

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Sheila Miller

21. At page 7 of her direct testimony, Shelia Miller states that the forecasted group insurance reflects the current insurance premium rates in effect as of January 1, 2010. Provide the current group insurance statements to support the “current group insurance premium rates” that are referenced.

Response:

See the attached group insurance premium statement for March, 2010.

For the electronic version, refer to KAW_R_PSCDR1#21_043010.pdf.

HORIZON BLUECROSS/BLUESHIELD
GROUP INSURANCE PREMIUM STATEMENT
(Rates effective January 1, 2010)

COMPANY: Kentucky American Water Co.
MONTH OF: March 2010

Insurance/Employees:	Rate	Premium
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ACTIVE EMPLOYEES

LIVES LIFE INSURANCE:

69	6,284,000	1	Life - Basic (Non Bargaining)	\$0.153 per	\$1,000	\$961.45
70	4,093,000	2	Life - Basic (Bargaining)	\$0.153 per	\$1,000	626.23
70	700,000	3	A. D. & D. (\$10,000 cov. per employee)	\$0.020 per	\$1,000	14.00
69	6,284,000	4	A. D. & D. (Non Bargaining)	\$0.020 per	\$1,000	125.68
4	346,611	5	Life - Voluntary Under 30	\$0.063 per	\$1,000	21.84
8	945,403	6	Life - Voluntary 30-34	\$0.084 per	\$1,000	79.41
10	1,060,136	7	Life - Voluntary 35-39	\$0.105 per	\$1,000	111.31
7	1,265,665	8	Life - Voluntary 40-44	\$0.126 per	\$1,000	159.47
13	1,696,219	9	Life - Voluntary 45-49	\$0.200 per	\$1,000	339.24
12	1,551,318	10	Life - Voluntary 50-54	\$0.336 per	\$1,000	521.24
8	837,635	11	Life - Voluntary 55-59	\$0.620 per	\$1,000	519.33
3	394,568	12	Life - Voluntary 60-64	\$0.788 per	\$1,000	310.92
0	0	13	Life - Voluntary 65-69	\$1.439 per	\$1,000	0.00
0	0	14	Life - Voluntary 70 and over	\$2.321 per	\$1,000	0.00
57	1,140,000	15	Life - Dependent Spouse	\$0.250 per	\$1,000	285.00
53	880,000	16	Life - Dependent Children	\$1.200 per	Family	63.60
0	0	17	Life - Supplemental	\$0.298 per	\$1,000	0.00
2	60,000	18	Life - Optional	\$0.298 per	\$1,000	17.88

DISABILITY:

(74,126)	19	Long Term Disability (non union only)	\$0.400 per	\$100	(296.50)
139	20	Short-term Managed Disability	\$2.66 per	EMPLOYEE	369.74
0	21	A. & S. - Coverage for New Jersey only	\$0.302 per	\$10	0.00

MEDICAL, DENTAL & PRESCRIPTION COVERAGE:

12	22	Employees w/Single Coverage(Union)	\$419.00	5,028.00
0	23	Employee and Spouse Coverage(Union)	\$0.00	0.00
0	24	Employee and Children(Union)	\$0.00	0.00
55	25	Employee and Family(Union)	\$1,198.00	65,890.00
0	26	Employees with Single Dental coverage only(Union)	\$23.00	0.00
0	27	Employee and Spouse Coverage Dental(Union)	\$0.00	0.00
0	28	Employee and Children - Dental(Union)	\$0.00	0.00
1	29	Employee and Family Dental(Union)	\$70.00	70.00
17	30	Employees w/Single Coverage(Non-Union)	\$419.00	7,123.00
12	31	Employee and Spouse Coverage(Non-Union)	\$960.00	11,520.00
6	32	Employee and Children(Non-Union)	\$888.00	5,328.00
31	33	Employee and Family(Non-Union)	\$1,433.00	44,423.00
0	34	Employees with Single Dental Coverage only(Non-Union)	\$21.00	0.00
1	35	Employee and Spouse Coverage Dental(Non-Union)	\$45.00	45.00
0	36	Employee and Children - Dental(Non-Union)	\$55.00	0.00
0	37	Employee and Family Dental(Non-Union)	\$87.00	0.00

Actives' subtotal:

\$143,656.84

CONTINUATION OF COVERAGE

MEDICAL, DENTAL & PRESCRIPTION COVERAGE:

1	42	Single-Union	\$419.00	419.00
0	43	Family (2 or more individuals)-Union	\$1,198.00	0.00
0	44	Single Dental coverage only-Union	\$23.00	0.00
0	45	Family with Dependent Dental coverage only-Union	\$70.00	0.00
0	46	Employee-Non-Union	\$419.00	0.00
0	47	Employee/Spouse (2 or more individuals)-Non-Union	\$960.00	0.00
0	48	Employee/Children-Non-Union	\$888.00	0.00
0	49	Employee/Family-Non-Union	\$1,433.00	0.00
0	50	Employee-Non-Union(Dental Only)	\$21.00	0.00
0	51	Employee/Spouse Non-Union(Dental Only)	\$45.00	0.00
0	52	Employee/Children-Non-Union (Dental Only)	\$55.00	0.00
0	53	Employee/Family-Non-Union(Dental Only)	\$87.00	0.00

Continuation of Coverage Subtotal:

\$419.00

TOTAL PREMIUM TO BE PAID TO TRUST:

\$144,075.84

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Sheila Miller/Michael A. Miller

22. Refer to Direct Testimony of Sheila Miller at 6 and Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P3-6 at 2. Provide the Towers Perrin projections that support the estimated OPEB expenses.

Response:

Forecasted information regarding AWW, a publicly traded company, is subject to SEC regulation regarding Fair Disclosure (Reg FD). This forecasted information requested has not been released to the general investing public and in order to stay compliant with the SEC regulations regarding public disclosure of forecasted information, the Company has contemporaneously filed a Petition for Confidential Treatment. It will be provided to the other parties to this case upon execution of the confidentiality agreement.

Please see the attached.

For the electronic version of this response, refer to KAW_R_PSCDR1#22_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Michael A. Miller

23. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P3-7 at 1 - 3.
- a. Provide all studies, reports and analyses from Towers Perrin which were used to develop the pension projections for the years 2010, 2011, 2012, 2013, and 2014.
 - b. State the number of active participants for each company listed.
 - c. Explain why the ratio to allocate pensions to Kentucky-American is 2.06 percent while the ratio to allocate post-retirement employee benefit costs ("OPEBs") is 2.75 percent.

Response:

Forecasted information regarding AWW, a publicly traded company, is subject to SEC regulation regarding Fair Disclosure (Reg FD). This forecasted information requested has not been released to the general investing public and in order to stay compliant with the SEC regulations regarding public disclosure of forecasted information, the Company has filed a Petition for Confidential Treatment contemporaneously with this response. The attached information below will be provided to the other parties to this case upon execution of the confidentiality agreement.

- a. Please refer to the attached memorandum and exhibits from TowersWatson. This information has been updated from the information utilized by the Company at the time of filing its application in this case. The update from TowersWatson also includes revised information regarding OPEB'S for 2010/2011. The Company is also providing updated working papers (previously supplied in response to KAW_R_PSCDR1#1a_031610) with this response that support the updated FAS 87 pension and FAS 106 expenses requested in this case. Those work papers attached to this response related to pensions are: KAW_R_PSCDR1#1a_WP3-7_Revised_043010, pages 1-4 of 4. The work papers attached to this response related to OPEB's are: KAW_R_PSCDR1#1a_WP3-6_Revised_043010, page 1 of 6 and pages 3-5 of 6. Please see the table below for a summary of the impact of the revised FAS 87 and FAS 106 costs compared to the O&M expenses requested in this case. It is the Company's intention to include all known changes to the forecasted test-year in the required updated filing that will occur at the time of updating the base period for actual data through May 2010.

<u>O&M Costs</u>	<u>Current Forecast</u>	<u>Per application of 2-26-2010</u>	<u>Variance</u>
FAS 87 Pension Cost	\$1,014,470	\$1,267,732	\$(253,262)
FAS 106 Pension Cost	\$ 858,292	\$ 910,398	\$(52,206)
Total Impact			\$(305,458)

- b. The number of participants is not the basis for pension allocations. See the response to part c. however, the number of participants is attached as requested.
- c. The allocations for pension costs are based on the ratio of valuation earnings for that Company (KAW) to total valuation earning for the entire AWW pension plan. The allocations of OPEB costs for each company (KAW) are equal to the ratio of total participants for that company to total participants for the entire AWW OPEB plan.

For the electronic version of this response, refer to KAW_R_PSCDR2#23_CONF_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Michael A. Miller

24. In Case No. 2004-00103, Kentucky-American's total forecasted rate case cost was \$622,409. In that case the Commission found that, "[i]n the next rate application, Kentucky-American should demonstrate fully its efforts to contain these expenses." In the current case, Kentucky-American's forecasted rate case costs are \$632,500,¹ a \$10,091 or a 1.62 percent increase. Describe Kentucky-American's efforts to contain rate case expenses.

Response:

If an increase in the Consumer Price Index of 2.5% per year were assumed the 2004 estimated rate case expense (rate effective December 2004) would be \$715,770 inflation adjusted compared to the \$632,500 estimated cost of this rate case. The Company would respectfully ask that the Commission refer to the response to KAW_R_PSCDR2#33_043010 for further information on this topic.

The Company has done the following to contain rate case expenses:

1. Limit the use of expert witnesses to the extent possible and obtain the lowest price possible when experts are used.
2. Use experts that work on other AWW subsidiary rate cases to obtain group pricing when possible.
3. Respond to as many DR's with in-house employees as possible.
4. Centralize rate case support at the National Shared Service Center to take advantage of economies of scale.
5. Maintain national data bases on discovery requests in order to utilize consistent data and not duplicate research on similar data requests issued in other states.

As stated in the response to PSCDR2#33, the ultimate cost of a rate case will be determined by the manner of case resolution (litigated vs. settled), and the level of discovery and issues raised by other parties in the case. The Company makes every effort to be as efficient as possible in processing a rate case and using outside counsel, however, the Company cannot fully control the level discovery, the level of rebuttal testimony and other issues that to a great extent are driven by the other parties to the case.

The Company continues to believe the level of rate case expense included in this case is reasonable, if not conservative, based on the activity in this case to-date, if the case is fully litigated.

For the electronic version of this response, refer to KAW_R_PSCDR2#24_043010.pdf.

¹ This amount includes the estimated cost of \$42,500 for the Cost-of-Service study.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Sheila Miller

25. Refer to Direct Testimony of Shelia Miller at 7 and Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P3-9 at 2-14.
- a. Provide all reports, studies, analyses and other documents upon which Kentucky-American relied to project its premium increases in 2011 for each item listed on the schedule. Include the percentage increase premium listed.
 - b. Provide copies of the invoices that document the actual 2010 insurance premiums that are listed on the schedule.
 - c. State the workers' compensation capitalization rate.
 - d. At page 2 of W/P3-9, the annual insurance other than group insurance is \$776,276 while the amount listed in Ms. Miller's Direct Testimony is \$742,262. Explain the discrepancy.

Response:

- a. AWW has a Director of Risk Management who is dedicated to administering the insurance programs on a national level. This functional area is in contact with the Company's insurance providers on a regular basis. Those communications include where KAW and each AWW subsidiary stand in regards to insurance claims. As part of this process the communications include analyses of claims history and its impact on future insurance costs, and other insurance market conditions that impact future premiums. From these conversations and analysis, the Director of Risk Management provides assessments of expected future insurance coverage requirements and future insurance premium costs for use in the business planning process. The insurance premium invoices applicable to 2010 are attached to part b of this question. Also attached is the forecasted insurance premium increases for 2010 and 2011 used in the planning process. These estimates represent AWW's insurance brokers' best estimates for 2011 in view of current insurance market conditions and influences.

Many forces affect the price, availability and security of the insurance product. Some are external, such as changes in interest rates and the stock market, regulatory activity, the number and severity of natural disasters, growth in litigation and rising medical costs. Others are internal, such as the level of competition among insurers.

- b. See attached. The invoices for the insurance premiums that were effective as of January 2010 are attached. The 2009 invoices are attached for any insurance premium that was still in effect as of the filing date. The following insurance premiums will not be renewed until April – Fiduciary Liability, Directors & Officers Liability, Employment Practices, Crime, and Excess. The premium for Lawyer’s Liability will be renewed June 2010. The Company has received new premiums for Kidnap and Ransom, Information Technology, and Consultation that are slightly less than the original estimates. The 2010 invoices for the excess liability are slightly higher than the original amount. The Company will revise the Insurance Other expense once all new premiums have been received.
- c. The worker’s compensation capitalization is determined by applying the effective rate for workers compensation to the capital labor costs to determine the deduction in arriving at workers compensation expense applicable to O&M expense. The effective worker’s compensation rate is 1.69%.
- d. The difference in the amount shown in the work paper and the amount in the testimony is due to auto insurance which is charged to the miscellaneous expense line rather than insurance other. However, there was an error in the insurance other calculation due to the allocations to sewer being added rather than deducted. This error reduces the insurance other expense by \$7,259 and the auto insurance by \$449. Total insurance other should be \$735,003 and total auto insurance should be \$37,420.

Total insurance other		\$776,276
Less auto insurance	37,644	(37,644)
Less allocations to sewer – auto	<u>224</u>	
Total auto insurance	37,420	
Less allocation to sewer-ins other		<u>(3,629)</u>
		\$753,003

For the electronic version, refer to KAW_R_PSCDR2#25_043010.pdf.

American Water Works Company, Inc.
Summary of Percentage Changes

<u>Coverage</u>	<u>2010</u>	<u>2011</u>
Property Insurance *	1.150	1.080
Workers Compensation		
Assessments	1.050	1.050
Loss	1.075	1.075
General Liability	1.100	1.100
Auto Liability	1.100	1.100
Umbrella/Excess Liability *	0.930	1.125
Executive Risk Coverages	1.100	1.100
Directors & Officers Liability *	1.050	1.050
Errors & Omissions Liability *	1.120	1.120
Marsh Consultation Fee	1.030	1.030
Pollution Liability	1.10	1.10
Employed Lawyers Liability	1.05	1.05
Information Technology Insurance	1.05	1.05

PV 42130277

MARSH

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

Invoice No.
160605

ORIGINAL INVOICE

Date: 1/16/09

Attn: Jim Li
American Water Works Co., Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

Effective Date	Expiration Date	Client No.
1/03/09	1/03/10	602328

Policyholder: American Water

ORIGINAL Billing Effective Date: 1/03/09

Insurer	Policy No.	Type of Coverage / Item	Amount
WESTCHESTER	K06685092	MISC SURETY PREMIUM	42,000.00
REMIT IN: UNITED STATES DOLLARS			
Principal: American Water Works Company, Inc. Obligee: The Travelers Indemnity Company Bond Amount: \$6,000,000.00 Description: Other Financial Guarantee - Premium Deductible Bond Requester: Jim Li Renewal Invoice			
Please indicate Invoice # 160605 on your remittance to:			
Marsh USA Inc. New York Office P.O. Box 19601 Newark, NJ 07195-0601			
TOTAL:			42,000.00

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

	1/1/09 to 1/1/10	
		CNA Collateral Surety Bond
AMERICAN WATER WORKS COMPANY, INC.	\$ 35.53	
AMERICAN WATER WORKS SERVICE CO., INC.	\$ 9,975.82	
AMERICAN WATER RESOURCES, INC.	\$ 274.73	
ILLINOIS-AMERICAN WATER	\$ 2,694.11	*
MISSOURI AMERICAN WATER	\$ 4,206.91	
<u>INDIANA-AMERICAN WATER</u>	\$ 1,735.96	
NEW JERSEY-AMERICAN WATER	\$ 6,070.64	
ELIZABETHTOWN WATER COMPANY	\$ -	
THE MOUNT HOLLY WATER COMPANY	\$ -	
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT	\$ 641.35	
PENNSYLVANIA-AMERICAN WATER	\$ 5,813.31	
WEST VIRGINIA-AMERICAN WATER	\$ 1,873.21	
KENTUCKY-AMERICAN WATER	\$ 759.79	
AWWSCO - REGIONAL	\$ -	
Connecticut-American Water Co.	\$ -	
Iowa-American Water Co.	\$ 343.35	
Maryland-American Water Co.	\$ 54.09	
Michigan-American Water Co.	\$ 25.47	
Long Island Water Corp. - NY	\$ 663.16	
New York-American Water Co.	\$ -	
Ohio-American Water Co.	\$ 578.71	
Tennessee-American Water Co.	\$ 593.52	
Virginia-American Water Co.	\$ 444.57	
WESTERN REGION	\$ -	
Arizona American Water Company	\$ 1,149.73	
Texas American	\$ 45.55	
California-American Water Co.	\$ 1,866.56	
Hawaii-American Water Co.	\$ 89.04	
New Mexico-American Water Co. Southwest Utilities (AZURIX NA and Walker Water)	\$ 108.75	
AMERICAN WATER Enterprises	\$ 1,956.14	
TOTAL	\$ 42,000.00	

MARSH

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

50094718 (wine)

NSX dmc

2,528,307.03

dep. portion only

Invoice No.
201054

42{

Date: 1/07/10

Mr. James P. Li
Director of Risk Management
American Water Works Co., Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

103AN15

Effective Date	Expiration Date	Client No.
1/01/10	1/01/11	602328

Policyholder: AMER WATER WOR

ORIGINAL Billing Effective Date: 1/01/10

71A2W

Insurer	Policy No.	Type of Coverage / Item	Amount
GREAT AMER NY ASPEN INS UK	EXC8634887 DL506310	UMB/EXCESS PREMIUM	243,000.00
		UMB/EXCESS PREMIUM	283,500.00
		UMB/EXCESS SURPLUS LN TAX	259.24
		UMB/EXCESS STAMPING FEE	17.28
		UMB/EXCESS SURPLUS LN TAX	432.26
		UMB/EXCESS STAMPING FEE	32.42
		UMB/EXCESS SURPLUS LN TAX	1,147.00
		UMB/EXCESS STAMPING FEE	33.00
		UMB/EXCESS SURPLUS LN TAX	186.01
		UMB/EXCESS FIRE MARSH TAX	93.00
		UMB/EXCESS MUNICIPAL TAX	290.23
		UMB/EXCESS MUNICIPAL TAX	21.76
		UMB/EXCESS SURPLUS LN TAX	1,503.65
		UMB/EXCESS SURPLUS LN TAX	3,996.98
		UMB/EXCESS SURPLUS LN TAX	158.91
		UMB/EXCESS STAMPING FEE	8.83
		UMB/EXCESS SURPLUS LN TAX	44.23
		UMB/EXCESS SURPLUS LN TAX	208.00
		UMB/EXCESS SURPLUS LN TAX	1,428.28
RECEIVED			
JAN 15 2010			
SSC Accounts Payable			

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

MARSH

PAGE 2
42{

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

Invoice No.
201054

Date: 1/07/10

Mr. James P. Li

Effective Date	Expiration Date	Client No.
1/01/10	1/01/11	602328

Policyholder: AMER WATER WOR

ORIGINAL Billing Effective Date: 1/01/10

Insurer	Policy No.	Type of Coverage / Item	Amount
GENERAL SEC AZ	201010F132965	UMB/EXCESS STAMPING FEE	25.00
		UMB/EXCESS SURPLUS LN TAX	92.80
		UMB/EXCESS SURPLUS LN TAX	521.25
		UMB/EXCESS STAMPING FEE	71.67
		UMB/EXCESS PREMIUM	181,800.00
		UMB/EXCESS SURPLUS LN TAX	277.20
		UMB/EXCESS STAMPING FEE	20.79
		UMB/EXCESS SURPLUS LN TAX	736.00
		UMB/EXCESS STAMPING FEE	21.00
		UMB/EXCESS SURPLUS LN TAX	119.28
		UMB/EXCESS FIRE MARSH TAX	59.64
		UMB/EXCESS MUNICIPAL TAX	186.12
		UMB/EXCESS MUNICIPAL TAX	13.95
		UMB/EXCESS SURPLUS LN TAX	964.25
		UMB/EXCESS SURPLUS LN TAX	2,563.14
		UMB/EXCESS SURPLUS LN TAX	28.36
		UMB/EXCESS SURPLUS LN TAX	134.00
		UMB/EXCESS SURPLUS LN TAX	915.92
UMB/EXCESS STAMPING FEE	25.00		

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

MARSH

PAGE 3
42{

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

Invoice No.
201054

Date: 1/07/10

Mr. James P. Li

Effective Date	Expiration Date	Client No.
1/01/10	1/01/11	602328

Policyholder: AMER WATER WOR

ORIGINAL Billing Effective Date: 1/01/10

Insurer	Policy No.	Type of Coverage / Item	Amount
AXIS SURPLUS AXA INSURANCE	ENU736704012010 XS000900(08)	UMB/EXCESS SURPLUS LN TAX	59.51
		UMB/EXCESS SURPLUS LN TAX	334.26
		UMB/EXCESS STAMPING FEE	45.96
		UMB/EXCESS PREMIUM	117,000.00
		UMB/EXCESS SURPLUS LN TAX	5,850.00
		UMB/EXCESS PREMIUM	1,847,404.00
REMIT IN: UNITED STATES DOLLARS			
Please indicate Invoice # 201054 on your remittance to: Marsh USA Inc. New York Office P.O. Box 19601 Newark, NJ 07195-0601			TOTAL: 2,695,630.18

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

MARSH USA Inc. Invoice #201054 dated 01/07/10

Reg (JDE)	Accounting	Amount
AMERICAN WATER ENTERPRISES*		\$ 148,658.61
AMERICAN WATER RESOURCES *		\$ 18,664.54
AMERICAN WATER WORKS COMPANY, INC.	020105.165200.TJ36	\$ 1,175.29
AMERICAN WATER WORKS SERVICE CO., INC. -	032000.165200.TJ36	\$ 606,120.53
APPLIED WATER MANAGEMENT & APPLIED*		\$ -
California-American Water Co.	051005.165200.TJ36	\$ 125,511.24
Hawaii-American Water Co.	300205.165200.TJ36	\$ 8,841.67
ILLINOIS-AMERICAN WATER	098505.165200.TJ36	\$ 177,075.95
INDIANA-AMERICAN WATER	100105.165200.TJ36	\$ 114,044.03
Iowa-American Water Co.	110105.165200.TJ36	\$ 24,179.80
KENTUCKY-AMERICAN WATER	120105.165200.TJ36	\$ 49,551.07
Long Island Water Corp. - NY	380305.165200.TJ36	\$ 42,844.35
Maryland-American Water Co.	130205.165200.TJ36	\$ 3,755.01
Michigan-American Water Co.	160205.165200.TJ36	\$ 1,965.11
MISSOURI-AMERICAN WATER	170105.165200.TJ36	\$ 260,899.26
NEW JERSEY-AMERICAN WATER	180105.165200.TJ36	\$ 413,002.89
New Mexico-American Water Co.	190105.165200.TJ36	\$ 6,679.77
Ohio-American Water Co.	220105.165200.TJ36	\$ 37,879.00
Paradise Valley Water Co. - AZ	230105.165200.TJ36	\$ 62,220.54
PENNSYLVANIA-AMERICAN WATER	240005.165200.TJ36	\$ 397,271.19
Tennessee-American Water Co.	260205.165200.TJ36	\$ 35,601.19
Texas American	500105.165200.TJ36	\$ 3,369.54
Virginia-American Water Co.	270505.165200.TJ36	\$ 34,921.89
WEST VIRGINIA-AMERICAN WATER	285105.165200.TJ36	\$ 121,397.71

Total \$ 2,695,630.18

*Less Non-Reg \$ (167,323.15)

Pay \$ 2,528,307.03

Bernadette
Said this to use
Vendor # 1889
inv 1-26-09
 Page 10 of 70

MARSH

Bowring Marsh (Bermuda) Limited
 Craig Appin House
 P.O. Box HM 2444
 Hamilton HMJX, Bermuda

50328046

RSX

Sme

08?

Invoice No.
190983

917,293.59

Invoice

net 43
not sure

top portion only

Date: 1/04/10

James P. Li
 Director, Risk Management
 American Water Works Co., Inc.
 1025 Laurel Oak Road
 Vorhees, NJ 08043

A 203 AWA 15

Effective Date	Expiration Date	Client No.
1/01/10	1/01/11	075490

Policyholder: AMERICAN WATER

ORIGINAL Effective: 1/01/10

2/AZIP

Insurer	Policy No.	Type of Coverage / Item	Amount
ENDURANCE	P008226003	UMB/EXCESS PREMIUM	486,000.00
LEXINGTON INS	6856975	UMB/EXCESS PREMIUM	117,000.00
ARGO RE	ARGO-CAS-OCC-00020	UMB/EXCESS PREMIUM	175,000.00
TORUS (BERMUDA)	FF03-2010-0017	UMB/EXCESS PREMIUM	200,000.00
REMIT IN: UNITED STATES DOLLARS			
The Lexington and ESIL Premiums are inclusive of 5.00 % commission. The Torus and Argo Premiums are inclusive of 7.50 % commission.			
RECEIVED JAN 15 2010 SSC Accounts Payable			
Please indicate Invoice # 190983 on your remittance to: For US Transfer Instructions Please see reverse - All other currencies, please see attached.			TOTAL: 978,000.00

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

MARSH USA Inc. Invoice #190983 dated 01/04/10

Reg (JDE)	Accounting	Amount
AMERICAN WATER ENTERPRISES*		\$ 53,934.74
AMERICAN WATER RESOURCES *		\$ 6,771.67
AMERICAN WATER WORKS COMPANY, INC.	020105.165200.TJ36	\$ 426.41
AMERICAN WATER WORKS SERVICE CO., INC.	032000.165200.TJ36	\$ 219,906.23
APPLIED WATER MANAGEMENT & APPLIED*		\$ -
California-American Water Co.	051005.165200.TJ36	\$ 45,536.66
Hawaii-American Water Co.	300205.165200.TJ36	\$ 3,207.84
ILLINOIS-AMERICAN WATER	098505.165200.TJ36	\$ 64,244.82
INDIANA-AMERICAN WATER	100105.165200.TJ36	\$ 41,376.25
Iowa-American Water Co.	110105.165200.TJ36	\$ 8,772.66
KENTUCKY-AMERICAN WATER	120105.165200.TJ36	\$ 17,977.60
Long Island Water Corp. - NY	380305.165200.TJ36	\$ 15,544.33
Maryland-American Water Co.	130205.165200.TJ36	\$ 1,362.35
Michigan-American Water Co.	160205.165200.TJ36	\$ 712.96
MISSOURI-AMERICAN WATER	170105.165200.TJ36	\$ 94,656.71
NEW JERSEY-AMERICAN WATER	180105.165200.TJ36	\$ 149,841.33
New Mexico-American Water Co.	190105.165200.TJ36	\$ 2,423.48
Ohio-American Water Co.	220105.165200.TJ36	\$ 13,742.86
Paradise Valley Water Co. - AZ	230105.165200.TJ36	\$ 22,574.20
PENNSYLVANIA-AMERICAN WATER	240005.165200.TJ36	\$ 144,133.73
Tennessee-American Water Co.	260205.165200.TJ36	\$ 12,916.45
Texas American	500105.165200.TJ36	\$ 1,222.50
Virginia-American Water Co.	270505.165200.TJ36	\$ 12,669.99
WEST VIRGINIA-AMERICAN WATER	285105.165200.TJ36	\$ 44,044.23

Total \$ 978,000.00

*Less Non-Reg \$ (60,706.41)

Pay \$ 917,293.59

MARSH

KAW_R_PSCDR2#25_043010

Marsh Ltd
UK Operations
Victoria House
Queens Road
Norwich
NR1 3QQ
020 7357 1000 fax: 020 7929 2705

Page 12 of 70

AMERICAN WATER WORKS COMPANY INC
1025 LAUREL OAK RD
VOORHEES, NJ 080433597
USA

UK OPERATIONS FOR
GLOBAL BROKING PRACTICE

ACCOUNT NO: C4729602X
RISK NO: DL481008
CONTACT: L89/DEAN ROE
DIRECT LINE: 01603 20 7029

YOUR REFERENCE: JIM LI

DATE : 14 JAN 2009

DEBIT INVOICE NO: 09DL0008 /01

INSURED: AMERICAN WATER WRKS
PERIOD: 1 JAN. 08 TO 1 JAN. 10
TYPE: EXCESS LIABILITY
DESCRIPTION: AMERICAN WATER WORKS

NARRATIVE: PREMIUM FOR 2ND INSTALMENT
PREMIUM PAYMENT CONDITION: 31ST JANUARY 2009

PREMIUM	USD	1,260,000.00
AMOUNT PAYABLE	USD	1,260,000.00

PLEASE BE AWARE THAT THE COVERAGE AFFORDED BY THE POLICY IS CONDITIONAL UPON THE UNDERWRITER/S RECEIVING PAYMENT OF ALL PREMIUM AMOUNTS DUE.
PLEASE THEREFORE ARRANGE TIMELY SETTLEMENT TO OUR BANK, AS PER THE ACCOUNT DETAILS SHOWN OVERLEAF. PLEASE QUOTE THE ABOVE INVOICE NUMBER ON ALL CORRESPONDENCE.

Hy \$ 20845.19

ANY EXEMPT PART OF THIS SUPPLY IS VAT EXEMPT UNDER
ARTICLE 13B(A), DIRECTIVE 77/388/EC

Marsh Ltd is authorised and regulated by the Financial Services Authority. Marsh Ltd conducts its general insurance activities on terms that are set out in the document 'Our Business Principles and Practices'. Full details may be viewed on our website <http://www.marsh.co.uk/aboutMarsh/principles.html>.

VAT Reg. No: 244 2517 79 Registered No: 1507274 England Registered Office: 1 Tower Place West Tower Place London EC3R 5BU



Marsh & McLennan Companies

NOR DL

NC050A

Employment
Practices

50126584

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

DC

INVOICE

INVOICE DATE
21-JAN-2009
INVOICE NO.
0419267

\$ 163,989.00

NSY

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv # 0419267 1/21/09 AA03ANAIS

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING

SERVICER Michael Snee

PRODUCER Michael F. Trendler Jr.

REFERENCE AND BILLING INFORMATION

01 Transaction: Policy Renewal
Eff. Date : 01-FEB-2009
Policy : V15QU109PNTE
Description: Employment Practices Liab
Period : 01-FEB-2009 to 22-APR-2010
Carrier : Beazley Insurance Company, Inc
In Full : February 2009
Premium for Employment Practices Liability
NJ PLIGA

Total for Reference 01 \$ 163,989.00

\$ 162,526.00
\$ 1,463.00

Annual Premium - Employment Practices Liability

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

FEB 06 2009

SSC
Accounts Payable

PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT. AMOUNT DUE \$ 163,989.00

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis Invoice #0419267 dated 01/21/09 EPL

Reg (JDE)	Accounting	
AMERICAN WATER ENTERPRISES		\$7,637.73 * *
AMERICAN WATER RESOURCES, SLP		\$1,072.70 * *
AMERICAN WATER WORKS COMPANY, INC.	020105.165200.TJ36	\$138.74
AMERICAN WATER WORKS SERVICE CO., INC.	032000.165200.TJ36	\$38,950.60
APPLIED WATER MANAGEMENT & APPLIED		\$2,504.13 * *
California-American Water Co.	051005.165200.TJ36	\$7,287.97
Hawaii-American Water Co.	300205.165200.TJ36	\$347.65
ILLINOIS-AMERICAN WATER	098505.165200.TJ36	\$10,519.15 — *
INDIANA-AMERICAN WATER	100105.165200.TJ36	\$6,778.05
Iowa-American Water Co.	110105.165200.TJ36	\$1,340.62
KENTUCKY-AMERICAN WATER	120105.165200.TJ36	\$2,966.60
Long Island Water Corp. - NY	380305.165200.TJ36	\$2,589.31
Maryland-American Water Co.	130205.165200.TJ36	\$211.21
Michigan-American Water Co.	160205.165200.TJ36	\$99.46
MISSOURI-AMERICAN WATER	170105.165200.TJ36	\$16,425.90
NEW JERSEY-AMERICAN WATER	180105.165200.TJ36	\$23,702.80
New Mexico-American Water Co.	190105.165200.TJ36	\$424.61
Ohio-American Water Co.	220105.165200.TJ36	\$2,259.57
Paradise Valley Water Co. - AZ	230105.165200.TJ36	\$4,489.11
PENNSYLVANIA-AMERICAN WATER	240005.165200.TJ36	\$22,698.09
Tennessee-American Water Co.	260205.165200.TJ36	\$2,317.39
Texas American	500105.165200.TJ36	\$177.87
Virginia-American Water Co.	270505.165200.TJ36	\$1,735.81
WEST VIRGINIA-AMERICAN WATER	285105.165200.TJ36	\$7,313.93

\$163,989.00

net amount with AWE; AWR, SLP; and AWM removed

\$152,774.44

Diff

11214.56 * *

FIDUCIARY

PV 42130255

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

INVOICE

INVOICE DATE 23-DEC-2008
INVOICE NO. 0418614

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER **Michael Snee** PRODUCER **Michael F. Trendler Jr.**

REF BILLING INFORMATION AMOUNT

01	Transaction: Policy Renewal Eff. Date : 01-JAN-2009 Policy : 68039304 Description: Fiduciary Period : 01-JAN-2009 to 22-APR-2010 Carrier : Federal Insurance Company In Full : January 2009 Premium for Fiduciary NJ PLIGA	\$ 119,968.00 \$ 1,079.71
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Total for Reference 01 \$ 121,047.71

Annual Premium - Fiduciary.

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT AMOUNT DUE \$ 121,047.71

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates.

pv 42130270

Willis

Willis of Pennsylvania, Inc.
 P.O. Box 905432
 Charlotte, NC 28290-5432
 (610) 964-8700

INVOICE

INVOICE DATE 30-DEC-2008
INVOICE NO. 0418721

AMERICAN WATER WORKS COMPANY, INC.
 ATTN: JIM LI
 1025 LAUREL OAK ROAD
 VOORHEES NJ 08043

DUE DATE

Upon Receipt

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
 SERVICER **Michael Snee** PRODUCER **Michael F. Trendler Jr.**

REF BILLING INFORMATION AMOUNT

01	Transaction: Policy Renewal Eff. Date : 01-JAN-2009 Policy : 902417905 Description: Excess Fiduciary Period : 01-JAN-2009 to 22-APR-2010 Carrier : Zurich American Insurance Company In Full : January 2009 Premium for Fiduciary NJ PLIGA	\$ 60,484.00 \$ 544.36
	Total for Reference 01 \$ 61,028.36	
	Annual Premium - Excess Fiduciary.	
	For Your Convenience Funds May Be ACH/Wired To:	
	Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**	

PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT AMOUNT DUE \$ 61,028.36

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates.

