty 20%.

Brief Project Description (improvement, replacement, building construction, expansion. If expansion, provide the estimate number of new customers):

Not applicable

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.)

Kentucky American Water

2. Give the location including city, street and number, of the executive office.

2300 Richmond Road
Lexington, Kentucky 40502

3. Give the location, including street and number, and telephone number of the principal office in Kentucky.

Same as above

4. Name and address of principal officer within Kentucky.

Nick O. Rowe
2300 Richmond Road, Lexington, KY. 40502
(606) 268 - 6320

5. Give name, title, address and telephone number of the officer to whom correspondence concerning this report should be addressed.

Michael A. Miller, Assistant Treasurer
1600 Pennsylvania Avenue Charleston, WV 25302
(304) 340-2009

6. Date of organization. February 27, 1882.

7. Under the laws of what Government, State or Territory organized? (If more than one, name all. Give reference to each statute and amendments thereof.)

Incorporated as Lexington Hydraulic & Manufacturing Company by Acts of General
Assembly of the Commonwealth of Ky. Chap 22, Approved February 27, 1882.

8. If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same.

The Articles of Incorporation of Lexington Hydraulic and Manufacturing Company were amended 10/20/1922 to change name to Lexington Water Company. By Agreement of Consolidation dated 9/15/1927, Lexington Water Company and Blue Grass State Water Company were consolidated into one corporation known as the Lexington Water Company. The Articles of Incorporation of the Lexington Water Company were amended 3/30/1973 to change name to Kentucky-American Water Company.

9. Date and authority for each consolidation and each merger.

October 20, 1922 - Name change by amendment of Articles of Incorporation
September 15, 1927 - Agreement of Consolidation
March 30, 1973 - Name change by amendment of Articles of Incorporation

10. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual.

Corporation

11. If a reorganized company, give name of original corporation, refer to laws under which it was organized and the occasion for the reorganization.

See No. 8, above

12. Name all other operating departments.

None

13. Name of counties in which you furnish water service.

Bourbon, Fayette, Harrison, Scott, Clark, Woodford, Gallatin, Grant, and Owen counties.
In addition, the company sells water for resale to customers in Bourbon, Jessamine, Scott, and Woodford counties.

14. Number of Full-time employees

138

15. Number of Part-time employees

0

REPORT OF
KENTUCKY-AMERICAN WATER COMPANY

For Year Ended December 31, 2008

Location where books and records are located:

2300 Richmond Rd.
Lexington, KY 40502

Contacts:

Name	Title	Principal Business Address	Salary Charged Utility
Send correspondence to: Nick O. Rowe	President	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Report prepared by: Tricia Russo	Manager	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Officers & Managers: Nick O. Rowe	President	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Keith Cartier	VP Operations	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Donna Grosser	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Deborah Degillio	Treasurer and Comptroller	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Michael A. Miller	Assistant Treasurer	1600 Pennsylvania Ave Charleston, WV 25302	ALLOCATED
Mark Chierici	Assistant Treasurer	1025 Laruel Oak Road Voorhees, NJ 08043	ALLOCATED
John Romeo	Assistant Secretary	1025 Laruel Oak Road Voorhees, NJ 08043	ALLOCATED
Rachel S. Cole	Assistant Comptroller, Assistant Secretary	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED
Sue Cole	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Doneen S. Hobbs	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
Charles Gilbert	Assistant Comptroller	131 Woodcrest Rd Cherry Hill, NJ 08003	ALLOCATED
A.W. Turner, Jr.	Vice President, Corporate Counsel and Secretary	2300 Richmond Road Lexington, KY 40502-1308	ALLOCATED

Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
American Water Works Company, Inc.	100%	1025 Laurel Oak Road P.O.Box 1770, Voorhes, NJ 08043	N/A

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	14	423,986,851	523,662,721
108-110	Less: Accumulated Depreciation and Amortization	16	(93,952,888)	(102,047,229)
	Net Plant		330,033,963	421,615,492
114-115	Utility Plant Acquisition			
	Adjustments (Net)	17	310,871	284,296
116	Other Utility Plant Adjustments			
	Total Net Utility Plant		330,344,834	421,899,788
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property		270,193	270,193
122	Less: Accumulated Depreciation and Amortization			
	Net Nonutility Property			
123	Investment in Associated Companies	18		
124	Utility Investments	18		
125	Other Investments	18		
126-127	Special Funds	18		
	Total Other Property & Investments		270,193	270,193
CURRENT AND ACCRUED ASSETS				
131	Cash		231,978	173,859
132	Special Deposits			
133	Other Special Deposits			
134	Working Funds		2,400	2,400
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	19	2,480,659	3,098,322
145	Accounts Receivable from Associated Companies		579	3,442,871
146	Notes Receivable from Associated Companies			0
151-153	Materials and Supplies	20	577,106	645,292
163	Misc Deposits		0	0
165	Prepayments		410,800	312,865
171	Accrued Interest and Dividends Receivable			
172	Rents Receivable			
173	Accrued Utility Revenues		2,899,825	3,230,672
174	Misc. Current and Accrued Assets		83,757	49,945
	Total Current and Accrued Assets		6,687,104	10,956,226

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED DEBITS				
181	Unamortized Debt Discount & Expense	21	795,392	1,689,840
182	Extraordinary Property Losses	21		
183	Preliminary Survey & Investigation Charges		125,657	52,204
184	Clearing Accounts			
185	Temporary Facilities			
186	Misc. Deferred Debits	20	4,951,495	4,468,364
187	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes	21		
	Regulatory Assets (net)		3,230,107	4,214,752
	Total Deferred Debits		9,102,651	10,425,160
	TOTAL ASSETS AND OTHER DEBITS		346,404,782	443,551,367

NOTES TO THE BALANCE SHEET

See attached audited financial statements for notes related to Balance Sheet items.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	22	36,568,776	36,568,776
204	Preferred Stock Issues	22	5,955,600	5,955,600
202,205	Capital Stock Subscribed		0	0
203,206	Capital Stock Liability for Conversion		0	0
207	Premium on Capital Stock		24,122,995	56,652,535
209	Reduction in Par or Stated Value of Capital Stock			
210	Gain on Resale or Cancellation of Reacquired Capital Stock		3,510	3,510
211	Other Paid-In Capital			
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings	13	32,786,720	35,217,881
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
	Total Equity Capital		99,437,601	134,398,302
LONG-TERM DEBT				
221	Bonds	24	76,700,000	144,990,000
222	Reacquired Bonds			
223	Advances from Associated Companies			
224	Other Long-Term Debt			
	Total Long-Term Debt		76,700,000	144,990,000
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		8,367,996	11,650,100
232	Notes Payable	25	0	0
233	Accounts Payable to Associated Co	25	157,421	84,836
234	Notes Payable to Associated Co.	25	53,026,106	27,313,433
235	Customer Deposits		0	0
236	Accrued Taxes	26	(715,835)	2,425,290
237	Accrued Interest	27	1,118,939	1,740,506
238	Accrued Dividends		0	2,006,260
239	Matured Long-Term Debt		3,100,000	3,100,000
240	Matured Interest			
241	Tax Collections Payable		541,081	593,174
242	Miscellaneous Current and Accrued Liabilities	27A	1,459,328	1,780,411
	Total Current and Accrued Liabilities		67,055,036	50,694,010

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED CREDITS			
251	Unamortized Premium on Debt	21		
252	Advances for Construction	22	14,416,027	14,641,748
253	Other Deferred Credits		2,543,793	2,426,051
255	Accumulated Deferred Investment Tax Credits		1,133,014	1,048,217
	Total Deferred Credits		18,092,834	18,116,016
	OTHER NON-CURRENT LIABILITIES			
	Accumulated Provision for:			
261	Property Insurance			
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves			1,882,117
266	Rate Refunds			
	Total Other Non-Current Liabilities		0	1,882,117
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions in Aid of Construction	28	59,822,991	62,010,259
	Tap-on Fees - Customers			
	Federal Grants in Aid of Construction			
	Other			
272	Accumulated Amortization of Contributions in Aid of Construction	28	(13,007,516)	(14,404,431)
	Total Net C.I.A.C.		46,815,475	47,605,828
	ACCUMULATED DEFERRED INCOME TAXES			
281	Accumulated Deferred Income Taxes Accelerated Depreciation			
282	Accumulated Deferred Income Taxes Liberalized Depreciation			
283	Accumulated Deferred Income Taxes Other		38,303,836	45,865,094
	Total Accumulated Deferred Income Taxes		38,303,836	45,865,094
	TOTAL EQUITY CAPITAL AND LIABILITIES		346,404,782	443,551,367