Effective 1/1/99 - 4/22/10

COMPANY NAME

Fiduciary Liability

AMERICAN WATER WORKS COMPANY, INC.	\$ 102.41	\$ 51.63	
AMERICAN WATER WORKS SERVICE CO., INC.	\$ 28,751.21	\$ 14,495.43	
AMERICAN WATER RESOURCES, INC.	\$ 791.81	\$ 399.20	
	\$ -	\$ -	
ILLINOIS-AMERICAN WATER	\$ 7,764.66	\$ 3,914.69	\$ 11,679.35
MISSOURI AMERICAN WATER	\$ 12,124.70	\$ 6,112.88	
INDIANA-AMERICAN WATER	\$ 5,003.19	\$ 2,522.44	
NEW JERSEY-AMERICAN WATER	\$ 17,495.11	\$ 8,820.98	
ELIZABETHTOWN WATER COMPANY	\$ -	\$ -	
THE MOUNT HOLLY WATER COMPANY	\$ -	\$ -	
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT	\$ 1,848.41	\$ 931.91	
	\$ -	\$ -	
PENNSYLVANIA-AMERICAN WATER	\$ 16,754.49	\$ 8,447.07	
	\$ -	\$ -	
WEST VIRGINIA-AMERICAN WATER	\$ 5,398.74	\$ 2,721.87	
	\$ -	\$ -	
KENTUCKY-AMERICAN WATER	\$ 2,189.79	\$ 1,104.02	
	\$ -	\$ -	
AWWSCO - REGIONAL	\$ -	\$ -	
Connecticut-American Water Co.	\$ -	\$ -	
Iowa-American Water Co.	\$ 989.57	\$ 498.91	
Maryland-American Water Co.	\$ 155.91	\$ 78.60	
Michigan-American Water Co.	\$ 73.42	\$ 37.01	
Long Island Water Corp. - NY	\$ 1,911.29	\$ 963.61	
New York-American Water Co.	\$ -	\$ -	
Ohio-American Water Co.	\$ 1,667.89	\$ 840.90	
Tennessee-American Water Co.	\$ 1,710.57	\$ 862.41	
Virginia-American Water Co.	\$ 1,281.28	\$ 645.98	
	\$ -	\$ -	
WESTERN REGION	\$ -	\$ -	
Arizona American Water Company	\$ 3,313.62	\$ 1,670.62	
Texas American	\$ 131.29	\$ 66.19	
California-American Water Co.	\$ 5,379.58	\$ 2,712.21	
Hawaii-American Water Co.	\$ 256.61	\$ 129.38	
New Mexico-American Water Co.	\$ 313.42	\$ 158.02	
Southwest Utilities (Azurix NA and Walker Water)	\$ -	\$ -	
	\$ -	\$ -	
AMERICAN WATER Enterprises	\$ 5,637.75	\$ 2,842.37	
TOTAL	\$121,047.71	\$ 61,028.36	

Willis Invoice No. 0418614;
Federal
Willis Invoice No. 0418721;
Zurich

CHECK (Sheet Total) \$ 121,047.71 \$ 61,028.36

CRIME

Effective 1/1/09 -
4/22/10

Crime

AMERICAN WATER WORKS COMPANY, INC.	\$	43.97
AMERICAN WATER WORKS SERVICE CO., INC.	\$	12,344.27
AMERICAN WATER RESOURCES, INC.	\$	339.96
	\$	-
ILLINOIS-AMERICAN WATER	\$	3,333.74
MISSOURI AMERICAN WATER	\$	5,205.71
INDIANA-AMERICAN WATER	\$	2,148.11
NEW JERSEY-AMERICAN WATER	\$	7,511.92
ELIZABETHTOWN WATER COMPANY	\$	-
THE MOUNT HOLLY WATER COMPANY	\$	-
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT	\$	793.61
	\$	-
PENNSYLVANIA-AMERICAN WATER	\$	7,193.50
	\$	-
WEST VIRGINIA-AMERICAN WATER	\$	2,317.94
	\$	-
KENTUCKY-AMERICAN WATER	\$	940.18
	\$	-
AWWSCO - REGIONAL	\$	-
Connecticut-American Water Co.	\$	-
Iowa-American Water Co.	\$	424.87
Maryland-American Water Co.	\$	66.94
Michigan-American Water Co.	\$	31.52
Long Island Water Corp. - NY	\$	820.61
New York-American Water Co.	\$	-
Ohio-American Water Co.	\$	716.10
Tennessee-American Water Co.	\$	734.43
Virginia-American Water Co.	\$	550.12
	\$	-
WESTERN REGION	\$	-
Arizona American Water Company	\$	1,422.69
Texas American	\$	56.37
California-American Water Co.	\$	2,309.71
Hawaii-American Water Co.	\$	110.18
New Mexico-American Water Co.	\$	134.57
Southwest Utilities (Azurix NA and Walker Water)	\$	-
	\$	-
AMERICAN WATER Enterprises	\$	2,420.56

TOTAL \$ 51,971.57

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K

PV 42129737

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

INVOICE

INVOICE DATE 30-DEC-2008
INVOICE NO. 0418720

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
--------------------------	------------------------	---

FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER **Michael Snee** PRODUCER **Michael F. Trendler Jr.**

REF. BILLING INFORMATION AMOUNT

01	Transaction: Policy Renewal Eff. Date : 01-JAN-2009 Policy : FID968343501 Description: Crime Period : 01-JAN-2009 to 22-APR-2010 Carrier : Zurich American Insurance Company In Full : January 2009 Premium for Crime NJ PLIGA	\$ 51,508.00 \$ 463.57
	Total for Reference 01 \$ 51,971.57	
	Annual Premium - Crime.	
	For Your Convenience Funds May Be ACH/Wired To:	
	Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**	

PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT AMOUNT DUE \$ 51,971.57

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates.

Kidnap
↓

RANSOM

PV 41508920

5012658775

Willis	Willis of Pennsylvania Inc P O Box 905432 Charlotte NC 28290-5432 (610) 964-8700	INVOICE INVOICE DATE 09-JAN-2007 INVOICE NO 0403989
	AMERICAN WATER WORKS COMPANY INC ATTN JIM LI 1025 LAUREL OAK ROAD VOORHEES NJ 08043	
		DUE DATE
		Upon Receipt

AA03ANAD3

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company Inc
FOR QUESTIONS REGARDING THIS INVOICE PLEASE CALL ONE OF THE FOLLOWING		
SERVICER Lisa Pelurie	PRODUCER Michael F Trendler Jr	

REF	BILLING INFORMATION	AMOUNT
01	Transaction New Policy Eff Date 01-JAN-2007 Policy OM 51325 CR Description Kidnap and Ransom Period 01-JAN-2007 to 01-JAN-2010 Carrier Great American Insurance Company In Full January 2007 Premium for Kidnap and Ransom	\$ 15 115 00
	Total for Reference 01 \$ 15 115 00 For Your Convenience Funds May Be ACH/Wired To Suntrust Bank 100 Colony Square Atlanta GA 30361 Willis of Pennsylvania Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**	

131675.03

PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT	AMOUNT DUE	\$ 15 115 00
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Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages other parties such as excess and surplus lines brokers, wholesalers, reinsurers, intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis or its corporate parents or affiliates earned contingent payments or allowances from insurers based on factors which are not client-specific such as size or performance of an overall book of business produced with an insurer by Willis' corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates.

American Water Works Company, Inc
Premium

US\$
\$15M Lead Excess
Liability

Coverage

	BUS UNIT	OBJECT	PRODUCT_CODE	
<u>AMERICAN WATER WORKS COMPANY, INC.</u>	020105	165200	TJ36	-
<u>AMERICAN WATER WORKS SERVICE CO., INC.</u>	032000	165200	TJ36	3,644.54
<u>ILLINOIS-AMERICAN WATER</u>	098505	165200	TJ36	1,060.89
<u>MISSOURI AMERICAN WATER</u>	170105	165200	TJ36	1,501.51
St. Louis County	170105	165200	TJ36	-
St. Joseph	170105	165200	TJ36	-
<u>INDIANA-AMERICAN WATER</u>	100105	165200	TJ36	663.83
<u>NEW JERSEY-AMERICAN WATER</u>	180105	165200	TJ36	1,307.70
<u>PENNSYLVANIA-AMERICAN WATER</u>	240005	165200	TJ36	2,295.99
<u>WEST VIRGINIA-AMERICAN WATER</u>	285105	165200	TJ36	723.78
<u>KENTUCKY-AMERICAN WATER</u>	120105	165200	TJ36	277.43
Iowa-American Water Co.	110105	165200	TJ36	152.97
Maryland-American Water Co.	130205	165200	TJ36	21.02
Michigan-American Water Co.	160205	165200	TJ36	15.20
Long Island Water Corp. - NY	380305	165200	TJ36	313.29
Ohio-American Water Co.	220105	165200	TJ36	225.59
Tennessee-American Water Co.	260205	165200	TJ36	250.26
Virginia-American Water Co.	270505	165200	TJ36	72.62
Arizona American Water Company	230105	165200	TJ36	393.47
Texas American	500105	165200	TJ36	12.47
California-American Water Co.	051005	165200	TJ36	634.31
Hawaii-American Water Co.	300205	165200	TJ36	54.83
New Mexico-American Water Co.	190105	165200	TJ36	53.33

TOTAL

13,675.03

INVOICE

<u>AMERICAN WATER RESOURCES, INC.</u>	210105	165200	TJ36	133.00
<u>ELIZABETHTOWN WATER COMPANY</u>				-
<u>APPLIED WATER MANAGEMENT & APPLIED WASTE</u>				617.28
<u>AMERICAN WATER SERVICES COMPANY/AZURIX</u>				-

Subtotal

750.28

American Water Enterprises

689.69

INVOICE

15,115.00

MARSH

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

411

Invoice No.
201098

AA03ANA15

Date: 1/07/10

Mr. James P. Li
Director of Risk Management
American Water Works Co., Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

Effective Date	Expiration Date	Client No.
1/01/10	1/01/11	602328

n/AZP

*50126585
nsx
Dme*

Policyholder: AMER WATER WOR

ORIGINAL Billing Effective Date: 1/01/10

204,468.22 regulated portion

Insurer	Policy No.	Type of Coverage / Item	Amount
BEAZLEY	V15Q9M100201	CYBER RISK PREMIUM	161,000.00
AXIS INS CO	MCN645185	CYBER RISK PREMIUM	57,000.00
REMIT IN: UNITED STATES DOLLARS			
Premium due on Cyber Risk Policy effective 1/1/2010 to 1/1/2011.			
RECEIVED			
FEB 15 2010			
SSC Accounts Payable			
Please indicate Invoice # 201098 on your remittance to:			
Marsh USA Inc. New York Office P.O. Box 19601 Newark, NJ 07195-0601			
TOTAL:			218,000.00

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

Marsh USA Invoice #201098

Reg (JDE)	Accounting	
AMERICAN WATER ENTERPRISES*		\$ 12,022.28
AMERICAN WATER RESOURCES *		\$ 1,509.50
AMERICAN WATER WORKS COMPANY, IN 020105.165200.TJ36		\$ 94.95
AMERICAN WATER WORKS SERVICE CO., 032000.165200.TJ36		\$ 49,018.05
APPLIED WATER MANAGEMENT & APPLIED*		\$ -
California-American Water Co. 051005.165200.TJ36		\$ 10,150.30
Hawaii-American Water Co. 300205.165200.TJ36		\$ 715.01
ILLINOIS-AMERICAN WATER 098505.165200.TJ36		\$ 14,320.43
INDIANA-AMERICAN WATER 100105.165200.TJ36		\$ 9,223.01
Iowa-American Water Co. 110105.165200.TJ36		\$ 1,955.53
KENTUCKY-AMERICAN WATER 120105.165200.TJ36		\$ 4,007.19
Long Island Water Corp. - NY 380305.165200.TJ36		\$ 3,464.84
Maryland-American Water Co. 130205.165200.TJ36		\$ 303.59
Michigan-American Water Co. 160205.165200.TJ36		\$ 158.86
MISSOURI-AMERICAN WATER 170105.165200.TJ36		\$ 21,099.37
NEW JERSEY-AMERICAN WATER 180105.165200.TJ36		\$ 33,400.20
New Mexico-American Water Co. 190105.165200.TJ36		\$ 540.22
Ohio-American Water Co. 220105.165200.TJ36		\$ 3,063.43
Paradise Valley Water Co. - AZ 230105.165200.TJ36		\$ 5,031.88
PENNSYLVANIA-AMERICAN WATER 240005.165200.TJ36		\$ 32,127.96
Tennessee-American Water Co. 260205.165200.TJ36		\$ 2,879.15
Texas American 500105.165200.TJ36		\$ 272.44
Virginia-American Water Co. 270505.165200.TJ36		\$ 2,824.26
WEST VIRGINIA-AMERICAN WATER 285105.165200.TJ36		\$ 9,817.55

Total \$ 218,000.00

*Less Non-Reg \$ (13,531.78)

Pay \$ 204,468.22

MARSH

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

42I

Invoice No.
205279

AA03ANA15

Date: 2/11/10

Mr. James P. Li
Director of Risk Management
American Water Works Co., Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

Effective Date	Expiration Date	Client No.
1/01/10	1/01/11	602328

n/AZP

*50126585 dmc
875x*

Policyholder: AMER WATER WOR

ORIGINAL Billing Effective Date: 1/01/10

1840.21 Regulated portion

Insurer	Policy No.	Type of Coverage / Item	Amount
BEAZLEY AXIS INS CO	V15Q9M100201 MCN645185	CYBER RISK SURCHARGE CYBER RISK SURCHARGE	1,449.00 513.00
REMIT IN: UNITED STATES DOLLARS			
New Jersey Surcharges due on Cyber Risk Policy effective 1/1/2010 to 1/1/2011.			
RECEIVED			
FEB 15 2010			
SSC Accounts Payable			
TOTAL:			1,962.00

Please indicate Invoice # 205279 on your remittance to:

Marsh USA Inc.
New York Office
P.O. Box 19601
Newark, NJ 07195-0601

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

Willis of New York, Inc. Invoice #205279 dated 02/11/10

Reg (JDE)	Accounting	
AMERICAN WATER ENTERPRISES*		\$ 108.20
AMERICAN WATER RESOURCES *		\$ 13.59
AMERICAN WATER WORKS COMPANY, IN 020105.165200.TJ36		\$ 0.85
AMERICAN WATER WORKS SERVICE CO., 032000.165200.TJ36		\$ 441.16
APPLIED WATER MANAGEMENT & APPLIED*		\$ -
California-American Water Co. 051005.165200.TJ36		\$ 91.35
Hawaii-American Water Co. 300205.165200.TJ36		\$ 6.44
ILLINOIS-AMERICAN WATER 098505.165200.TJ36		\$ 128.88
INDIANA-AMERICAN WATER 100105.165200.TJ36		\$ 83.01
Iowa-American Water Co. 110105.165200.TJ36		\$ 17.60
KENTUCKY-AMERICAN WATER 120105.165200.TJ36		\$ 36.06
Long Island Water Corp. - NY 380305.165200.TJ36		\$ 31.18
Maryland-American Water Co. 130205.165200.TJ36		\$ 2.73
Michigan-American Water Co. 160205.165200.TJ36		\$ 1.43
MISSOURI-AMERICAN WATER 170105.165200.TJ36		\$ 189.89
NEW JERSEY-AMERICAN WATER 180105.165200.TJ36		\$ 300.62
New Mexico-American Water Co. 190105.165200.TJ36		\$ 4.86
Ohio-American Water Co. 220105.165200.TJ36		\$ 27.57
Paradise Valley Water Co. - AZ 230105.165200.TJ36		\$ 45.29
PENNSYLVANIA-AMERICAN WATER 240005.165200.TJ36		\$ 289.15
Tennessee-American Water Co. 260205.165200.TJ36		\$ 25.91
Texas American 500105.165200.TJ36		\$ 2.45
Virginia-American Water Co. 270505.165200.TJ36		\$ 25.42
WEST VIRGINIA-AMERICAN WATER 285105.165200.TJ36		\$ 88.36
	Total	\$ 1,962.00
	*Less Non-Reg	\$ (121.79)
	Pay	\$ 1,840.21

Willis D&O Invoice# 0421240 Allocation Sheet
 Invoice Date: April 28, 2009
 Willis Consultation Fee
 COMPANY NAME ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 -TJ36	25,521.57
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	6,056.76
AMERICAN WATER RESOURCES, INC.		166.80
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	1,635.70
MISSOURI AMERICAN WATER	170105 165200 TJ36	2,554.21
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,053.97
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	3,685.74
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		389.39
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	3,529.51
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,137.30
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	461.30
Iowa-American Water Co.	110105 165200 TJ36	208.46
Maryland-American Water Co.	130205 165200 TJ36	32.84
Michigan-American Water Co.	160205 165200 TJ36	15.48
Long Island Water Corp. - NY	380305 165200 TJ36	402.65
Ohio-American Water Co.	220105 165200 TJ36	351.36
Tennessee-American Water Co.	260205 165200 TJ36	360.34
Virginia-American Water Co.	270505 165200 TJ36	269.92
Arizona American Water Company	230105 165200 TJ36	698.04
Texas American	500105 165200 TJ36	27.67
California-American Water Co.	051005 165200 TJ36	1,133.27
Hawaii-American Water Co.	300205 165200 TJ36	54.06
New Mexico-American Water Co.	190105 165200 TJ36	66.02
AMERICAN WATER Enterprises		15,876.66

SUB TOTAL 51,000.00
 Less NON-REV -1,743.84
 PAY 49,256.16

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50126584
DC

AA 037ANA 15

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

\$ 51,000.00
NSV

INVOICE

INVOICE DATE
28-APR-2009

INVOICE NO
0421240

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421240 4/28/09

ACCOUNT 427663 LOCATION 001 ACCOUNT NAME American Water Works Company, Inc.

FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING

SERVICER

Michael Snee

PRODUCER

Michael F. Trendler Jr.

BILLING INFORMATION

01 Transaction: Account Service
Eff. Date : 22-APR-2009
Service : MISCL
Description: Miscellaneous
Period : 22-APR-2009 to 22-APR-2010
In Full : April 2009
Fee Account for Miscellaneous

\$ 51,000.00

Total for Reference 01 \$ 51,000.00

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

MAY 13 2009

SSC
Accounts Payable

PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT AMOUNT DUE \$ 51,000.00

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may coin and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRI accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421336 Allocation Sheet	
Invoice Date: April 30, 2009	
Navigators Insurance \$10M xs \$30M	
COMPANY NAME	ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	55,986.28
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	13,286.62
AMERICAN WATER RESOURCES, INC.		365.90
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	3,588.20
MISSOURI-AMERICAN WATER	170105 165200 TJ36	5,603.13
INDIANA-AMERICAN WATER	100105 165200 TJ36	2,312.07
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	8,085.36
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		854.19
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	7,742.62
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	2,494.88
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	1,011.94
Iowa-American Water Co.	110105 165200 TJ36	457.30
Maryland-American Water Co.	130205 165200 TJ36	72.05
Michigan-American Water Co.	160205 165200 TJ36	33.95
Long Island Water Corp. - NY	380305 165200 TJ36	883.28
Ohio-American Water Co.	220105 165200 TJ36	770.78
Tennessee-American Water Co.	260205 165200 TJ36	790.47
Virginia-American Water Co.	270505 165200 TJ36	592.11
Arizona American Water Company	230105 165200 TJ36	1,531.27
Texas American	500105 165200 TJ36	60.69
California-American Water Co.	051005 165200 TJ36	2,486.04
Hawaii-American Water Co.	300205 165200 TJ36	118.59
New Mexico-American Water Co.	190105 165200 TJ36	144.83
AMERICAN WATER Enterprises		2,605.37

SUB TOTAL

111,877.92

Less Non-Reg

-3,825.46

PAY

108,052.46

*

50126584
OC

AA03ANNA15

Willis	Willis of Pennsylvania, Inc. P.O. Box 905432 Charlotte, NC 28290-5432 (610) 964-8700	\$ 111,877.92 NJX	INVOICE
	AMERICAN WATER WORKS COMPANY, INC. ATTN: JIM LI 1025 LAUREL OAK ROAD VOORHEES NJ 08043		INVOICE DATE 30-APR-2009 INVOICE NO. 0421336
Inv# 0421336 4/30/09			DUE DATE Upon Receipt

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING		
SERVICER Michael Snee	PRODUCER Michael F. Trendler Jr.	

01	Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : NY09DOL394831NV Description: XS D&O 10x30-Navigators Period : 22-APR-2009 to 22-APR-2010 Carrier : Navigators Insurance Company In Full : April 2009 Premium for Excess D & O NJ PLIGA	\$ 110,880.00 \$ 997.92
Total for Reference 01 \$ 111,877.92		
2009 Renewal Premium - \$10m XS \$30m D&O		
For Your Convenience Funds May Be ACH/Wired To:		
Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**		
		RECEIVED MAY 13 2009 SSC Accounts Payable
		\$ 111,877.92

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (none of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421337 Allocation Sheet	
Invoice Date: April 30, 2009	
National Casualty Co \$10M xs \$110M (Side A)	
COMPANY NAME	ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	34,573.22
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	8,204.89
AMERICAN WATER RESOURCES, INC.		225.95
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	2,215.82
MISSOURI AMERICAN WATER	170105 165200 TJ36	3,460.10
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,427.77
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	4,992.96
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		527.49
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	4,781.30
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,540.66
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	624.90
Iowa-American Water Co.	110105 165200 TJ36	282.40
Maryland-American Water Co.	130205 165200 TJ36	44.49
Michigan-American Water Co.	160205 165200 TJ36	20.97
Long Island Water Corp. - NY	380305 165200 TJ36	545.45
Ohio-American Water Co.	220105 165200 TJ36	475.98
Tennessee-American Water Co.	260205 165200 TJ36	488.14
Virginia-American Water Co.	270505 165200 TJ36	365.65
Arizona American Water Company	230105 165200 TJ36	945.61
Texas American	500105 165200 TJ36	37.48
California-American Water Co.	051005 165200 TJ36	1,535.20
Hawaii-American Water Co.	300205 165200 TJ36	73.23
New Mexico-American Water Co.	190105 165200 TJ36	89.43
AMERICAN WATER Enterprises		1,608.91

SUB TOTAL		69,088.00
Less Non-Reg		-2,362.35
PAY		66,725.65

*

50126584

OC
AA03 ANA15

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

\$ 69,088.00
NSX

INVOICE

INVOICE DATE	30-APR-2009
INVOICE NO.	0421337

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421337 4/30/09

ACCOUNT	LOCATION	ACCOUNT NAME
427663	001	American Water Works Company, Inc.
FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING		
SERVICER	Michael Snee	PRODUCER Michael P. Trendler Jr.

01	Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : XM00900102 Description: XS D&O 10x110 SideA-Freed Period : 22-APR-2009 to 22-APR-2010 Carrier : National Casualty Company In Full : April 2009 Premium for Excess D & O NJ PLIGA	\$ 68,000.00 \$ 1,088.00
	Total for Reference 01 \$ 69,088.00	
	2009 Renewal Premium - \$10m XS \$110m D&O	
	For Your Convenience Funds May Be ACH/Wired To:	
	Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**	
		RECEIVED MAY 13 2009 SSC Accounts Payable
		\$ 69,088.00

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421332 Allocation Sheet
 Invoice Date: April 30, 2009
 XL Specialty Insurance Co \$10M xs \$100M (Side A)

COMPANY NAME ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	43,676.17
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	10,365.19
AMERICAN WATER RESOURCES, INC.		285.44
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	2,799.24
MISSOURI AMERICAN WATER	170105 165200 TJ36	4,371.13
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,803.70
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	6,307.57
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		666.37
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	6,040.20
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,946.31
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	789.43
Iowa-American Water Co.	110105 165200 TJ36	356.75
Maryland-American Water Co.	130205 165200 TJ36	56.21
Michigan-American Water Co.	160205 165200 TJ36	26.49
Long Island Water Corp. - NY	380305 165200 TJ36	689.06
Ohio-American Water Co.	220105 165200 TJ36	601.31
Tennessee-American Water Co.	260205 165200 TJ36	616.67
Virginia-American Water Co.	270505 165200 TJ36	461.92
Arizona American Water Company	230105 165200 TJ36	1,194.58
Texas American	500105 165200 TJ36	47.35
California-American Water Co.	051005 165200 TJ36	1,939.42
Hawaii-American Water Co.	300205 165200 TJ36	92.52
New Mexico-American Water Co.	190105 165200 TJ36	112.98
AMERICAN WATER Enterprises		2,032.49

SUB TOTAL

87,278.50

Loss Non-Reg

-2,984.30

PAY

84,294.20

50126584
OC

AA03 AN915

Willis	Willis of Pennsylvania, Inc. P.O. Box 905432 Charlotte, NC 28290-5432 (610) 964-8700	\$ 87,278.50 NSX	INVOICE
	AMERICAN WATER WORKS COMPANY, INC. ATTN: JIM LI 1025 LAUREL OAK ROAD VOORHEES NJ 08043		INVOICE DATE 30-APR-2009 INVOICE NO. 0421332
			DUE DATE Upon Receipt
	Inv# 0421332	4/30/09	

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER: Michael Snee PRODUCER: Michael F. Trendler Jr.

DESCRIPTION	AMOUNT
01 Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : ELU11081709 Description: XS D&O 10x100 SIDE A-XL Period : 22-APR-2009 to 22-APR-2010 Carrier : XL Specialty Insurance Company In Full : April 2009 Premium for Excess D & O NJ PLIGA	\$ 86,500.00 \$ 778.50
Total for Reference 01	\$ 87,278.50
2009 Renewal Premium - \$10m XS \$100m D&O	
For Your Convenience Funds May Be ACH/Wired To:	
Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**	

RECEIVED
MAY 13 2009
SSC
Accounts Payable

TOTAL INVOICE AMOUNT \$ 87,278.50

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingent commissions in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421334 Allocation Sheet
 Invoice Date: April 30, 2009
 RSUI Indemnity Co \$10M p/o \$40M xs \$60M

COMPANY NAME, ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	36,918.61
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	8,761.50
AMERICAN WATER RESOURCES, INC.		241.28
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	2,366.14
MISSOURI AMERICAN WATER	170105 165200 TJ36	3,694.83
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,524.63
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	5,331.67
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		563.27
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	5,105.66
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,645.18
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	667.29
Iowa-American Water Co.	110105 165200 TJ36	301.55
Maryland-American Water Co.	130205 165200 TJ36	47.51
Michigan-American Water Co.	160205 165200 TJ38	22.39
Long Island Water Corp. - NY	380305 165200 TJ36	582.45
Ohio-American Water Co.	220105 165200 TJ36	508.27
Tennessee-American Water Co.	260205 165200 TJ36	521.26
Virginia-American Water Co.	270505 165200 TJ36	390.45
Arizona American Water Company	230105 165200 TJ36	1,009.76
Texas American	500105 165200 TJ36	40.02
California-American Water Co.	051005 165200 TJ36	1,639.35
Hawaii-American Water Co.	300205 165200 TJ36	78.20
New Mexico-American Water Co.	190105 165200 TJ36	95.50
AMERICAN WATER Enterprises		1,718.03

SUB TOTAL 73,774.80
 Less Non-Reg -2,522.58
 PAY 71,252.22

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50126584
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AA03ANAT5

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432 \$ 73,774.80
(610) 964-8700

INVOICE

INVOICE DATE
30-APR-2009
INVOICE NO.
0421334

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421334 4/30/09

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER: Michael Snee PRODUCER: Michael F. Trendler Jr.

ADDITIONAL INFORMATION

01	Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : NBS632778 Description: XS D&O 10/40x60-RSUI Period : 22-APR-2009 to 22-APR-2010 Carrier : RSUI Indemnity Company In Full : April 2009 Premium for Excess D & O NJ PLIGA	\$ 72,900.00 \$ 874.80
Total for Reference 01 \$ 73,774.80		
2009 Renewal Premium - \$10m p/o \$40m XS \$60m D&O For Your Convenience Funds May Be ACH/Wired To: Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**		

RECEIVED

MAY 13 2009

SSC
Accounts Payable

PLEASE INCLUDE INVOICE NUMBER WITH YOUR DEBIT OR CREDIT CARD PAYMENT \$ 73,774.80

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingent commissions in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421326 Allocation Sheet
 Invoice Date: April 30, 2009
 North River Insurance Co \$10M p/o \$40M xs \$60M

COMPANY NAME	ACCOUNTING
--------------	------------

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	36,991.57
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	8,778.81
AMERICAN WATER RESOURCES, INC.		241.76
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	2,370.82
MISSOURI AMERICAN WATER	170105 165200 TJ36	3,702.13
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,527.64
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	5,342.20
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		564.38
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	5,115.75
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,648.43
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	668.61
Iowa-American Water Co.	110105 165200 TJ36	302.15
Maryland-American Water Co.	130205 165200 TJ36	47.60
Michigan-American Water Co.	160205 165200 TJ36	22.43
Long Island Water Corp. - NY	380305 165200 TJ36	583.60
Ohio-American Water Co.	220105 165200 TJ36	509.28
Tennessee-American Water Co.	260205 165200 TJ36	522.29
Virginia-American Water Co.	270505 165200 TJ36	391.22
Arizona American Water Company	230105 165200 TJ36	1,011.75
Texas American	500105 165200 TJ36	40.10
California-American Water Co.	051005 165200 TJ36	1,642.59
Hawaii-American Water Co.	300205 165200 TJ36	78.36
New Mexico-American Water Co.	190105 165200 TJ36	95.69
AMERICAN WATER Enterprises		1,721.44

SUB TOTAL		73,920.60
Less Non-Reg		-2,527.58
PAY		71,393.02

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50126584 DC

AA03AN15

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

\$ 73,920.60
NJ

INVOICE

INVOICE DATE
30-APR-2009
INVOICE NO.
0421326

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421326 4/30/09

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING:
SERVICER Michael Snee PRODUCER Michael F. Trendler Jr.

01	Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : 5560058916 Description: XS D&O 10/40x60-C&F Period : 22-APR-2009 to 22-APR-2010 Carrier : North River Insurance Company In Full : April 2009 Premium for Excess D & O NJ PLIGA	\$ 72,900.00 \$ 1,020.60
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Total for Reference 01 \$ 73,920.60

2009 Renewal Premium - \$10m p/o \$40m XS \$60m D&O

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

MAY 13 2009

SSC
Accounts Payable

\$ 73,920.60

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421329 Allocation Sheet
 Invoice Date: April 30, 2009
 Arch Insurance Group \$10M p/o \$40M xs \$60M

COMPANY NAME	ACCOUNTING
--------------	------------

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	36,809.16
AMERICAN WATER WORKS SERVICE CO., INC.	032000 166200 TJ36	8,735.52
AMERICAN WATER RESOURCES, INC.		240.57
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	2,359.13
MISSOURI-AMERICAN WATER	170105 165200 TJ36	3,683.87
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,520.11
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	5,315.86
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		561.60
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	5,090.52
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,640.30
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	665.31
Iowa-American Water Co.	110105 165200 TJ36	300.66
Maryland-American Water Co.	130205 165200 TJ36	47.37
Michigan-American Water Co.	160205 165200 TJ36	22.32
Long Island Water Corp. - NY	380305 165200 TJ36	580.73
Ohio-American Water Co.	220105 165200 TJ36	506.76
Tennessee-American Water Co.	260205 165200 TJ36	519.71
Virginia-American Water Co.	270505 165200 TJ36	389.30
Arizona American Water Company	230105 165200 TJ36	1,006.76
Texas American	500105 165200 TJ36	39.90
California-American Water Co.	051005 165200 TJ36	1,634.49
Hawaii-American Water Co.	300205 165200 TJ36	77.97
New Mexico-American Water Co.	190105 165200 TJ36	95.22
AMERICAN WATER Enterprises		1,712.96

SUB TOTAL		73,556.10
Less Non-Reg		-2,515.13
PAY		71,040.97

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50126584
DC

AA03ANAFS

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

\$ 73,556.10
NLSX

INVOICE

INVOICE DATE
30-APR-2009

INVOICE NO.
0421329

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421329 4/30/09

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER Michael Snee

PRODUCER Michael F. Trender Jr.

01 Transaction: Policy Renewal
Eff. Date : 22-APR-2009
Policy : DOX002614301
Description: XS D&O 10/40X60-Arch
Period : 22-APR-2009 to 22-APR-2010
Carrier : Arch Insurance Company
In Full : April 2009
Premium for Excess D & O
NJ PLICA

\$ 72,900.00
\$ 656.10

Total for Reference 01 \$ 73,556.10

2009 Renewal Premium \$10m p/o \$40m XS \$60m D&O

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

MAY 13 2009

SSC
Accounts Payable

\$ 73,556.10

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placement of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingents in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421333 Allocation Sheet
 Invoice Date: April 30, 2009
 XL Specialty Insurance Group \$10M p/c \$40M xs \$60M

COMPANY NAME	ACCOUNTING
--------------	------------

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	36,809.16
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	8,735.52
AMERICAN WATER RESOURCES, INC.		240.57
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	2,359.13
MISSOURI AMERICAN WATER	170105 165200 TJ36	3,683.87
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,520.11
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	5,315.86
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		561.60
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	5,090.52
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,640.30
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	665.31
Iowa-American Water Co.	110105 165200 TJ36	300.66
Maryland-American Water Co.	130205 165200 TJ36	47.37
Michigan-American Water Co.	160205 165200 TJ36	22.32
Long Island Water Corp. - NY	380305 165200 TJ36	580.73
Ohio-American Water Co.	220105 165200 TJ36	506.76
Tennessee-American Water Co.	260205 165200 TJ36	519.71
Virginia-American Water Co.	270505 165200 TJ36	389.30
Arizona American Water Company	230105 165200 TJ36	1,006.76
Texas American	500105 165200 TJ36	39.90
California-American Water Co.	051005 165200 TJ36	1,634.49
Hawaii-American Water Co.	300205 165200 TJ36	77.97
New Mexico-American Water Co.	190105 165200 TJ36	95.22
AMERICAN WATER Enterprises		1,712.96

SUB TOTAL	73,556.10
Less Non-Reg	-2,515.13
PAY	71,040.97

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Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

INVOICE

\$ 73,556.10
NJX

INVOICE DATE 30-APR-2009
INVOICE NO. 0421333

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421333 4/30/09

ACCOUNT	LOCATION	ACCOUNT NAME
427663	001	American Water Works Company, Inc.

FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER: Michael Snee PRODUCER: Michael F. Trendler Jr.

01 Transaction: Policy Renewal
Eff. Date : 22-APR-2009
Policy : ELU11081809
Description: XS D&O 10/40x60-XL
Period : 22-APR-2009 to 22-APR-2010
Carrier : XL Specialty Insurance Company
In Full : April 2009
Premium for Excess D & O
NJ PLIGA

\$ 72,900.00
\$ 656.10

Total for Reference 01 \$ 73,556.10

2009 Renewal Premium - \$10m p/o \$40m XS \$60m D&O

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

MAY 13 2009

SSC
Accounts Payable

\$ 73,556.10

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421335 Allocation Sheet
 Invoice Date: April 30, 2009
 Great American Insurance \$10M XS \$50M

COMPANY NAME	ACCOUNTING
--------------	------------

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	42,313.27
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	10,041.75
AMERICAN WATER RESOURCES, INC.		276.54
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	2,711.89
MISSOURI AMERICAN WATER	170105 165200 TJ36	4,234.73
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,747.41
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	6,110.75
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		645.58
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	5,851.71
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,885.58
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	764.80
Iowa-American Water Co.	110105 165200 TJ36	345.62
Maryland-American Water Co.	130205 165200 TJ36	54.45
Michigan-American Water Co.	160205 165200 TJ36	25.66
Long Island Water Corp. - NY	380305 165200 TJ36	667.56
Ohio-American Water Co.	220105 165200 TJ36	582.54
Tennessee-American Water Co.	260205 165200 TJ36	597.42
Virginia-American Water Co.	270505 165200 TJ36	447.51
Arizona American Water Company	230105 165200 TJ36	1,157.30
Texas American	500105 165200 TJ36	45.87
California-American Water Co.	051005 165200 TJ36	1,878.90
Hawaii-American Water Co.	300205 165200 TJ36	89.63
New Mexico-American Water Co.	190105 165200 TJ36	109.46
AMERICAN WATER Enterprises		1,969.07
SUB TOTAL		84,555.00
Less Non-Reg		-2,891.19
PAY		81,663.81

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DC

AA03 ANAK

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

\$ 84,555.00
NSX

INVOICE
INVOICE DATE
30-APR-2009
INVOICE NO.
0421335

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE
Upon Receipt

Inv# 0421335 4/30/09

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER: Michael Snee PRODUCER: Michael F. Trendler Jr.

ITEM INFORMATION

01	Transaction: Policy Renewal	
	Eff. Date : 22-APR-2009	
	Policy : NSX2380614	
	Description: XS D&O 10mX50m-GAIC	
	Period : 22-APR-2009 to 22-APR-2010	
	Carrier : Great American Insurance Company	
	In Full : April 2009	
	Premium for Excess D & O	\$ 83,388.00
	NJ PLIGA	\$ 1,167.00
	Total for Reference 01	\$ 84,555.00

2009 Renewal Premium - \$10m XS \$50m D&O

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

MAY 13 2009

SSC
Accounts Payable

TOTAL INVOICE NUMBER WITH YOUR PAYMENT AMOUNT DUE \$ 84,555.00

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placement of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingents in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421328 Allocation Sheet
 Invoice Date: April 30, 2009
 Zurich Primary \$10M

COMPANY NAME ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105	165200	TJ36	94,635.99
AMERICAN WATER WORKS SERVICE CO., INC.	032000	165200	TJ36	22,458.94
AMERICAN WATER RESOURCES, INC.				618.49
ILLINOIS-AMERICAN WATER	098505	165200	TJ36	6,065.29
MISSOURI AMERICAN WATER	170105	165200	TJ36	9,471.20
INDIANA-AMERICAN WATER	100105	165200	TJ36	3,908.19
NEW JERSEY-AMERICAN WATER	180105	165200	TJ36	13,667.03
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT				1,443.87
PENNSYLVANIA-AMERICAN WATER	240005	165200	TJ36	13,087.69
WEST VIRGINIA-AMERICAN WATER	285105	165200	TJ36	4,217.20
KENTUCKY-AMERICAN WATER	120105	165200	TJ36	1,710.52
Iowa-American Water Co.	110105	165200	TJ36	773.00
Maryland-American Water Co.	130205	165200	TJ36	121.79
Michigan-American Water Co.	160205	165200	TJ36	57.40
Long Island Water Corp. - NY	380305	165200	TJ36	1,493.04
Ohio-American Water Co.	220105	165200	TJ36	1,302.89
Tennessee-American Water Co.	260205	165200	TJ36	1,336.17
Virginia-American Water Co.	270505	165200	TJ36	1,000.88
Arizona American Water Company	230105	165200	TJ36	2,588.38
Texas American	500105	165200	TJ36	102.59
California-American Water Co.	051005	165200	TJ36	4,202.26
Hawaii-American Water Co.	300205	165200	TJ36	200.46
New Mexico-American Water Co.	190105	165200	TJ36	244.81
AMERICAN WATER Enterprises				4,403.95
SUB TOTAL				189,112.00
Less Non-Reg				-6,466.31
PAY				182,646.00

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50126584
DC

AA03ANA15

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

\$ 189,112.00
NSX

INVOICE

INVOICE DATE 30-APR-2009
INVOICE NO. 0421328

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421328 4/30/09

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING:
SERVICER: Michael Snee PRODUCER: Michael F. Trendler Jr.

01 Transaction: Policy Renewal
Eff. Date : 22-APR-2009
Policy : DOC915975301
Description: Primary D&O
Period : 22-APR-2009 to 22-APR-2010
Carrier : Zurich American Insurance Company
In Full : April 2009
Premium for Directors & Officers Liab
NJ PLIGA

\$ 187,425.00
\$ 1,687.00

Total for Reference 01 \$ 189,112.00

2009 Renewal Premium - Primary D&O

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

MAY 13 2009

SSC
Accounts Payable

PLEASE PRINT THE INVOICE NUMBER WITHIN 30 DAYS OF PAYMENT	\$ 189,112.00
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Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingents in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not class-specific, such as size or performance of an overall book of business produced with an insured by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, NRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421327, Allocation Sheet
 Invoice Date: April 30, 2009
 Federal Insurance (Chubb) \$10M vs \$20M

COMPANY NAME ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	66,438.27
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	15,767.08
AMERICAN WATER RESOURCES, INC.		434.21
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	4,258.08
MISSOURI AMERICAN WATER	170105 165200 TJ36	6,649.16
INDIANA-AMERICAN WATER	100105 165200 TJ36	2,743.71
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	9,594.80
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		1,013.65
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	9,188.08
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	2,960.64
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	1,200.85
Iowa-American Water Co.	110105 165200 TJ36	542.67
Maryland-American Water Co.	130205 165200 TJ36	85.50
Michigan-American Water Co.	180205 165200 TJ36	40.29
Long Island Water Corp. - NY	380305 165200 TJ36	1,048.17
Ohio-American Water Co.	220105 165200 TJ36	914.68
Tennessee-American Water Co.	260205 165200 TJ36	938.05
Virginia-American Water Co.	270505 165200 TJ36	702.65
Arizona American Water Company	230105 165200 TJ36	1,817.14
Texas American	500105 165200 TJ36	72.02
California-American Water Co.	051005 165200 TJ36	2,950.15
Hawaii-American Water Co.	300205 165200 TJ36	140.73
New Mexico-American Water Co.	190105 165200 TJ36	171.86
AMERICAN WATER Enterprises		3,091.78

SUB TOTAL 132,764.22

Less Non-Reg -4,539.64

PAY 128,224.58

50126584
DC

AA03 ANA15

Willis	Willis of Pennsylvania, Inc. P.O. Box 905432 Charlotte, NC 28290-5432 (610) 964-8700	\$ 132,764.22 NSX	INVOICE INVOICE DATE 30-APR-2009 INVOICE NO. 0421327
	AMERICAN WATER WORKS COMPANY, INC. ATTN: JIM LI 1025 LAUREL OAK ROAD VOORHEES NJ 08043		DUE DATE Upon Receipt
Inv# 0421327 4/30/09			

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING		
SERVICER Michael Snee	PRODUCER Michael F. Trendler Jr.	

BILLING INFORMATION		AMOUNT
01	Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : 82100229 Description: XS D&O 10x20-Chubb Period : 22-APR-2009 to 22-APR-2010 Carrier : Federal Insurance Company In Full : April 2009 Premium for Directors & Officers Liab NJ PLIGA	\$ 131,580.00 \$ 1,184.22
Total for Reference 01		\$ 132,764.22
2009 Renewal Premium \$10 xs \$20 D&O		
For Your Convenience Funds May Be ACH/Wired To:		
Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**		
		\$ 132,764.22

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placement of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421331 Allocation Sheet	
Invoice Date: April 30, 2009	
St Paul Mercury Insurance \$5M xs \$120M (Side A)	
COMPANY NAME	ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	17,760.01
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	4,214.79
AMERICAN WATER RESOURCES, INC.		116.07
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	1,138.25
MISSOURI AMERICAN WATER	170105 165200 TJ36	1,777.43
INDIANA-AMERICAN WATER	100105 165200 TJ36	733.44
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	2,564.84
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		270.97
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	2,456.12
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	791.43
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	321.01
Iowa-American Water Co.	110105 165200 TJ36	145.07
Maryland-American Water Co.	130205 165200 TJ36	22.86
Michigan-American Water Co.	160205 165200 TJ36	10.77
Long Island Water Corp. - NY	380305 165200 TJ36	280.19
Ohio-American Water Co.	220105 165200 TJ36	244.51
Tennessee-American Water Co.	260205 165200 TJ36	250.75
Virginia-American Water Co.	270505 165200 TJ36	187.83
Arizona American Water Company	230105 165200 TJ36	485.75
Texas American	500105 165200 TJ36	19.25
California-American Water Co.	051005 165200 TJ36	788.62
Hawaii-American Water Co.	300205 165200 TJ36	37.62
New Mexico-American Water Co.	190105 165200 TJ36	45.94
AMERICAN WATER Enterprises		826.48

SUB TOTAL 35,490.00

Less Non-Reg	-1,213.52
PAY	34,276.48

*

50126584
DC

ARIZONA

Willis	Willis of Pennsylvania, Inc. P.O. Box 905432 Charlotte, NC 28290-5432 (610) 964-8700	\$ 35490.00 NLX	INVOICE INVOICE DATE 30-APR-2009 INVOICE NO. 0421331
	AMERICAN WATER WORKS COMPANY, INC. ATTN: JIM LI 1025 LAUREL OAK ROAD VOORHEES NJ 08043		DUE DATE Upon Receipt
Inv# 0421331 4/30/09			

ACCOUNT 427863	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING		
SERVICER Michael Snees	PRODUCER Michael F. Trendler Jr.	

01	Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : EC06400738 Description: XS D&O Side A 5x120-Trave Period : 22-APR-2009 to 22-APR-2010 Carrier : St. Paul Mercury Insurance Company In Full : April 2009 Premium for Excess D & O NJ PLIGA	\$ 35,000.00 \$ 490.00
	Total for Reference 01 \$ 35,490.00	
2009 Renewal Premium - \$5m XS \$120m D&O		
For Your Convenience Funds May Be ACH/Wired To:		
Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**		

RECEIVED
MAY 13 2009
SSC
Accounts Payable

PLEASE PRINT INVOICE NUMBER AND YOUR PAYMENT IS DEDUCTIBLE \$ 35,490.00

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placement of your insurance coverage, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America issues placed and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421330 Allocation Sheet
 Invoice Date: April 30, 2009
 St Paul Fire & Marine Insurance \$10M xs \$125M (Side A)

COMPANY NAME	ACCOUNTING
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AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	26,640.02
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	6,322.19
AMERICAN WATER RESOURCES, INC.		174.11
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	1,707.38
MISSOURI AMERICAN WATER	170105 165200 TJ36	2,666.14
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,100.15
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	3,847.27
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		406.45
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	3,684.18
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	1,187.14
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	481.51
Iowa-American Water Co.	110105 165200 TJ36	217.60
Maryland-American Water Co.	130205 165200 TJ36	34.28
Michigan-American Water Co.	160205 165200 TJ36	16.16
Long Island Water Corp. - NY	380305 165200 TJ36	420.29
Ohio-American Water Co.	220105 165200 TJ36	366.76
Tennessee-American Water Co.	260205 165200 TJ36	376.13
Virginia-American Water Co.	270505 165200 TJ36	281.75
Arizona American Water Company	230105 165200 TJ36	728.63
Texas American	500105 165200 TJ36	28.88
California-American Water Co.	051005 165200 TJ36	1,182.93
Hawaii-American Water Co.	300205 165200 TJ36	56.43
New Mexico-American Water Co.	190105 165200 TJ36	68.91
AMERICAN WATER Enterprises		1,239.71

SUB TOTAL

53,235.00

Less: Non-Reg

-1,820.27

PAY

51,414.73

*

50126584
DC

AA03ANAF15

Willis	Willis of Pennsylvania, Inc. P.O. Box 905432 Charlotte, NC 28290-5432 (610) 964-8700	# 53235.00 NSX	INVOICE
	AMERICAN WATER WORKS COMPANY, INC. ATTN: JIM LI 1025 LAUREL OAK ROAD VOORHEES NJ 08043		INVOICE DATE 30-APR-2009 INVOICE NO. 0421330
Inv# 0421330 4/30/09			DUE DATE Upon Receipt

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER: Michael Snee PRODUCER: Michael F. Trendler Jr.

01	Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : EC06400737 Description: XS D&O Side A 10x125-Trav Period : 22-APR-2009 to 22-APR-2010 Carrier : St. Paul Fire & Marine Insurance Company In Full : April 2009 Premium for Excess D & O NJ PLIGA	\$ 52,500.00 \$ 735.00
Total for Reference 01 \$ 53,235.00		
2009 Renewal Premium - \$10m XS \$125m D&O		
For Your Convenience Funds May Be ACH/Wired To:		
Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**		

RECEIVED

MAY 13 2009

SSC
Accounts Payable

TOTAL DOLLAR AMOUNT		\$ 53,235.00
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Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or SERVICES to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, EDU accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2004 acquisition.

Willis D&O Invoice# 0421325 Allocation Sheet
 Invoice Date: April 30, 2009
 Twin City Fire 10M vs \$10M

COMPANY NAME	ACCOUNTING
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AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	\$77,253.80
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	\$18,333.81
AMERICAN WATER RESOURCES, INC.		\$504.89
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	\$4,951.26
MISSOURI-AMERICAN WATER	170105 165200 TJ36	\$7,731.59
INDIANA-AMERICAN WATER	100105 165200 TJ36	\$3,190.36
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	\$11,156.75
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		\$1,178.67
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	\$10,683.81
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	\$3,442.61
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	\$1,396.34
Iowa-American Water Co.	110105 165200 TJ36	\$631.02
Maryland-American Water Co.	130205 165200 TJ36	\$99.42
Michigan-American Water Co.	160205 165200 TJ36	\$46.85
Long Island Water Corp. - NY	380305 165200 TJ36	\$1,218.81
Ohio-American Water Co.	220105 165200 TJ36	\$1,063.58
Tennessee-American Water Co.	260205 165200 TJ36	\$1,090.75
Virginia-American Water Co.	270505 165200 TJ36	\$817.04
Arizona American Water Company	230105 165200 TJ36	\$2,112.96
Texas American	500105 165200 TJ36	\$83.75
California-American Water Co.	051005 165200 TJ36	\$3,430.41
Hawaii-American Water Co.	300205 165200 TJ36	\$163.64
New Mexico-American Water Co.	190105 165200 TJ36	\$199.84
AMERICAN WATER Enterprises		\$3,595.04

SUB TOTAL \$154,377.00

Less Non-Reg	\$5,278.60
PAY	149,098.40

50126584
bc

AA63ANA15

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

\$ 154,377.00
NJX

INVOICE

INVOICE DATE
30-APR-2009
INVOICE NO.
0421325

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421325 4/30/09

ACCOUNT 427663	LOCATION 001	ACCOUNT NAME American Water Works Company, Inc.
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FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER **Michael Snee** PRODUCER **Michael F. Trendler Jr.**

01 Transaction: Policy Renewal
Eff. Date : 22-APR-2009
Policy : 00DA024998309
Description: XS D&O 10x10-Hartford
Period : 22-APR-2009 to 22-APR-2010
Carrier : Twin City Fire Insurance Company
In Full : April 2009
Premium for Excess D & O
NJ PLIGA

\$ 153,000.00
\$ 1,377.00

Total for Reference 01 \$ 154,377.00

2009 Renewal Premium - \$10m XS \$10m D&O

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

MAY 13 2009

SSC
Accounts Payable

\$ 154,377.00

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from Insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HUB accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis D&O Invoice# 0421528 Allocation Sheet
 Invoice Date: May 4, 2009
 Allied World National Assurance \$10M XS \$40M

COMPANY NAME ACCOUNTING

AMERICAN WATER WORKS COMPANY, INC.	020105 165200 TJ36	48,200.74
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	11,438.96
AMERICAN WATER RESOURCES, INC.		315.01
ILLINOIS-AMERICAN WATER	098505 165200 TJ36	3,089.22
MISSOURI AMERICAN WATER	170105 165200 TJ36	4,823.95
INDIANA-AMERICAN WATER	100105 165200 TJ36	1,990.55
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	6,961.00
APPLIED WATER MANAGEMENT & APPLIED WASTE WATER MANAGEMENT		735.40
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	6,665.92
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	2,147.94
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	871.21
Iowa-American Water Co.	110105 165200 TJ36	393.71
Maryland-American Water Co.	130205 165200 TJ36	62.03
Michigan-American Water Co.	160205 165200 TJ36	29.23
Long Island Water Corp. - NY	380305 165200 TJ36	760.45
Ohio-American Water Co.	220105 165200 TJ36	663.60
Tennessee-American Water Co.	260205 165200 TJ36	680.55
Virginia-American Water Co.	270505 165200 TJ36	509.77
Arizona American Water Company	230105 165200 TJ36	1,318.33
Texas American	500105 165200 TJ36	52.25
California-American Water Co.	051005 165200 TJ36	2,140.33
Hawaii-American Water Co.	300205 165200 TJ36	102.10
New Mexico-American Water Co.	190105 165200 TJ36	124.69
AMERICAN WATER Enterprises		2,243.06

SUB TOTAL	96,320.00
Less Non-Reg	-3,293.47
PAY	93,026.53

*

AA03ANA15

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

\$ 96320.00
NLX

INVOICE

INVOICE DATE
04-MAY-2009

INVOICE NO.
0421528

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

DUE DATE

Upon Receipt

Inv# 0421528 # 5/4/09

ACCOUNT	LOCATION	ACCOUNT NAME
427663	001	American Water Works Company, Inc.

FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER: Michael Snee PRODUCER: Michael F. Trendler Jr.

BILLING INFORMATION

ITEM	DESCRIPTION	AMOUNT
01	Transaction: Policy Renewal Eff. Date : 22-APR-2009 Policy : C009370002 Description: XS D&O 10mX40m-AWNAC Period : 22-APR-2009 to 22-APR-2010 Carrier : Allied World National Assurance Company In Full : April 2009 Premium for Excess D & O	\$ 96,320.00

Total for Reference 01 \$ 96,320.00

2009 Renewal Premium - \$10m XS \$40m D&O

For Your Convenience Funds May Be ACH/Wired To:

Suntrust Bank
100 Colony Square
Atlanta, GA 30361
Willis of Pennsylvania, Inc
Acct# 1000011273884
ABA# 061000104

PLEASE REFERENCE INVOICE NUMBER
US DOLLAR ACCOUNT ONLY

RECEIVED

MAY 13 2009

SSC
Accounts Payable

PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT AMOUNT DUE \$ 96,320.00

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverage as other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned, in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingents in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to the merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2005 acquisition.

MARSH

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

50094718
JT
WSS"

AADZANA10

ORIGINAL INVOICE

Invoice No.

125383

Date: 2/13/08

Mr. James P. Li
Director of Risk Management
American Water Works Co., Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

Effective Date	Expiration Date	Client No.
4/13/08	4/13/11	602328

Policyholder: AMER WATER WOR

ORIGINAL

Billing Effective Date: 4/13/08

Reg. Portion

Insurer	Policy No.	Type of Coverage / Item	Amount
FEDERAL INS	6477-45-17	BUS TRAVEL PREMIUM	17,504.00
REMIT IN: UNITED STATES DOLLARS			
Business Travel AD&D Insurance Three-Year Prepaid Premium Cleary/cyg			
<div data-bbox="756 1191 1065 1404" data-label="Text"> <p>Received MAR 03 2008 Shared Services Center</p> </div>			
Please indicate Invoice # 125383 on your remittance to:			
Marsh USA Inc. New York Office P.O. Box 19601 Newark, NJ 07195-0601			
TOTAL:			17,504.00

16,102.74

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

Marsh Group Travel Insurance - #125383		\$ 17,504.00
Company	Accounting	Amount
Arizona American Water Company	230105.165200.TJ36	\$ 480.64
California-American Water Co.	051005.165200.TJ36	\$ 716.15
Hawaii-American Water Co.	300205.165200.TJ36	\$ 58.04
Iowa-American Water Co.	110105.165200.TJ36	\$ 149.50
Long Island Water Corp. - NY	380305.165200.TJ36	\$ 281.83
Maryland-American Water Co.	130205.165200.TJ36	\$ 22.04
Michigan-American Water Co.	160205.165200.TJ36	\$ 14.73
New Mexico-American Water Co.	190105.165200.TJ36	\$ 48.21
Ohio-American Water Co.	220105.165200.TJ36	\$ 241.29
Tennessee-American Water Co.	260205.165200.TJ36	\$ 248.67
Texas American	500105.165200.TJ36	\$ 25.00
Virginia-American Water Co.	270505.165200.TJ36	\$ 179.16
AMERICAN WATER WORKS COMPANY, INC.	020105.165200.TJ36	\$ 14.81
AMERICAN WATER WORKS SERVICE CO., INC.	032000.165200.TJ36	\$ 4,755.12
ILLINOIS-AMERICAN WATER	098505.165200.TJ36	\$ 1,056.30
INDIANA-AMERICAN WATER	100105.165200.TJ36	\$ 703.16
KENTUCKY-AMERICAN WATER	120105.165200.TJ36	\$ 293.62
MISSOURI AMERICAN WATER	170105.165200.TJ36	\$ 1,592.49
NEW JERSEY-AMERICAN WATER	180105.165200.TJ36	\$ 2,322.48
PENNSYLVANIA-AMERICAN WATER	240005.165200.TJ36	\$ 2,176.63
WEST VIRGINIA-AMERICAN WATER	285105.165200.TJ36	\$ 722.86
Reg Total		\$ 16,102.74

50126584

Willis

Willis of Pennsylvania, Inc.
P.O. Box 905432
Charlotte, NC 28290-5432
(610) 964-8700

DC

INVOICE

INVOICE DATE
10-JUN-2009
INVOICE NO.
0422240

AA03ANAIS

AMERICAN WATER WORKS COMPANY, INC.
ATTN: JIM LI
1025 LAUREL OAK ROAD
VOORHEES NJ 08043

49,973.43
NSY

DUE DATE

Upon Receipt

Invtl 0422240 6/10/09

ACCOUNT	LOCATION	ACCOUNT NAME
427663	001	American Water Works Company, Inc.

FOR QUESTIONS REGARDING THIS INVOICE, PLEASE CALL ONE OF THE FOLLOWING
SERVICER **Michael Snee** PRODUCER **Michael F. Trendler Jr.**

REF	BILLING INFORMATION	AMOUNT
-----	---------------------	--------

01	Transaction: Policy Renewal Eff. Date : 18-JUN-2009 Policy : EONG23660817002 Description: Employed Lawyers Period : 18-JUN-2009 to 18-JUN-2010 Carrier : ACE American Insurance Company In Full : June 2009 Premium for Lawyer Liability NJ PLIGA	\$ 62,309.00 \$ 560.78
	Total for Reference 01 \$ 62,869.78	
	2009 Renewal Premium. For Your Convenience Funds May Be ACH/Wired To: Suntrust Bank 100 Colony Square Atlanta, GA 30361 Willis of Pennsylvania, Inc Acct# 1000011273884 ABA# 061000104 ***PLEASE REFERENCE INVOICE NUMBER*** **US DOLLAR ACCOUNT ONLY**	

RECEIVED
JUN 15 2009
SSC
Accounts Payable

PLEASE INCLUDE INVOICE NUMBER WITH YOUR PAYMENT	AMOUNT DUE	\$ 62,869.78
---	------------	--------------

Willis is a member of a major international group of companies. In addition to the compensation received by Willis from insurers for placements of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers and similar parties (some of which may be owned in whole or in part by Willis' corporate parents or affiliates), may earn and retain usual and customary commissions for their role in providing insurance products or services to clients under their separate contracts with insurers or reinsurers. On October 21, 2004, we announced that we would discontinue contingencies in North America immediately and in the other countries in which we operate by the end of the year. For any placements that were made prior to October 21, 2004, it is possible that Willis, or its corporate parents or affiliates, earned contingent payments or allowances from insurers based on factors which are not client-specific, such as size or performance of an overall book of business produced with an insurer by Willis, its corporate parents or affiliates. Upon written request, Willis will provide information regarding the compensation received by Willis or by its corporate parents or affiliates. Prior to its merger with Willis, HRH accepted contingent compensation on certain of its clients' accounts; these contingents will be phased out over three years, and no contingents will be accepted on any new brokerage clients or business generated after the October 1, 2008 acquisition.

Willis Invoice #0422240 dated 06/10/09

Reg (JDE)	Accounting	
AMERICAN WATER WORKS SERVICE CO., INC.	032000 165200 TJ36	\$22,568.64
California-American Water Co.	051005 165200 TJ36	\$4,836.14
KENTUCKY-AMERICAN WATER	120105 165200 TJ36	\$1,612.05
MISSOURI-AMERICAN WATER	170105 165200 TJ36	\$6,448.18
NEW JERSEY-AMERICAN WATER	180105 165200 TJ36	\$6,448.18
Paradise Valley Water Co. - AZ	230105 165200 TJ36	\$1,612.05
PENNSYLVANIA-AMERICAN WATER	240005 165200 TJ36	\$4,836.14
WEST VIRGINIA-AMERICAN WATER	285105 165200 TJ36	\$1,612.05
AMERICAN WATER ENTERPRISES		\$12,896.35
Less Non-Regulated		-\$12,896.35
	Pay	\$49,973.43

MARSH

50126585
nsx dmc

140

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

7,635,211.00

Invoice No.
200711

n/AZIP

AAO 3 ANAIS

Date: 1/04/10

Mr. James P. Li
Director of Risk Management
American Water Works Co., Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

Effective Date	Expiration Date	Client No.
1/01/10	1/01/11	602328

Policyholder: AMER WATER WOR

ORIGINAL Billing Effective Date: 1/01/10

INSTALLMENT 1 OF 4

Insurer	Policy No.	Type of Coverage / Item	Amount
TRAVELERS P&C	TC2JGLSA260T3317	GEN LIABILITY PREMIUM	4,403,048.00
TRAVELERS P&C	TC2JCAP260T3298	AUTO LIAB PREMIUM	519,372.00
FEE BILLING	SERVICE FEE	CAS CONSULTING FEE	74,389.00
TRAVELERS P&C	TC2JUB121D3206	WORK COMP PREMIUM	2,638,402.00
REMIT IN: UNITED STATES DOLLARS			
Renewal premiums due. Fee breakdown by coverage			
First Installment: GL - \$45,835, AL - \$4,452, WC \$24,102			
Next Three Installments: GL \$45,833, AL \$4,450, WC \$24,100			
RECEIVED			
JAN 13 2010			
SSC Accounts Payable			
Please indicate Invoice # 200711 on your remittance to:			
Marsh USA Inc. New York Office P.O. Box 19601 Newark, NJ 07195-0601			
TOTAL:			7,635,211.00

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

MARSH USA Inc. Invoice #200711 dated 01/04/10 (installment #1)

Reg (JDE)	Accounting	Amount
AMERICAN WATER ENTERPRISES*		\$ 221,152.99
AMERICAN WATER RESOURCES, SLP* ———		\$ 5,121.15
AMERICAN WATER WORKS COMPANY, IN 020105.165200.TJ36		\$ 406.71
AMERICAN WATER WORKS SERVICE CO., 032000.165200.TJ36		\$ 270,151.94
APPLIED WATER MANAGEMENT & APPLIED*		\$ 59,079.39
California-American Water Co. 051005.165200.TJ36		\$ 341,031.88
Hawaii-American Water Co. 300205.165200.TJ36		\$ 20,078.04
ILLINOIS-AMERICAN WATER 098505.165200.TJ36		\$ 700,795.62
INDIANA-AMERICAN WATER 100105.165200.TJ36		\$ 289,185.27
Iowa-American Water Co. 110105.165200.TJ36		\$ 68,804.81
KENTUCKY-AMERICAN WATER 120105.165200.TJ36		\$ 114,687.75
Long Island Water Corp. - NY 380305.165200.TJ36		\$ 215,570.39
Maryland-American Water Co. 130205.165200.TJ36		\$ 8,395.76
Michigan-American Water Co. 160205.165200.TJ36		\$ 2,980.44
MISSOURI-AMERICAN WATER 170105.165200.TJ36		\$ 985,860.79
NEW JERSEY-AMERICAN WATER 180105.165200.TJ36		\$ 1,416,303.96
New Mexico-American Water Co. 190105.165200.TJ36		\$ 15,602.69
Ohio-American Water Co. 220105.165200.TJ36		\$ 63,440.63
Paradise Valley Water Co. - AZ 230105.165200.TJ36		\$ 159,212.30
PENNSYLVANIA-AMERICAN WATER 240005.165200.TJ36		\$ 1,952,083.29
Tennessee-American Water Co. 260205.165200.TJ36		\$ 91,851.11
Texas American 500105.165200.TJ36		\$ 13,449.32
Virginia-American Water Co. 270505.165200.TJ36		\$ 95,696.05
WEST VIRGINIA-AMERICAN WATER 285105.165200.TJ36		\$ 524,268.72
	Total	\$ 7,635,211.00
	*Less Non-Reg	\$ (285,353.53)
	Pay	\$ 7,349,857.47

MARSH

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

50094718
MSX
Dme
192,044.27
Regulated portion only

Invoice No.
200114

140

Date: 12/28/09

Mr. James P. Li
Director of Risk Management
American Water Works Co., Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

AA03ANA15

Effective Date	Expiration Date	Client No.
1/01/10	12/31/10	602328

NAZP

Policyholder: AMER WATER WOR

ORIGINAL Billing Effective Date: 1/01/10

Insurer	Policy No.	Type of Coverage / Item	Amount
FEE BILLING	SERVICE FEE	PROP CONSULTG. FEE	207,000.00
		REMIT IN: UNITED STATES DOLLARS	
		RECEIVED	
		JAN 14 2010	
		SSC Accounts Payable	
		TOTAL:	207,000.00

Please indicate Invoice # 200114 on your remittance to:

Marsh USA Inc.
New York Office
P.O. Box 19601
Newark, NJ 07195-0601

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

MARSH USA Inc. Invoice #200114 dated 12/28/09

Reg (JDE)	Accounting	Amount
AMERICAN WATER ENTERPRISES*		\$ 12,951.47
AMERICAN WATER RESOURCES *		\$ 1,731.12
AMERICAN WATER WORKS COMPANY, IN 020105.165200.TJ36		\$ -
AMERICAN WATER WORKS SERVICE CO., 032000.165200.TJ36		\$ 1,689.76
APPLIED WATER MANAGEMENT & APPLIED*		\$ 273.14
California-American Water Co. 051005.165200.TJ36		\$ 10,397.35
Hawaii-American Water Co. 300205.165200.TJ36		\$ 1,262.68
ILLINOIS-AMERICAN WATER 098505.165200.TJ36		\$ 15,427.99
INDIANA-AMERICAN WATER 100105.165200.TJ36		\$ 15,193.10
Iowa-American Water Co. 110105.165200.TJ36		\$ 4,846.09
KENTUCKY-AMERICAN WATER 120105.165200.TJ36		\$ 3,743.31
Long Island Water Corp. - NY 380305.165200.TJ36		\$ 1,573.28
Maryland-American Water Co. 130205.165200.TJ36		\$ 436.67
Michigan-American Water Co. 160205.165200.TJ36		\$ 20.74
MISSOURI-AMERICAN WATER 170105.165200.TJ36		\$ 26,870.50
NEW JERSEY-AMERICAN WATER 180105.165200.TJ36		\$ 48,240.86
New Mexico-American Water Co. 190105.165200.TJ36		\$ 651.36
Ohio-American Water Co. 220105.165200.TJ36		\$ 3,279.10
Paradise Valley Water Co. - AZ 230105.165200.TJ36		\$ 5,568.78
PENNSYLVANIA-AMERICAN WATER 240005.165200.TJ36		\$ 38,593.59
Tennessee-American Water Co. 260205.165200.TJ36		\$ 811.02
Texas American 500105.165200.TJ36		\$ 351.82
Virginia-American Water Co. 270505.165200.TJ36		\$ 4,903.90
WEST VIRGINIA-AMERICAN WATER 285105.165200.TJ36		\$ 8,182.37

Total \$ 207,000.00

*Less Non-Reg \$ (14,955.73)

Pay \$ 192,044.27

MARSH

50094718

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

NSX

ame

140

5833,156.70

regulated portfolio only

Invoice No.
200116

Date: 12/28/09

Mr. James P. Li
Director of Risk Management
American Water Works Co., Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

n/AZHP

A03ANA15

Effective Date	Expiration Date	Client No.
12/31/09	12/31/10	602328

Policyholder: AMER WATER WOR

ORIGINAL

Billing Effective Date: 12/31/09

Insurer	Policy No.	Type of Coverage / Item	Amount
LEXINGTON INS	25031393	PROP/ALL RISK PREMIUM	6,080,864.00
		PROP/ALL RISK SURPLUS LN TAX	694.88
		PROP/ALL RISK SURPLUS LN TAX	10,039.21
		PROP/ALL RISK STAMPING FEE	669.28
		PROP/ALL RISK SURPLUS LN TAX	8,034.11
		PROP/ALL RISK STAMPING FEE	602.56
		PROP/ALL RISK SURPLUS LN TAX	3,598.00
		PROP/ALL RISK STAMPING FEE	103.00
		PROP/ALL RISK FIRE MARSH TAX	514.00
		PROP/ALL RISK SURPLUS LN TAX	572.18
		PROP/ALL RISK SURPLUS LN TAX	6,486.02
		PROP/ALL RISK FIRE MARSH TAX	3,243.01
		PROP/ALL RISK MUNICIPAL TAX	15.52
		PROP/ALL RISK MUNICIPAL TAX	1,602.16
		PROP/ALL RISK SURPLUS LN TAX	707.74
		PROP/ALL RISK SURPLUS LN TAX	51,190.88
		PROP/ALL RISK SURPLUS LN TAX	35,128.58
		PROP/ALL RISK FIRE MARSH TAX	15,055.11
		PROP/ALL RISK SURPLUS LN TAX	1,280.95

RECEIVED

JAN 14 2010

SSC
Accounts Payable

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

MARSH

PAGE 2

140

Marsh USA Inc.
New York, NY - 299
(212) 345-6000

Invoice No.
200116

Date: 12/28/09

Mr. James P. Li

Effective Date	Expiration Date	Client No.
12/31/09	12/31/10	602328

Policyholder: AMER WATER WOR

ORIGINAL

Billing Effective Date: 12/31/09

Insurer	Policy No.	Type of Coverage / Item	Amount
		PROP/ALL RISK STAMPING FEE	71.16
		PROP/ALL RISK SURPLUS LN TAX	8,078.00
		PROP/ALL RISK SURPLUS LN TAX	30,861.02
		PROP/ALL RISK STAMPING FEE	25.00
		PROP/ALL RISK SURPLUS LN TAX	4,721.39
		PROP/ALL RISK SURPLUS LN TAX	8,446.54
		PROP/ALL RISK STAMPING FEE	1,161.40
		REMIT IN: UNITED STATES DOLLARS	
Please indicate Invoice # 200116 on your remittance to: Marsh USA Inc. New York Office P.O. Box 19601 Newark, NJ 07195-0601			TOTAL: 6,273,765.70

Invoice Is Payable In Full Upon Receipt

Marsh earns and retains interest income on premium payments held by Marsh on behalf of insurers during the period between receipt of such payments from clients and the time such payments are remitted to the applicable insurer, where permitted by law.