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			0
400	Operating Revenues	30	59,773,182	61,700,379
401	Operating Expenses	31	29,034,743	31,361,005
403	Depreciation Expenses		7,223,994	7,346,999
406	Amortization of Utility Plant Acquisition Adjustment		22,668	20,661
407	Amortization Expense		489,457	495,073
408.1	Taxes Other Than Income		3,171,868	3,499,505
409.1	Income Taxes		3,514,370	(570,065)
410.10	Deferred Federal Income Taxes		2,202,828	6,858,986
410.11	Deferred State Income Taxes		413,356	820,593
410.12	Deferred Local Income Taxes		0	0
411.10	Provision for Deferred Income Taxes Credit		0	0
412.10	Investment Tax Credits Deferred to Future Periods		0	0
412.11	Investment Tax Credits Restored to Operating Income		(84,797)	(84,797)
	Utility Operating Expenses		45,988,487	49,747,960
	Utility Operating Income		13,784,695	11,952,419
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) from Disposition of Utility Property		0	0
	Total Utility Operating Income		13,784,695	11,952,419
	OTHER INCOME AND DEDUCTIONS			
415	Revenues from Merchandising, Jobbing and Contract Deductions		230,642	218,554
416	Costs and Expenses of Merchandising, Jobbing and Contract Work		(173,451)	(166,306)
419	Interest & Dividend Income		5,843	0
420	Allowance for Funds Used During Construction		1,918,748	4,897,575
421	Nonutility Income		0	0
426	Miscellaneous Nonutility Expenses		(278,293)	(547,708)
	Total Other Income and Deductions		1,703,489	4,402,115

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income			
409.20	Income Taxes		(53,760)	(192,734)
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes Credit			
412.20	Investment Tax Credits - Net			
412.21	Investment Tax Credits Restored to Nonoperating Income			
	Total Taxes Applicable to Other Income		(53,760)	(192,734)
	INTEREST EXPENSE			
427	Interest Expense		6,073,994	5,455,103
428	Amortization of Debt Discount & Exp.		89,540	105,230
429	Amortization of Premium on Debt			
	Total Interest Expense		6,163,534	5,560,333
	EXTRAORDINARY ITEMS			
433	Extraordinary Income			
434	Extraordinary Deduction			
409.30	Income Taxes, Extraordinary Items			
	Total Extraordinary Items			
	NET INCOME		9,378,410	10,986,935

STATEMENT OF RETAINED EARNINGS

1. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share.		
2. Show separately the state and federal income tax effect of items shown in Account No. 439.		
ACCT. NO. (a)	(b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year	32,786,720
	Changes to account:	
	Adjustments to Retained Earnings (requires Commission Approval prior to use):	
	Credits	
	Total Credits	
	Debits	
	Total Debits	
435	Balance Transferred from Income	10,986,935
	Water	
	Sewer	8,189
436	Appropriations of Retained Earnings:	

	Total Appropriations of Retained Earnings	
437	Dividends Declared:	
	Preferred Stock Dividends Declared	460,552
	Common Stock Dividends Declared	8,103,411

	Total Dividends Declared	8,563,963
	Balance end of year	35,217,881
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	

	Total Appropriated Retained Earnings	
	Total Retained Earnings	35,217,881
Notes to Statement of Retained Earnings:		

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	380,838,996
102	Utility Plant Leased to Others (Regulatory Asset - AFUDC-Debt)	272,637
103	Property Held for Future Use	114,076
104	Utility Plant Purchased or Sold	0
105	Construction Work in Progress	138,797,378
106	Completed Construction Not Classified	
	Total Utility Plant	520,023,088

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	
Balance first of year	92,378,248
Credit during year:	
Accruals Charged to Account 108.1	8,718,320
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	
_____ Salvage - Scrap	148,985
Other Credits (specify):	0
<i>Amort Reg Asset</i>	6,900
_____	0
Total Credits	8,874,205
Debits during year:	
Book Cost of Plant Retired	690,845
Cost of Removal	164,032
Other Debits (specify):	

Total Debits	854,877
Balance end of year	100,397,576

WATER UTILITY PLANT ACCOUNTS

ACCT. NO.	ACCOUNT NAME (a)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	.1 INTANGIBLE PLANT (g)	.2 SOURCE OF SUPPLY & PUMPING PLANT (h)	.3 WATER TREATMENT PLANT (i)	.4 TRANS. & DISTRIBU. PLANT (j)	.5 GENERAL PLANT (k)
301	Organization	37,450			37,450	37,450				
302	Franchises	70,261	0		70,261	70,261				
303	Land and Land Rights	4,515,356			4,515,356		427,338	68,164	4,019,854	
304	Structures and Improvements	27,126,133	1,706,258	117,322	28,715,069		7,888,666	9,897,069	1,025,540	9,903,795
305	Collecting & Impounding Reservoirs	1,005,086			1,005,086		1,005,086			
306	Lake River & Other Intakes	537,098			537,098		537,098			
307	Wells & Springs	0			0		0			
308	Infiltration Galleries & Tunnels	0			0		0			
309	Supply Mains	5,143,915			5,143,915		5,143,915			
310	Power Generation Equipment	918,141	32,060	14,501	935,700		935,700			
311	Pumping Equipment	14,615,934	3,715,827	4,190	18,327,570		18,327,570			
320	Water Treatment Equipment	30,209,671	422,613	61,811	30,570,472			30,570,472		
330	Distribution Reservoirs & Standpipes	11,995,826	80,812	9,520	12,067,118				12,067,118	
331	Transmission & Distribution Mains	170,120,967	4,082,888	73,678	174,130,177				174,130,177	
333	Services	40,288,392	2,623,655	6,555	42,905,493				42,905,493	
334	Meters and Meter Installations	28,654,114	2,529,585	345,842	30,837,857				30,837,857	
335	Hydrants	11,672,539	250,043	12,061	11,910,522				11,910,522	
339	Other Plant and Miscellaneous Equipment	(273,676)	144,404	(377,344)	248,070	248,070				
340	Office Furniture and Equipment	7,173,933	121,289	113,926	7,181,296					7,181,296
341	Transportation Equipment	3,727,811	237,811	153,555	3,812,067					3,812,067
342	Stores Equipment	33,927			33,927					33,927
343	Tools, Shop and Garage Equipment	1,872,529	43,949	9,079	1,907,400					1,907,400
344	Laboratory Equipment	828,401	7,551	7,925	828,027					828,027
345	Power Operated Equipment	1,599,114	26,747	99,826	1,526,035					1,526,035
346	Communication Equipment	2,186,896	21,732	6,496	2,202,132					2,202,132
347	Miscellaneous Equipment	1,270,684	13,633	31,904	1,252,413					1,252,413
348	Other Tangible Plant	138,485			138,485					138,485
	Total Water Plant	365,468,985	16,060,856	690,845	380,838,996	355,781	34,265,373	40,535,705	276,896,561	28,785,576

SEWER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	.1 INTANGIBLE PLANT (g)	.2 SOURCE OF SUPPLY & PUMPING PLANT (h)	.3 WATER TREATMENT PLANT (i)	.4 TRANS. & DISTRIBU. PLANT (j)	.5 GENERAL PLANT (k)
353	Land & Land Rights	2,250			2,250		2,250			
354	Structures & Improvements	2,464,064	6,504	7,939	2,462,629		2,462,629			
360	Collection Sewers	878,024	9,315	7,763	879,577				879,577	
363	Services to Customers	35,319	8,016	4,700	38,635				38,635	
364	Collection Plant - Flow Measuring Devices		2,169		2,169					
371	Pumping Equipment - Electric	14,354			14,354		14,354			
380	Treatment & Disposal Equipment	80,086			80,086			80,086		
390	Office Furniture & Equipment	439			439					439
391	Transportation Equipment	35,144			35,144					35,144
392	Stores Equipment	500			500					500
393	Tool, Shop & Garage Equipment	24,599	3,318		27,918					27,918
394	Laboratory Equipment	32,199	2,641		34,840					34,840
395	Power Operated Equipment	39,065	(0)		39,065					39,065
396	Communication Equipment	1,396			1,396					1,396
397	Misc Equipment	22,581		1,950	20,631					20,631
	Total Sewer Plant	3,630,022	31,963	22,352	3,639,633	0	2,479,233	80,086	918,212	159,933

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ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT 2009 -WATER

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR		CHARGES DURING THE YEAR		BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	OTHER CHARGES (g)	
301	Organization	0					0
302	Franchises	0					0
303	Limited Term Interest in Land and Land Rights	0					0
304	Structures and Improvements	4,576,477	639,379	(4,507)	117,322	33	5,093,993
305	Collecting and Impounding Reservoirs	337,932	15,076				363,008
306	Lake River and Other Intakes	40,386	12,300				52,685
307	Wells and Springs	0					0
308	Infiltration Galleries and Tunnels	0					0
309	Supply Mains	1,066,927	93,619	29			1,160,575
310	Power Generating Equipment	260,189	29,391		14,501		275,079
311	Pumping Equipment	4,937,816	412,134		4,190		5,345,759
320	Water Treatment Equipment	13,966,672	670,195		61,811		14,575,055
330	Distribution Reservoirs and Standpipes	3,162,488	270,412		9,520		3,423,380
331	Transmission and Distribution Mains	26,483,574	2,853,489	(21,079)	73,678	36	29,242,270
333	Services	15,058,015	1,344,449	(56,704)	6,555		16,339,204
334	Meters & Meter Installations	5,048,732	845,784	51,556	345,842		5,600,230
335	Hydrants	2,935,636	202,257	(7,453)	12,061		3,118,378
339	Other Plant and Miscellaneous Equipment	(273,572)	(9,336)		(377,344)		94,437
340	Office Furniture and Equipment	8,092,274	624,870		113,926		8,603,218
341	Transportation Equipment	2,700,655	266,442	14,602	153,555		2,828,144
342	Stores Equipment	31,160	1,757				32,918
343	Tools, Shop and Garage Equipment	783,124	106,805		9,079		880,850
344	Laboratory Equipment	676,677	58,636		7,925		727,388
345	Power Operated Equipment	890,058	69,283	8,510	99,826		888,025
346	Communication Equipment	760,391	137,687		6,496		891,581
347	Miscellaneous Equipment	414,787	66,075		31,904		448,958
348	Other Tangible Plant	317,462	7,686				325,148
	Subtotal	92,267,858	8,718,390	(15,047)	690,845	69	100,280,287
	Acc Depr Reg Asset	110,389	6,900				117,289
	Acc Amort UPIS	0				0	0
	TOTALS	92,378,248	8,725,290	(15,047)	690,845	69	100,397,576

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT 2009 - SEWER

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR		CHARGES DURING THE YEAR		BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	OTHER CHARGES (g)	
351	WW Organization	0					0
352	WW Franchises	0					0
353	WW Land and Land Rights	0	0	0			0
354	WW Structures and Improvements	948,153	54,896	0	7,939	(81)	995,192
360	WW Collection Sewers- Force	363,439	16,930		7,763		372,608
361	WW Collection Sewers- Gravity	973	552				1,525
362	WW Special Collecting Structures	0					0
363	WW Services to Customers	3,654	796		4,700		(250)
364	WW Flow Measuring Devices	0	14				14
365	WW Flow Measuring Installations	0					0
370	WW Receiving Wells	0					0
371	WW Pumping Equipment	13,236	718				13,954
380	WW Treatment And Disposal Equipment	11,409	4,004				15,414
381	WW Plant Sewers	0					0
382	WW Outfall Sewer Lines	0					0
389	WW Other Plant And Miscellaneous Equipment	0					0
390	WW Office Furniture And Equipment	24,326	44				24,370
391	WW Transportation Equipment	72,615	3,514				76,129
392	WW Stores Equipment	875	50				925
393	WW Tools, Shop and Garage Equipment	28,856	2,709				31,565
394	WW Laboratory Equipment	4,879	6,880				11,759
395	WW Power Operated Equipment	51,246	3,906				55,153
396	WW Communication Equipment	2,780	140				2,920
397	WW Miscellaneous Equipment	48,199	2,128		1,950		48,377
398	WW Other Tangible Plant	0	0	0	0		0
		0	0	0	0		0
		0	0	0	0		0
		0	0	0	0		0
		0	0	0	0		0
		1,574,641	97,283	0	22,352	(81)	1,649,654
	Subtotal						
	Acc Depr Reg Asset	0	0				0
	Acc Amort UPIS	0					0
	TOTALS	1,574,641	97,283	0	22,352	(81)	1,649,654

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance first of year	0
Credit during year:	
Accruals Charged to Account 110.1	
Accruals Charged to Account 110.2	
Other Credits (specify)	
Total Credits	0
Debits during year:	
Book Cost of Plant Retired	
Other Debits (specify)	
Total Debits	0
Balance end of year	0

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
Boonesboro Water Association	138,217
Tri-Village	334,695
Owentown	(16,961)
Total Plant Acquisition Adjustments	455,951
Accumulated Amortization (115)	
Amortization Boonesboro Water Association	(114,884)
Amortization Tri -Village Water Association	(58,576)
Amortization Owentown	1,805
Total Accumulated Amortization	(171,655)
Net Acquisition Adjustments	284,296

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123): _____ _____ _____ _____ Total Investment in Associated Companies:		
UTILITY INVESTMENTS (ACCT. 124): _____ _____ _____ _____ Total Utility Investments		
OTHER INVESTMENTS (ACCT. 125): _____ _____ _____ _____ Total Other Investments		
SPECIAL FUNDS (ACCTS. 126 & 127): _____ _____ _____ _____ Total Special Funds		

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141)	2,612,228
Other Accounts Receivable (Acct. 142)	
Misc. Accounts Receivable Net of Uncollectible Provision	763,105
	763,105
Notes Receivable (Acct. 144)	
Total Accounts and Notes Receivable	3,375,333
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
Balance first of year	(273,356)
Add: Provision for uncollectibles for current year	0
Collections of accounts previously written off	(526,282)
Utility Accounts	(76,266)
Others	
Yearly Provision Calculation	0
Total Additions	(875,904)
Deduct accounts written off during year:	598,893
Utility Accounts	
Other	
Total accounts written off	
Balance end of year	(277,011)
Total Accounts and Notes Receivable - Net	3,098,322

MATERIALS AND SUPPLIES (151 - 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151)	645,292
Merchandise (Account 152)	
Other Materials and Supplies (Account 153)	0
Total Materials and Supplies	645,292

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance	6,878
Prepaid Rents	
Prepaid Interest	
Prepaid Taxes	220,046
Prepaid PUC/PSC Assessments	46,206
Other Prepayments (Specify)	
Licensing Fees	17,082
Membership Fees	8,253
Oracle	0
Audit, Legal & Credit Line Fees	7,228
AWWA Research Fees	0
Circuit Lines Maintenance	7,172
Total Prepayments	312,865

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1)	491,878
Other Deferred Debits (Acct. 186.2)	3,976,485
Total Miscellaneous Deferred Debits	4,468,363

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
Series 6.96%	2,294	31,921
Series 7.15%	2,431	41,494
Series 6.99%	3,261	60,072
Series 6.87%	62,493	78,117
Series 6.59%	16,571	461,301
Series 6.96%	933	12,984
Series 6.25%	12,256	599,811
Series 6.25%	4,221	383,390
Preferred Stock Series 8.47%	770	20,750
Total Unamortized Debt Discount and Expense	105,230	1,689,840
Unamortized Premium on Debt (Acct. 251):		
NONE		
Total Unamortized Premium on Debt		

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	
NONE	
Total Extraordinary Property Losses	

ACCUMULATED DEFERRED INCOME TAXES (ACCT. 190)

DESCRIPTION	TOTAL
Accumulated Deferred Income Taxes (Acct. 190):	
Federal (190.1) NONE	
State (190.2)	
Local (190.3)	
Total Accumulated Deferred Income Taxes	

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
Balance first of year	14,416,027
Add credits during year	1,259,111
Deduct charges during year	1,033,390
Balance end of year	14,641,748

CAPITAL STOCK (ACCTS. 201 - 204)

(a)	COMMON STOCK (b)	PREFERRED STOCK (c)
Par or stated value per share	NO PAR	100
Shares authorized	2,000,000	85,000
Shares issued and outstanding	1,567,391	59,556
Total par value of stock issued	36,568,776	5,955,600
Dividends declared per share for year	5.17	7.73

BONDS (ACCT. 221)

Line No.	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Held by or for Respondent (3)	Actually Outstanding At Close of Year (4)	Interest During Year	
					Accrued ** (5)	Actually Paid (6)
1						
2	26,000,000	26,000,000		26,000,000	446,875	
3	45,390,000	45,390,000		45,390,000	1,473,599	1,245,073
4	7,000,000	7,000,000	0	7,000,000	487,200	487,200
5	*	*	0	0	(130,651)	0
6	7,500,000	7,500,000	0	7,500,000	536,250	536,250
7	9,000,000	9,000,000	0	9,000,000	629,100	629,100
8	15,500,000	15,500,000	0	3,100,000	478,591	532,425
9	47,000,000	47,000,000	0	47,000,000	3,098,710	3,098,710
10						0
Total	157,390,000	157,390,000	0	144,990,000	7,019,674	6,528,758

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1						
2		9/1/2039	6.25%	26,000,000		26,000,000
3		6/1/2039	6.25%	45,390,000		45,390,000
4		12/1/2023	6.96%	7,000,000		7,000,000
5						
6		2/1/2027	7.15%	7,500,000		7,500,000
7		6/1/2028	6.99%	9,000,000		9,000,000
8		3/29/2011	6.87%	15,500,000	3,100,000	3,100,000
9		10/15/2037	6.59%	47,000,000		47,000,000
10						
11						
12						
13						
14						
15						
16						
17	* Credit of (\$130,651) represents amortization of					
18	gain realized on early redemption of 4.75% series Redeemed 2007					
19	Principal amount of \$14,000,000					
20						
21	** Interest Accrued Column 5 Line 2 and Line 3					
22	The \$26,000,000 6.25% series and the \$45,390,000 6.25% series					
23	are tax free bond issues. Therefore, \$446,875 and \$1,473,599 interest expense					
24	related to the \$26,000,000 6.25% series and the \$45,390,000 6.25% series is capitalized					
25						
			Total	157,390,000	3,100,000	144,990,000

NOTES PAYABLE (ACCOUNTS 232 & 234)

(a)	NOMINAL DATE OF ISSUE (b)	DATE OF MATURITY (c)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (f)
			RATE (d)	AMOUNT OF PAYMENT (e)	
Account 232 - Notes Payable:					0
Total Account 232					0
Account 234 - Notes Payable to Associated Companies: American Water Capital Corporation					27,313,433
Total Account 234					27,313,433