MARSH USA Inc. Invoice #200116 dated 12/28/09

Reg (JDE)	Accounting	Amount
AMERICAN WATER ENTERPRISES*		\$ 381,731.52
AMERICAN WATER RESOURCES *		\$ 50,853.69
AMERICAN WATER WORKS COMPANY, IN 020105.165200.TJ36		\$ -
AMERICAN WATER WORKS SERVICE CO., 032000.165200.TJ36		\$ 49,638.76
APPLIED WATER MANAGEMENT & APPLIED*		\$ 8,023.79
California-American Water Co. 051005.165200.TJ36		\$ 314,070.86
Hawaii-American Water Co. 300205.165200.TJ36		\$ 37,092.81
ILLINOIS-AMERICAN WATER 098505.165200.TJ36		\$ 457,430.09
INDIANA-AMERICAN WATER 100105.165200.TJ36		\$ 446,314.86
Iowa-American Water Co. 110105.165200.TJ36		\$ 142,359.52
KENTUCKY-AMERICAN WATER 120105.165200.TJ36		\$ 121,310.63
Long Island Water Corp. - NY 380305.165200.TJ36		\$ 47,568.98
Maryland-American Water Co. 130205.165200.TJ36		\$ 13,535.56
Michigan-American Water Co. 160205.165200.TJ36		\$ 609.40
MISSOURI-AMERICAN WATER 170105.165200.TJ36		\$ 840,542.71
NEW JERSEY-AMERICAN WATER 180105.165200.TJ36		\$ 1,467,314.30
New Mexico-American Water Co. 190105.165200.TJ36		\$ 19,134.43
Ohio-American Water Co. 220105.165200.TJ36		\$ 104,405.36
Paradise Valley Water Co. - AZ 230105.165200.TJ36		\$ 174,297.95
PENNSYLVANIA-AMERICAN WATER 240005.165200.TJ36		\$ 1,164,617.19
Tennessee-American Water Co. 260205.165200.TJ36		\$ 28,545.91
Texas American 500105.165200.TJ36		\$ 10,335.17
Virginia-American Water Co. 270505.165200.TJ36		\$ 144,057.84
WEST VIRGINIA-AMERICAN WATER 285105.165200.TJ36		\$ 249,974.37

Total \$ 6,273,765.70

*Less Non-Reg \$ (440,609.00)

Pay \$ 5,833,156.70

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Michael A. Miller/Sheila Miller

26. Refer to Application, Exhibit 37, Schedule H. Kentucky-American states uncollectibles as 0.783590 percent. In Cases No. 2000-00120¹ and No. 2004-00103, the Commission employed a percentage of 0.45620 and 0.50683, respectively.
- a. State the reasons for the increase in uncollectibles.
 - b. Explain why it is appropriate and reasonable for the Commission to use an uncollectibles rate in this case that is significantly higher than those deemed reasonable in prior Kentucky-American rate proceedings.

Response:

- a. Actuals for 2004 and 2005 (1.13% and 1.01, respectively) were significantly higher than the referenced Commission numbers. KAW had implemented accelerated collection action and subsequently lowered uncollectibles from 2004 and 2005 levels to 0.77% and 0.68% in 2007 and 2008, respectively. As practices remained the same, the 2009 results of 0.78% are most likely attributable to the evolving economic conditions.
- b. The uncollectible rate in this case is based on more recent historic actual results than the Commission percentages of 2000 and 2004. The request filed in this case is based on 2009 results, which we believe appropriately reflect anticipated uncollectibles.

For the electronic version, refer to KAW_R_PSCDR2#26_043010.pdf.

¹ Case No. 2000-00120, Application of Kentucky-American Water Company to Increase Its Rates (Ky. PSC Nov. 27, 2000).

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Michael A. Miller

27. Provide for the calendar year ended December 31, 2009 for each AWWC subsidiary that provides retail water service:
- a. Its total uncollectibles;
 - b. Its total water sales; and
 - c. Its uncollectibles stated as a percentage of total water sales.

Response:

Please see the attached schedule.

For the electronic version, refer to KAW_R_PSCDR2#27_043010.pdf.

**KENTUCKY AMERICAN WATER COMPANY
ATTACHMENT TO STAFF DATA REQUEST 27**

<u>Company</u>	<u>Uncollectible Accounts Exp</u>	<u>Revenues</u>	<u>Rate-Uncoll Acct to Revenue</u>
Bluefield Valley Water	\$2,050	\$265,390	0.77%
California American	\$680,365	\$126,435,566	0.54%
Illinois American	\$2,106,285	\$177,416,388	1.19%
Indiana American	\$1,989,923	\$154,301,575	1.29%
Iowa American	\$317,606	\$27,898,137	1.14%
Kentucky American	\$460,014	\$58,705,778	0.78%
Maryland American	\$19,720	\$3,761,255	0.52%
Michigan American	\$3,775	\$1,684,203	0.22%
Missouri American	\$2,224,421	\$201,313,060	1.10%
New Jersey American	\$1,586,186	\$537,604,642	0.30%
New Mexico American	\$161,402	\$10,681,714	1.51%
Ohio American	\$728,160	\$31,336,823	2.32%
Arizona American	\$61,773	\$48,638,965	0.13%
Pennsylvania American	\$7,549,566	\$440,238,317	1.71%
Tennessee American	\$725,388	\$35,868,589	2.02%
Virginia American	\$517,235	\$41,034,647	1.26%
West Virginia American	\$1,467,514	\$115,210,414	1.27%
Long Island Water Co	\$106,061	\$46,683,825	0.23%
Virginia American Eastern	\$6,924	\$1,092,646	0.63%
Texas American	\$84,943	\$2,442,617	3.48%

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Keith Cartier/Nick Rowe

28. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P3-12 at 5. Kentucky-American includes in its general office forecast, dues and membership costs of \$27,820. For each dues or membership included in this forecast, identify the organization or group to which the dues or membership fee will be paid and the employees for whom the fee will be paid.

Response:

See attached. The actual amount for dues and memberships included in the forecasted test year totals \$27,703.

For the electronic version, refer to KAW_R_PSCDR2#28_043010.pdf.

KAWC 2010 Plan Memberships and Dues 575280

PSC DR2#28

Business Unit	Name	Description	Plan
120114	Lance E. Williams	American Society Civil Engineers	275
120114	Jason Hurt	National Society of Professional Engineers	275
120114	Lance E. Williams	NSPE Webpage	1,000
120114	Lance E. Williams	Professional Engineering License	47
120114	Linda C. Bridwell	KY Board of Engineers	275
120114	Shannyn C Walker	American Society Civil Engineers	275
120118	Donna L. Braxton	Society for Human Resources	170
120118	Donna L. Braxton	Human Resource Certification Institute	129
120217	Shehee	Bluegrass Cross Connection	66
120217	Roney	Bluegrass Cross Connection	66
120217	Johnson	Audobon	35
120217	Johnson	AWWA/KY TN Section	105
120217	Carr	AWWA	110
120201	Combs	Bluegrass Cross Connection	66
120201	Griffin	Bluegrass Cross Connection	66
120201	Coy	Bluegrass Cross Connection	66
120201	Buehler	Bluegrass Cross Connection	66
120201	Combs	Professional Womens Association	108
120205	Rachel S. Cole	AICPA	230
120205	Rachel S. Cole	KY Board of Accountancy	230
120205	Cartier	Lexington Forum Incorporated	225
120205	Braxton	Lexington Forum Incorporated	225
120205		Ky League of Cities	5,000
120205		Commerce Lexington	5,000
120121		Lexington Forum-Cartier	436
120121		Better Business Bureau	625
120121		Bluegrass Tomorrow	1,000
120121		American Water Works Association	1,200
120121		Cynthiana Harrison County	350
120121		Downtown Lexington Corporation Foundation	800
120121		Georgetown Scott County Chamber of Commerce	500
120121		Home Builders Association of Lexington	450
120121		Jessamine County Chamber of Commerce	300
120121		Kentucky Chamber of Commerce	1,700
120121		Kentucky World Trade Center	675
120121		Lexington Apartment Association	325
120121		Lexington Bluegrass Association	300
120121		Owen County Chamber of Commerce	500
120121		Paris-Bourbon County	500
120121		Scott County Home Builders Association	260
120121		Clark Winchester County	470
120121		Woodford County Chamber Of Commerce	1,100
120121		Bluegrass Trust	1,000
120121		Ky Historical Society	250
120121	Lisa Hensinger	Miscellaneous Staff Memberships/AWWA	206
120121	Ray Golden	Miscellaneous Staff Memberships/AWWA	346
120121		AWWA Section-Susan Lancho	300
		Total	<u>27,703</u>

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Keith Cartier/Nick Rowe

29. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P3-13 at 5-6.
- a. Kentucky-American includes in its miscellaneous expense forecast, dues and membership costs of \$91,990. For each dues or membership included in this forecast, identify the organization or group to which the dues or membership fee will be paid and the employees for whom the fee will be paid.
 - b. Kentucky-American includes in its miscellaneous expense forecast, additional security costs of \$207,567. Identify the security costs that are included in this account.
 - c. Describe the expenses that are included in the account entitled "Employee Awards."
 - d. Describe the expenses that are included in the account entitled "Water Res Conservation."

Response:

- a. KAW W/P3-13 at 5-6 has \$74,793 for accounts 575240, 575242, 575244 (Co. Dues/Memberships), not \$91,990, in its forecast. The following table details the \$74,793. NAWC, AWWA and Supper Club are corporate, rather than individual memberships. Professional organization dues are for external affairs and finance manager positions.

2,500	The Supper Club-Corporate Membership
3,000	Leadership Kentucky Foundation, Inc
505	Individual memberships for AWWA
28,788	AWWA-Corporate Membership
40,000	NAWC-Corporate Membership
<u>74,793</u>	

- b. This account houses all of the security expense for Kentucky-American. The accounting title is somewhat misleading as it reads "Additional Security Costs". The account and title were formed post 9/11/2001 when Kentucky American Water increased security due to the attacks. In 2009, all security costs were consolidated into this account. The security expenses for Kentucky-American include cost to provide 24/7 security service to the Richmond Road facilities, including the main office building, the Richmond Road water treatment plant and distribution material storage yard.

- c. These include employee recognition awards commemorating years of service. The Company participates in an AWW system recognition program that recognizes key milestones, such as 5-years service and every five years thereafter. The employee receives a certificate and the choice of a gift from a selection applicable to each milestone event.
- d. These are expenses related to informing the public on the importance of water conservation and techniques. They include outdoor billboards; signage at Rupp Arena; weather tips; community ads.

For the electronic version, refer to KAW_R_PSCDR2#29_043010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Sheila Miller

30. Refer to Kentucky-American's Application, Exhibit 37, Schedule F. For each forecasted amount listed in this Schedule, identify the account on page 7 of Exhibit 37, Schedule C, in which Kentucky-American has recorded the amount.

Response:

See attached schedule.

For the electronic version, refer to KAW_R_PSCDR2#30_043010.pdf.

**Kentucky American Water
PSC DR2#30**

Exhibit 37
Schedule C
Account

Schedule F-1

Social and service club dues	921130	Miscellaneous Exp
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Schedule F-2.1

Charitable Contributions	426100	Not in rate filing
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Schedule F2.3

Employee party, outing & gift exp	926200	Miscellaneous Exp
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UK Fund & UK tickets	426100	Not in rate filing
----------------------	--------	--------------------

Schedule F-3

Advertising Expense	Conservation	930210	Miscellaneous Exp
	Informational	930890	Miscellaneous Exp

Schedule F-5

Rate Case Expense	deferred amt-not on Sch C	182000	
Annual Audit Exp		932200	Miscellaneous Exp
Other Legal		932300	Miscellaneous Exp

Schedule F-6

Rate Case Expense - details rate case expense in deferred account	182000	
Amortization of rate case expense	928100	Regulatory Exp
Amortization of cost of service study expense	928400	Regulatory Exp
Amortization of depreciation study expense	928300	Regulatory Exp

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Keith Cartier/Nick Rowe

31. Refer to Kentucky-American's Application, Exhibit 37, Schedule F at 8. Provide a detailed description of each conservation advertisement that is included in the forecasted amount of \$186,684.

Response:

Newspaper Advertising \$18,420

This covers the placement of advertisements in community newspapers with messages that highlight wise water use practices, to include hot-weather and cold-weather tips, for residential consumers.

Television \$61,350

This includes placement of television advertisements that highlight wise water use practices for residential consumers, such as water-efficient lawn watering practices, proactive efforts to detect and fix leaky fixtures in the home, and tips for better water efficiency in the bathroom and kitchen. The traditional television placement buys are often complemented by related messaging on television stations' Web sites, which allows the messaging to have even greater reach and makes the tips accessible at consumers' convenience.

Radio \$6,120

This cost covers residential water tips provided through radio partnerships, such as conservation tips provided by on-air talent during programming, as well as recorded commercials.

Outdoor Billboard \$76,074

This charge covers the annual rental fee for two billboards in Fayette County. Each has different conservation artwork, which complements the other conservation messaging the company uses in its newspaper, television and radio buys. The locations of the boards rotate periodically. This rotation helps ensure that wise water use messages are reaching motorists in a variety of locations around the county, and in keeping the images and messages of the boards "fresh" to the motorists who pass them.

Miscellaneous Advertising \$24,720

This charge covers the cost of other complementary conservation advertising expenses, to include expenses associated with placement of wise water use signage in restrooms at Lexington's Rupp Arena, fees associated with updating specific artwork for newspaper and billboard advertisements, as needed, and other charges related to specific conversation advertisement opportunities.

For the electronic version, refer to KAW_R_PSCDR2#31_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Michael A. Miller/Sheila Miller

32. Refer to Kentucky-American's Application, Exhibit 37, Schedule F, at 10.
- a. Provide a detailed description of each item that is included in the other expense forecast of \$170,000.
 - b. The forecasted other expense of \$170,000 is \$82,500, or 94.3 percent, greater than the amount incurred in the base period of \$87,500. Provide a detailed explanation for the percent increase in this expense amount.
 - c. Provide a detailed description of each legal service that is included in the forecasted amount of \$391,311.
 - d. The forecasted legal expense of \$391,311 is \$141,682 or 56.8 percent greater than the amount incurred in the base period of \$249,659. Provide a detailed explanation for the increase in this expense amount.

Response:

- a. The other expense in the forecast period includes costs for copying, direct mailing of the filing to customers, and expert witness costs, including travel and accommodations as required. The total of the base period and forecasted period other rate cases expenses equals \$287,500, which equals the total rate case costs shown on Schedule F, pages 11 of 12 for: i) rate of return study-\$50,000, ii) Cost of Service Study-\$42,500, iii) Other (depreciation study, AWWSC study & consultant assistance in rate case preparation)-\$100,000, iv) Weather Normalization-\$20,000, and v) direct mail customer notification.
- b. This breakdown between base period and forecast was an estimate based upon the current charges at the time of filing and estimates of the cash flow for the various rate case expense items through completion of the case.
- c. \$213,000 is segregated as legal expenses related to the Company's current rate case wherein the Company is seeking deferral of those costs to be amortized over a three year period. The additional \$178,311 is general legal expenses consisting of legal services related to on-going normal, recurring legal matters at KAW not related to the legal costs directly related to processing this rate case.
- d. \$178,311 is the amount of on-going general legal expense for the forecasted period twelve months ending September 2011 as compared to \$162,659 in the base period for that category. The primarily driver to the increase is related to the timing of legal expenses directly related to this case which is driven by the

procedural schedule issued by the Commission in this case. The legal expenses for processing this case will to a large extent be driven by the level of discovery issued by the interveners in this case which has to-date been more expansive than prior cases, and the ultimate resolution of this case.

For the electronic version, refer to KAW_R_PSCDR2#32_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Michael A. Miller

33. Refer to Kentucky-American's Application, Exhibit 37, Schedule F at 10. Given that the actual rate case expense for Case No. 2008-00427 was 26.9 percent¹ below estimated cost and that the actual rate case expense for Case No. 2007-00143² was 33.3 percent below estimated cost,³ explain why the current rate case expense should not be reduced by the average of the two prior cases of 30.1 percent.⁴

Response:

Both Case No. 2008-00427 and Case No. 2007-00143 resulted in settlements to overall revenue requirement without specifically addressing any particular cost of service element, other than CWIP treatment for the KRS II project and depreciation rates. Both cases settled at amounts less than the Company requested. While not directly addressed in the settlement agreements, the avoidance of additional rate case expense and legal fees associated with a fully litigated rate case were considered by the Company in settling with the interveners at an amount less than originally requested.

The Company's estimate of rate case expense in this case is based on the assumption that the case is fully litigated. In fact, the Company believes that estimate may be understated based on the level of discovery issued by the interveners to-date.

The Company does not believe it would be proper to reduce rate case expense in this case based on the cost of settled cases in the past. The Company believes the cost to process a settled case is significantly less than a fully litigated case. Certainly, the Company believes it is proper in setting rates to include legitimate and prudently incurred costs required to process a rate case. Being a regulated utility, the Company has only one option available to it when the revenues at present rates do not equal the cost of providing the service, including a fair and reasonable return to its investors. That option is to come before the Commission for a general rate filing and support its costs before the Commission, respond to discovery and cross examination by the interveners and meet requests by the Commission and Staff for support and information as directed. This process is often referred to as the "Regulatory Compact".

¹ $\$592,000 \text{ (Estimate)} - \$432,995 \text{ (Actual)} = \$159,905 \div \$592,000 = 26.9\%$.

² Case No. 2007-00143, Adjustment of Rates of Kentucky-American Water Company (Ky. PSC Nov. 29, 2007).

³ $\$700,000 \text{ (Estimate)} - \$466,742 \text{ (Actual)} = \$233,258 \div \$700,000 = 33.3\%$.

⁴ $26.9\% + 33.3\% = 60.2\% \div 2 = 30.1\%$.

If this case ultimately results in a settlement of the parties to the case, the Company is confident that the Company and the interveners will take into consideration avoided costs of going to full litigation in reaching such settlement. If the case goes to full litigation, the Company would be open to providing updated estimates of the final cost to complete the case at the time of hearing.

For the electronic version, refer to [KAW_R_PSCDR2#33_043010.pdf](#).

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Sheila Miller/Michael A. Miller

34. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P 4-1 at 2 - 9.
- a. Identify each asset listed on these schedules that is used to provide service to Kentucky-American's non-regulated or sewer operations.
 - b. Refer to Kentucky-American's Application, Exhibit 37, Schedule B-1 page 2 of 2, "Rate Base Summary as of September 30, 2011." The Contributions In Aid of Construction ("CIAC") balance contained in the workpapers is \$65,549,297 while the amount listed on Schedule B-1 is \$48,865,890. Reconcile the difference in the CIAC balances.

Response:

- a. None, all assets listed on W/P 4-1 at 2-9 are related to water operations.
- b. CIAC work papers \$64,549,297 **Note 1**
Schedule B-1 page 2 of 2 CIAC 48,865,890
Amortization of CIAC's \$15,683,407

Note 1 – This amount was shown on the work paper only as a check number to the gross balance of CIAC's. The Company properly reduced rate base by the CIAC's net of amortization as shown on Schedule B-1 and calculated depreciation on the UPIS balances net of gross CIAC's.

For the electronic version, refer to KAW_R_PSCDR2#34_043010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Sheila Miller

35. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P 1-1 at 12 - 39. The work papers for the Investment Projects are formatted differently than the workpapers for the Recurring Capital Expenditure Projects A-S. Resubmit the work papers for the Investment Projects using the same format as the Recurring Capital Expenditure Projects A-S.

Response:

See attached. This detail is also included in the excel file submitted in response to KAW_R_AGDR1#1_042610, file name Constr-10.xls, tab FP's.

For the electronic version of this response, refer to KAW_R_PSCDR2#35_043010.pdf.

Job #	Description	Sub Acct	Base Per Fore Per	05/31/10 09/30/11	Reserved	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
12020204	Source of Supply Project Dev	320100	\$ 2,066,851	0	0	0	10,000	10,000	10,000	10,000	10,000	10,000	9,294	10,000	20,970	(2,195,211)	0	0
	Total for Funding Project 1 -->		\$ 2,066,851	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 9,294	\$ 10,000	\$ 20,970	\$ (2,195,211)	\$ -	\$ -
12020204	Struct & Imp SS	306000	4,387,275			170,236	281,967	106,981	109,845	85,979	84,237	77,059	75,098	70,632	60,583	108,659	29,322	13,983
12020204	Pump Equip Electric	311200	10,732,613			416,450	640,852	261,708	268,715	210,331	206,071	188,510	183,713	172,788	148,204	285,813	71,730	34,207
12020204	Struct & Imp WT	304300	6,078,289			235,862	362,939	148,215	119,119	116,706	116,706	106,760	104,044	97,857	83,984	150,540	40,623	19,373
12020204	WT Equip Non-Media	320100	13,499,436			523,809	806,061	329,175	337,989	284,553	259,195	237,107	231,074	217,932	186,411	334,339	90,221	43,025
12020204	Supply Mains	309000	510,285			19,801	30,470	12,443	12,776	10,000	9,798	8,963	8,735	7,047	12,638	3,410	1,626	
12020204	TD Mains 18in & Greater	331001	52,336,214			2,030,767	3,125,033	1,276,184	1,310,359	1,025,652	1,004,876	919,245	895,857	842,979	722,699	1,296,204	349,781	166,805
12020204	Cleanwell	330400	1,187,514			46,078	70,907	28,957	29,732	23,772	22,801	20,958	20,327	19,118	16,398	29,411	7,937	3,785
12020204	Power Generation Equip	310000	1,638,753			63,587	97,851	39,960	41,030	32,715	31,465	28,783	28,051	26,383	22,629	40,587	10,962	5,223
12020204	Hydrants	335000	128,167			4,973	7,653	3,125	3,209	2,512	2,461	2,251	2,194	2,083	1,770	3,174	857	408
12020204	Struct & Imp P	304200	4,005,553			155,425	239,174	97,673	100,288	78,486	76,906	70,354	68,564	64,467	55,512	99,205	26,770	12,766
12020204	Dist Reservoirs & Standpipe	330000	1,806,301			70,069	107,655	44,045	49,225	35,399	34,662	31,726	30,919	29,080	24,945	44,736	2,072	5,757
12020204	Land & LG Rights SS	303000	384,502			18,920	22,959	9,376	9,627	7,335	7,383	6,733	6,892	6,190	6,310	9,523	2,970	1,225
12020204	Land & LG Rights SS	303000	481,148			28,194	28,194	1,686	2,051	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686
12020204	Land & LG Rights TD	303000	3,138,892			3,131	4,911	2,000	2,000	1,481	1,481	1,481	1,481	1,481	1,481	1,481	1,481	1,481
12020204	Total for Funding Project 2 -->		\$ 127,266,943	\$ -	\$ -	\$ 4,939,028	\$ 7,600,292	\$ 3,103,808	\$ 3,186,919	\$ 2,494,467	\$ 2,443,862	\$ 2,235,693	\$ 2,178,611	\$ 2,049,234	\$ 1,757,678	\$ 3,152,468	\$ 850,700	\$ 405,684
IP-1202-5	North Broadway Main Replacement	331001	\$ 1,412,828	0	0	\$ 159,293	\$ 5,000	\$ 5,000	\$ 100,000	\$ 150,000	\$ 150,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 41,929	\$ -	\$ -
IP-1202-5	Total for Funding Project 3 -->		\$ 1,412,828	\$ -	\$ -	\$ 159,293	\$ 5,000	\$ 5,000	\$ 100,000	\$ 150,000	\$ 150,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 41,929	\$ -	\$ -
IP-1202-6	Install 34,000 of 16" along Carrick Pike	303500	23,161	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IP-1202-6	Total for Funding Project 4 -->		\$ 88,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IP-1202-9	Install 22,700 of 12" in Todds and Cleveland Rd	331001	\$ -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IP-1202-9	Total for Funding Project 5 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IP-1202-17	South Limestone Replacement	331001	\$ -	0	0	0	0	0	0	0	132,854	200,000	200,000	0	0	0	0	0
IP-1202-17	Total for Investment Project 6 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,854	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -
IP-1202-18	US 25 Relocation	311200	\$ -	0	0	0	0	125,000	250,000	400,000	400,000	400,000	500,000	500,000	400,000	225,000	0	0
IP-1202-18	Total for Investment Project 7 -->		\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000	\$ 250,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 500,000	\$ 500,000	\$ 400,000	\$ 225,000	\$ -	\$ -
IP-1202-19	Leestown Road	331001	150,955	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IP-1202-22	KRS Raw Water Transfer	311200	\$ -	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IP-1202-22	Total for Investment Project 8 -->		\$ 150,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IP-1202-22	Total for Investment Project 9 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IP-1202-31	KRS Raw Water Access	304200	\$ -	0	0	0	0	0	0	0	0	0	0	0	0	0	25,000	25,000
IP-1202-31	Total for Investment Project 10 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000

Kentucky-American Water Company Schedule of Forecasted Capital Expenditures Funding Projects (FP)		05/31/10 09/30/11	Base Per Fore Per	Amount in CWIP at Nov-09	Transfer Expenditures Reserved	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
FP Job #	Description	Sub Acc																
IP-1202-32	Lexington Operations Center	304700	\$	-	0	0	0	0	20,000	20,000	100,000	225,000	300,000	300,000	400,000	500,000	85,000	50,000
	Total for Investment Project 13 -->		\$	-	-	-	-	-	20,000	20,000	100,000	225,000	300,000	300,000	400,000	500,000	85,000	50,000
IP-1232-3	Northern Division Connection	331001	\$	83,705	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total for Investment Project 14 -->		\$	83,705	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CS-1201-3	Business Transformation 2010-2014	339600	\$	-	-	29,301	51,233	135,519	1,652,330	147,714	152,348	190,295	202,872	186,991	178,291	173,651	933,533	
	Total for Investment Project 15 -->		\$	-	-	29,301	51,233	135,519	1,652,330	147,714	152,348	190,295	202,872	186,991	178,291	173,651	933,533	
12020402	Major Highway Relocations	331001	\$	36,977	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total for Investment Project 16 -->		\$	36,977	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12020702	KY MAJOR HIGHWAY U.S. 25 MAIN RELOCATION	331001	\$	91,355	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total for Investment Project 17 -->		\$	91,355	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CS-1201-1	Business Transformation CPS		\$	189,395	21,660	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total for Investment Project 18 -->		\$	189,395	21,660	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total for Investment Project 19 -->		\$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IP-1201-10	Unallocated Engineering Overhead	331001	\$	43,038	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total for Investment Project 20 -->		\$	43,038	-	-	-	-	-	-	-	-	-	-	-	-	-	-
				131,450,088	0	5,119,981	7,644,693	3,295,041	3,702,438	4,726,817	3,384,630	3,398,041	3,553,400	3,237,106	2,942,639	1,902,507	1,134,351	1,414,217

Kentucky-American Water Company Schedule of Forecasted Capital Expenditures Funding Projects (FP)													
FP Job #	Description	Sub Acct	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Forecasted Total 2010
IP-1202-32	Lexington Operations Center	304700	0	0	0	0	0	0	0	0	0	0	\$ 2,000,000
	Total for Investment Project 13 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IP-1232-3	Northern Division Connection	331001	250,000	200,000	350,000	450,000	500,000	550,000	550,000	550,000	400,000	400,000	\$ -
	Total for Investment Project 14 -->		\$ 250,000	\$ 200,000	\$ 350,000	\$ 450,000	\$ 500,000	\$ 550,000	\$ 550,000	\$ 550,000	\$ 400,000	\$ 400,000	\$ -
CS-1201-3	Business Transformation 2010-2014	339600	179,977	182,895	184,111	185,335	186,567	246,856	263,875	264,254	264,292	250,234	\$ 4,036,078
	Total for Investment Project 15 -->		\$ 179,977	\$ 182,895	\$ 184,111	\$ 185,335	\$ 186,567	\$ 246,856	\$ 263,875	\$ 264,254	\$ 264,292	\$ 250,234	\$ 4,036,078
12020402	Major Highway Relocations	331001	0	0	0	0	0	0	0	0	0	0	\$ -
	Total for Investment Project 16 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020702	KY MAJOR HIGHWAY U.S. 25 MAIN RELOCATION	331001											\$ -
	Total for Investment Project 17 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CS-1201-1	Business Transformation CPS		0	0	0	0	0	0	0	0	0	0	\$ -
	Total for Investment Project 18 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total for Investment Project 19 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IP-1201-10	Unallocated Engineering Overhead	331001											\$ -
	Total for Investment Project 20 -->		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			454,078	406,996	574,583	845,807	1,077,039	1,327,238	1,556,875	1,564,254	1,299,292	985,234	40,335,780

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Sheila Miller

36. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 9. The 10-year average ratio of actual to budgeted capital construction ("slippage factors") for 2000 through 2009 is 120.862 percent for the Recurring Capital Expenditure Projects A-S, and 90.8 percent for the Investment Projects.¹
- a. Assuming all other factors are unchanged, recalculate Kentucky-American's forecasted revenue requirement, rate base, and cost-of-service study to take into account both of the following changes:
 - (1) Use of a slippage factor of 120.862 for all monthly Recurring Capital Expenditure Projects A-S expenditures beginning December 2009 through the end of the forecasted period; and
 - (2) Use of a slippage factor of 90.8 for all monthly Investment Project expenditures, except "Project 06-07 New WTP Pool 3 of Kentucky," beginning December 2009 through the end of the forecasted period.
 - b. Provide all documents, state assumptions, and show all calculations used to determine the effect of these slippage factors to each forecasted element of revenue requirement, rate base, and cost-of-service study.

Response:

Please see attached for the exhibits and support documents.

	<u>Original filing</u>	<u>PSC Slippage</u>
Revenue Increase	\$25,848,286	\$26,102,407
Rate Base	362,672,028	363,918,285
Overall return	8.58%	8.56%
AFUDC	646,180	629,114
Property Taxes	4,429,174	4,444,306
Depreciation	11,086,076	11,146,629

For the electronic version, refer to KAW_R_PSCDR2#36_043010.pdf.