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (ACCOUNT 233)

SHOW PAYABLE TO EACH ASSOCIATED COMPANY SEPARATELY	AMOUNT
American Water Works Service Co., Inc.	96,453
American Water Capital Corporation	8,310
Intercompany clearing	(19,927)
Total Account 233	84,836

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year	(715,835)
	Accruals Charged:	
408.10	Utility regulatory assessment fees	88,508
408.11	Property taxes	2,789,817
408.12	Payroll taxes	510,322
408.13	Other taxes and licenses	117,549
408.20	Taxes other than income, other income and deductions	
409.10	Federal income taxes	(891,624)
409.11	State income taxes	321,559
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	(192,734)
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	6,858,986
410.11	Deferred state income taxes	820,593
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(84,797)
412.20	ITC - Net nonutility operators	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes accrued	10,338,179
	Taxes paid during year:	
408.10	Utility regulatory assessment fees	88,508
408.11	Property taxes	196,102
408.12	Payroll taxes	540,201
408.13	Other taxes and licenses	57,549
408.20	Taxes other than income, net change in sales tax accruals	(12,920)
409.10	Federal income taxes	(2,573,754)
409.11	State income taxes	1,393,647
409.12	Local income taxes	
409.20	Income taxes, other income taxes, other income and deductions	(192,734)
409.30	Income taxes, extraordinary items	
410.10	Deferred federal income taxes	6,948,360
410.11	Deferred state income taxes	836,892
410.12	Deferred local income taxes	
410.20	Provisions for deferred income taxes, other income and deductions	
411.10	Deferred income taxes - credit	
411.20	Provisions for deferred income taxes - credit, other income and deductions	
412.10	ITC deferred to future periods	
412.11	ITC restored to operating income	(84,797)
412.20	ITC - Net nonutility operators	
412.21	ITC - Restored to nonoperating inc., util. operations	
	Total taxes paid	7,197,054
	Balance end of year	2,425,290

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Account No. 237.1 - Accrued Interest on Long-Term Debt:	1,118,938	7,150,325	6,528,757	1,740,506
Amortize Gain on Early Bond Redemption		(130,651)		
4.75% Series		0	0	
Capitalized Tax Free Bond Interest		(1,920,474)		
6.25% Series				
Total Acct. No. 237.1	1,118,938	5,099,200	6,528,757	1,740,506
Account No. 237.2 - Accrued Interest on Other Liabilities:				
Interest On Note Balance (AWCC)	0	355,135	355,135	0
Other Interest Expense	0	768	768	0
Total Acct. No. 237.2	0	355,903	355,903	0
Total Acct. No. 237	1,118,938	5,455,103	6,884,660	1,740,506

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

DESCRIPTION (a)	BALANCE END OF YEAR (b)
Accrued Vacation Payable	49,945
Accrued Water	14,024
Accrued Power	259,142
Accrued Legal	3,730
Accrued Audit Fees	
Accrued Wages	100,188
Accrued Insurance	
Accrued Rents	
Accrued Waste Disposal	100,008
Accrued Retiree Medical Reimb	10,000
Accrued DPB Contribution	7,353
Accrued bank Fees	37,818
Withheld Payroll - Union Dues	
Withheld Payroll - Garnishment	
Withheld Payroll - Tax Coll Pay FIT/SIT/LIT/FICA	58,292
Withheld Payroll - Charitable Contributions	
Withheld Payroll - ESPP	3,579
Withheld Payroll - Credit Union	
Withheld Payroll - Flexible Spending Accounts	3,172
Withheld Payroll - 401k	20,116
Withheld Payroll - Miscellaneous	
Accrued 401k Expense	7,588
Accrued Preferred Dividend Requirements	51,294
Construction Costs Payable	
Withheld Payroll - ESOP	
Unclaimed Credits	22,445
Unclaimed Extension Deposit Refunds	2,220
Accrued Unbilled Items	333,045
Misc Deposits Payable	11,000
Unbilled Stock C	77,355
Unbilled Stock E	38,848
CFO - Mgmt Contracts	115,202
Accrued Paving	45,605
Other Current Liabilities Analyzed	15,585
Incentive Plan	392,857
Total Miscellaneous Current and Accrued Liabilities	1,780,411

RECONCILIATION OF REPORTED NET INCOME
WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. The reconciliation should include the same detail as furnished on Schedule M-1 of the Federal tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.		
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State name of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.		
DESCRIPTION	REF.	AMOUNT
Net income for the year		10,995,124
Federal Income Tax Accrual		5,719,559
State & Local Income Tax Accrual		1,112,424
Pre-Tax Book Income		17,827,107
Permanent Differences:		
Meal & Entertainment		13,930
Nondeductible Penalties		(4,781)
Medicare Subsidy		(174,511)
Lobbying Expenses		54,572
Total Permanent Differences		(110,790)
Financial Taxable Income		17,716,317
Temporary Differences:		
Uncollectible Accounts		(76,724)
Vacation Pay		7,044
Taxable Contributions (CIAC)		(1,187,261)
Taxable Advances		0
Rate Case Expense		62,014
Depreciation & Amortization		(6,847,252)
Reg Asset - AFUDC Debt		6,900
Gains & Losses		0
Abandonment Losses		31,964
Cost of Removal		1,357,326
Amortization UPAA		0
Cost of Service Study, Depreciation Study, Waste Disposal		(120,273)
Incent Plan (Incen 3)		100,327
Incent Plan (Incen 5)		0
Regulatory Pension (Pension 2)		(361,716)
Regulatory Pension (Pension 3)		0
Accrued OPEB		217,967
AFUDC (AFUDC 1)		(4,257,806)
AFUDC Equity CWIP (AFUDC 2)		0
Amortization of Regulatory (AFUDC 3)		75,985
Deferred Maintenance (Maint 1)		173,822
Miscellaneous Deferred Debits (Misc 1)		441,660
Miscellaneous Deferred Credits (Misc 3)		(232,778)
FAS 123		29,540
Repairs Expenses		(2,171,059)
Deferred Financial Services Costs		0
Total Temporary Differences		(12,750,320)
Federal Taxable Income Before SIT		4,965,997
State Income Tax Deduction		632,575
Federal Taxable Income		4,333,422
Tax Rate		35%
Federal Income Tax Payable		1,516,698
Provision Adjustment		0
Federal Income Tax Expense		1,516,698

WATER OPERATING REVENUE

ACCT. NO. (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues			
460	Unmetered Water Revenue			
461	Metered Water Revenue:			
461.1	Sales to Residential Customers	106,961	107,490	32,047,795
461.2	Sales to Commercial Customers	8,746	8,753	15,150,343
461.3	Sales to Industrial Customers	22	21	1,436,382
461.4	Sales to Public Authorities			
461.5	Sales to Multiple Family Dwellings			
461.6	Sales through Bulk Loading Stations			13,740
	Total Metered Sales	115,729	116,264	48,648,260
462	Fire Protection Revenue:			
462.1	Public Fire Protection	39	40	2,567,693
462.2	Private Fire Protection	1,893	1,925	1,538,493
	Total Fire Protection Revenue	1,932	1,965	4,106,186
464	Other Sales to Public Authorities	504	518	4,792,617
465	Sales to Irrigation Customers			
466	Sales for Resale	12	12	1,478,494
467	Interdepartmental Sales			11,068
	Total Sale of Water	118,177	118,759	59,036,625
	Other Water Revenues:			
470	Forfeited Discounts			(35)
471	Miscellaneous Service Revenues			1,351,725
472	Rents from Water Property			98,158
473	Interdepartmental Rents			91,889
474	Other Water Revenues			1,122,017
475	Provision for Rate Refunds			
	Total Other Water Revenues			2,663,754
	Total Water Operating Revenues			61,700,379

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	WATER EXPENSE ACCOUNT MATRIX							
			.1 SOURCE OF SUPPLY EXPENSES-OPERATION (d)	.2 SOURCE OF SUPPLY EXPENSES-MAINTEN. (e)	.3 WATER TREATMENT EXPENSES-OPERATION (f)	.4 WATER TREATMENT EXPENSES-MAINTEN. (g)	.5 TRANS. & DISTRIBU. EXPENSES-OPERATION (h)	.6 TRANS. & DISTRIBU. EXPENSES-MAINTEN. (i)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMINISTRATIVE & GENERAL EXPENSES (k)
601	Salaries & Wages - Employer	6,761,983		75,859	1,612,943	103,147	2,035,949	807,440	897,425	1,229,220
603	Salaries & Wages - Officers, Directors & Majority Stockholders	0								
604	Employee Pensions & Benefits	3,839,313							40	3,839,273
610	Purchased Water	123,875	123,875							
615	Purchased Power	2,964,957	356,769			2,577,902		30,286		
616	Fuel for Power Production	8,626	8,626							
618	Chemicals	2,216,654		2,216,654						
620	Materials and Supplies	778,148	978	205,855	137,331	81,668	236,610	25	86,682	
631	Contractual Services - Eng	0								
632	Contractual Services - Acct	113,795								113,795
633	Contractual Services - Legal	166,370								166,370
634	Contractual Services - Management Fees	0								
635	Contractual Services - Other	8,947,162		237,744				129,914	249,474	8,330,030
641	Rental of Bldg./Real Property	7,682						7,682		
642	Rental of Equipment	24,007						2,438		21,569
650	Transportation Expenses	437,418		17				7,412		429,989
656	Insurance - Vehicle	38,394								38,394
657	Insurance - General Liability	306,836								306,836
658	Insurance - Worker's Compensation	143,523								143,523
659	Insurance - Other	160,020								160,020
660	Advertising Expense	32,764								32,764
666	Regulatory Commission Expense - Amortization of Rate Ca	230,421								230,421
667	Regulatory Commission Expense - Other	14,200								14,200
670	Bad Debt Expense	445,903							445,903	
675	Miscellaneous Expenses	3,598,954	43,274	143	166,728	240,914	341,573	1,171,177	1,212,203	
	Total Water Utility Expenses	31,361,005	533,522	281,857	7,097,201	407,206	2,536,263	1,385,623	2,764,044	16,355,289