¹ Investment Project "06-07 New WTP Pool 3 of Kentucky" is not included in the slippage factor calculation.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

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

DATA: ___ BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-1 (TOTAL COMPANY)

Line No.	Description	Supporting Schedule Reference	Forecast Jurisdictional Rev Req	Base Period Jurisdictional Rev Req
2				
3				
4	RATE BASE	B-1	\$363,918,285	\$345,618,995
5				
6	FORECASTED OPERATING INCOME AT CURRENT RATES	C-1	15,353,612	13,816,302
7				
8	EARNED RATE OF RETURN		4.22%	4.00%
9				
10	RATE OF RETURN	J-1	8.56%	8.01%
11				
12	REQUIRED OPERATING INCOME		31,151,405	27,684,081
13				
14	OPERATING INCOME DEFICIENCY		15,797,793	13,867,779
15				
16	GROSS REVENUE CONVERSION FACTOR	H-1	1,652,2819	1,652,2819
17				
18	REVENUE DEFICIENCY (1)		26,102,407	22,913,480
19				
20	ADJUSTED OPERATING REVENUES	C-1	68,506,560	67,042,231
21				
22	REVENUE REQUIREMENT		\$94,608,967	\$89,955,711
23				
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
RATE BASE SUMMARY
AS OF May 31, 2010

SCHEDULE B-1
PAGE 1 OF 2
Witness Responsible: S.A. Miller / L. Williams

DATA: X BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Rate Base Component	Supporting Schedule Reference	Base Period
1			
2	Utility Plant In Service	B-2	\$ 386,343,402
3	Property Held for Future Use	B-2.6	0
4	Utility Plant Acquisition Adjustments	W/P-1-2	11,963
5	Accumulated Depreciation	B-3	(103,132,510)
6			
7			
8			
9			
10	Net Utility Plant In Service		283,222,855
11			
12			
13			
14			
15	Construction Work in Progress		160,058,504
16	Working Capital Allowance	B-5	3,804,000
17	Other Working Capital Allowance	B-5	642,421
18	Contributions in Aid of Construction	B-6	(48,334,241)
19	Customer Advances	B-6	(17,206,405)
20	Deferred Income Taxes	B-6	(38,234,293)
21	Deferred Investment Tax Credits	B-6	(83,332)
22	Deferred Maintenance	W/P-1-10	2,422,653
23	Deferred Debits	W/P-1-11	1,757,661
24	Other Rate Base Elements	W/P-1-11	(2,430,828)
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45	Jurisdictional Rate Base		3345,618,995
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
RATE BASE SUMMARY
AS OF SEPTEMBER 30, 2011

DATA: ___ BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1

SCHEDULE B-1
PAGE 2 OF 2
Witness Responsible: S.A. Miller / L. Williams

Line No.	Rate Base Component	Supporting Schedule Reference	End of Period Amount	13 Month Avg Forecasted Period Amount
2	Utility Plant In Service	B-2	\$580,304,120	\$569,054,823
3	Property Held for Future Use	B-2.6	0	0
4	Utility Plant Acquisition Adjustments	W/P-1-2	(0)	2,342
5	Accumulated Depreciation	B-3	(114,978,178)	(110,148,207)
6	Net Utility Plant In Service		465,325,942	458,908,958
7	Construction Work in Progress	B-4 / W/P-1-4	14,756,034	9,438,488
8	Working Capital Allowance	B-5 / W/P-1-12	2,635,000	2,635,000
9	Other Working Capital Allowance	B-5	642,421	642,421
10	Contributions in Aid of Construction	B-6	(50,361,516)	(49,781,990)
11	Customer Advances	B-6	(21,998,976)	(19,881,239)
12	Deferred Income Taxes	B-6	(41,318,049)	(40,025,257)
13	Deferred Investment Tax Credits	B-6	(73,124)	(76,952)
14	Deferred Maintenance	W/P-1-10	3,405,534	2,708,236
15	Deferred Debits	W/P-1-11	1,669,591	1,700,474
16	Other Rate Base Elements	W/P-1-11	(2,239,059)	(2,349,854)
17	Jurisdictional Rate Base		\$372,443,799	\$363,918,285

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PLANT IN SERVICE BY MAJOR GROUPING
AS OF May 31, 2010

SCHEDULE B-2
PAGE 1 of 2
Witness Responsible: S.A. Miller

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Major Property Grouping	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	End of Period Adjusted Jurisdiction
1						
2						
3	Intangibles	\$ 657,964	100%	\$ 657,964	-	\$ 657,964
4						
5	Source of Supply and Pumping	34,617,664		34,617,664	-	34,617,664
6						
7	Water Treatment	40,874,927		40,874,927	-	40,874,927
8						
9	Transmission and Distribution	281,399,005		281,399,005	-	281,399,005
10						
11	General	28,793,842		28,793,842	-	28,793,842
12						
13	Completed Construction not Classified	-		-	-	-
14						
15	Other	-		-	-	-
16						
17	Total	\$ 386,343,402		\$ 386,343,402	\$ -	\$ 386,343,402
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PLANT IN SERVICE BY MAJOR GROUPING
AS OF SEPTEMBER 30, 2011

DATA: ___ BASE PERIOD __X__ FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1

SCHEDULE B-2
PAGE 2 OF 2
Witness Responsible: S.A. Miller

Line No.	Major Property Grouping	Forecasted Period	Jurisdictional Percent	Jurisdictional	Adjustments	End of Period Adjusted Jurisdiction	13 Month Average
1	Intangibles	\$ 856,177	100%	\$ 856,177	-	\$ 856,177	\$ 774,922
2							
3	Source of Supply and Pumping	73,224,937		73,224,937	-	73,224,937	72,606,464
4							
5	Water Treatment	94,975,458		94,975,458	-	94,975,458	94,081,176
6							
7	Transmission and Distribution	378,752,593		378,752,593	-	378,752,593	370,328,002
8							
9	General	32,494,955		32,494,955	-	32,494,955	31,264,259
10							
11	Completed Construction not Classified	-		-	-	-	-
12							
13	Other	-		-	-	-	-
14							
15		\$ 580,304,120		\$ 580,304,120	-	\$ 580,304,120	\$ 569,054,823
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF May 31, 2010

SCHEDULE B-2.1
PAGE 1 of 4
Witness Responsible: S.A. Miller

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Acct No.	Account Title	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction
2		<u>Intangible Plant</u>					
3		Organization	\$ 37,450		\$ 37,450	-	\$ 37,450
4	301	Franchise/Consents	70,261	100%	70,261	-	70,261
5	302	Other P/E Intangibles	8,375		8,375	-	8,375
6	3031	Other P/E Comprehensive Studies	541,878		541,878	-	541,878
7	3036	Total Intangibles	\$ 657,964		\$ 657,964	\$ -	\$ 657,964
8							
9		<u>Source of Supply and Pumping Plant</u>					
10		Land and Land Rights - SS	\$ 335,512		\$ 335,512	-	\$ 335,512
11	310	Structures and Improvements	2,673,341		2,673,341	-	2,673,341
12	311	Collecting and Impounding Reservoirs	1,005,086		1,005,086	-	1,005,086
13	312	Lake, River and Other Intakes	537,098		537,098	-	537,098
14	313	Wells and Springs	-		-	-	-
15	314	Supply Mains	5,143,915		5,143,915	-	5,143,915
16	316	Land and Land Rights - Pumping	91,827		91,827	-	91,827
17	320	Structures and Improvements	5,215,922		5,215,922	-	5,215,922
18	321	Other Power Production Equipment	935,700		935,700	-	935,700
19	323	Electric Pumping Equipment	9,540,435		9,540,435	-	9,540,435
20	325	Diesel Pumping Equipment	718,476		718,476	-	718,476
21	326	Other Pumping Equipment	8,420,352		8,420,352	-	8,420,352
22	328						
23							
24							
25							
26		Total Source of Supply & Pumping	\$ 34,617,664		\$ 34,617,664	\$ -	\$ 34,617,664
27							
28		<u>Water Treatment Plant</u>					
29		Land and Land Rights	\$ 68,164		68,164	-	68,164
30	330	Structures and Improvements	9,910,987		9,910,987	-	9,910,987
31	331	Water Treatment Equipment	30,727,207		30,727,207	-	30,727,207
32	332	Water Treatment - GAC	168,569		168,569	-	168,569
33	334	Total Water Treatment	\$ 40,874,927		\$ 40,874,927	\$ -	\$ 40,874,927
34							
35							
36		<u>Transmission and Distribution Plant</u>					
37		Land and Land Rights	\$ 4,019,854		\$ 4,019,854	-	\$ 4,019,854
38	340	T & D Structures and Improvements	1,029,339		1,029,339	-	1,029,339
39	341	Distribution Reservoirs and Standpipes	12,051,777		12,051,777	-	12,051,777
40	342	Transmission and Distribution Mains	176,547,358		176,547,358	-	176,547,358
41	343	Services	43,453,924		43,453,924	-	43,453,924
42	344	Meters	15,062,527		15,062,527	-	15,062,527
43	345	Meter Installations	16,719,031		16,719,031	-	16,719,031
44	346	Hydrants	12,515,195		12,515,195	-	12,515,195
45	347	Total Transmission and Distribution	\$ 281,399,005		\$ 281,399,005	\$ -	\$ 281,399,005
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KENTUCKY AMERICAN WATER COMPANY
CASE NO: 2010-00036
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
AS OF May 31, 2010

SCHEDULE B-2.1
PAGE 2 of 4
Witness Responsible: S.A. Miller

DATA: X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1

Line No.	Acct No.	Account Title	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction
1							
2							
3		General Plant					
4	3892	Stores Shop & Garage Land	\$ -		\$ -		\$ -
5	390	Structures and Improvements	9,842,473	100%	9,842,473		9,842,473
6	391	Office Furniture and Equipment	7,244,848		7,244,848		7,244,848
7	392	Transportation Equipment	3,767,801		3,767,801		3,767,801
8	393	Stores Equipment	33,927		33,927		33,927
9	394	Tools, Shop and Garage Equipment	1,983,994		1,983,994		1,983,994
10	395	Laboratory Equipment	828,028		828,028		828,028
11	396	Power Operated Equipment	1,526,035		1,526,035		1,526,035
12	397	Communication Equipment	2,165,198		2,165,198		2,165,198
13	398	Miscellaneous Equipment	1,263,053		1,263,053		1,263,053
14	399	Other Tangible Property	138,485		138,485		138,485
15		Total General	\$ 28,793,842		\$ 28,793,842		\$ 28,793,842
16							
17							
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19							
20		Total Utility Plant in Service	\$ 386,343,402		\$ 386,343,402		\$ 386,343,402
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PROPOSED ADJUSTMENTS TO PLANT IN SERVICE
AS OF May 31, 2010

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1

SCHEDULE B-2.2
PAGE 1 OF 2
Witness Responsible: S.A. Miller / L. Williams

Line No.	Acct No.	Account Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference Number	Description/Purpose of Adjustment
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Not Applicable

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PROPOSED ADJUSTMENTS TO PLANT IN SERVICE
AS OF SEPTEMBER 30, 2011

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

SCHEDULE B-2.2
PAGE 2 OF 2
Witness Responsible: S.A. Miller / L. Williams

Line No.	Acct No.	Account Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference Number	Description/Purpose of Adjustment
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Not Applicable

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
JUNE 2009 TO MAY 2010

DATA: X_ BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-1

SCHEDULE B-2.3
PAGE 2 OF 4
Witness Responsible: S.A. Miller / L. Williams

Line No.	Acct No.	Account Title	Base Period		Additions	Retirements	Transfers/Reclassifications	Other Accts Involved	Base Period Ending Balance
			Beginning Balance	Amount					
1									
2									
3									
4	3892	General Plant							
5	390	Stores Shop & Garage Land							
6	391	Structures and Improvements	8,975,079	874,706					9,842,473
7	392	Office Furniture and Equipment	7,241,601	106,791	103,544				7,244,848
8	393	Transportation Equipment	3,763,189	120,568	115,956				3,767,801
9	394	Stores Equipment	33,927						33,927
10	395	Tools, Shop and Garage Equipment	1,880,873	111,921	8,800				1,983,994
11	396	Laboratory Equipment	824,725	6,595	3,292				828,028
12	397	Power Operated Equipment	1,577,127		51,092				1,526,035
13	398	Communication Equipment	2,191,569		26,496				2,165,198
14	399	Miscellaneous Equipment	1,270,739	12,086	19,772				1,263,053
15		Other Tangible Property	138,485						138,485
16		Total General	\$ 27,897,315	\$ 1,232,792	\$ 336,264				\$ 28,793,843
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		Total Utility Plant in Service	\$ 373,453,712	\$ 13,733,689	\$ 843,998				\$ 386,343,403

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PROPERTY MERGED OR ACQUIRED
AS OF May 31, 2010

SCHEDULE B-2.4
PAGE 1 OF 2
Witness Responsible: S.A. Miller / L. Williams

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

Line No.	Acct No.	Description of Property	Acquisition Cost	Cost Basis	Acquisition Adjustment	Commission Approval Date	Explanation of Treatment
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2							
3							
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NOT APPLICABLE

KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 PROPERTY MERGED OR ACQUIRED
 AS OF SEPTEMBER 30, 2011

SCHEDULE B-2.4
 PAGE 2 OF 2
 Witness Responsible: S.A. Miller / L. Williams

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

Line No.	Acct No.	Description of Property	Acquisition Cost	Cost Basis	Acquisition Adjustment	Commission Approval Date	Explanation of Treatment
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NOT APPLICABLE

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
LEASED PROPERTY
AS OF May 31, 2010

SCHEDULE B-2.5
PAGE 1 OF 2
Witness Responsible: L. Williams

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

Line No.	Identification or Ref No.	Description and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property	Explain Method of Capitalization
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KENTUCKY-AMERICAN DOES NOT HAVE ANY CAPITAL LEASES.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
LEASED PROPERTY
AS OF SEPTEMBER 30, 2011

SCHEDULE B-2.5
PAGE 2 OF 2
Witness Responsible: L. Williams

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

Line No.	Identification or Ref No.	Description and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property	Explain Method of Capitalization
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KENTUCKY-AMERICAN DOES NOT HAVE ANY CAPITAL LEASES.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PROPERTY HELD FOR FUTURE USE INCLUDED IN RATE BASE
AS OF May 31, 2010

SCHEDULE B-2.6
PAGE 1 OF 2
Witness Responsible: S.A. Miller

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

Line No.	Description/Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Revenue Realized		Expenses Incurred	
						Amount	Acct No.	Amount	Acct No.
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NOT APPLICABLE IN THIS RATE CASE.

KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 PROPERTY HELD FOR FUTURE USE INCLUDED IN RATE BASE
 AS OF SEPTEMBER 30, 2011

SCHEDULE B-2.6
 PAGE 2 OF 2
 Witness Responsible: S.A. Miller

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

Line No.	Description/Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Amount	Revenue Realized		Expenses Incurred	
							Acct No.	Amount	Acct No.	Amount
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NOT APPLICABLE IN THIS RATE CASE.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PROPERTY EXCLUDED FROM RATE BASE
AS OF May 31, 2010

SCHEDULE B-2.7
PAGE 1 OF 2
Witness Responsible: S.A. Miller

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

Line No.	Acct. No.	Description	In-Service Date	Original Cost	Accumulated Depreciation	Net Original Cost	Period Revenue and Expenses		Reasons for Exclusion
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NONE

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
PROPERTY EXCLUDED FROM RATE BASE
AS OF SEPTEMBER 30, 2011

SCHEDULE B-2.7
PAGE 2 OF 2
Witness Responsible: S.A. Miller

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

Line No.	Acct. No.	Description	In-Service Date	Original Cost	Accumulated Depreciation	Net Original Cost	Period Revenue and Expenses		Reasons for Exclusion
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF May 31, 2010

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD ___
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED ___
WORKPAPER REFERENCE NO(S): WIP-1-3

SCHEDULE B-3
PAGE 1 of 4
Witness Responsible: S.A. Miller

Line No.	Acct No.	Account Title	Base Period		Jurisdictional Percent	Accumulated Reserve Balances		Adjustments	Adjusted Jurisdiction
			Total Company	Total Company		Jurisdictional Total	Total		
1									
2									
3									
4	301	Intangible Plant	\$ 37,450	\$ -		\$ -	\$ -	\$ -	\$ -
5	302	Organization	70,261	-		-	-	-	836
6	3031	Franchise/Consents	8,375	836		836	836	-	836
7	3036	Other P/E Intangibles	541,878	52,528		52,528	52,528	-	52,528
8		Other P/E Comprehensive Studies	657,964	53,364		53,364	53,364	-	53,364
9		Total Intangibles			100%				
10									
11									
12	310	Source of Supply and Pumping Plant	\$ 335,512	\$ -		\$ -	\$ -	\$ -	\$ -
13	311	Land and Land Rights - SS	2,673,341	162,775		162,775	162,775	-	162,775
14	312	Structures and Improvements	1,005,086	359,290		359,290	359,290	-	359,290
15	313	Collecting and Impounding Reservoirs	537,098	57,810		57,810	57,810	-	57,810
16	314	Lake, River and Other Intakes	-	-		-	-	-	-
17	315	Wells and Springs	-	-		-	-	-	-
18	316	Supply Mains	5,143,915	1,199,584		1,199,584	1,199,584	-	1,199,584
19	320	Land and Land Rights - Pumping	91,827	-		-	-	-	-
20	321	Structures and Improvements	5,215,922	1,556,654		1,556,654	1,556,654	-	1,556,654
21	323	Other Power Production Equipment	935,700	287,399		287,399	287,399	-	287,399
22	325	Electric Pumping Equipment	9,540,435	4,945,610		4,945,610	4,945,610	-	4,945,610
23	326	Diesel Pumping Equipment	718,476	358,313		358,313	358,313	-	358,313
24	328	Other Pumping Equipment	8,420,352	237,712		237,712	237,712	-	237,712
25									
26									
27		Total Source of Supply & Pumping	34,617,664	9,165,146		9,165,147	9,165,147	-	9,165,147
28									
29									
30									
31	330	Water Treatment Plant	\$ 68,164	\$ -		\$ -	\$ -	\$ -	\$ -
32	331	Land and Land Rights	9,910,987	1,382,986		1,382,986	1,382,986	-	1,382,986
33	332	Structures and Improvements	30,727,207	14,814,358		14,814,358	14,814,358	-	14,814,358
34	334	Water Treatment Equipment	168,569.00	4,076		4,076	4,076	-	4,076
35		Water Treatment - GAC							
36		Total Water Treatment	40,874,927	16,201,421		16,201,420	16,201,420	-	16,201,420
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340		Transmission and Distribution Plant	\$ 4,019,854	\$ -		\$ -	\$ -	\$ -	\$ -
341		Land and Land Rights	1,029,339	521,240		521,240	521,240	-	521,240
342		T & D Structures and Improvements	12,051,777	3,536,601		3,536,601	3,536,601	-	3,536,601
343		Distribution Reservoirs and Standpipes	176,547,358	29,951,671		29,951,671	29,951,671	-	29,951,671
344		Transmission and Distribution Mains	43,453,924	16,724,167		16,724,167	16,724,167	-	16,724,167
345		Services	15,062,527	1,372,233		1,372,233	1,372,233	-	1,372,233
346		Meters	16,719,031	4,870,403		4,870,403	4,870,403	-	4,870,403
347		Meter Installations	12,515,195	3,188,641		3,188,641	3,188,641	-	3,188,641
348		Hydrants							
45		Total Transmission and Distribution	281,399,005	60,164,956		60,164,956	60,164,956	-	60,164,956

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF May 31, 2010

DATA: ___X___ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-1-3

SCHEDULE B-3
PAGE 2 of 4
Witness Responsible: S.A. Miller

Line No.	Acct No.	Account Title	Base Period		Jurisdictional Percent	Accumulated Reserve Balances		Adjustments	Adjusted Jurisdiction
			Total Company	Total Company		Jurisdictional Total	Total		
2									
3									
4	389.2	General Plant							
5	390	Stores Shop & Garage Land	\$ 9,842,473	\$ 1,749,941		\$ 1,749,941		\$ -	1,749,941
6	391	Structures and Improvements	7,244,848	8,636,849		8,636,849		-	8,636,849
7	392	Office Furniture and Equipment	3,767,801	2,850,693		2,850,693		-	2,850,693
8	393	Transportation Equipment	33,927	33,591		33,591		-	33,591
9	394	Stores Equipment	1,983,994	914,402	100%	914,402		-	914,402
10	395	Tools, Shop and Garage Equipment	828,028	746,545		746,545		-	746,545
11	396	Laboratory Equipment	1,526,035	896,320		896,320		-	896,320
12	397	Power Operated Equipment	2,165,198	916,689		916,689		-	916,689
13	398	Communication Equipment	1,263,053	474,243		474,243		-	474,243
14	399	Miscellaneous Equipment	138,485	328,350		328,350		-	328,350
15		Other Tangible Property							
16									
17		Total General	28,793,843	17,547,624		17,547,623		-	17,547,623
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		Total Utility Plant in Service	\$386,343,403	\$103,132,510		\$103,132,510		-	\$103,132,510

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
ACCUMULATED DEPRECIATION AND AMORTIZATION
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

DATA: ___BASE PERIOD___X___FORECASTED PERIOD___
TYPE OF FILING: ___X___ORIGINAL___REVISED___
WORKPAPER REFERENCE NO(S): WIP-1-3

SCHEDULE B-3
PAGE 3 of 4
Witness Responsible: S.A. Miller

Line No.	Acct No.	Account Title	Forecasted Period Total Company	Accumulated Reserve Balances			13 Month Average
				Total Company	Jurisdictional Percent	Jurisdictional Total	
2							
3							
4							
5	301	Intangible Plant	\$ 37,450	\$ -	100%	\$ -	\$ -
6	302/303	Organization	70,261	2,677		2,677	2,035
7	3031	Franchise/Consents/Plant Studies	8,375	156,456		156,456	122,995
8	3036	Other P/E Intangibles	740,091	159,133		159,133	125,030
9		Other P/E Comprehensive Studies	856,177				
10		Total Intangibles					
11		Source of Supply and Pumping Plant					
12	310	Land and Land Rights - SS	\$ 955,736	\$ -		\$ -	\$ -
13	311	Structures and Improvements	16,491,911	770,566		770,566	496,909
14	312	Collecting and Impounding Reservoirs	1,095,086	377,479		377,479	370,897
15	313	Lake, River and Other Intakes	6,185,848	234,245		234,245	153,246
16	314	Wells and Springs	-	-		-	-
17	316	Supply Mains	5,800,934	1,362,840		1,362,840	1,297,293
18	320	Land and Land Rights - Pumping	195,726	-		-	-
19	321	Structures and Improvements	10,373,193	1,909,461		1,909,461	1,753,900
20	323	Other Power Production Equipment	3,045,643	393,934		393,934	348,264
21	325	Electric Pumping Equipment	19,881,481	5,158,849		5,158,849	5,160,511
22	326	Diesel Pumping Equipment	7,118,476	380,321		380,321	372,275
23	328	Hydraulic Pumping Equipment	8,404	483		483	387
24	3282	SS Pumping Equipment	8,386,158	493,749		493,749	392,277
25	3283	T&D Pumping Equipment	176,341	16,858,39		16,858,00	14,734
26		Total Source of Supply & Pumping	73,224,937	11,098,785		11,098,785	10,360,693
27		Water Treatment Plant					
28		Land and Land Rights	\$ 563,223	\$ -		\$ -	\$ -
29	330	Structures and Improvements	44,533,604	3,145,561		3,145,561	2,321,997
30	331	Water Treatment Equipment	49,710,062	16,160,312		16,160,312	15,609,511
31	332	Water Treatment - GAC	168,569	45,673		45,673	25,495
32	334						
33		Total Water Treatment	94,975,458	19,351,547		19,351,546	17,957,003
34		Transmission and Distribution Plant					
35		Land and Land Rights	\$ 8,061,270	\$ -		\$ -	\$ -
36	340	T & D Structures and Improvements	1,029,339	562,796		562,796	549,464
37	341	Distribution Reservoirs and Standpipes	15,906,405	3,919,771		3,919,771	3,776,868
38	342	Transmission and Distribution Mains	255,828,685	33,385,769		33,385,769	31,857,731
39	343	Services	46,964,293	17,736,568		17,736,568	17,377,214
40	345	Meeters	19,885,183	1,796,309		1,796,309	1,641,765
41	346	Meiter Installations	17,174,677	5,510,219		5,510,219	5,271,966
42	347	Hydrants	13,902,742	3,388,371		3,388,371	3,317,079
43	348						
44		Total Transmission and Distribution	378,752,594	66,299,803		66,299,803	63,792,087
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
AS OF May 31, 2010

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

SCHEDULE B-3.1
PAGE 1 OF 2
Witness Responsible: S.A. Miller

Line No.	Adjustment Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference	Description and Purpose of Adjustment
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NONE

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

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

SCHEDULE B-3.1
PAGE 2 OF 2
Witness Responsible: S.A. Miller

Line No.	Adjustment Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference	Description and Purpose of Adjustment
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NONE

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
AS OF May 31, 2010

DATA: X_ BASE PERIOD ___ FORECASTED PERIOD ___
TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED ___
WORKPAPER REFERENCE NO(S): WP - 1P - 3

SCHEDULE B-3.2
PAGE 2 OF 4
Witness Responsible: S.A. Miller

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3	390	Office Structures and Improvements	3,023,405	854,737	2.01%	60,770	-5%	39.2	55-R2.5
4	3,901	Office Structures and Improvements-amortized	3,166,549	895,205	2.01%	63,648	-5%	39.2	55-R2.5
5	3,902	Stores, Shop & Garage Structures	1,370,462	1,370,462	2.33%	30,589	0%	32.6	45-R3
6	3,903	Misc Structures	1,923,367	1,524,389	4.19%	40,589	0%	21.2	25-R1.5
7	3,911	Office Furniture	195,029	154,573	0.00%	0	0%	4.8	20-SQ
8	3,911	Office Furniture-amortized	538,324	426,656	7.48%	40,267	0%	4.5	5-SQ
9	3,912	Mainframe Comp & Periph Eqpt	27,295	21,633	0.00%	0	0%	4.5	5-SQ
10	3,912	Mainframe Comp & Periph Eqpt-amortized	130,298	103,269	8.04%	10,476	0%	2.1	5-SQ
11	3,912	Personal Comp & Periph Eqpt	406,272	321,996	0.00%	0	0%	2.1	5-SQ
12	3,912	Personal Comp & Periph Eqpt-amortized	400,086	317,093	9.52%	38,088	0%	1.2	5-SQ
13	39,121	Computers & Periph Other	101,976	80,822	0.00%	0	0%	1.2	5-SQ
14	39,122	Computers & Periph Other-amortized	176,607	139,972	17.49%	30,889	0%	2.5	5-SQ
15	39,125	Mainframe Software	3,976,525	3,151,646	0.00%	0	0%	2.5	5-SQ
16	39,125	Mainframe Software-amortized	570,993	452,548	6.87%	39,227	0%	0.0	5-SQ
17	39,126	Personal Comp Software	400	317	0.00%	0	0%	0.0	5-SQ
18	39,126	Personal Comp Software-amortized	100,330	79,518	0.00%	0	0%	1.0	5-SQ
19	39,128	Other Software	527,874	418,373	0.00%	0	0%	1.0	5-SQ
20	39,128	Other Software-amortized	4,470	3,543	18.00%	805	0%	5.1	15-SQ
21	39,128	Other Office Equipment	18,816	14,913	0.00%	0	0%	7.1	13-S2.5
22	39,13	Other Office Equipment-amortized	69,553	55,125	7.17%	4,987	20%	7.1	13-S2.5
23	39,211	Trans Equip-Light Trucks	1,880,069	1,422,448	0.00%	0	0%	8.1	15-S2.5
24	39,211	Trans Equip-Light Trucks-amortized	79,770	60,353	0.00%	0	0%	8.1	15-S2.5
25	39,212	Trans Equip-Heavy Trucks	1,187,528	898,476	6.48%	76,952	15%	8.1	15-S2.5
26	39,212	Trans Equip-Heavy Trucks-amortized	204,107	154,426	0.00%	0	0%	3.2	10-R4
27	39,22	Trans Equip-Cars	0	0	0.00%	0	0%	13.7	16-L2.5
28	39,22	Trans Equip-Cars-amortized	416,327	314,990	6.39%	26,603	0%	5.6	25-SQ
29	39,23	Other Trans Equip	2,268	2,246	0.00%	0	0%	12.2	20-SQ
30	393	Stores Equipment	31,659	31,346	5.18%	1,640	0%	7.4	15-SQ
31	393	Stores Equipment-amortized	158,330	72,973	0.00%	0	0%	12.5	18-L2.5
32	394	Tools, Shop, & Garage Equip	1,825,664	841,430	5.67%	103,515	25%	7.7	15-SQ
33	394	Tools, Shop, & Garage Equip-amortized	150,397	135,597	0.00%	0	0%	7.7	15-SQ
34	395	Laboratory Equipment	677,631	610,948	7.10%	48,112	0%	14.8	20-SQ
35	395	Laboratory Equipment-amortized	1,526,035	896,320	4.45%	67,909	0%	10.8	20-SQ
36	396	Power Operated Equipment	209,848	88,844	0.00%	0	0%	7.7	15-SQ
37	397	Communication Equipment-nontelephone	1,692,239	716,450	6.12%	103,565	0%	14.8	20-SQ
38	397	Communication Equipment-amortized	22,311	9,446	6.12%	1,365	0%	10.8	20-SQ
39	397	Communication Equipment-remote control	240,800	101,949	6.12%	14,737	0%	10.8	20-SQ
40	397	Communication Equipment-telephone	115,963	43,541	0.00%	0	0%	10.8	20-SQ
41	398	Misc Equipment	1,147,090	430,702	5.23%	59,993	0%	10.8	20-SQ
42	398	Misc Equipment-amortized	138,485	328,350	5.55%	7,686	0%	10.8	20-SQ
43	399	Other Tangible Property							
44			318,893,522	103,132,511		7,016,933			
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Adjusted jurisdiction plant investment represents UPS net of Non-Depreciable Plant and Contributions In Aid of Construction.
Current depreciation rates based on rates approved by the Commission in Case No. 2007-00143

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

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

SCHEDULE B-3.2
PAGE 4 OF 4
Witness Responsible: S.A. Miller

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3									
4	390	Office Structures and Improvements	3,023,405	554,752	2.94%	88,888	-5%	29.1	55-R2.5
5	3,901	Office Structures and Improvements-amortized	3,173,635	582,317	2.00%	63,473	-5%	45.4	55-R2.5
6	3,902	Stores, Shop & Garage Structures	3,545,152	650,485	2.03%	71,967	0%	41.4	55-R2.5
7	3,903	Misc Structures	1,923,367	352,910	4.98%	95,784	-10%	18.9	25-R2
8	3,911	Office Furniture	195,029	223,951	0.00%	0	0%	9.0	20-SQ
9	3,911	Office Furniture-amortized	538,324	618,156	5.00%	26,916	0%		
10	3,912	Mainframe Comp & Periph Eqpt	37,295	31,343	0.00%	0	0%	2.4	5-SQ
11	3,912	Mainframe Comp & Periph Eqpt-amortized	394,791	453,337	20.00%	78,958	0%		
12	3,912	Personal Comp & Periph Eqpt	245,890	282,355	0.00%	0	0%	2.3	5-SQ
13	3,912	Personal Comp & Periph Eqpt-amortized	400,086	489,417	20.00%	80,017	0%		
14	3,912	Computers & Periph Other	101,976	117,089	0.00%	0	0%	3.4	5-SQ
15	3,912	Computers & Periph Other-amortized	176,607	202,797	20.00%	35,321	0%		
16	3,912	Mainframe Software	3,976,525	4,566,229	0.00%	0	0%	1.0	5-SQ
17	3,912	Mainframe Software-amortized	570,993	655,669	20.00%	114,199	0%		
18	3,912	Personal Comp Software	400	459	0.00%	0	0%	2.7	5-SQ
19	3,912	Personal Comp Software-amortized	100,330	115,209	20.00%	20,066	0%		
20	3,912	Other Software	527,874	606,156	0.00%	0	0%	2.6	5-SQ
21	3,912	Other Software-amortized	4,470	5,133	20.00%	894	0%		
22	3,913	Other Office Equipment	18,816	21,606	0.00%	0	0%	5.8	15-SQ
23	3,913	Other Office Equipment-amortized	69,553	79,868	6.67%	4,639	0%		
24	3,921	Trans Equip-Light Trucks	1,646,367	876,925	0.00%	0	20%	0.0	13-S2.5
25	3,921	Trans Equip-Light Trucks-amortized	1,641,920	874,556	6.15%	100,978	20%	13.5	13-S2.5
26	3,922	Trans Equip-Heavy Trucks	1,172,528	624,538	2.11%	24,740	15%	12.0	14-S2
27	3,922	Trans Equip-Cars	191,583	102,045	0.00%	0	15%	0.0	10-S3
28	3,922	Trans Equip-Cars-amortized	160,133	85,294	8.50%	13,611	15%	10.0	10-S3
29	3,923	Other Trans Equip	416,327	221,753	5.33%	22,190	0%	13.5	16-L3
30	393	Stores Equipment	2,268	2,323	0.00%	0	0%		
31	393	Stores Equipment-amortized	31,659	32,420	4.00%	1,266	0%	3.6	25-SQ
32	394	Tools, Shop, & Garage Equip	138,230	61,716	0.00%	0	0%		
33	394	Tools, Shop, & Garage Equip-amortized	2,092,767	934,370	5.00%	104,638	0%	13.7	20-SQ
34	395	Laboratory Equipment	150,397	140,367	0.00%	0	0%		
35	395	Laboratory Equipment-amortized	677,631	632,437	6.67%	45,198	0%	6.2	15-SQ
36	396	Power Operated Equipment	1,526,035	950,696	2.08%	31,742	15%	13.7	18-L4
37	397	Communication Equipment-nontelephone	118,585	62,817	0.00%	0	0%		
38	397	Communication Equipment-amortized	1,692,239	896,411	6.67%	112,872	0%	4.9	15-SQ
39	397	Communication Equipment-remote control	22,311	11,819	6.67%	1,488	0%	13.6	15-SQ
40	397	Communication Equipment-telephone	240,800	127,556	6.67%	16,061	0%	13.6	15-SQ
41	398	Misc Equipment	115,963	45,975	0.00%	0	0%		
42	398	Misc Equipment-amortized	1,304,209	517,073	5.00%	65,210	0%	13.6	20-SQ
43	399	Other Tangible Property	138,465	288,575	5.00%	6,524	0%	8.7	20-SQ
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			503,617,234	114,978,182		11,863,374			

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
CONSTRUCTION WORK IN PROGRESS
AS OF May 31, 2010