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January	1,931	1,125,880	1,127,811	1,003,006
February	2,058	1,010,977	1,013,035	925,772
March	1,694	1,064,313	1,066,007	871,743
April	1,406	1,081,425	1,082,831	925,635
May	1,715	1,216,489	1,218,204	941,246
June	1,586	1,285,093	1,286,679	1,072,427
July	2,337	1,356,286	1,358,623	1,222,243
August	2,417	1,327,882	1,330,299	1,194,450
September	1,679	1,260,825	1,262,504	1,138,311
October	1,760	1,129,790	1,131,550	1,084,101
November	1,973	1,017,212	1,019,185	906,828
December	1,746	1,006,091	1,007,837	918,199
Total for year	22,302	13,882,263	13,904,565	12,203,961
Maximum gallons pumped by all methods in any one day (Omit 000's):				52,557
Date <u>07/17/09</u>				
Minimum gallons pumped by all methods in any one day (Omit 000's):				27,797
Date <u>12/27/09</u>				
If water is purchased for resale, indicate the following:				
Vendor:	<u>Winchester Municipal Utilities, Gallatin County Water District</u>			
	<u>Georgetown Municipal Water & Waste Water, Carroll County Water District</u>			
Point of Delivery:	<u>Clark County (4), Owen County (4), Gallatin County (1)</u>			
If water is sold to other water utilities for redistribution, list names of such utilities below:				
Entity Receiving Water (a)	Maximum Daily (b)	Maximum Monthly (c)		
CITY OF MIDWAY	unlimited	unlimited		
CITY OF NORTH MIDDLETOWN	90	2,790		
CITY OF NICHOLASVILLE	650	20,150		
CITY OF VERSAILLES	unlimited	unlimited		
JESSAMINE SOUTH ELKHORN WATER DISTRICT (2)	1,152	35,712		
HARRISON COUNTY WATER DISTRICT	150	4,650		
GEORGETOWN MUNICIPAL WATER AND SEWER SER	1,350	41,850		
EAST CLARK WATER	2.1	65.1		

SALES FOR RESALE (466)

LINE #	COMPANY	1,000 GALLONS	AVG. RATE (CENTS)	AMOUNT
1	CITY OF MIDWAY	62,870	3.06	192,423
2	EAST CLARK WATER	192	5.71	1,096
3	CITY OF NORTH MIDDLETOWN	78,170	3.03	236,697
4	CITY OF NICHOLASVILLE	33,923	3.51	119,044
5	CITY OF VERSAILLES	4	2,064.50	8,258
6	JESSAMINE SOUTH ELKHORN WATER DIST (2 ACCTS)	250,361	3.04	760,935
7	HARRISON COUNTY WATER DISTRICT	32,132	3.09	99,172
8	GEORGETOWN MUNICIPAL WATER AND SEWER SERVICE	10,078	3.85	38,791
9	Unbilled Revenue Adjustment			22,078
10	TOTAL	467,730	3.16	1,478,494

WATER STATISTICS

LINE #	ITEM	1,000 GALLONS
1	WATER PRODUCED AND PURCHASED:	
2	Water Produced	13,882,263
3	Water Purchased	22,302
4	TOTAL PRODUCED AND PURCHASED	13,904,565
5		
6	Water Sales:	
7	Residential	5,972,724
8	Commercial	3,804,880
9	Industrial	513,053
10	Bulk Loading Station	20,871
11	Resale	467,030
12	Other Sales - Public Authority	1,425,403
13	TOTAL WATER SALES	12,203,961
14		
15	OTHER WATER USED:	
16	Utility/ Water Treatment	6,031
17	Wastewater Plant	2,821
18	System Flushing	97,934
19	Fire Department	1,445
20	Other (Construction, Flushing, Disinfection, Etc.)	5,731
21	OTHER WATER USED	113,962
22		
23	Water Loss	1,586,642
24		
25	TOTAL OTHER WATER USED	1,700,604
26		
27	Water Loss Percentage:	11.41%

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEMS 1 THROUGH 4)
AS OF DECEMBER 31, 2009**

1) Number of public fire hydrants, by size

Fayette County	6,961
Scott County	192
Clark County	14
Bourbon County	30
Owen County	96
Woodford County	4
Total Public	<u><u>7,297</u></u>

2) Number of private fire hydrants, by size

Fayette County	855
Scott County	99
Georgetown	34
Bourbon County	-
Owen County	-
Woodford County	6
Total Private	<u><u>994</u></u>

3) If produced, whether water supply is river, impounded streams, well springs, artificial lake, or collector well

Kentucky-American Water Company's major source of supply is the Kentucky River, located twelve miles southeast of downtown Lexington. The company also utilizes Lake Ellerslie which impounds West Hickman Creek and Jacobson Reservoir which impounds East Hickman Creek.

4) If produced, whether supply is by gravity, pumping or a combination

Water from the Kentucky River is pumped up a 400 foot cliff through three water lines to the adjacent treatment facility (Kentucky River Station). Raw water from the Kentucky River can also be pumped to Jacobson Reservoir or directly to the Richmond Road Station.

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2009**

5) Type, capacity, and elevation of reservoirs at overflow and ground level

Greater Fayette System

Tates Creek Tank - 500,000 Gallon Elevated		
Foundation Elevation		1,037.00
Overflow Elevation		1,185.25
York Street Tank - 1,000,000 Gallon Ground Storage		
Foundation Elevation		965.50
Overflow Elevation		1,000.25
Cox Street Tank - 1,000,000 Gallon Ground Storage		
Foundation Elevation		967.00
Overflow Elevation		1,001.73
Cox Street Tank - 1,000,000 Gallon Elevated		
Foundation Elevation		957.00
Overflow Elevation		1,117.00
Mercer Road Tank - 2,000,000 Gallon Elevated		
Foundation Elevation		982.00
Overflow Elevation		1,107.00
Parkers Mill Road Tank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		985.50
Overflow Elevation		1,025.50
Hume Road Rank - 3,000,000 Gallon Ground Storage		
Foundation Elevation		943.50
Overflow Elevation		979.50
Hall Tank - 210,000 Gallon Standpipe		
Foundation Elevation		1,025.00
Overflow Elevation		1,115.00
Muddy Ford Tank - 750,000 Gallon Elevated		
Foundation Elevation		992.00
Overflow Elevation		1,082.00
Sadieville Tank - 380,000 Gallon Standpipe		
Foundation Elevation		920.00
Overflow Elevation		993.00
Clays Mill Tank #1 - 3,000,000 Gallon Ground Storage		
Foundation Elevation		985.50
Overflow Elevation		1,022.50

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2009**

**5) Type, capacity, and elevation of reservoirs at overflow and ground level
(continued)**

Clays Mill Tank #2 - 3,000,000 Gallon Ground Storage
Foundation Elevation 985.50
Overflow Elevation 1,022.50

Briar Hill Tank - 750,000 Gallon Elevated
Foundation Elevation 1,012.00
Overflow Elevation 1,150.00

Russell Cave Tank - 1,000,000 Gallon Ground
Foundation Elevation 990.50
Overflow Elevation 1,020.83

Eastland Tank - 2,000,000 Gallon Elevated
Foundation Elevation 1,034.67
Overflow Elevation 1,170.00

Northern Division System

Long Ridge Tank - 100,000 Gallon Standpipe
Foundation Elevation 965.00
Overflow Elevation 1,043.60

Glencoe Tank - 100,000 Gallon Standpipe
Foundation Elevation 793.00
Overflow Elevation 820.30

Sparta Tank - 50,000 Gallon Standpipe
Foundation Elevation 640.00
Overflow Elevation 663.00

Bromley Tank - 177,000 Gallon Standpipe
Foundation Elevation 908.00
Overflow Elevation 1,015.00

Hesler Tank - 237,000 Gallon Standpipe
Foundation Elevation 953.00
Overflow Elevation 1,055.33

Monterey Tank - 117,000 Gallon Standpipe
Foundation Elevation 600.00
Overflow Elevation 651.33

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 5)
AS OF DECEMBER 31, 2009**

**5) Type, capacity, and elevation of reservoirs at overflow and ground level
(continued)**

Wheatley Tank - 186,000 Gallon Standpipe
Foundation Elevation 909.50
Overflow Elevation 1,021.50

Elk Lake Tank - 100,000 Gallon Standpipe
Foundation Elevation 910.00
Overflow Elevation 960.00

New Columbus Tank - 229,000 Gallon Standpipe
Foundation Elevation 980.00
Overflow Elevation 1,119.00

Perry Tank- 100,000 Gallon elevated tank
Foundation Elevation 973.50
Overflow Elevation 1,097.30

Fairgrounds Tank- 400,000 Gallon elevated tank
Foundation Elevation 971.00
Overflow Elevation 1,099.50

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2009

6) Miles of Main by size and kind

SIZE	KIND	CENTRAL DIVISION	NORTHERN DIVISION	LEASED SYSTEM
		FEET (MILES)	FEET (MILES)	FEET (MILES)
36	RW LJ	256		
		0.048		
36	DI	368		
		0.070		
30	DI	61,427		
		11.634		
30	CONC	46,152		
		8.741		
30	RW DI	46,649		
		8.835		
30	RW CONC	1,789		
		0.339		
24	CONC	83,387		
		15.793		
24	DI	251,299		
		47.595		
20	DI	11,580		
		2.193		
20	CONC	18,136		
		3.435		
20	RW AC	12,116		
		2.295		
20	CI	13,901		
		2.633		
20	RW CI	1,481		
		0.280		
20	RW DI	0		
		0.000		
20	RW STEEL	520		
		0.098		
14	PEP	3,450		
		0.653		
16	DI	16,098		
		3.049		
16	CONC	19,022		
		3.603		
16	CI	54,283		
		10.281		
16	AC	179,036		
		33.908		
16	RW CI	14,381		
		2.724		
16	RW DI	527		
		0.100		

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 6)
AS OF DECEMBER 31, 2009

6) Miles of Main by size and kind
(continued)

SIZE	KIND	CENTRAL DIVISION	NORTHERN DIVISION	LEASED SYSTEM
		FEET (MILES)	FEET (MILES)	FEET (MILES)
12	CI	273,879		
		51,871		
12	AC	287,392		
		54,430		
12	DI	665,797		
		126,098		
12	PVC	20,268	9,303	
		3,839	1,762	
10	CI	1,286		
		0.244		
10	AC	24,796		
		4,696		
10	DI	2		
		0.000		
8	CI	480,476		
		90,999		
8	AC	804,793		
		152,423		
8	PVC	1,796,935	103,256	
		340,329	19,556	
8	DI	960,249		
		181,865		
6	CI	539,453		
		102,169		
6	AC	959,758	132,000	
		181,772	25,000	
6	PVC	360,343.9	228,984	
		68,247	43,368	
6	DI	181,383	16,810	
		34,353	3,184	
4	AC	235,343	164,460	
		44,573	31,148	
4	CI	89,843		
		17,016		
4	PVC	38,164	256,689	
		7,228	48,615	
4	GAL	1,213		
		0.230		
4	DI	61,824	520	
		11,709	0.098	
4	STEEL	60		
		0.011		
3	AC	39,900	27,000	
		7,557	5,114	

KENTUCKY-AMERICAN WATER COMPANY
 PLANT STATISTICS (ITEM 6)
 AS OF DECEMBER 31, 2009

6) Miles of Main by size and kind
 (continued)

SIZE	KIND	CENTRAL DIVISION	NORTHERN DIVISION	LEASED SYSTEM
		FEET (MILES)	FEET (MILES)	FEET (MILES)
3	PVC	202,644	178,486	
		38.380	33.804	
3	GAL	767		
		0.145		
3	CI	0		
		0.000		
3	STEEL	45		
		0.009		
2.5	PVC	43,160		
		8.174		
2.2	CI	77,194		
		14.620		
2	CI	74,330		
		14.078		
2	PVC	74,923	46,880	
		14.190	8.879	
2	GAL	14,828	15,840	
		2.808	3.000	
2	VARIOUS	723		
		0.137		
1.2	CI	2,086		
		0.395		
1	PVC	11		
		0.002		
SUB TOTAL		9,149,727	1,180,228	
		1,732.903	223.528	0.000
TOTAL COMBINED (CENTRAL, NORTHERN, LEASED)				10,329,955
				1,956.431

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 7 - 8)
AS OF DECEMBER 31, 2009**

7) Types of filters: gravity or pressure, number of units and total rated in capacity in gal/min

Kentucky River Station

Type:	Gravity
Units:	10
Capacity Per Unit Per Minute:	0.00278 MG/min
Total Capacity Per Minute:	0.02778 MG/min
DOW Temporary High Rate:	0.03130 MG/min (on peak)

Richmond Road Station

Type:	Gravity
Units:	16
Capacity Per Unit Per Minute:	0.00109 MG/min
Total Capacity Per Minute:	0.01736 MG/min

8) Type of disinfectant, number of units and capacity in pounds per 24 hours

Kentucky River Station

Type:	Wallace & Tiernan Model V-2020
Units:	4
Capacity:	3,000 pounds per day
Total Capacity:	12,000 pounds per day

Richmond Road Station

Type:	Wallace & Tiernan Model V-2020
Units:	5
Capacity:	2 @ 3,000 pounds per day & 3 @ 1000 pounds per day
Total Capacity:	9,000 pounds per day

Northern

Long Ridge	Wallace & Tiernan
Units	1
Capacity	10 pounds per day
Hwy. 22 & 127	Wallace & Tiernan
Units	1
Capacity	10 pounds per day

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2009
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA

- 9) Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/low duty

KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA

- A. PLANT CAPACITY - 40,000,000 gallons
DOW TEMPORARY HIGH RATE - 45,000,000 gallons (on peak)
- B. SOURCE OF SUPPLY - Kentucky River
- C. INTAKE (Low Service) - Kentucky River

Pump No. 1: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-1-T2
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840384
In Service April 2008

Pump No. 2: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-2-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840380
In Service April 2008

Pump No. 3: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-3-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840383
In Service April 2008

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2009
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA

C. INTAKE (Low Service) - (Continued)

- Pump No. 4: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-4-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840382
In Service April 2008
- Pump No. 5: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-5-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840381
In Service April 2008
- Pump No. 6: Floway Vertical Turbine Pump
10000 GPM (14.40 MGD)
410 Feet Total Dynamic Head
Model No. 23 TKH six stage and Serial No. 61721-1-6-T1
Purchased in 2007 under Work Order No. 50100898
1250 H.P. General Electric Induction Motor
Model No. 8436468601 and Serial No. 840385
In service April 2008

D. RAW WATER TRANSFER STATION

- Pump No. 8: KSB Inc. Pump, Centrifugal Split Case
Type RDL 400-540B
12600 GPM (18.144 MGD), 270 TDH at 1785 RPM
(Serial No.) OP#668386
Purchased in 2007 under Task Order #50100899
1000 H.P. General Electric Induction Motor
Model 5KAF83091174501
Type KAF, Frame 8309S
Serial No. CAH283005020
Purchased in 2007 under Task Order #50100899
In Service April 2008

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
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KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA**

D. RAW WATER TRANSFER STATION - (Continued)

Pump No. 9: KSB Inc. Pump, Centrifugal Split Case
Type RDL 400-540B
12600 GPM (18,144 MGD), 270 TDH at 1785 RPM
(Serial No.) OP#668385
Purchased in 2007 under Task Order #50100899
1000 H.P. General Electric Induction Motor
Model 6KAF83091174501
Type KAF, Frame 8309S
Serial No. CAH283005021
Purchased in 2007 under Task Order #50100899
In Service April 2008

Tri-Village Pressure Pump

Pump 1 - 127 N. PACO LC
3070 225 GPM
130 TDH
Electric High Efficiency

Pump 2 - 127 & 22
PACO 3070-7
806 GPM 145 TDH
Electric High Efficiency

E. RAW WATER CONTROL VAULT

The 36-inch raw water line enters the control vault which contains a Pratt Rubber Seated Butterfly, electric operated, size 30-inch serial No. 8-1067-86, year 1991, PSIG MAX,150. This valve is controlled from the computer located in the control room.

Purchased in 1980 under Work Order No. A-4810

F. CHEMICAL RAPID MIX BASINS

There are two mix tanks. One high energy mix tank equipped with lightning mixer with 50 h.p., U.S. motor drive adjustable speed.

One low energy mix tank equipped with 12 h.p., U.S. motor drive, adjustable speed. Chlorine, coagulant aid, polyaluminum chloride, carbon ferric chloride, caustic soda, polymer and lime slurry are added to raw water. After mixing, water leaves tanks via two (2) 30" mains to 10 Aldrich units.

Purchased in 1982 under Work Order No. A-4810

G. ALDRICH UNITS

Ten Aldrich Units (hydrotreaters) equipped with automatic sludge removal and mixed media filters and equipped with Dorr-Oliver variable frequency drives. Each unit 69' 8-inches in diameter and 17' 9-inches high.