SCHEDULE B-4
PAGE 1 OF 2
Witness Responsible: L. Williams

DATA: X BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): WIP-1-4

Line No.	Project Number	Description of Project	Construction Amount	AFUDC Capitalized	Indirect Costs	Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
1			\$			\$217,550	100%	\$217,550	NA
2	DV	Mains	217,550	-	-	217,550			NA
3	DV	Services	-	-	-	-			NA
4	DV	Meter Installations	-	-	-	-			NA
5	DV	Hydrants	54,387	-	-	54,387		54,387	NA
6	A	Mains - New	23,578	595	-	24,173		24,173	NA
7	B	Mains - Planned Replacement / Restored	91,118	3,155	-	94,273		94,273	NA
8	C	Mains - Unschedule Replacements	21,035	720	-	21,755		21,755	NA
9	D	Mains - Relocation	158,828	4,335	-	163,163		163,163	NA
10	E	Hydrants, Valves, and Manholes - New	14,361	144	-	14,505		14,505	NA
11	F	Hydrants, Valves, and Manholes - Replaced	10,397	479	-	10,876		10,876	NA
12	G	Services and Laterals - New	114,095	-	-	114,095		114,095	NA
13	H	Services and Laterals - Replaced	127,562	-	-	127,562		127,562	NA
14	I	Meters New	105,151	-	-	105,151		105,151	NA
15	J	Meter - Replaced	188,939	-	-	188,939		188,939	NA
16	K	ITS Equipment and Systems	24,172	-	-	24,172		24,172	NA
17	L	SCADA Equipment and Systems	17,870	260	-	18,130		18,130	NA
18	M	Security Equipment and System	-	-	-	-		-	NA
19	N	Offices and Operations Centers	-	-	-	-		-	NA
20	O	Vehicles	90,646	-	-	90,646		90,646	NA
21	P	Tools and Equipment	24,175	-	-	24,175		24,175	NA
22	Q	Process Plant Facilities and Equipment	111,682	2,532	-	114,214		114,214	NA
23	R	Capitalized Tank Rehabilitation / Painting	-	-	-	-		-	NA
24	S	Engineering Studies	13,792	711	-	14,503		14,503	NA
25	12020204	Source of Supply Project Dev	2,061,111	83,836	-	2,144,947		2,144,947	97.49%
26	IP-1202-5	North Broadway Main Replacement	1,700,897	98,869	-	1,799,766		1,799,766	64.97%
27	IP-1202-6	Install 34,000 of 16" along Carrick Pike	73,206	6,735	-	79,941		79,941	2.96%
28	IP-1202-17	South Limestone Replacement	132,415	439	-	132,854		132,854	24.93%
29	IP-1202-18	US 25 Relocation	1,055,728	11,172	-	1,066,900		1,066,900	33.34%
30	IP-1202-19	Leestown Road	131,591	5,476	-	137,067		137,067	9.14%
31	12020607	Pool 3 - Lakes, Rivers & Other Inakes	140,593,948	10,461,591	-	151,055,539		151,055,539	93.42%
32	IP-1202-32	Lexington Operations Center	126,340	780	-	127,120		127,120	6.36%
33	IP-1232-3	Northern Division Connection	69,115	6,889	-	76,004		76,004	1.09%
34	CS-1201-3	Business Transformation 2010 - 2014	1,994,941	21,156	-	2,016,097		2,016,097	15.79%
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						\$149,348,630	\$10,709,874	\$160,058,504	
						\$217,550		\$217,550	

Note: Budget Projects: DV - S represent normal on-going construction expenditures and are comprised of numerous construction jobs. The cost of these projects can range from approximately \$1,000 to \$95,000. The construction period may be as little as one week or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
CONSTRUCTION WORK IN PROGRESS
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE B-4
PAGE 2 OF 2
Witness Responsible: L. Williams

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): ___ WIP-1-4

Line No.	Project Number	Description of Project	Construction Amount	AFUDC Capitalized	Indirect Costs	Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
1			\$641,776	\$0	-	\$641,776	100%	\$641,776	N/A
2	DV	Mains	-	-	-	-	-	-	N/A
3	DV	Services	-	-	-	-	-	-	N/A
4	DV	Meter Installations	71,307	-	-	71,307	-	71,307	N/A
5	DV	Hydrants	140,358	-	-	140,358	-	140,358	N/A
6	A	Mains - New	4,677	4,677	-	9,354	-	9,354	N/A
7	B	Mains - Planned Replacement / Restored	82,710	7,940	-	90,650	-	90,650	N/A
8	C	Mains - Unschedule Replacements	19,665	2,093	-	21,758	-	21,758	N/A
9	D	Mains - Relocation	82,194	8,452	-	90,646	-	90,646	N/A
10	E	Hydrants, Valves, and Manholes - New	3,128	1,712	-	4,840	-	4,840	N/A
11	F	Hydrants, Valves, and Manholes - Replaced	26,087	1,708	-	27,795	-	27,795	N/A
12	G	Services and Laterals - New	145,187	-	-	145,187	-	145,187	N/A
13	H	Services and Laterals - Replaced	204,594	-	-	204,594	-	204,594	N/A
14	I	Meters New	143,018	-	-	143,018	-	143,018	N/A
15	J	Meter - Replaced	282,339	-	-	282,339	-	282,339	N/A
16	K	ITS Equipment and Systems	18,131	-	-	18,131	-	18,131	N/A
17	L	SCADA Equipment and Systems	(1,062)	1,062	-	-	-	-	N/A
18	M	Security Equipment and System	12,000	86	-	12,086	-	12,086	N/A
19	N	Offices and Operations Centers	24,174	-	-	24,174	-	24,174	N/A
20	O	Vehicles	-	-	-	-	-	-	N/A
21	P	Tools and Equipment	-	-	-	-	-	-	N/A
22	Q	Process Plant Facilities and Equipment	109,090	8,145	-	117,235	-	117,235	N/A
23	R	Capitalized Tank Rehabilitation / Painting	-	-	-	-	-	-	N/A
24	S	Engineering Studies	11,158	929	-	12,087	-	12,087	N/A
25		Install 34,000 of 16" along Carrick Pike	612,643	12,098	-	624,741	-	624,741	23.14%
26	IP-1202-6	US 25 Relocation	(40,436)	40,436	-	-	-	-	100.00%
27	IP-1202-19	Leestown Road	1,372,500	35,767	-	1,408,267	-	1,408,267	100.00%
28	IP-1202-22	KRS Raw Water Transfer	237,016	4,708	-	241,724	-	241,724	100.00%
29	IP-1202-31	KRS Raw Water Access	889,092	18,908	-	908,000	-	908,000	100.00%
30	IP-1202-32	Lexington Operations Center	(22,653)	22,653	-	-	-	-	100.00%
31	IP-1232-3	Northern Division Connection	3,423,799	102,605	-	3,526,404	-	3,526,404	50.38%
32	CS-1201-3	Business Transformation 2010 - 2014	5,639,105	355,135	-	5,994,240	-	5,994,240	46.93%
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\$14,756,034

Note: Budget Projects DV - S represent normal on-going construction expenditures and are comprised of numerous construction jobs. The cost of these projects can range from approximately \$1,000 to \$95,000. The construction period may be as little as one week or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF May 31, 2010

SCHEDULE B-4.1
PAGE 1 OF 2
Witness Responsible: L. Williams

DATA: X BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): WIP-1-4

Line No.	Project Number	Date Construction Began	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1								
2	DV	NA	NA	NA	NA	NA	217,550	NA
3	DV	NA	NA	NA	NA	NA	-	NA
4	DV	NA	NA	NA	NA	NA	-	NA
5	DV	NA	NA	NA	NA	NA	54,387	NA
6	A	NA	NA	NA	NA	NA	24,173	NA
7	B	NA	NA	NA	NA	NA	94,273	NA
8	C	NA	NA	NA	NA	NA	21,755	NA
9	D	NA	NA	NA	NA	NA	163,163	NA
10	E	NA	NA	NA	NA	NA	14,505	NA
11	F	NA	NA	NA	NA	NA	10,876	NA
12	G	NA	NA	NA	NA	NA	114,095	NA
13	H	NA	NA	NA	NA	NA	127,562	NA
14	I	NA	NA	NA	NA	NA	105,151	NA
15	J	NA	NA	NA	NA	NA	188,939	NA
16	K	NA	NA	NA	NA	NA	24,172	NA
17	L	NA	NA	NA	NA	NA	18,130	NA
18	M	NA	NA	NA	NA	NA	-	NA
19	N	NA	NA	NA	NA	NA	-	NA
20	O	NA	NA	NA	NA	NA	90,646	NA
21	P	NA	NA	NA	NA	NA	24,175	NA
22	Q	NA	NA	NA	NA	NA	114,214	NA
23	R	NA	NA	NA	NA	NA	-	NA
24	S	NA	NA	NA	NA	NA	14,503	NA
25	12020204	Apr-02	Nov-10	94.23%	1,346,992	2,200,060	2,144,947	97.49%
26	IP-1202-5	Apr-08	Sep-10	86.67%	2,850,037	2,770,076	1,799,766	64.97%
27	IP-1202-6	May-08	Dec-12	44.64%	2,700,001	2,700,269	79,941	2.96%
28	IP-1202-17	May-10	Aug-10	25.00%	1,125,000	523,854	132,854	25.36%
29	IP-1202-18	Feb-10	Dec-10	36.36%	3,200,000	3,200,000	1,066,900	33.34%
30	IP-1202-19	May-10	Dec-11	5.00%	1,500,000	1,500,000	137,067	19.30%
31	12020607	Aug-06	Sep-10	80.36%	139,528,531	161,691,600	151,055,539	93.42%
32	IP-1202-32	Mar-10	Dec-10	15.00%	2,000,000	2,000,000	127,120	6.36%
33	IP-1232-3	Jan-11	Aug-12	0.00%	7,000,000	7,000,000	76,004	1.09%
34	CS-1201-3	Jan-10	Dec-14	8.33%	12,771,812	12,771,812	2,016,097	15.79%
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					<u>\$174,022,373</u>	<u>\$196,357,671</u>	<u>160,058,504</u>	

Note: Investment Projects DV - S represent normal on-going construction expenditures and are comprised of numerous construction jobs. The cost of these projects can range from approximately \$1,000 to \$95,000. The construction period may be as little as one week or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE B-4.1
PAGE 2 OF 2
Witness Responsible: L. Williams

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: ___X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WIP-1-4

Line No.	Project Number	Date Construction Began	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1								
2	DV	NA	NA	NA	NA	NA	\$641,776	NA
3	DV	NA	NA	NA	NA	NA	-	NA
4	DV	NA	NA	NA	NA	NA	-	NA
5	DV	NA	NA	NA	NA	NA	71,307	NA
6	A	NA	NA	NA	NA	NA	145,035	NA
7	B	NA	NA	NA	NA	NA	90,650	NA
8	C	NA	NA	NA	NA	NA	21,758	NA
9	D	NA	NA	NA	NA	NA	90,646	NA
10	E	NA	NA	NA	NA	NA	4,840	NA
11	F	NA	NA	NA	NA	NA	27,795	NA
12	G	NA	NA	NA	NA	NA	145,187	NA
13	H	NA	NA	NA	NA	NA	204,594	NA
14	I	NA	NA	NA	NA	NA	143,018	NA
15	J	NA	NA	NA	NA	NA	282,339	NA
16	K	NA	NA	NA	NA	NA	18,131	NA
17	L	NA	NA	NA	NA	NA	-	NA
18	M	NA	NA	NA	NA	NA	12,086	NA
19	N	NA	NA	NA	NA	NA	24,174	NA
20	O	NA	NA	NA	NA	NA	-	NA
21	P	NA	NA	NA	NA	NA	-	NA
22	Q	NA	NA	NA	NA	NA	117,235	NA
23	R	NA	NA	NA	NA	NA	-	NA
24	S	NA	NA	NA	NA	NA	12,087	NA
25	IP-1202-6	May-08	Dec-12	94.23%	2,700,001	2,700,269	624,741	23.14%
26	IP-1202-18	Feb-10	Dec-10	100.00%	3,200,000	3,200,000	-	100.00%
27	IP-1202-19	May-10	Dec-11	72.73%	1,500,000	1,500,000	1,408,267	100.00%
28	IP-1202-22	Jun-11	Dec-11	57.14%	200,000	200,000	241,724	100.00%
29	IP-1202-31	Nov-10	Dec-11	78.57%	1,000,000	1,000,000	908,000	90.80%
30	IP-1202-32	Mar-10	Dec-10	100.00%	2,000,000	2,000,000	-	100.00%
31	IP-1232-3	Jan-11	Aug-12	45.00%	7,000,000	7,000,000	3,526,404	50.38%
32	CS-1201-3	Jan-10	Dec-14	20.00%	12,771,812	12,771,812	5,994,240	46.93%
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Note: Investment Projects DV - S represent normal on-going construction expenditures and are comprised of numerous construction jobs. The cost of these projects can range from approximately \$1,000 to \$95,000. The construction period may be as little as one week or as long as two months.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
ALLOWANCE FOR WORKING CAPITAL
AS OF May 31, 2010

SCHEDULE B-5
PAGE 1 OF 2
Witness Responsible: M.A. Miller

DATA: X BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): SCH 5.1/5.2

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2						
3	Working Capital	Lead/Lag Study	B-5.2, Page 1/3	<u>\$3,804,000</u>	<u>100.00%</u>	<u>\$3,804,000</u>
4						
5						
6						
7	Materials and Supplies	13 Month Average Balance	B-5.1	<u>\$642,421</u>	<u>100.00%</u>	<u>\$642,421</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
ALLOWANCE FOR WORKING CAPITAL
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE B-5
PAGE 2 OF 2
Witness Responsible: M.A. Miller

DATA: ___ BASE PERIOD ___ X_ FORECASTED PERIOD
TYPE OF FILING: ___ X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): SCH 5.1/5.2

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2						
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5						
6	Working Capital	Lead/Lag Study	B-5.2, Page 1/3	\$2,635,000	100.00%	\$2,635,000
7						
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9						
10	Materials and Supplies	13 Month Average Balance	B-5.1	\$642,421	100.00%	\$642,421
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
WORKING CAPITAL COMPONENTS
AS OF May 31, 2010

SCHEDULE B-5.1
PAGE 1 OF 2
Witness Responsible: M.A. Miller

DATA: X BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-1-6

Line No.	Description	Total Company	13 - Month Average For Period Jurisdictional Percent	Jurisdictional Amount	Total Company	Period Balance Jurisdictional Percent	Jurisdictional Amount
1							
2							
3	Materials and Supplies						
4							
5							
6	Plant Materials	\$428,668	100.00%	\$428,668	\$428,668	100.00%	\$428,668
7							
8	Chemicals	213,753		213,753	213,753		213,753
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10							
11		\$642,421		\$642,421	\$642,421		\$642,421
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
WORKING CAPITAL COMPONENTS
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE B-5.1
PAGE 2 OF 2
Witness Responsible: M.A. Miller

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1-6

Line No.	Description	Total Company	13 - Month Average For Period Jurisdictional Percent	Jurisdictional Amount	Total Company	Period Balance Jurisdictional Percent	Jurisdictional Amount
1							
2							
3							
4							
5							
6							
7							
8							
9							
10	Plant Materials	\$428,668	100.00%	\$428,668	\$428,668	100.00%	\$428,668
11	Chemicals	213,753		213,753	213,753		213,753
12							
13							
14							
15							
16							
17							
18							
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
WORKING CAPITAL - LEAD/LAG STUDY
AS OF May 31, 2010

SCHEDULE B-5.2
PAGE 1 OF 6
Witness Responsible: M.A. Miller

DATA: X BASE PERIOD ___ FORECASTED PERIOD ___
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED ___
WORKPAPER REFERENCE NO(S): Sch 5.2

Line No.	Description	Days	Amount
1			
2			
3	Total Operating Funds		<u>\$77,057,737</u>
4			
5	Average Daily Operating Funds		211,117
6			
7	Composite Average Days Interval Between:		
8			
9	(A) Date Service Furnished and Date Collections Deposited	36.84	
10			
11	(B) Date Expenses Incurred and Date of Payment	<u>18.82</u>	
12			
13	(C) Net Interval	<u>18.02</u>	
14			
15	Total Working Capital		<u>\$3,803,906</u>
16			
17			
18	Use		<u>\$3,804,000</u>
19			
20			
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
WORKING CAPITAL - LEAD/LAG STUDY
AS OF May 31, 2010

SCHEDULE B-5.2
PAGE 2 OF 6
Witness Responsible: M.A. Miller

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

Line No.	Description	Amount	Post Payment or (Lead) Days	Dollar Days
1				
2				
3	Payrolls Charged to Expense - Union/ATS Group	\$3,691,237	12.00	\$44,294,844
4	Payrolls Charged to Expense - Salaried	3,445,051	12.00	41,340,612
5	Fuel, Power and Electric	3,179,899	30.44	96,796,126
6	Chemicals	2,188,604	27.38	59,923,978
7	Purchased Water	126,828	46.34	5,877,210
8	Waste Disposal	289,729	20.73	6,006,082
9	Service Company Charges	8,485,212	(10.81)	(91,725,142)
10	Group Insurance	1,350,581	(13.57)	(18,327,384)
11	Opelb	907,004	(1.39)	(1,260,736)
12	Pensions	1,262,429	(1.39)	(1,754,776)
13	Insurance Other than Group	690,501	(34.38)	(23,739,424)
14	Rents	32,992	(29.37)	(968,975)
15	Regulatory Expense	304,841	16.63	5,069,506
16	Maintenance Expense	1,016,950	30.51	31,027,159
17	Amortization	303,392	0.00	0
18	Uncollectibles	601,956	0.00	0
19	Other Operating Expenses	5,387,194	42.29	227,824,434
20				
21	Total O & M Expenses	33,264,400		380,383,514
22				
23	Depreciation and Amortization	8,383,985	0.00	0
24	Taxes, Other than Income			
25	Payroll - FUTA	7,194	49.80	358,261
26	Payroll - SUTA	9,569	47.17	451,370
27	Payroll - FICA	529,073	11.54	6,105,502
28	Property Tax	3,435,719	165.85	569,813,996
29	Utility Tax	99,219	(182.00)	(18,057,858)
30	Income Taxes - Current - SIT	240,355	29.64	7,124,122
31	Income Taxes - Current - FIT	(181,708)	0.00	(5,385,825)
32	Deferred Income Taxes	7,438,123	29.64	220,000,000
33	Interest Expense - Long - Term Debt	5,459,077	90.55	494,319,422
34	Interest Expense - Short - Term Debt	322,913	14.31	4,620,885
35	Preferred Dividends	236,139	45.88	10,834,057
36	Net Income	17,813,680	0.00	0
37	Net Operating Funds	\$77,057,737		\$1,450,567,446
38				
39				
40				
41	Average Days Interval between Date Expenses are Incurred and Date of Payment			18.82
42				
43				
44				
45				
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
WORKING CAPITAL - LEAD/LAG STUDY
AS OF May 31, 2010

SCHEDULE B-5.2
PAGE 3 OF 6
Witness Responsible: M.A. Miller

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

Line No.	Revenues Amount	Median Service Days	Dollar Days
1			
2			
3			
4			
5	\$88,645,848	15.21	\$892,003,344
6	2,787,939	34.54	96,295,413
7	4,407,311	(41.19)	(181,537,140)
8			
9	<u>65,841,098</u>		<u>\$806,761,617</u>
10			
11			
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Monthly - Arrears Full Bills			
Other Revenues			
Fire Service			
Total			
Average Median Service Days		12.25	
Number of Days between the Reading Date and the Billing Date		4.66	
Number of Days between the Billing Date and the Date the Bills are Paid		19.93	
Total Average Days' Interval between Number of Days from Date Services are Furnished to Date Collections are Received		36.84	

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
WORKING CAPITAL - LEAD/LAG STUDY
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE B-5.2
PAGE 4 OF 6
Witness Responsible: M.A. Miller

DATA: ___ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): Sch 5.2
AGDR2#19(4, 5, & 6)

Line No.	Description	Days	Amount
1			
2			
3	Total Operating Funds		<u>\$94,362,196</u>
4			
5	Average Daily Operating Funds		258,627
6			
7	Composite Average Days Interval Between:		
8			
9	(A) Date Service Furnished and Date Collections Deposited	35.83	
10			
11	(B) Date Expenses Incurred and Date of Payment	<u>25.64</u>	
12			
13	(C) Net Interval	<u>10.19</u>	
14			
15	Total Working Capital		<u>\$2,635,180</u>
16			
17			
18	Use		<u>\$2,635,000</u>
19			
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
WORKING CAPITAL - LEAD/LAG STUDY
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE B-5.2
PAGE 5 OF 6
Witness Responsible: M.A. Miller

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

Line No.	DESCRIPTION	Amount	Post Payment or (Lead) Days	Dollar Days
1	Payrolls Charged to Expense - Union/ATS Group	\$4,158,486	12.00	49,901,832
2	Payrolls Charged to Expense - Salaried	3,881,137	12.00	46,573,644
3				
4				
5	Fuel and Power	4,375,584	30.44	133,192,777
6	Chemicals	1,772,730	27.38	48,537,347
7	Service Company Charges	9,028,121	(10.81)	(97,593,988)
8	Group Insurance	1,403,136	(13.57)	(19,040,556)
9	Opex	910,407	(1.39)	(1,265,466)
10	Pensions	1,267,732	(1.39)	(1,762,147)
11	Insurance Other than Group	742,262	(34.38)	(25,518,959)
12	Regulatory Exp	366,462	16.63	6,094,263
13	Rents	27,654	(29.37)	(812,198)
14	Maintenance Expense, excluding Amortizations	905,779	30.51	27,635,317
15	Amortization	366,562	0.00	0
16	Uncollectibles	522,551	0.00	0
17	Waste Disposal	340,226	20.73	7,052,891
18	Purchased Water	120,655	46.34	5,591,153
19	Other Operating Expenses	33,264,400	42.29	222,863,326
20				
21	Total O & M Expenses	35,459,366		304,973,760
22				
23	Depreciation and Amortization	11,380,350	0.00	0
24	Taxes, Other than Income			
25	Payroll - FUTA	8,939	49.80	445,162
26	Payroll - SUTA	7,423	47.17	350,143
27	Payroll - FICA	604,945	11.54	6,981,065
28	Property Tax	4,444,306	165.85	737,088,150
29	Utility Tax	109,826	(182.00)	(19,988,332)
30	Income Taxes - Current - SIT	240,355	29.64	41,222,482
31	Income Taxes - Current - FIT	(181,709)	29.64	226,036,567
32	Deferred Income Taxes	2,178,798	0.00	0
33	Interest Expense - Long - Term Debt	5,459,077	90.55	1,097,328,273
34	Interest Expense - Short - Term Debt	322,913	14.31	3,124,603
35	Preferred Dividends	236,139	45.88	21,705,553
36	Net Income	17,813,680	0.00	0
37				
38	Net Operating Funds	\$94,362,196		\$2,419,267,426
39				
40				
41				
42	Average Days Interval between Date Expenses are Incurred and Date of Payment			25.64
43				
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
WORKING CAPITAL - LEAD/LAG STUDY
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

SCHEDULE B-5.2
PAGE 6 OF 6
Witness Responsible: M.A. Miller

DATA: ___ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S):
AGDR2#19(4, 5, & 6)

Line No.	Revenues Amount	Median Service Days	Dollar Days
1			
2			
3			
4			
5			
6			
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8			
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11			
12			
13			
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Monthly - Arrears Full Bills \$60,289,591 15.21 \$917,004,675

Fire Service 4,463,897 (41.19) (183,867,917)

Total \$64,753,488 \$733,136,758

Average Median Service Days 11.32

Number of Days between the Reading Date and the Billing Date 4.66

Number of Days between the Billing Date and the Date the Bills are Paid 19.93

Other Revenues 64,753,488 35.91 2,325,168,238

Total 3,753,071 34.54 129,631,072

Total Average Days' Interval between Number of Days from Date Services are Furnished to Date Collections are Received 35.83 2,454,799,310

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DEFERRED CREDITS AND ACCUMULATED DEFERRED INCOME TAXES
AS OF May 31, 2010

DATA: X BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-1

SCHEDULE B-6
PAGE 1 OF 2
Witness Responsible: M.A. Miller/S.A. Miller

Line No.	Acct No.	Description	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
2						
3	252	Customer Advances	W/P-1-7	\$ 17,206,405		\$17,206,405
4					100.00%	
5	271	Contributions in Aid of Constr	W/P-1-7	\$ 48,334,241		\$48,334,241
6						
7	255	Investment Tax Credits:	W/P-1-9	\$83,332		\$83,332
8		Pre 1971 3% Credit				
9		1971-1975 4% Credit				
10		1975-12/31/85 10% Credit				
11						
12				\$83,332		\$83,332
13						
14						
15						
16	282	Deferred Taxes:	W/P-1-8	\$36,608,151		\$36,608,151
17		Utility Plant in Service	W/P-1-8	942,412		942,412
18		Deferred Maintenance	W/P-1-8	683,730		683,730
19		Deferred Debits				
20						
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				\$38,234,293		\$38,234,293

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DEFERRED CREDITS AND ACCUMULATED DEFERRED INCOME TAXES
OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

DATA: ___ BASE PERIOD ___ X FORECASTED PERIOD
TYPE OF FILING: ___ X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1
AGDR2#19(3)

SCHEDULE B-6
PAGE 2 OF 2
Witness Responsible: M.A. Miller/S.A. Miller

Line No.	Acct No.	Description	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount	13-Month Average Balance
2							
3	252	Customer Advances	W/P-1-7	\$21,998,976	100.00%	\$21,998,976	\$19,881,239
4							
5	271	Contributions in Aid of Constr	W/P-1-7	\$50,361,516		\$50,361,516	\$49,781,990
6							
7	255	Investment Tax Credits:	W/P-1-9	\$73,124		\$73,124	\$76,952
8		Pre 1971 3% Credit					
9		1971-1975 4% Credit					
10		1975-12/31/85 10% Credit					
11							
12				\$73,124		\$73,124	\$76,952
13							
14							
15							
16	282	Deferred Taxes:	W/P-1-8	\$39,343,825		\$39,343,825	\$38,310,269
17		Utility Plant in Service	W/P-1-8	1,324,753		1,324,753	1,053,504
18		Deferred Maintenance	W/P-1-8	649,471		649,471	661,484
19		Deferred Debits					
20							
21			3,324,188				
22							
23							
24							
25							
26				\$41,318,049		\$41,318,049	\$40,025,257
27							
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KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 JURISDICTIONAL PERCENTAGES

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

SCHEDULE B-7
 PAGE 1 OF 1
 Witness Responsible: S.A. Miller

Line No.	Acct No.	Account Title	Jurisdictional Percentage	Description of Factors And/Or Method of Allocation
1				
2				
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY

KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 JURISDICTIONAL STATISTICS - RATE BASE

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

SCHEDULE B-7.1
 PAGE 1 OF 1
 Witness Responsible: S.A. Miller

Line No.	Description	Statistic Total Company	Adjustment	Adjusted Statistic	Statistic For Rate Area	Allocation Factor
1						
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY

KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 EXPLANATION OF CHANGES IN JURISDICTIONAL PROCEDURES

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

SCHEDULE B-7.2
 PAGE 1 OF 1
 Witness Responsible: S.A. Miller

Line No.	Acct No.	Description	Procedures Approved In Prior Rate Case	Rationale for Change
1				
2				
3				
4				
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NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

SCHEDULE C-1, PAGE 1 OF 1
Witness Responsible: M.A. Miller/S. A. Miller

DATA: _____ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL _X_ UPDATED _REVISED
WORKPAPER REFERENCE NO(S): SCH C-2 (TOTAL COMPANY)

Line No.	Description	Forecasted Return at Current Rates	Proposed Increase	Forecasted Return at Proposed Rates
2	Operating Revenues	\$68,506,560	\$26,102,407	\$94,608,967
3	Operating Expenses			
4	Operation and Maintenance	35,459,366	204,536	35,663,902
5	Depreciation and Amortization	11,380,350	0	11,380,350
6	Taxes Other Than Income	5,175,439	42,234	5,217,673
7	State Income Taxes	158,080	1,551,338	1,709,418
8	Federal Income Taxes	979,712	8,506,505	9,486,217
9	Total Operating Expenses	53,152,947	10,304,613	63,457,560
10	Utility Operating Income	\$15,353,612	\$15,797,794	\$31,151,406
11	Rate Base	\$363,918,285		\$363,918,285
12	Rate of Return	4.22%		8.56%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

SCHEDULE C-2, PAGE 1 OF 1
Witness Responsible: M.A. Miller/S. A. Miller

DATA: X_BASE PERIOD X_FORECASTED PERIOD
TYPE OF FILING: X_ORIGINAL_UPDATED_REVISED
WORKPAPER REFERENCE NO(S): WP-2,3,4,5 & 6 (TOTAL COMPANY)

Line No.	Major Group Classification	Base Year Revenues & Expenses	Adjustments	Schedule Reference	Forecasted Revenues & Expenses
2	Operating Revenues				
3	Water Sales	\$64,254,178	\$499,310	Sch D-1	\$ 64,753,488
4	Other Operating Revenues	2,788,053	965,019	Sch D-1	3,753,072
5		<u>67,042,231</u>	<u>1,464,329</u>		<u>68,506,560</u>
6	Operating Expenses				
7	Labor	7,136,288	903,335	Sch D-1	8,039,623
8	Purchased Water	126,828	(6,173)	Sch D-1	120,655
9	Fuel and Power	3,179,899	1,195,685	Sch D-1	4,375,584
10	Chemicals	2,188,604	(415,874)	Sch D-1	1,772,730
11	Waste Disposal	289,729	50,497	Sch D-1	340,226
12	Management Fees	8,485,212	542,909	Sch D-1	9,028,121
13	Group Insurance	2,257,585	55,958	Sch D-1	2,313,543
14	Pensions	1,262,429	5,303	Sch D-1	1,267,732
15	Regulatory Expense	304,841	61,621	Sch D-1	366,462
16	Insurance Other than Group	690,501	51,761	Sch D-1	742,262
17	Customer Accounting	1,823,105	(110,588)	Sch D-1	1,712,517
18	Rents	32,992	(5,338)	Sch D-1	27,654
19	General Office Expense	636,050	3,728	Sch D-1	639,778
20	Miscellaneous	3,529,995	(89,856)	Sch D-1	3,440,139
21	Maintenance - Other	1,320,342	(48,001)	Sch D-1	1,272,341
22					
23	Total O & M Expenses	<u>33,264,400</u>	<u>2,194,966</u>		<u>35,459,366</u>
24					
25	Depreciation	7,867,005	3,279,624	Sch D-1	11,146,629
26	Amortization	516,980	(283,259)	Sch D-1	233,721
27	General Taxes				
28	Property and Capital Stock	3,435,719	1,008,587	Sch D-1	4,444,306
29	Gross Receipts and Sales	99,219	10,607	Sch D-1	109,826
30	Payroll	545,836	75,471	Sch D-1	621,307
31	Miscellaneous	0	0	Sch D-1	0
32	State Income Taxes				
33	Current	240,355	(400,921)	Sch E-1.5	(160,566)
34	Deferred	937,339	(618,693)	Sch E-1.5	318,646
35					
36	Federal Income Taxes				
37	Current				
38	Deferred	(181,708)	(698,732)	Sch E-1.5	(880,440)
39	Deferred - ITC	6,585,582	(4,640,633)	Sch E-1.5	1,944,949
40		(84,798)	1	Sch E-1.5	(84,797)
41					
42					
43					
44	Total Operating Expenses	<u>53,225,929</u>	<u>(72,981)</u>		<u>53,152,947</u>
45					
46	Utility Operating Income	<u>\$13,816,302</u>	<u>\$1,537,310</u>		<u>\$15,353,612</u>
47					
48					
49					
50					

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
OVERALL FINANCIAL SUMMARY
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

SCHEDULE C-2.1, PAGE 1 OF 1
Witness Responsible: M.A. Miller/S. A. Miller

DATA: X_BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X_ORIGINAL_UPDATED_REVISED
WORKPAPER REFERENCE NO(S): SCH D-1 (TOTAL COMPANY)

Line No.	Major Group Classification	Base Year Revenues & Expenses	Jurisdictional Percent	Base Year Unadjusted Jurisdiction	Jurisdictional Method/Description
2	Operating Revenues				
3	Water Sales	\$64,254,178		\$64,254,178	Not Applicable to Kentucky-American
4	Other Operating Revenues	2,788,053	100.00%	2,788,053	Water Company
5		<u>67,042,231</u>		<u>67,042,231</u>	
6	Operating Expenses				
7	Labor	7,136,288		7,136,288	
8	Purchased Water	126,828		126,828	
9	Fuel and Power	3,179,899		3,179,899	
10	Chemicals	2,188,604		2,188,604	
11	Waste Disposal	289,729		289,729	
12	Management Fees	8,485,212		8,485,212	
13	Group Insurance	2,257,585		2,257,585	
14	Pensions	1,262,429		1,262,429	
15	Regulatory Expense	304,841		304,841	
16	Insurance Other than Group	690,501		690,501	
17	Customer Accounting	1,823,105		1,823,105	
18	Rents	32,992		32,992	
19	General Office Expense	636,050		636,050	
20	Miscellaneous	3,529,995		3,529,995	
21	Maintenance - Other	1,320,342		1,320,342	
22					
23	Total O & M Expenses	<u>33,264,400</u>		<u>33,264,400</u>	
24					
25	Depreciation	7,867,005		7,867,005	
26	Amortization	516,980		516,980	
27	General Taxes				
28	Property and Capital Stock	3,435,719		3,435,719	
29	Gross Receipts and Sales	99,219		99,219	
30	Payroll	545,836		545,836	
31	Miscellaneous	0		0	
32	State Income Taxes				
33	Current	240,355		240,355	
34	Deferred	937,339		937,339	
35					
36					
37	Federal Income Taxes				
38	Current	(181,708)		(181,708)	
39	Deferred	6,585,582		6,585,582	
40	Deferred - ITC	(84,798)		(84,798)	
41					
42					
43					
44	Total Operating Expenses	<u>53,225,929</u>		<u>53,225,929</u>	
45					
46	Utility Operating Income	<u>\$13,816,302</u>		<u>\$13,816,302</u>	
47					
48					
49					
50					

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

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

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL_ UPDATED_ REVISED
WORKPAPER REFERENCE NO(S): SCH D-2.1/D-2.2 (TOTAL COMPANY)