1, 2, 3, 4 - Purchased in 1958 under Work Order No. A-521

5, 6 - Purchased in 1966 under Work Order No. A-1919

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
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KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA

G. ALDRICH UNITS - (Continued)

7,8 - Purchased in 1970 under Work Order No. A-2535

9, 10 - Purchased in 1980 under Work Order No. A-4808

H. FILTERS (outside portion of Aldrich Units)

Total of ten filters. 4 MGD rating. 720 square feet of filter area per unit. 40 MGD total.

All filters are equipped with surface wash capability; chlorine and filter aid can be applied to the settled water prior to filtration.

Two wash water pumps, Worthington 10 HH-110-3 (1.44 MGD), US motor, 25 h.p., 440 volts. Purchased in 1977 under Work Order No. A-4144. Pumps to two ground storage tanks with 0.54 MG of capacity.

I. CLEARWELLS

Ammonia, zinc orthophosphate, caustic soda and hydrofluorosilicic acid are applied to the filtered water just prior to the clearwells.

1 Clearwell; One concrete clearwell located under control building. (0.485 MG capacity).
Purchased in 1958 under Work Order No. A-746

#2 Clearwell; One concrete clearwell located under control building. (.490 MG) and is connected to first clearwell by (2) 36-inch sluice gates and (1) 48-inch sluice gate.
Purchased in 1970 under Work Order No. A-2537

#3 Clearwell; One above ground steel clearwell 110' in diameter by 30' high holding 2.0 MG is connected to No. 1 and No. 2 well by 24-inch pipeline.
Purchased in 1982 under Work Order No. A-4806

J. CLEARWELL TRANSFER PUMP

Pump used to fill No. 3 clearwell, Allis Chalmers vertical pump model 500, 3500 GPM (5 MGD) vs. 25' TDH, GE motor, 40 h.p., 460 volts.
Purchased in 1982 under Work Order No. A-4806

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
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KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA**

K. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 10, Peerless discharge, flung bowls, 3 stage, 5560 GPM (8.0 MGD) vs. 380' TDH, Siemaen electric motor, 700 h.p., 4160 volts.

Purchased in 1988 under Work Order No. A-6425
- 2) H.S. Pump No. 11, Patterson vertical turbine, PVT, Size/Type-19 RMC, 5556 G.P.M. (8 MGD), 380' TDH, U.S. Electric Motor, 700 H.P., 4160-volt, 1780 R.P.M. (Purchased in 1998 under BP 98-03, W.O. No. A-8919)
- 3) H.S. Pump No. 12, DeLaval Pump, 2 stage, 5600 GPM (8.5 MGD) vs. 380' TDH, Ideal motor, 700 h.p., 4160 volts.
(Purchased in 1966 under Work Order No. A-1872).
- 4) H.S. Pump No. 13, DeLaval P16/14D, 7000 GPM (10 MGD), vs. 380' TDH, Continental Electric motor, 800 h.p., 4160 volts.
(Purchased in 1991 under Work Order No. A-7430).
- 5) H.S. Pump No. 14 - Peerless vertical turbine, 24 MA/H X B, 7000 GPM (10 MGD) vs. 380' TDH, Continental motor, 800 h.p., 4160 volts. (Purchased in 1970 under Work Order No. A-2536).
- 6) H.S. Pump No. 15 - Allis Chalmers vertical turbine, H20 x 16, VTMC-7, 7000 GPM (10 MGD) vs. 380' TDH, Continental electric motor, 900 h.p., 4160 volts.

Purchased in 1981 under Work Order No. A-4812.

L. STANDBY EQUIPMENT

H.S. Pump No. 15 - Allis Chalmers vertical turbine VTMC-7, 7000 GPD (10 MGD) vs. 380' TDH, diesel driven by Detroit Diesel V-16, through a right angle drive, 765 h.p. (Purchased in 1980 under Work Order No. A-4804).

Emergency Generator No. 1 - Engine Room/Pump Station-Detroit Diesel, 4 Cyl., 90 k.w., 480 volts. (Purchased in 1981 under Work Order No. A-4805).

Emergency Generator No. 2 Electrical Bldg - Detroit Diesel, 4 Cyl, 75 k.w., 480 volts.(Purchased in 1981 under Work Order No. A-4811).

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9a)
AS OF DECEMBER 31, 2009
KENTUCKY RIVER STATION - CONDENSED SYSTEM DATA**

M. IN PLANT MONITORING EQUIPMENT

Level Indicator	- Kentucky River
Streaming Current Monitor	- Treated Water
pH Analyzer	- Raw Water
pH Analyzer	- Combined Filter Effluent
pH Analyzer	- Plant Effluent
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters	- Filtered water (each filter)
	- Raw Water
	- Combined Filter Effluent
	- Plant Effluent
Particle Counts	- Raw Water
	- Filtered water (each filter)
	- Plant Effluent
Chlorine Residual Analyzers	- Combined Filter Effluent
	- Plant Effluent
Chlorine Residual & pH Analyzer	- Treated Water
Phosphate Analyzer	- Plant Effluent
Fluoride Analyzer	- Plant Effluent
Monochloramine Analyzer	- Plant Effluent
SCADA (entire plant operations)	- Intake Pumps
	- Raw water flow control
	- Transfer pumps
	- Supernatant pit pumps
	- Filter backwash water handling system
	- Filter operations
	- Dechlorination system
	- Distributed water venturi vaults
	- Chemical feed systems
	- Filter operations
	- Clearwell levels

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9b)
AS OF DECEMBER 31, 2009
RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

- 9) **Station Equipment.** List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/low duty

RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

A. **PLANT CAPACITY -** 25,000,000 gallons

DOW TEMPORARY HIGH RATE - 30,000,000 gallons (on peak)

B. **SOURCE OF SUPPLY -** Kentucky River
Jacobson Reservoir - 618 MG
Lake Ellerslie Reservoir - 88.7 MG

C. **INTAKE (Low Service)**

1) Kentucky River - See Plant Statistics (Item 9.C Intake <LOW SERVICE> -Kentucky River Station)

2) Jacobson Reservoir

a. L.S. Pump Unit No. 1, DeLaval A-1018L, 2800 GPM (4* MGD) vs. 110' TDH, (Pump purchased in 1966 under Work Order No. A-2050), TECO premium efficiency motor, 100 h.p., 460 volts. Motor purchased 7/7/95 work order No. A-8185 to replace original.

b. L.S. Pump Unit No. 2, DeLaval A-1018L, 2800 GPM (4* MGD), vs. 110' TDH, Westinghouse motor, 100 h.p., 440 volts. (Purchased in 1966 under Work Order No. A-2050). (Motor purchased in 1996 under Work Order No. A-8319)

c. L.S. Pump Unit No. 3, Electric/Diesel, Allis Chalmers Model, 205-848-503, 8350 GPM (12* MGD) vs. 180' TH, Ideal motor, 400 h.p., 2300 volts. (Pump purchased in 1956 under Work Order No. A-472). (Diesel purchased 1995, Work Order No A-7866, BP No. 90-09)

* Low service pumps Nos. 1,2 and 3 have name plate ratings of 4, 4 and 12 MGD respectively. Historical performance since the installation of a 30-inch line on the outlet side of the pumps and a reduction in head pressure has been 6, 6 and 16 MGD respectively

d. Aeration System

One Compare, Ref 100012122/0027, Type L37-9A, rotary screw air compressors to supply the aeration system for Jacobson Reservoir. The aerator lines consist of two runs of tubing, 3,600 feet each, complete with buoyancy hose. (Purchased 1994, Work Order A-7866)

3) Lake Ellerslie Reservoir

a. L.S. Pump Unit No. 5, DeLaval 250544, 2800 GPM (4MGD) vs. 50' TH, (Purchased in 1948 under work order No. E-152), GE motor, 40 h.p., 440 volts, Frame 332, Type KT, Model Cin 8370 (9186), RPM-1145, (motor made 1921 as per SN.3883178.

b. L.S. Pump Unit No. 4, Ingersoll-Rand pump # 0738147, size 12 AFV, 4160 GPM (6 MGD) vs. 50' TH, RPM 870, GE motor Frame - 544, Typer KT, Model 84E184G1, RPM - 890, 60 h.p., 440 volts. (Installed 1938).

D. **JACOBSON RESERVOIR INTAKE**

The 24-inch line from the Jacobson Reservoir intake feeds a 16-inch, 20-inch, and a 24-inch main which, in turn, feeds to the suction side of the Jacobson Reservoir L.S. pumps, 1, 2, and 3. Also connected into the 24-inch line is a 30-inch raw water line from the Kentucky River. Potassium permanganate is added to the raw water at the intake for taste and odor control.

The Lake Ellerslie Reservoir intake has two (2) 24-inch lines leaving the intake to feed the suction of L.S. pumps No. 4 and 5. From the discharge side two (2) lines go to the chemical feed vault, a 12-inch and 20-inch.

E. **INFLUENT RAW WATER VAULT**

The 30-inch, 20-inch and 16-inch raw water mains from Jacobson Reservoir flow into two (2) raw water control vaults inside the plant property. One vault for the North basins and one for the South Basin.