Line No.	Account Number	Description	Base Period	Adj. D-1 Sch D-2.1	Adj. D-2 Sch D-2.2	Adj. D-3 Sch D-2.2	Total Adjustments
1		Water Revenues	\$ 33,748,193	\$ 1,374,387	\$ 0	\$ 0	\$ 1,374,387
3	461100	Residential - Billed	221,059	(221,059)	0	0	(221,059)
4	461200	Commercial - Billed	16,594,838	(205,728)	0	0	(205,728)
5	461210	Commercial - Unbilled	267,890	(267,890)	0	0	(267,890)
6	461300	Industrial - Billed	1,695,732	(162,327)	0	0	(162,327)
7	461310	Industrial - Unbilled	35,258	(35,258)	0	0	(35,258)
8	461400	Miscellaneous - Billed	7,582	12,073	0	0	12,073
9	461410	Miscellaneous - Water Sales Billed Unmetered	0	0	0	0	0
10	462000	Private Fire - Billed	1,639,412	77,481	0	0	77,481
11	462100	Private Fire - Unbilled	0	0	0	0	0
12	463000	Public Fire - Billed	2,738,833	8,171	0	0	8,171
13	463100	Public Fire - Unbilled	0	0	0	0	0
14	464200	OPA - Billed	5,592,499	43,611	0	0	43,611
15	464210	OPA - Unbilled	70,626	(70,626)	0	0	(70,626)
16	466000	Sales for Resale - Billed	1,566,056	22,675	0	0	22,675
17	466100	Sales for Resale - Unbilled	76,200	(76,200)	0	0	(76,200)
18		Total Water Revenues	64,254,178	499,310	0	0	499,310
19							
20		Sewer Revenues	0	0	0	0	0
21	461000	Residential - Billed	0	0	0	0	0
22	461010	Residential - Billed Surcharge	0	0	0	0	0
23	461020	Commercial - Billed	0	0	0	0	0
24	461030	Commercial - Unbilled	0	0	0	0	0
25	462210	Industrial - Billed	0	0	0	0	0
26	462110	Industrial - Unbilled	0	0	0	0	0
27		Total Sewer Revenues	0	0	0	0	0
28							
29							
30		OTHER OPERATING REVENUES					
31	471100	Reconnection Charges/Activation fees	1,403,736	0	(76,956)	0	(76,956)
32	471200	NSF Checks	23,930	0	1,198	0	1,198
33	472000	Rents from Water Property	242,768	0	34,936	0	34,936
34	474100	Billing & Collection Services	1,111,960	0	371,060	0	371,060
35	474300	Other Water Revenues	5,659	0	5,666	0	5,666
36		AFUDC	0	0	629,114	0	629,114
37		TOTAL OTHER OPERATING REVENUES	2,788,053	0	335,905	629,114	965,019
38							
39		TOTAL OPERATING REVENUES	\$67,042,231	\$499,310	\$335,905	\$629,114	\$1,464,329
40							
41							
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

SCHEDULE D-1
Page 3 of 19
Witness Responsible: M.A. Miller/S. A. Miller

DATA: X_ BASE PERIOD_X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL__ UPDATED__ REVISED
WORKPAPER REFERENCE NO(S): SCH D-2.3 (TOTAL COMPANY)

Line No.	Account Number	Description	Base Period Col1	Adj D-4 Col2	Adj D-5 Col3	Adj D-6 Col4	Adj D-7 Col5	Adj D-8 Col6	Adj D-9 Col7	Adj D-10 Col8	Adj D-11 Col9	Adj D-12 Col10	Total Adjustments
SOURCE OF SUPPLY EXP (SS)													
1			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	600000	Operation Supervision & Engineering	0	0	0	0	0	0	0	0	0	0	0
3	601100	Operation Expenses	0	0	0	0	0	0	0	0	0	0	0
4	601200	Operation Labor	0	0	0	0	0	0	0	0	0	0	0
5	602000	Purchased Water	126,828	0	0	0	0	0	0	0	0	0	0
6	603100	Miscellaneous Expenses	50,693	0	0	0	0	0	0	0	0	0	0
7	603120	Amort Misc Expenses	0	0	0	0	0	0	0	0	0	0	0
8	603200	Miscellaneous Labor	0	0	0	0	0	0	0	0	0	0	0
9	604000	Rents	0	0	0	0	0	0	0	0	0	0	0
10	610000	Maint Supervision & Engineering Ord	847	(847)	0	0	0	0	0	0	0	0	(847)
11	610010	Maint Supervision & Engineering Prg	0	0	0	0	0	0	0	0	0	0	0
12	611100	Maint Struc & Improv-Materials Ord	0	0	0	0	0	0	0	0	0	0	0
13	611110	Maint Struc & Improv-Materials Prg	0	0	0	0	0	0	0	0	0	0	0
14	611200	Maint Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
15	611210	Maint Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
16	612100	Maint Col & Imp Res-Materials Ord	0	0	0	0	0	0	0	0	0	0	0
17	612110	Maint Col & Imp Res-Materials Prg	0	0	0	0	0	0	0	0	0	0	0
18	612120	Amort Col & Imp Res	0	0	0	0	0	0	0	0	0	0	0
19	612200	Maint Col & Imp Res-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
20	612210	Maint Col & Imp Res-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
21	613100	Maint Lake, River & Other Intakes-Mat Ord	0	0	0	0	0	0	0	0	0	0	0
22	613110	Maint Lake, River & Other Intakes-Mat Prg	0	0	0	0	0	0	0	0	0	0	0
23	613120	Amort Lake, River & Other Intakes	0	0	0	0	0	0	0	0	0	0	0
24	613200	Maint Lake, River & Other Intakes-Lab Ord	0	0	0	0	0	0	0	0	0	0	0
25	613210	Maint Lake, River & Other Intakes-Lab Prg	0	0	0	0	0	0	0	0	0	0	0
26	614120	Amort Def Exp Wells & Springs	0	0	0	0	0	0	0	0	0	0	0
27	616110	Maint Supply Mains-Materials Prg	0	0	0	0	0	0	0	0	0	0	0
28	616200	Maint Supply Mains-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
29	616210	Maint Supply Mains-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
30	617100	Maint Misc Water Source Plant-Mat Ord	191,572	0	0	0	0	0	0	0	0	0	0
31	617110	Maint Misc Water Source Plant-Mat Prg	0	0	0	0	0	0	0	0	0	0	0
32	617200	Maint Misc Water Source Plant-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
33	617210	Maint Misc Water Source Plant-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
34													
35													
36			369,940	(847)	0	0	0	0	0	0	0	0	(847)
37													
38													
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TOTAL SS EXPENSES

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

SCHEDULE D-1
Page 17 of 19
Witness Responsible: M.A. Millier/S. A. Millier

DATA: X_ BASE PERIOD_X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL__ UPDATED__ REVISED
WORKPAPER REFERENCE NO(S): SCH D-2.3 (TOTAL COMPANY)

Line No.	Account Number	Description	Base Period	Adj D-13 Sch D-2.3	Adj D-14 Sch D-2.3	Adj D-15 Sch D-2.3	Adj D-16 Sch D-2.3	Adj D-17 Sch D-2.3	Adj D-21 Sch D-2.3	Total Adjustments	Grand Total Adjustments
1		ADMINISTRATIVE & GENERAL EXP(A&G) - CONT									
		REGULATORY COMMISSION EXPENSES									
2	928100	Amort Expense of Rate Proceedings	282,311	0	0	0	0	0	0	0	43,160
3	928110	Amort Serv Study Exp Cost	0	0	0	0	0	0	0	0	0
4	928120	Tax Savings	0	0	0	0	0	0	0	0	0
5	928200	Amort of Other Regulatory Expenses	11,145	0	0	0	0	0	0	0	2,355
6	928300	Other Regulatory Expenses - Current	1,385	0	0	0	0	0	0	0	16,106
7	928400	Amort Misc Charges	0	0	0	0	0	0	0	0	0
8	930200	Misc General Expenses Current	719,660	0	0	0	(100,083)	0	0	(100,083)	(100,083)
9	930210	Amort Orig Cost Study	0	0	0	0	0	0	0	0	0
10	930220	Amort Misc General Expenses	31,259	0	0	0	(2,799)	0	0	(2,799)	(2,799)
11	930230	Misc Gen Exp - Community Relations	0	0	0	0	0	0	0	0	0
12	930240	Amort Plant Expansion Study	0	0	0	0	0	0	0	0	0
13	930250	Meals & Travel Expenses - Taxable	16,270	0	0	(1,319)	0	0	0	(1,319)	(1,319)
14	930260	Donations	20	0	0	(20)	0	0	0	(20)	(20)
15	930270	Data Processing Communication Exp	0	0	0	0	0	0	0	0	0
16	930290	Research & Development Expenses	0	0	0	0	0	0	0	0	0
17	930300	Research & Development Exp - Ser Co	0	0	0	0	0	0	0	0	0
18	930390	Non-deductible Penalties	0	0	0	0	0	0	0	0	0
19	930500	Lobbying Expenses	0	0	0	0	0	0	0	0	0
20	930510	Transportation Expenses	676,812	0	0	0	(53,104)	0	0	(53,104)	(53,104)
21	930600	Transportation Cap (A&B)	0	0	0	0	0	0	0	0	0
22	930610	Transportation Cap (C&R)	0	0	0	0	0	0	0	0	0
23	930620	Transportation Cap (H)	0	0	0	0	0	0	0	0	0
24	930630	Misc Gen Exp - Company Dues	84,348	0	0	0	(9,998)	0	0	(9,998)	(9,998)
25	930880	Misc Gen Exp - Other	30,853	0	0	0	(6,817)	0	0	(6,817)	(6,817)
26	930890	Misc General Exp-Taxable Co Dues	0	0	0	0	0	0	0	0	0
27	930980	Rents	24,405	0	(4,677)	0	0	0	0	(4,677)	(4,677)
28	931000	Maint A&G Struc & Improv-Material Ord	154,343	0	0	0	0	(10,633)	0	(10,633)	(10,633)
29	932100	Maint A&G Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0
30	932110	Amort A&G Struc & Improv	0	0	0	0	0	0	0	0	0
31	932120	Maint A&G Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0
32	932200	Maint A&G Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0
33	932210	Maint A&G Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0
34	932300	Maint A&G Office Furniture-Material Ord	0	0	0	0	0	0	0	0	0
35	932310	Maint A&G Office Furniture-Material Prg	0	0	0	0	0	0	0	0	0
36	932400	Maint A&G Office Furniture-Labor Ord	0	0	0	0	0	0	0	0	0
37	932410	Maint A&G Office Furniture-Labor Prg	0	0	0	0	0	0	0	0	0
38	932500	Maint A&G Communication Equip-Material	0	0	0	0	0	0	0	0	0
39	932600	Maint A&G Corn Equip-Labor Ord	0	0	0	0	0	0	0	0	0
40	932610	Maint A&G Corn Equip-Labor Prg	0	0	0	0	0	0	0	0	0
41	932700	Maint A&G Misc Property-Material Ord	39,169	0	0	0	0	8,222	0	8,222	8,222
42	932710	Maint A&G Misc Property-Material Prg	0	0	0	0	0	0	0	0	0
43	932800	Maint A&G Misc Property-Labor Ord	0	0	0	0	0	0	0	0	0
44	932810	Maint A&G Misc Property-Labor Prg	0	0	0	0	0	0	0	0	0
45		Total A & G Expenses	17,921,919	0	(4,677)	3,728	(149,213)	(2,411)	0	(152,574)	777,324
46		Total O & M Expenses	\$33,264,400	(\$110,688)	(\$5,338)	\$3,728	(\$89,856)	(\$48,001)	(\$6,173)	(\$256,228)	\$2,194,966

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

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

DATA: X_ BASE PERIOD_X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL__ UPDATED__ REVISED
WORKPAPER REFERENCE NO(S): SCH D-2.3 (TOTAL COMPANY)

Line No.	Account Number	Description	Base Period	Adj D-18 Sch D-2.4	Adj D-19 Sch D-2.4	Adj D-20 Sch D-2.4	Total Adjustment
1	403000	Depreciation	\$9,004,481	\$2,142,148	\$0	\$0	\$2,142,148
2	403100	Depreciation - CIAC	(1,137,476)	1,137,476	\$0	\$0	1,137,476
3			\$7,867,005	\$3,279,624	\$0	\$0	\$3,279,624
4							
5							
6		State Income Tax Impact	6.00%	\$196,777	\$0	\$0	\$0
7		Federal Income Tax Impact	35.00%	\$1,078,997	\$0	\$0	\$0
8		Net Operating Income Impact		\$2,003,850	\$0	\$0	\$2,003,850
9							
10		AMORTIZATION EXPENSE					
11	404100	Amortization Lim Term Ut Plant	\$0	\$0	\$0	\$0	\$0
12	404110	Amortization Franchise Expense	0	0	0	0	0
13	404430	Amortization Regulatory Asset - AFUDC	82,183	0	(1,939)	0	(1,939)
14	406000	Amortization Utility Plant Acquisition Adj	21,612	0	(13,998)	0	(13,998)
15	407000	Amortization Property Losses	413,185	0	(267,322)	0	(267,322)
16		TOTAL AMORTIZATION	\$516,980	\$0	(\$283,259)	\$0	(\$283,259)
17							
18		State Income Tax Impact	6.00%	\$0	(\$16,996)	\$0	\$0
19		Federal Income Tax Impact	35.00%	\$0	(\$93,192)	\$0	\$0
20							
21		Net Operating Income Impact		\$0	(\$173,071)	\$0	\$0
22							
23							
24		TAXES, OTHER THAN INCOME					
25	408100	Real & Personal Property Taxes	\$3,435,719	\$0	\$0	\$1,008,587	\$1,008,587
26	408110	Gross Income & Receipts Taxes	99,219	0	0	10,607	10,607
27	408120	Invested Capital Tax	0	0	0	0	0
28	408030	Other General Taxes	0	0	0	0	0
29	408140	FUTA	7,194	0	0	14,607	14,607
30	408150	FUTA Capitalized - (A Work Order)	0	0	0	(12,862)	(12,862)
31	408040	FUTA Capitalized - (H Work Order)	0	0	0	0	0
32	408050	FUTA Capitalized - (C & R Work Order)	0	0	0	0	0
33	408160	FICA	529,073	0	0	198,867	198,867
34	408170	FICA Capitalized - (A Work Order)	0	0	0	(122,995)	(122,995)
35	408060	FICA Capitalized - (H Work Order)	0	0	0	0	0
36	408070	FICA Capitalized - (C & R Work Order)	0	0	0	0	0
37	408180	SUTA	9,569	0	0	5,896	5,896
38	408190	SUTA Capitalized - (A Work Order)	0	0	0	(8,042)	(8,042)
39	408080	SUTA Capitalized - (H Work Order)	0	0	0	0	0
40	408090	SUTA Capitalized - (C & R Work Order)	0	0	0	0	0
41	408220	Environmental Tax	0	0	0	0	0
42			\$4,080,774	\$0	\$0	\$1,094,665	\$0
43							
44		State Income Tax Impact	6.00%	\$0	\$0	\$65,680	\$0
45		Federal Income Tax Impact	35.00%	\$0	\$0	\$360,145	\$0
46		Net Operating Income Impact		\$0	\$0	\$668,840	\$0
47							
48							
49							
50							

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DETAILED ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-2 (TOTAL COMPANY)

SCHEDULE D-2.1
Page 1 of 3
Witness Responsible: S. A. Miller

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
<u>Billed Revenues Adjustment D-1</u>			
1			
2	To adjust Residential billed water revenue for the change in billing determinants at present rates for the forecasted test period.		
3		W/P-2	\$35,122,580
4			33,748,193
5			<u>\$1,374,387</u>
6			
7	To adjust Commercial billed water revenue for the change in billing determinants at present rates for the forecasted test period.		
8		W/P-2	\$16,389,110
9			16,594,838
10			<u>(\$205,728)</u>
11			
12	To adjust Industrial billed water revenue for the change in billing determinants at present rates for the forecasted test period.		
13		W/P-2	\$1,533,405
14			1,695,732
15			<u>(\$162,327)</u>
16			
17	To adjust Other Public Authority billed water revenue for the change in billing determinants at present rates for the forecasted test period.		
18		W/P-2	\$5,636,110
19			5,592,499
20			<u>\$43,611</u>
21			
22	To adjust Sales For Resale (OWU) billed water revenue for the change in billing determinants at present rates for the forecasted test period.		
23		W/P-2	\$1,588,731
24			1,566,056
25			<u>\$22,675</u>
26			
27	To adjust Public Fire Service billed water revenue for the change in billing determinants at present rates for the forecasted test period.		
28		W/P-2	\$2,747,004
29			2,738,833
30			<u>\$8,171</u>
31			
32	To adjust Private Fire Service billed revenue for the change in billing determinants at present rates for the forecasted test period.		
33		W/P-2	\$1,716,893
34			1,639,412
35			<u>\$77,481</u>
36			
37	To adjust Miscellaneous billed water revenue for the change in billing determinants at present rates for the forecasted test period.		
38		W/P-2	\$19,655
39			7,582
40			<u>\$12,073</u>
41			
42			
43	The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.		
44			
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	Total Billed Water Revenue Adjustment		<u>\$1,170,343</u>

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DETAILED ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-2 (TOTAL COMPANY)

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

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1	<u>Billed Revenues Adjustment D-1</u>		
2	To eliminate the net change in Residential water unbilled accrued utility revenues recorded during the base period.	W/P-2	\$0
3			221,059
4			(\$221,059)
5			
6			
7	To eliminate the net change in Commercial water unbilled accrued utility revenues recorded during the base period.	W/P-2	\$0
8			267,890
9			(\$267,890)
10			
11			
12	To eliminate the net change in Industrial water unbilled accrued utility revenues recorded during the base period.	W/P-2	\$0
13			35,258
14			(\$35,258)
15			
16			
17	To eliminate the net change in Other Public Authority water unbilled accrued utility revenues recorded during the base period.	W/P-2	\$0
18			70,626
19			(\$70,626)
20			
21			
22	To eliminate the net change in Sales for Resale (OWU) water unbilled accrued utility revenues recorded during the base period.	W/P-2	\$0
23			76,200
24			(\$76,200)
25			
26			
27			
28			
29			\$0
30			0
31			\$0
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42			
43	The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.	W/P-2	\$0
44			0
45			\$0
46			
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	Total Unbilled Water Revenue Adjustment		(\$671,033)

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DETAILED ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

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

DATA: X BASE PERIOD X FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-2 (TOTAL COMPANY)

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1	<u>Billed Revenues, Adjustment D-1</u>		
2	To eliminate Residential billed sewer revenue for forecasted test period.		
3			
4		W/P-2	\$0
5			0
6			<u>\$0</u>
7	To eliminate Commercial billed sewer revenue for the forecasted test period.		
8			
9		W/P-2	\$0
10			0
11			<u>\$0</u>
12	To eliminate Industrial billed sewer revenue for the forecasted test period.		
13			
14		W/P-2	\$0
15			0
16			<u>\$0</u>
17			
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43	The purpose of each adjustment is to eliminate the sewer revenue for the forecasted test period.		0
44			
45			<u>\$499,310</u>
46			
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DETAILED ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

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

DATA: X_ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-2 (TOTAL COMPANY)

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1	Other Revenues Adjustment D-2		
2	RECONNECTION FEES/ACTIVATION FEES		
3	Forecasted Amount	W/P-2-3	\$1,326,780
4	Base Period Amount		1,403,736
5	Pro Forma Adjustment		(\$76,956)
6			
7	OTHER MISC SERV REVENUES		
8	Forecasted Amount	W/P-2-3	\$25,128
9	Base Period Amount		23,930
10	Pro Forma Adjustment		\$1,198
11			
12	OTHER REVENUES		
13	Forecasted Amount	W/P-2-3	\$1,772,050
14	Base Period Amount		1,360,387
15	Pro Forma Adjustment		-\$411,663
16			
17	Total Other Revenue Adjustment		\$335,905
18			
19			
20			
21			
22	AFUDC Adjustment D-3		
23	AFUDC ABOVE THE LINE		
24	Forecasted Amount	W/P-1-5	\$629,114
25	Base Period Amount		0
26	Pro Forma Adjustment		\$629,114
27			
28			
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43	The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.		
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DETAILED ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

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

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-3 (TOTAL COMPANY)

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1			
2	Labor, Adjustment, D-4		
3	Labor expense is being adjusted to reflect an increase due to union wage contracts and includes the actual wages for non-union employees effective January 1, 2010. Also included is a 3% increase for salary employees effective January 1, 2011 and a 3.5% increase for non-union hourly employees effective January 1, 2011. Allocations were made to transfer labor costs from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass Station O&M Contract.	W/P-3-1	\$8,039,623
4			7,136,288
5			\$903,335
6	Fuel and Power, Adjustment D-5		
7	Fuel and Power expense is being adjusted to reflect the forecasted sales.	W/P-3-2	\$4,375,584
8			3,179,899
9			\$1,195,685
10			
11			
12	Chemicals, Adjustment D-6		
13	Chemical expense is being adjusted to reflect the level of forecasted sales. Also reflected is the adjustment for contracted chemical prices made to the forecast.	W/P-3-3	\$1,772,730
14			2,188,604
15			(\$415,874)
16			
17	Waste Disposal, Adjustment D-7		
18	Waste Disposal expense reflects two year amortization of the lagoon cleaning along with other normal recurring waste disposal expenses.	W/P-3-4	\$340,226
19			289,729
20			\$50,497
21			
22	Management Fees, Adjustment D-8		
23	Management Fees expense reflects the forecasted charges from the Service Company for services rendered during the forecasted period including costs from the Eastern Region Service Company office, Shared Services Center, and the Customer Call Center. Also included are allocations from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass Station O&M Contract.	W/P-3-5	\$9,028,121
24			8,485,212
25			\$542,909
26			
27	Group Insurance, Adjustment D-9		
28	Group Insurance reflects the premium to be paid for insurance coverage for employees plus costs associated with FAS 106.	W/P-3-6	\$2,313,543
29			2,257,585
30			\$55,958
31			
32	Pension Expense, Adjustment D-10		
33	Pension Expense reflects the forecasted level based on FAS 87 pension costs.	W/P-3-7	\$1,267,732
34			1,262,429
35			\$5,303
36			
37	Regulatory Expense, Adjustment D-11		
38	Regulatory Expense reflects a three year amortization of the cost of the current filing, as well as a three year amortization of the cost of service study, and a five year amortization of the depreciation study.	W/P-3-8	\$366,462
39			304,841
40			\$61,621
41			
42			
43			
44			
45	Insurance Other than Group, Adjustment D-12		
46	Insurance Other than Group expense reflects the Company's forecasted cost for liability insurance, worker's compensation and property insurance based upon the Company's projections for the forecast. Also included are allocations from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass Station O&M Contract.	W/P-3-9	\$742,262
47			690,501
48			\$51,761
49			
50	The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted test period.		

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DETAILED ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-3 (TOTAL COMPANY)

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

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1			
2	Customer Accounting expense reflects the cost of customer billing, meter reading and other expenses related to this function, as well as allocations from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass Station O&M Contract.	W/P-3-10	\$1,712,517
3			1,823,105
4			(\$110,588)
5			
6			
7	Rent expense reflects all leases and rental agreements that the company has entered into or is forecasted to enter into during the forecasted test period.	W/P-3-11	\$27,654
8			32,992
9			(\$5,338)
10			
11			
12	General Office expense reflects all expenses related to the Company's office including telephone, employee expenses, supplies, as well as allocations from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass O&M Contract.	W/P-3-12	\$639,778
13			636,050
14			\$3,728
15			
16			
17	Miscellaneous expenses reflect all remaining expenses that are not specifically assigned to the above discussed adjustments. Refer to workpapers for detailed listing. This also includes allocations from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass Station O&M Contract.	W/P-3-13	\$3,440,139
18			3,529,995
19			(\$89,856)
20			
21			
22	Maintenance expense reflect the costs of maintaining the property and assets of the Company. These expenses include amortizations of prior and forecasted deferred maintenance projects. It also includes normal maintenance of pumping equipment, mains, meters, as well as allocations from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass Station O&M Contract.	W/P-3-14	\$1,272,341
23			1,320,342
24			(\$48,001)
25			
26	Purchased Water represents water purchased from the Winchester Municipal System, Georgetown Municipal System, and Carroll County Water & Gallatin County Water.	W/P-3-15	\$120,655
27			126,828
28			(\$6,173)
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43	The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted test period.		
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
DETAILED ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

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

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-4 & W/P-5 (TOTAL COMPANY)

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1			
2	Depreciation expense reflects an increase due to an increased level of Utility Plant in Service.		\$11,146,629
3	Also included is an adjustment for the unrecovered reserve amortization		7,867,005
4			<u>\$3,279,624</u>
5			
6			
7	Amortization expense reflects the amortization of UPAA, Property Losses and Regulatory Asset on the equity gross-up of AFUDC.		\$233,721
8			516,980
9			<u>(\$283,259)</u>
10			
11			
12	General Taxes represent Property Taxes, Payroll Taxes, PSC Fees calculated for the forecasted test year.		\$5,175,439
13			4,080,774
14			<u>\$1,094,665</u>
15			
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32	The purpose of each adjustment is to reflect an appropriate level of expense for the forecasted test period.		
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KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 SUMMARY OF JURISDICTIONAL FACTORS
 FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

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

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

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

KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 JURISDICTIONAL STATISTICS
 FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

SCHEDULE D-4
 Page 1 of 1

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

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

KENTUCKY-AMERICAN WATER COMPANY

CASE NO: 2010-00036
 EXPLANATION OF CHANGE IN JURISDICTIONAL PROCEDURES
 FOR THE TWELVE MONTHS ENDED: SEPTEMBER 30, 2011

SCHEDULE D-5
 Page 1 of 1

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

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

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: May 31, 2010
TOTAL COMPANY

DATA: X_ BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X_ORIGINAL_UPDATED REVISED
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$67,042,231	\$0	\$67,042,231
3				
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	33,264,400	0	33,264,400
7	Depreciation & Amortization	8,383,985	0	8,383,985
8	Taxes other than Income	4,080,774	0	4,080,774
9	State Income Taxes - Current	806,286	0	806,286
10	Federal Income Taxes	0	0	0
11	Net below the line income (loss)	(3,482,519)	3,482,519	0
12	Total Operating Expenses before FIT	43,052,926	3,482,519	46,535,445
13				
14	Operating Income before Federal Income Taxes	23,989,305	(3,482,519)	20,506,786
15	Reconciling Items:			
16	Interest Charges	(5,939,486)	0	(5,939,486)
17	Permanent differences			
18	Taxable Meals/lobbying	58,659	0	58,659
19	Nondeductible penalties & dividend mandatory red	185,088	0	185,088
20	Medicare Subsidy	(101,798)	0	(101,798)
21		141,949	0	141,949
22	Book Depreciation	7,867,005	0	7,867,005
23	Tax Depreciation	(13,278,007)	0	(13,278,007)
24	Taxable Customer Adv and CIAC	(919,391)	0	(919,391)
25	Other Amortizations	0	0	0
26	Tax AFUDC	(3,132,534)	0	(3,132,534)
27	Deferred Maintenance	107,545	0	107,545
28	Abandonment losses	(118,459)	0	(118,459)
29	Misc Deferred Debits	441,177	0	441,177
30	Uncollectible	34,896	0	34,896
31	Vacation Pay	(7,315)	0	(7,315)
32	All other	(739,771)	0	(739,771)
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36				
37	Total Reconciling Items	(9,744,854)	0	(9,744,854)
38				
39	Federal Taxable Income	8,446,914	(3,482,519)	4,964,395
40				
41	Federal Income Tax Rate	35.00%	35.00%	35.00%
42	Federal Income Tax Liability	2,956,420		2,956,420
43	Adjustment of Prior Year	(3,138,128)	3,138,128	0
44				
45	Federal Income Taxes - Current	(181,708)		(181,708)
46				
47				
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: May 31, 2010
TOTAL COMPANY

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1	Deferred Income Taxes:			
2				
3				
4	Def FIT Regulatory Asset/Liability	167,131	\$0	\$167,131
5	Def FIT Other	3,410,699	0	3,410,699
6	Def FIT Prior Year	<u>3,007,752</u>	<u>(3,007,752)</u>	<u>0</u>
7		6,585,582	<u>(3,007,752)</u>	<u>3,577,830</u>
8	Amort Deferred ITC	<u>(84,798)</u>	<u>0</u>	<u>(84,798)</u>
9				
10	Total Deferred Federal Income Taxes	<u>\$6,500,784</u>	<u>(\$3,007,752)</u>	<u>\$3,493,032</u>
11				
12	Total Federal Income Taxes	<u>\$6,319,076</u>	<u>(\$3,007,752)</u>	<u>\$5,230,570</u>
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: May 31, 2010
TOTAL COMPANY

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2	Operating Revenues	\$67,042,231	\$0	\$67,042,231
3				
4				
5	Operating Expenses			
6	Operation & Maintenance Expenses	33,264,400	0	33,264,400
7	Depreciation & Amortization	8,383,985	0	8,383,985
8	Taxes other than Income	4,080,774	0	7,563,293
9	State Income Taxes - Current	0	0	3,482,519
10	Federal Income Taxes	0	0	0
11	Net below the line income (loss)	(3,482,519)	3,482,519	0
12	Total Operating Expenses before SIT	42,246,640	3,482,519	52,694,197
13				
14	Operating Income before State Income Taxes	24,795,591	0	14,348,034
15	Reconciling Items:			
16	Interest Charges	(5,939,486)	0	(5,939,486)
17	Permanent differences			
18	Taxable Meals/lobbying	58,659	0	58,659
19	Nondeductible penalties & dividend mandatory red	185,088	0	185,088
20	Medicare Subsidy	(101,798)	0	(101,798)
21		141,949		141,949
22	Book Depreciation	7,867,005	0	7,867,005
23	Tax Depreciation	(9,093,115)	0	(9,093,115)
24	Taxable Customer Adv and CIAC	(919,391)	0	(919,391)
25	Other Amortizations	0	0	0
26	Tax AFUDC	(3,132,534)	0	(3,132,534)
27	Deferred Maintenance	107,545	0	107,545
28	Abandonment losses	(118,459)	0	(118,459)
29	Misc Deferred Debits	441,177	0	441,177
30	Uncollectible	34,896	0	34,896
31	Vacation Pay	(7,315)	0	(7,315)
32	All other	(739,771)	0	(739,771)
33	Reserved	0	0	0
34	Reserved	0	0	0
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Total Reconciling Items	(5,559,962)	0	(5,559,962)
38	State Taxable Income	13,436,092	0	2,990,536
39				
40	State Income Tax Rate	6.00%	6.00%	6.00%
41	State Income Tax Liability	806,286	0	179,432
42				
43	State Income Taxes - Current	806,286		179,432
44	Less: Prior Year Adjustment	(565,931)	565,931	0
45		\$240,355	\$565,931	\$179,432
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: May 31, 2010
TOTAL COMPANY

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Deferred State Income Taxes:			
4	Def SIT Regulatory Asset/Liability	(\$2,580)	-	\$ (2,580)
5	Def SIT Other	333,598	0	333,598
6	Def SIT Prior Year Adj	606,321	(606,321)	0
7		937,339	(606,321)	331,018
8	Amort Deferred ITC	0	0	0
9				
10	Total Deferred State Income Taxes	\$ 937,339	\$ (606,321)	\$ 331,018
11				
12	Total State Income Taxes	\$ 1,177,694	\$ (40,390)	\$ 510,450
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: MAY 2010
TOTAL COMPANY

DATA: ___BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___UPDATED___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$68,506,560	\$0	\$68,506,560	\$26,102,407	\$94,608,967
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	35,459,366	0	35,459,366	204,536	35,663,902
6	Depreciation & Amortization	11,380,350	0	11,380,350	0	11,380,350
7	Taxes other than Income	5,175,439	0	5,175,439	42,234	5,217,673
8	State Income Taxes - Current	(160,566)	0	(160,566)	1,551,338	1,390,772
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	51,854,589	0	51,854,589	1,798,108	53,652,697
12						
13	Operating Income before Federal Income Taxes	16,651,970	0	16,651,970	24,304,299	40,956,269
14	Reconciling Items;					
15	Interest Charges	(12,336,830)	0	(12,336,830)	0	(12,336,830)
16						
17	Permanent Differences					
18	Taxable meals/lobbying	58,659	0	58,659	0	58,659
19	Nondeductible penalties & dividend mandatory red	185,088	0	185,088	0	185,088
20	Medicare Subsidy	(101,798)	0	(101,798)	0	(101,798)
21		141,949	0	141,949	0	141,949
22						
23	Book Depreciation	11,146,629	0	11,146,629	0	11,146,629
24	Tax Depreciation	(18,384,813)	0	(18,384,813)	0	(18,384,813)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(517,681)	0	(517,681)	0	(517,681)
27	Deferred Debits	145,856	0	145,856	0	145,856
28	Amortization of UPAA	7,614	0	7,614	0	7,614
29	Deferred Maintenance	366,562	0	366,562	0	366,562
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	80,244	0	80,244	0	80,244
32	Taxable Advances and CIAC	1,527,485	0	1,527,485	0	1,527,485
33	Repairs Maintenance	(1,344,527)	0	(1,344,527)	0	(1,344,527)
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	(6,972,631)	0	(6,972,631)	0	(6,972,631)
39						
40	Federal Taxable Income	(2,515,542)	0	(2,515,542)	24,304,299	21,788,757
41						
42	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
43						
44	Federal Income Tax - Current	(880,440)	0	(880,440)	8,506,505	7,626,065
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: MAY 2010
TOTAL COMPANY

DATA: ___BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___UPDATED___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Deferred Income Taxes:					
3	Def FIT Regulatory Asset/Liability	\$260,569	\$0	\$260,569	\$0	\$260,569
4	Def FIT UPIS	1,855,474	0	1,855,474	0	1,855,474
5	Def FIT Deferred Maintenance	(120,600)	0	(120,600)	0	(120,600)
6	Def FIT Deferred Debits	(50,494)	0	(50,494)	0	(50,494)
7	Def FIT Property Losses	0	0	0	0	0
8						
9						
10		1,944,949	0	1,944,949	0	1,944,949
11	Amort Deferred ITC	(84,797)	0	(84,797)	0	(84,797)
12						
13	Total Deferred Federal Income Taxes	1,860,152	0	1,860,152	0	1,860,152
14						
15	Total Federal Income Taxes	\$979,712	\$0	\$979,712	\$8,506,505	\$9,486,217
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: MAY 2010
TOTAL COMPANY

DATA: ___BASE PERIOD ___X___ FORECASTED PERIOD
TYPE OF FILING: ___X___ ORIGINAL ___UPDATED___ REVISED
WORKPAPER REFERENCE NO(S): W/P-6