Pre chlorine and pre caustic are fed at each raw water control vault. The remaining treatment chemicals are added at the influent of each sedimentation basin.

F. **RAPID MIX FLOCCULATORS AND SEDIMENTATION BASINS**

There are four (4) - 0.75 MG concrete settling basins with one rapid mix for each pair of basins (North and South) at the point of chemical application. At the rapid mix, polyaluminum chloride, ferric chloride and cationic polymner are added to the coagulation. Eight (8) flocculators are in eight chambers that begin directly after the rapid mix unit of each basin.

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9b)
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RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

G. FILTERS

A total of 16 filters rated at 1.56 MGD each, 20' x 17' or 340 sq. ft. each, with Leopold bottoms and air wash backwash. The media consists of 24 inches of granular activated carbon and six inches of sand. Filter aid can be applied to each filter when needed

One wash pump, Allis Chalmers, Ser# 1-5203-72199-1-1, Size 6x5, Type N, Model C-3, Imp. dia. 10 - 7/8", 1000 GPM (1.44 MGD) vs. 90' TH, GE motor, 20 h.p., 440 volts which pumps to a steel 50,000 gallon wash water tank, 24' in diameter by 14' 10 - 1/2 inch.

H. HIGH SERVICE PUMPS

- 1) H.S. Pump No. 8, Ingersoll Rand Size 8ALV, Ser# 03553072, RPM, Imp. 8ALV3BX1, Dia. 16.375, 1775, 2780 GPM (4.0 MGD) vs. 240' TH, Continental motor, 200 h.p., 480 volts. (Purchased in 1955 under Work Order No. A-452). Motor replaced 6/10/88
- 2) H.S. Pump No. 7, DeLaval Ser# 259260 Type P16/14D, RPM 1200, 6950 GPM (10.008 MGD) vs. 240' TH, Continental motor, 500 h.p., 480 volts. (Purchased in 1955 under Work Order No. A-452 BP 43-54). Motor replaced 6/10/88 under Work Order No. A-6218
- 3) H.S. Pump No. 6, DeLaval Ser# 257314, Type L12/10 1750 RPM, 4520 GPM (6.5 MGD) vs. 190' TH, Continental motor, 250 h.p., 480 volts. (Purchased in 1953 under Work Order No. A-252). Motor replaced 7/11/88 under Work Order No. A-6424.

I. HIGH SERVICE PUMPS WITH STANDBY DIESEL EQUIPMENT

- 1) H.S. diesel driven pump No. 9, Patterson Pump Ser# 91PT 15783A10, 4862 GPM (7.0 MGD) VS 235 TH, Cummins diesel Model NTA855P, 372 HP @ 1800 RPM. Engine # 11634478 / SO# 60752 (Purchased in 1993 under Work Order No. A-7322).
- 2) H.S. diesel driven pump No. 11, Peerless Pump Model 8A16B, Ser# 308185, 2800 GPM, RPM 1800 (4.03 MGD) vs. 220' TH, (Purchased in 1965 under Work Order No. A-1784). 180 h.p. diesel driver GM Model 7064-3002 Unit # 6VA-26731 Max RPM No Load = 1940.
- 3) H.S. diesel driven pump No. 10, DeLaval Ser# 230310, 3850 GPM (5.54 MGD) vs. 231' TH, RPM 1200, Installed 1940. GM diesel Model 24104, Unit # 24A-293, S.O.# 52399, 580 h.p., Installed 1955 BP60-55 ; W.O.# A-475. or electric driven by Continental motor, 250hp. (Motor purchased in 1988 Under Work Order No A-6424, BP-84-10.)

J. STANDBY EQUIPMENT

Emergency Generator No. 1 (High Service Pumps) - GM diesel Model 6151E, 440 volt, 115 KW, 144 KVA.

Emergency Generator No. 2 (Chemical Feed Systems) - Onan Model 250 ODFM17R/3028N, 250 KW, 312.5 KVA, 390 h.p. (Purchased in 6/10/88 under Work Order No. A-6218).

Emergency Generator No. 3 (Sludge Processing Systems) - Onan Model 500, ODFY-4xR/30285E, 500 KW, 625 KVA, 760 h.p. (purchased in 6/10/88 under Work Order No. A-6218).

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9b)
AS OF DECEMBER 31, 2009
RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

J. IN-PLANT MONITORING EQUIPMENT

Level Indicator	- Jacobson Reservoir
Streaming Current Monitor	- Treated Water
pH	- Treated Water
Loss of Head	- Filters
Rate of Flow	- Filters
Level	- Filters
Turbidimeters	-Raw water
	- Filtered Water (each filter)
	-Basin Effluent
	Entrance to clearwell
	-Plant Effluent
Chlorine residual analyzers	-Treated water
	- Entrance to Clearwell
	-Plant Effluent
SCADA (entire plant operation)	-Intake pumps
	-Raw water flow control
	-Filter backwash water handling system
	-Filter operation
	-Chemical feed system
	-Clearwell levels
	-Distributed water @ RRS
	-Distributed system operation
Particle counts	-Raw water
	- Filtered Water (each filter)
	-Plant Effluent
Flouride	-Plant Effluent
Monochloramine Analyzer	-Plant Effluent
Phosphate Analyzer	-Plant Effluent

KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 9b)
AS OF DECEMBER 31, 2009
RICHMOND ROAD STATION - CONDENSED SYSTEM DATA

K. SYSTEM STORAGE

Twenty-six (26) storage tanks ranging in size from 100,000 gallons to 3,000,000 gallons with a total storage capacity of 24,380,000 gallons (does not include clearwell storage).

TANK	MG	YEAR
Greater Fayette System		
Tates Creek Road Elevated	0.50	1954
Cox Street Elevated	1.00	1955
Cox Street Ground	1.00	1948
York Street Ground	1.00	1948
Mercer Road Elevated	2.00	1964
Parkers Mill Road Ground	3.00	1968
Sadieville Standpipe	0.38	1975
Hall Standpipe	0.21	1965
Muddy Ford Standpipe	0.75	1988
Hume Road Ground	3.00	1987
Briar Hill Tank	0.75	1999
Clays Mill Tank 1	3.00	1996
Clays Mill Tank 2	3.00	2004
Eastland Tank	2.00	2005
Russell Cave Tnk	1.00	2005
Owen County System		
Long Ridge	0.10	1965
Brombley	0.18	1993
Sparta	0.05	1965
Glencoe	0.10	1965
New Wheatley	0.19	1999
Hesler	0.23	1995
Monterey	0.12	1995
Elk Lake	0.10	1965
New Columbus	0.23	2002
Perry Street	0.10	1959
Fairground	0.40	1989
TOTAL TANK STORAGE	24.38	
CLEARWELLS		
Clearwells - KY River Station	1.00	
Clearwells - Richmond Road Station	1.00	
Clearwells - Storage Tank KRS	2.00	
TOTAL TANK/CLEARWELL STORAGE	28.38	

**KENTUCKY-AMERICAN WATER COMPANY
PLANT STATISTICS (ITEM 10 - 14)
AS OF DECEMBER 31, 2009**

10) Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in KWH

Coal: -
Gas: -
Oil:
Electricity: 45,487,579 kWh

11) Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report

Richmond Road Station: Caustic bulk tank rehab
Kentucky River Station: Sludge lagoons residuals removal

12) Capacity of clear well

Kentucky River Station

Clearwell No. 1 - Concrete structure under control building	485,000 Gallons
Clearwell No. 2 - Concrete structure under and adjacent to building	490,000 Gallons
Clearwell No. 3 - Steel above ground reservoir	2,000,000 Gallons

Richmond Road Station

Clearwell No. 1 - Concrete structure underneath filters	600,000 Gallons
Clearwell No. 2 - Concrete structure adjacent to pumping station	450,000 Gallons

13) Peak month, in gallons of water sold

July 2009 was peak month for System Delivery = 1,331,434,000 gallons

14) Peak day, in gallons of water sold

July 17, 2009 was the peak day of water sold with sales of 52.557 MG.

OATH

Commonwealth of Kentucky)
)
County of Fayette)

Michael A. Miller makes oath and says
(Insert here the name of the affiant)

that he is _____ of
(Insert here the official title of the affiant)

Kentucky American Water Company
(Insert her the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1 , 20 09 , to and including December 31 , 20 09

(Signature of official)

Subscribed and sworn to before me, Notary Public , in and for the

State and County above named, this _____ day of _____, 20 10

(APPLY SEAL HERE)

My commission expires _____

(Signature of officer authorized to administer oaths)

RECEIVED

OATH

MAR 30 2010

PUBLIC SERVICE
COMMISSION

State of West Virginia)
County of Kanawha)

Michael A. Miller makes oath and says
(Insert here the name of the affiant)

that he is Assistant Treasurer of
(Insert here the official title of the affiant)

Kentucky American Water Company
(Insert her the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 20 09, to and including December 31, 20 09

Michael A. Miller
(Signature of official)

Subscribed and sworn to before me, Notary Public, in and for the

State and County above named, this 24th day of March, 20 10

(APPLY SEAL HERE)



My commission expires September 7, 2019

Lisa R. Brooks
(Signature of officer authorized to administer oaths)