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted	At Proposed Rates Adjustments	Adjusted
1						
2	Operating Revenues	\$ 68,506,560	\$ -	\$ 68,506,560	\$ 26,102,407	\$ 94,608,967
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 35,459,366	\$ -	\$ 35,459,366	\$ 204,536	\$ 35,663,902
6	Depreciation & Amortization	11,380,350	0	11,380,350	0	11,380,350
7	Taxes other than Income	5,175,439	0	5,175,439	42,234	5,217,673
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 52,015,155	\$ -	\$ 52,015,155	\$ 246,770	\$ 52,261,925
12						
13	Operating Income before Federal Income Taxes	\$ 16,491,404	\$ -	\$ 16,491,404	\$ 25,855,637	\$ 42,347,041
14	Reconciling Items;					
15	Interest Charges	(12,336,830)	0	(12,336,830)	0	(12,336,830)
16						
17	Permanent differences					
18	Taxable meals/lobbying	58,659	0	58,659	0	58,659
19	Nondeductible penalties & dividend mandatory red	185,088	0	185,088	0	185,088
20	Medicare Subsidy	(101,798)	0	(101,798)	0	(101,798)
21		141,949	0	141,949	0	141,949
22						
23	Book Depreciation	11,146,629	0	11,146,629	0	11,146,629
24	Tax Depreciation	(18,384,813)	0	(18,384,813)	0	(18,384,813)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(517,681)	0	(517,681)	0	(517,681)
27	Deferred Debits	145,856	0	145,856	0	145,856
28	Amortization of UPAA	7,614	0	7,614	0	7,614
29	Deferred Maintenance	366,562	0	366,562	0	366,562
30	Property Losses	0	0	0	0	0
31	Amort Regulatory Assets / Liabilities	80,244	0	80,244	0	80,244
32	Taxable Advances and CIAC	1,527,485	0	1,527,485	0	1,527,485
33	Repairs Maintenance	(1,344,527)	0	(1,344,527)	0	(1,344,527)
34	Reserved	0	0	0	0	0
35	Reserved	0	0	0	0	0
36	Reserved	0	0	0	0	0
37						
38	Total Reconciling Items	\$ (6,972,631)	\$ -	\$ (6,972,631)	\$ -	\$ (6,972,631)
39						
40	State Taxable Income	\$ (2,676,107)	\$ -	\$ (2,676,107)	\$ 25,855,637	\$ 23,179,530
41						
42	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
43						
44	State Income Tax Liability	\$ (160,566)	\$ -	\$ (160,566)	\$ 1,551,338	\$ 1,390,772
45						
46						
47	State Income Taxes - Current	\$ (160,566)	\$ -	\$ (160,566)	\$ 1,551,338	\$ 1,390,772
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
STATE INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED: MAY 2010
TOTAL COMPANY

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

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

Line No.	Description	At Current Rates		At Proposed Rates	
		Unadjusted	Adjustments	Adjustments	Adjusted
1					
2	Deferred Income Taxes:				
3	Def SIT Regulatory Asset/Liability	\$11,460	\$0	\$11,460	\$11,460
4	Def SIT UPIS	338,385	0	338,385	338,385
5	Def SIT Deferred Maintenance	(21,992)	0	(21,992)	(21,992)
6	Def SIT Deferred Debits	(9,207)	0	(9,207)	(9,207)
7	Def SIT Property Losses	0	0	0	0
8					0
9					
10		318,646	0	318,646	318,646
11	Amort Deferred ITC	0	0	0	0
12					
13	Total Deferred State Income Taxes	318,646	0	318,646	318,646
14					
15	Total State Income Taxes	\$158,080	\$0	\$158,080	\$1,551,338
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
SUMMARY OF INCOME TAX ADJUSTMENTS
TOTAL COMPANY

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

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

Line No.	Reference Base Period	Description	Forecasted Period	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
3	Sch E-1.2	State Income Taxes				
4	Sch E-1.2	Current	Sch E-1.4	\$179,432	\$ (160,566)	(\$39,998)
5	Sch E-1.2	Deferred	Sch E-1.4	331,018	318,646	(12,372)
6		Reserved		0	0	0
7		Reserved		0	0	0
9		Total State Income Taxes		\$ 510,450	\$ 158,080	\$ (352,370)
13	Sch E-1.1	Federal Income Taxes				
14	Sch E-1.1	Current	Sch E-1.3	1,737,538	\$ (880,440)	(\$2,617,978)
15	Sch E-1.1	Deferred - ITC	Sch E-1.3	3,577,830	1,944,949	(1,632,881)
16	Sch E-1.1	Reserved	Sch E-1.3	(84,798)	(84,797)	1
17		Reserved		0	0	0
19		Total Federal Income Taxes		\$ 5,230,570	\$ 979,712	\$ (4,250,858)
21		Total Income Taxes		\$ 5,741,020	\$ 1,137,792	\$ (4,603,228)

KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 DEVELOPMENT OF JURISDICTIONAL FEDERAL AND STATE INCOME TAXES
 FOR THE TWELVE MONTHS ENDED: MAY 2010
 TOTAL COMPANY

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

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

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

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
COST OF CAPITAL SUMMARY
AS OF May 31, 2010

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

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

Line No.	Class of Capital	Reference	Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost
1								
2	Short-Term Debt	J-2, Page 2	\$46,364,000	13.924%	\$ 129,434	\$46,493,434	2.085%	0.290%
3								
4	Long-Term Debt	J-3, Page 2	140,291,184	42.133%	391,651	140,682,835	6.490%	2.730%
5								
6	Preferred Stock	J-4, Page 2	5,935,170	1.783%	16,569	5,951,739	7.750%	0.140%
7								
8	Common Equity		140,381,000	42.160%	391,902	140,772,902	11.500%	4.850%
9								
10	Total Capital		<u>\$332,971,354</u>	<u>100.000%</u>	<u>\$ 929,556</u>	<u>\$333,900,910</u>		<u>8.010%</u>
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(1) JDITC: \$ 929,556

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
COST OF CAPITAL SUMMARY AT CURRENT AND PROPOSED RATES
13 MONTH AVERAGE

SCHEDULE J-1.1/J-1.2
PAGE 1 of 1
Witness Responsible: M.A. Miller

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: AVERAGE FOR FORECASTED PERIOD
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-7

Line No.	Class of Capital	13 Month Average Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Average Weighted Cost
2	Short-Term Debt	\$9,565,795	2.653%	\$ 22,956	\$9,588,751	2.085%	0.06%
3							
4	Long-Term Debt	187,073,668	51.880%	448,905	187,522,573	6.410%	3.33%
5							
6	Preferred Stock	5,935,810	1.646%	14,242	5,950,052	7.750%	0.13%
7							
8	Common Equity	158,013,385	43.821%	379,173	158,392,558	11.500%	5.04%
9							
10	Total Capital	\$360,588,659	100.000%	\$ 865,276	\$361,453,935		8.56%
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(1) JDITC: \$ 865,276

KENTUCKY-AMERICAN WATER COMPANY
 CASE NO: 2010-00036
 EMBEDDED COST OF SHORT-TERM DEBT
 FROM OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

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

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
 DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR
 TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S): WP-7

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
2				
3				
4	Promissory Note	\$ 8,824,000	2.085%	\$ 183,954
5				
6				
7	Weighted Cost of Short-Term Debt	2.085%		
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
EMBEDDED COST OF SHORT-TERM DEBT
AS OF May 31, 2010

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

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

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
2				
3				
4	Promissory Note	<u>\$46,364,000</u>	<u>2.085%</u>	<u>\$966,550</u>
5				
6				
7	Weighted Cost of Short-Term Debt	<u>2.085%</u>		
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
EMBEDDED COST OF LONG-TERM DEBT
September 30, 2011

SCHEDULE J-3
PAGE 1 of 2
Witness Responsible: M.A. Miller

DATA: ___ BASE PERIOD ___ FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR
TYPE OF FILING: X ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): WP-7

No.	Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Unamortized Discount or Premium	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
2	<u>General Mortgage Bonds:</u>													
3	Series 6.87%	03/30/01	03/29/11	0	6.870%	0.000%	N/A	0	7,000,000	26,040	0	0	0	0
5	Series 6.96%	12/01/93	12/01/23	7,000,000	6.960%	6.993%	N/A	489,510	7,000,000	2,294	0	27,908	0	6,972,092
6	Series 7.15%	02/14/97	02/01/27	7,500,000	7.150%	7.182%	N/A	538,650	7,500,000	2,424	0	37,252	0	7,462,748
7	Series 6.99%	09/01/98	06/01/28	9,000,000	6.990%	7.026%	N/A	632,340	9,000,000	3,264	0	54,360	0	8,945,640
8	Series 6.58%	6/12/2002	6/12/2037	47,000,000	6.580%	6.614%	N/A	3,108,580	47,000,000	15,962	0	432,544	0	46,567,456
9	Series 6.25%	6/23/2009	6/1/2039	45,390,000	6.250%	6.295%	N/A	2,857,301	45,390,000	20,390	0	564,128	0	44,825,872
10	Series 5.625%	09/10/09	09/01/39	26,000,000	5.625%	5.668%	N/A	1,473,680	26,000,000	11,064	0	356,684	0	25,643,316
11	Prop 5.625%(tax exempt)	06/01/10	06/01/40	26,000,000	5.625%	5.658%	N/A	1,471,080	26,000,000	8,667	0	248,444	0	25,751,556
12	Proposed 6.663%	11/01/10	11/01/40	25,000,000	6.663%	6.694%	N/A	1,673,500	25,000,000	7,639	0	242,361	0	24,757,639
25	Total Long-Term Debt and Annualized Cost													
26					\$192,890,000			\$12,244,641	\$ 192,890,000	\$97,743	\$0	\$1,963,682	\$0	\$190,926,318
29	Annualized Cost Rate													
30							6.410%							

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
EMBEDDED COST OF PREFERRED STOCK
AS OF May 31, 2010

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

SCHEDULE J-4
PAGE 2 of 2
Witness Responsible: M.A. Miller

Line No.	Dividend Rate, Type & Par Value	Date Issued	Amount Outstanding	Premium or Discount	Unamortized Issue Expense	Gain or Loss on Reacquired Stock	Net Proceeds	Annual Amort. of Issue Expense	Cost Rate at Issue	Cost Rate at Maturity	Annualized Dividends
5	Series B, 5 3/4%, \$100 Par	11/21/57	388,800	0	0	0	388,800	0	5.750%	5.750%	22,356
7	Series C, 5 1/2%, \$100 Par	11/22/63	486,000	0	0	0	486,000	0	5.500%	5.500%	26,730
9	Series D, 5%, \$100 Par	05/10/63	580,800	0	0	0	580,800	0	5.000%	5.000%	29,040
13	8.47% Series, \$100 Par	01/24/92	4,500,000	0	20,430	0	4,479,570	768	8.470%	8.526%	381,928
18	TOTAL		\$5,955,600	\$0	\$20,430	\$0	\$5,935,170	\$768			\$460,054

Annualized Cost Rate 7.750%

KENTUCKY-AMERICAN WATER COMPANY					
CIAC BALANCE TO BE DEDUCTED IN CALCULATING DEPRECIATION					
			Balance	Balance	
			Sep-11	May-10	Avg Balance
271110	CIAC - NT - MAINS		\$ 17,073,490	\$ 16,517,484	\$ 16,962,384
271120	CIAC - NT - EXT DEP		\$ 11,755,205	11,350,317	11,668,743
271200	CIAC - NT - SERVICES		\$ 18,480,557	17,725,167	18,242,364
271300	CIAC - NT - METERS		\$ 615,755	615,755	615,755
271400	CIAC - NT - HYDRANTS		\$ 1,838,572	1,639,149	1,771,631
271500	CIAC - NT - OTHER		\$ 3,826,918	3,826,918	3,826,918
271170	CIAC - NT - WIP		\$ -	0	0
271711	CIAC - TAXABLE - MAINS		1,998,493	1,998,493	1,998,493
271711	CIAC - TAXABLE - MAINS		766,586	766,586	766,586
271711	CIAC - TAXABLE - MAINS 88-89		-	0	0
271210	CIAC - TX - SERVICES		9,515,958	7,455,255	8,703,588
271310	CIAC - TX - METERS		3,299	3,299	3,299
271470	CIAC - TX - HYDRATXS		487,487	487,487	487,487
271570	CIAC - TX - OTHER		440,903	440,903	440,903
272100	DEPRECIATION CONTR. PROPERTY		(16,441,707)	(14,492,572)	(15,706,161)
			\$ 50,361,516	\$ 48,334,241	\$ 49,781,990
			\$ 66,803,222	\$ 62,826,812	\$ 65,488,151
		Check Total	\$ -	\$ -	\$ -

KENTUCKY-AMERICAN WATER COMPANY										
SCHEDULE OF CUSTOMER ADVANCES AND CONTRIBUTIONS										
FORECASTED T.Y.:										
BASE TEST YEAR:										
September-11										
May-10										
JDE Account	AWW Account	DESCRIPTION	Balance @ Nov-2009	Balance @ Dec-2009	Balance @ Jan-2010	Balance @ Feb-2010	Balance @ Mar-2010	Balance @ Apr-2010	Balance @ May-2010	
252120	252110	ADV FOR CONST - NT EXT	\$ 15,865,989	\$ 16,046,885	\$ 16,022,316	\$ 16,259,255	\$ 16,254,470	\$ 16,412,849	\$ 16,692,090	
252130	252200	ADV FOR CONST - NT SERVICES	-	0	0	0	0	0	0	
252140	252400	ADV FOR CONST - NT METERS	-	0	0	0	0	0	0	
252150	252300	ADV FOR CONST - NT HYDRANTS	-	177,593	254,461	331,813	398,287	459,927	514,315	
252160	252500	ADV FOR CONST - NT OTHER	-	-	0	0	0	0	0	
252220	252220	ADV FOR CONST - TAX EXT	-	0	0	0	0	0	0	
252205.15	252500	ADVANCE FOR CONSTRUCTION - 88-89	-	-	-	-	-	-	-	
252205.20	252710	ADVANCE FOR CONSTRUCTION - 90-92	-	-	-	-	-	-	-	
252205.25	252720	ADVANCE FOR CONSTRUCTION - 93-96	-	-	-	-	-	-	-	
252225	252710	ADVANCE FOR CONSTRUCTION - TAXABLE SERV	-	-	-	-	-	-	-	
252230	252710	ADVANCE FOR CONSTRUCTION - TAXABLE HYD	-	-	-	-	-	-	-	
252240	252370	ADVANCE FOR CONSTRUCTION - TAXABLE METERS	-	-	-	-	-	-	-	
		TOTAL CUSTOMER ADVANCES	\$ 15,865,989	\$ 16,224,478	\$ 16,276,777	\$ 16,591,068	\$ 16,652,757	\$ 16,872,776	\$ 17,206,405	
271110	271110	CIAC - NT - MAINS	16,336,191	\$ 16,336,191	\$ 16,517,484	\$ 16,517,484	\$ 16,517,484	\$ 16,517,484	\$ 16,517,484	
271120	271120	CIAC - NT - EXT DEP	10,975,643	11,078,376	11,181,109	11,223,411	11,265,713	11,308,015	11,350,317	
271130	271200	CIAC - NT - SERVICES	17,400,958	17,454,436	17,484,652	17,525,745	17,592,219	17,658,693	17,725,167	
271140	271300	CIAC - NT - METERS	615,755	615,755	615,755	615,755	615,755	615,755	615,755	
271150	271400	CIAC - NT - HYDRANTS	1,562,404	1,566,634	1,581,137	1,595,640	1,610,143	1,624,646	1,639,149	
271160	271500	CIAC - NT - OTHER	3,826,918	3,826,918	3,826,918	3,826,918	3,826,918	3,826,918	3,826,918	
271170		CIAC - NT - WIP	0	0	0	0	0	0	0	
271210	271711	CIAC - TAX - MAINS	1,998,493	1,998,493	1,998,493	1,998,493	1,998,493	1,998,493	1,998,493	
271220	271711	CIAC - TAX - EXT DEP	766,586	766,586	766,586	766,586	766,586	766,586	766,586	
271230	271210	CIAC - TAX - SERVICES	6,713,984	6,931,725	7,016,628	7,112,229	7,222,663	7,336,827	7,455,255	
271240	271310	CIAC - TAX - METERS	3,299	3,299	3,299	3,299	3,299	3,299	3,299	
271250	271470	CIAC - TAX - HYDRANTS	487,487	487,487	487,487	487,487	487,487	487,487	487,487	
271260	271570	CIAC - TAX - OTHER	440,903	440,903	440,903	440,903	440,903	440,903	440,903	
272000	272100	DEPRECIATION CONTR. PROPERTY	(13,776,436)	(13,894,326)	(14,012,940)	(14,132,003)	(14,251,622)	(14,371,808)	(14,492,572)	
		TOTAL CIAC	\$ 47,352,185	\$ 47,612,477	\$ 47,907,511	\$ 47,981,947	\$ 48,096,041	\$ 48,213,298	\$ 48,334,241	

KENTUCKY-AMERICAN WATER COMPANY											
SCHEDULE OF CUSTOMER ADVANCES AND CONTRIBUTIONS											
FORECASTED T. Y.: September-11											
BASE TEST YEAR: May-10											
JDE Account	AWW Account	DESCRIPTION	Balance @ Jun-2010	Balance @ Jul-2010	Balance @ Aug-2010	Balance @ Sep-2010	Balance @ Oct-2010	Balance @ Nov-2010			
252120	252110	ADV FOR CONST - NT EXT	\$ 16,898,814	\$ 16,984,676	\$ 17,167,228	\$ 17,192,659	\$ 17,157,659	\$ 17,303,952			
252130	252200	ADV FOR CONST - NT SERVICES	0	0	0	0	0	0			
252140	252400	ADV FOR CONST - NT METERS	0	0	0	0	0	0			
252150	252300	ADV FOR CONST - NT HYDRANTS	583,206	670,227	728,241	805,593	879,319	954,253			
252160	252500	ADV FOR CONST - NT OTHER	0	0	0	0	0	0			
252220		ADV FOR CONST - TAX EXT	0	0	0	0	0	0			
252205.15	252500	ADVANCE FOR CONSTRUCTION - 88-89									
252205.20	252710	ADVANCE FOR CONSTRUCTION - 90-92									
252205.25	252720	ADVANCE FOR CONSTRUCTION - 93-96									
252225	252710	ADVANCE FOR CONSTRUCTION - TAXABLE SERV									
252230	252710	ADVANCE FOR CONSTRUCTION - TAXABLE HYD									
252240	252370	ADVANCE FOR CONSTRUCTION - TAXABLE METERS									
		TOTAL CUSTOMER ADVANCES	\$ 17,482,020	\$ 17,654,903	\$ 17,895,469	\$ 17,998,252	\$ 18,036,978	\$ 18,258,205			
271110	271110	CIAC - NT - MAINS	\$ 16,517,484	\$ 16,517,484	\$ 16,517,484	\$ 16,517,484	\$ 16,517,484	\$ 16,741,119			
271120	271120	CIAC - NT - EXT DEP	11,392,619	11,434,921	11,477,223	11,519,525	11,561,827	11,604,129			
271130	271200	CIAC - NT - SERVICES	17,791,641	17,846,029	17,888,331	17,964,474	18,017,653	18,084,127			
271140	271300	CIAC - NT - METERS	615,755	615,755	615,755	615,755	615,755	615,755			
271150	271400	CIAC - NT - HYDRANTS	1,653,652	1,668,155	1,682,658	1,697,161	1,711,664	1,726,167			
271160	271500	CIAC - NT - OTHER	3,826,918	3,826,918	3,826,918	3,826,918	3,826,918	3,826,918			
271170		CIAC - NT - WIP	0	0	0	0	0	0			
			0	0	0	0	0	0			
			0	0	0	0	0	0			
271210	271711	CIAC - TAX - MAINS	1,998,493	1,998,493	1,998,493	1,998,493	1,998,493	1,998,493			
271220	271711	CIAC - TAX - EXT DEP	766,586	766,586	766,586	766,586	766,586	766,586			
271230	271210	CIAC - TAX - SERVICES	7,580,454	7,705,020	7,858,921	7,988,473	8,119,478	8,229,925			
271240	271310	CIAC - TAX - METERS	3,299	3,299	3,299	3,299	3,299	3,299			
271250	271470	CIAC - TAX - HYDRANTS	487,487	487,487	487,487	487,487	487,487	487,487			
271260	271570	CIAC - TAX - OTHER	440,903	440,903	440,903	440,903	440,903	440,903			
			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	0	0	0	0	0			
272000	272100	DEPRECIATION CONTR. PROPERTY	(14,613,933)	(14,735,857)	(14,858,390)	(14,981,558)	(15,100,083)	(15,219,439)			
			0	0	0	0	0	0			
		TOTAL CIAC	\$ 48,461,358	\$ 48,575,193	\$ 48,705,668	\$ 48,845,000	\$ 48,967,464	\$ 49,305,469			

KENTUCKY-AMERICAN WATER COMPANY										
SCHEDULE OF CUSTOMER ADVANCES AND CONTRIBUTIONS										
FORECASTED T. Y.:										
BASE TEST YEAR:										
JDE Account	AWW Account	DESCRIPTION	Balance @ Dec-2010	Balance @ Jan-2011	Balance @ Feb-2011	Balance @ Mar-2011	Balance @ Apr-2011	Balance @ May-2011		
252120	252110	ADV FOR CONST - NT EXT	\$ 17,571,107	\$ 18,074,770	\$ 18,306,494	\$ 18,375,054	\$ 18,908,933	\$ 19,575,760		
252130	252200	ADV FOR CONST - NT SERVICES	0	0	0	0	0	0		
252140	252400	ADV FOR CONST - NT METERS	0	0	0	0	0	0		
252150	252300	ADV FOR CONST - NT HYDRANTS	1,038,131	1,087,443	1,133,371	1,176,519	1,213,503	1,254,354		
252160	252500	ADV FOR CONST - NT OTHER	0	0	0	0	0	0		
252220		ADV FOR CONST - TAX EXT	0	0	0	0	0	0		
252205.15	252500	ADVANCE FOR CONSTRUCTION - 88-89								
252205.20	252710	ADVANCE FOR CONSTRUCTION - 90-92								
252205.25	252720	ADVANCE FOR CONSTRUCTION - 93-96								
252225	252710	ADVANCE FOR CONSTRUCTION - TAXABLE SERV								
252230	252710	ADVANCE FOR CONSTRUCTION - TAXABLE HYD								
252240	252370	ADVANCE FOR CONSTRUCTION - TAXABLE METERS								
		TOTAL CUSTOMER ADVANCES	\$ 18,609,238	\$ 19,162,213	\$ 19,439,865	\$ 19,551,573	\$ 20,122,436	\$ 20,830,114		
271110	271110	CIAC - NT - MAINS	\$ 17,073,490	\$ 17,073,490	\$ 17,073,490	\$ 17,073,490	\$ 17,073,490	\$ 17,073,490		
271120	271120	CIAC - NT - EXT DEP	11,648,431	11,658,517	11,670,603	11,682,689	11,694,775	11,706,861		
271130	271200	CIAC - NT - SERVICES	18,138,515	18,168,731	18,211,033	18,253,335	18,289,594	18,331,896		
271140	271300	CIAC - NT - METERS	615,755	615,755	615,755	615,755	615,755	615,755		
271150	271400	CIAC - NT - HYDRANTS	1,740,670	1,751,548	1,762,426	1,773,304	1,784,182	1,795,060		
271160	271500	CIAC - NT - OTHER	3,826,918	3,826,918	3,826,918	3,826,918	3,826,918	3,826,918		
271170		CIAC - NT - WIP	0	0	0	0	0	0		
			0	0	0	0	0	0		
			0	0	0	0	0	0		
271210	271711	CIAC - TAX - MAINS	1,998,493	1,998,493	1,998,493	1,998,493	1,998,493	1,998,493		
271220	271711	CIAC - TAX - EXT DEP	766,586	766,586	766,586	766,586	766,586	766,586		
271230	271210	CIAC - TAX - SERVICES	8,333,685	8,428,683	8,535,646	8,659,167	8,786,918	8,919,383		
271240	271310	CIAC - TAX - METERS	3,299	3,299	3,299	3,299	3,299	3,299		
271250	271470	CIAC - TAX - HYDRANTS	487,487	487,487	487,487	487,487	487,487	487,487		
271260	271570	CIAC - TAX - OTHER	440,903	440,903	440,903	440,903	440,903	440,903		
			0	0	0	0	0	0		
			0	0	0	0	0	0		
			0	0	0	0	0	0		
			0	0	0	0	0	0		
272000	272100	DEPRECIATION CONTR. PROPERTY	(15,339,732)	(15,460,369)	(15,581,410)	(15,702,897)	(15,824,826)	(15,947,224)		
		TOTAL CIAC	\$ 49,732,500	\$ 49,760,041	\$ 49,811,229	\$ 49,878,529	\$ 49,943,574	\$ 50,018,907		

KENTUCKY-AMERICAN WATER COMPANY										
SCHEDULE OF CUSTOMER ADVANCES AND CONTRIBUTIONS										
FORECASTED T.Y.:										
BASE TEST YEAR:										
September-11										
May-10										
JDE Account	AWW Account	DESCRIPTION	Balance @ Jun-2011	Balance @ Jul-2011	Balance @ Aug-2011	Balance @ Sep-2011	Average Balance			
252120	252110	ADV FOR CONST - NT EXT	\$ 19,807,484	\$ 20,280,932	\$ 20,295,104	\$ 20,514,742	\$ 18,720,358			
252130	252200	ADV FOR CONST - NT SERVICES	0	0	0	0	0			
252140	252400	ADV FOR CONST - NT METERS	0	0	0	0	0			
252150	252300	ADV FOR CONST - NT HYDRANTS	1,297,502	1,354,307	1,412,925	1,484,234	1,160,881			
252160	252500	ADV FOR CONST - NT OTHER	0	0	0	0	0			
252220		ADV FOR CONST - TAX EXT	0	0	0	0	0			
252205.15	252500	ADVANCE FOR CONSTRUCTION - 88-89								
252205.20	252710	ADVANCE FOR CONSTRUCTION - 90-92								
252205.25	252720	ADVANCE FOR CONSTRUCTION - 93-96								
252225	252710	ADVANCE FOR CONSTRUCTION - TAXABLE SERV								
252230	252710	ADVANCE FOR CONSTRUCTION - TAXABLE HYD								
252240	252370	ADVANCE FOR CONSTRUCTION - TAXABLE METERS								
TOTAL CUSTOMER ADVANCES			\$ 21,104,986	\$ 21,635,239	\$ 21,708,029	\$ 21,998,976	\$ 19,881,239			
271110	271110	CIAC - NT - MAINS	\$ 17,073,490	\$ 17,073,490	\$ 17,073,490	\$ 17,073,490	\$ 16,962,384			
271120	271120	CIAC - NT - EXT DEP	11,718,947	11,731,033	11,743,119	11,755,205	11,668,743			
271130	271200	CIAC - NT - SERVICES	18,368,155	18,404,414	18,438,255	18,480,557	18,242,364			
271140	271300	CIAC - NT - METERS	615,755	615,755	615,755	615,755	615,755			
271150	271400	CIAC - NT - HYDRANTS	1,805,938	1,816,816	1,827,694	1,838,572	1,771,631			
271160	271500	CIAC - NT - OTHER	3,826,918	3,826,918	3,826,918	3,826,918	3,826,918			
271170		CIAC - NT - WIP	0	0	0	0	0			
			0	0	0	0	0			
			0	0	0	0	0			
271210	271711	CIAC - TAX - MAINS	1,998,493	1,998,493	1,998,493	1,998,493	1,998,493			
271220	271711	CIAC - TAX - EXT DEP	766,586	766,586	766,586	766,586	766,586			
271230	271210	CIAC - TAX - SERVICES	9,059,462	9,198,816	9,371,044	9,515,958	8,703,588			
271240	271310	CIAC - TAX - METERS	3,299	3,299	3,299	3,299	3,299			
271250	271470	CIAC - TAX - HYDRANTS	487,487	487,487	487,487	487,487	487,487			
271260	271570	CIAC - TAX - OTHER	440,903	440,903	440,903	440,903	440,903			
			0	0	0	0	0			
			0	0	0	0	0			
			0	0	0	0	0			
			0	0	0	0	0			
272000	272100	DEPRECIATION CONTR. PROPERTY	(16,070,093)	(16,193,433)	(16,317,321)	(16,441,707)	(15,706,161)			
			0	0	0	0	0			
TOTAL CIAC			\$ 50,095,340	\$ 50,170,577	\$ 50,275,722	\$ 50,361,516	\$ 49,781,990			

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

Acct No.	Account Title	Forecasted Depreciation Expense on End of Forecasted Test Year Plant				Forecasted Depreciation Expense on End of Base Test Year Plant				Forecasted Depreciation Expense on Average Test Year Plant						
		September 30, 2011	September 30, 2011	Net UPIIS	Depr Rates	Depr Exp	Balance	May-10	Less CIAC	Net UPIIS	Depr Rates	Depr Exp	Balance	Less Avg CIAC	Net UPIIS	Depr Rates
3031	OTHE PIE INTANGIBLES	8,375	15.34%	8,375	15.34%	1,285		8,375	19.96%	8,375	19.96%	1,672		8,375	15.34%	1,285
3036	OTHER PIE COMPREHENSIVE STUDIES	740,091	9.79%	740,091	9.79%	72,455		541,637	19.96%	541,637	19.96%	108,159		658,636	9.79%	72,455
311	SS STRUCTURES & IMPROVEMENTS	16,491,911	3.32%	16,491,911	3.32%	547,531		2,673,341	3.03%	2,673,341	3.03%	81,002		16,443,841	3.32%	547,531
312	COLL & IMPOUNDING RESERV	1,005,096	1.31%	1,005,096	1.31%	13,167		1,005,096	1.50%	1,005,096	1.50%	15,076		1,005,086	1.31%	13,167
313	LAKE, RIVER, & OTHER INTAKES	6,185,848	2.62%	6,185,848	2.62%	162,089		537,098	2.29%	537,098	2.29%	12,300		6,166,198	2.62%	162,089
314	WELLS & SPRINGS	0	0.00%	0	0.00%	0		0	0.00%	0	0.00%	0		0	0.00%	0
316	SUPPLY MAINS	5,800,934	2.26%	5,800,934	2.26%	131,101		5,143,915	1.82%	5,143,915	1.82%	93,619		5,798,649	2.26%	131,049
321	PUMPING STRUCTURES & IMPROVEMENT	10,373,193	3.00%	10,373,193	3.00%	321,186		5,215,922	1.94%	5,215,922	1.94%	101,889		10,855,253	3.00%	321,186
3232	OTHER POWER PROD EQPT	3,045,643	3.00%	3,045,643	3.00%	91,369		935,700	3.16%	935,700	3.16%	29,668		3,038,304	3.00%	91,149
325	ELECTRIC PUMPING EQUIPMENT	19,881,481	2.03%	19,881,481	2.03%	403,594		9,389,884	2.45%	9,389,884	2.45%	230,552		19,360,811	2.03%	393,024
326	DIESEL PUMPING EQUIPMENT	718,476	2.24%	718,476	2.24%	16,094		718,476	2.47%	718,476	2.47%	17,746		718,476	2.24%	16,094
3282	HYDRAULIC PUMPING EQPT	8,404	2.27%	8,404	2.27%	191		8,404	2.31%	8,404	2.31%	194		8,404	2.27%	191
3283	SOURCE OF SUPPLY PUMPING EQUIPME	8,366,158	2.42%	8,366,158	2.42%	202,945		8,366,158	2.31%	8,366,158	2.31%	193,720		8,366,158	2.42%	202,945
3284	T&D PUMPING EQUIPMENT	176,341	2.41%	176,341	2.41%	4,250		176,341		176,341		4,073		176,341	2.41%	4,250
331	WT STRUCTURES & IMPROV/MNT	44,539,604	3.70%	44,539,604	3.70%	1,647,743		9,910,987	1.91%	9,910,987	1.91%	189,300		44,413,166	3.70%	1,643,287
332	WATER TREATMENT EQUIPMENT	31,362,082	2.55%	31,362,082	2.55%	795,733		12,379,227	2.21%	12,379,227	2.21%	273,581		30,589,960	2.55%	790,044
3321	WATER TREATMENT EQUIPMENT-STR	18,347,980	2.43%	18,347,980	2.43%	448,856		16,819,596	2.21%	16,819,596	2.21%	405,490		18,347,980	2.43%	448,856
334	GAC	168,569	23.94%	168,569	23.94%	40,355		168,569	2.21%	168,569	2.21%	3,725		168,569	23.94%	40,355
341	T & D STRUCTURES & IMP	1,029,339	2.59%	1,029,339	2.59%	26,660		1,029,339	4.34%	1,029,339	4.34%	44,673		1,029,339	2.59%	26,660
342	DIST RES & STANDPIPES	3,984,282	1.62%	3,984,282	1.62%	64,707		1,688,616	2.25%	1,688,616	2.25%	37,544		3,896,193	1.62%	64,576
3421	ELEVATED TANKS & STANDPIPES	10,270,432	2.01%	10,270,432	2.01%	206,436		10,270,432	2.25%	10,270,432	2.25%	231,085		10,270,432	2.01%	206,436
3422	GROUND LEVEL FACILITIES	112,147	1.37%	112,147	1.37%	1,536		112,147	2.25%	112,147	2.25%	2,523		112,147	1.37%	1,536
3423	CLEARWELLS	1,529,544	0.86%	1,529,544	0.86%	13,154		582		582		13		1,524,225	0.86%	13,108
343	T & D MAINS	25,828,665	1.67%	21,967,090	1.67%	3,673,450		141,646,657	1.66%	141,646,657	1.66%	2,351,335		251,496,607	1.67%	3,604,404
345	SERVICES	46,964,293	3.01%	46,964,293	3.01%	570,930		43,453,924	3.24%	43,453,924	3.24%	592,061		45,988,778	3.01%	561,148
346	METERS	1,677,849	2.68%	1,677,849	2.68%	44,966		1,677,849	2.78%	1,677,849	2.78%	46,644		1,677,849	2.68%	44,966
3461	METERS - BRONZE CASE	9,767,908	2.73%	9,767,908	2.73%	266,664		4,737,696	2.86%	4,737,696	2.86%	135,988		7,983,214	2.73%	207,022
3462	METERS - PLASTIC CASE	649,193	2.76%	649,193	2.76%	17,918		856,749	2.87%	856,749	2.87%	24,589		743,856	2.76%	20,530
3463	METERS - OTHER	7,790,233	2.91%	7,790,233	2.91%	169,881		7,171,179	2.81%	7,171,179	2.81%	201,510		7,790,233	2.91%	169,881
347	METER INSTALLATIONS	16,562,223	2.80%	16,562,223	2.80%	483,742		16,562,223	2.92%	16,562,223	2.92%	483,617		16,562,223	2.80%	483,742
3471	METER VALUITS	612,454	2.70%	612,454	2.70%	15,536		156,808	2.92%	156,808	2.92%	4,579		630,976	2.70%	17,136
348	HYDRANTS	13,902,742	1.46%	11,576,684	1.46%	169,020		12,515,195	1.72%	12,515,195	1.72%	178,083		13,484,766	1.46%	163,694
380	OFFICE STRUCTURES AG	3,023,405	2.94%	3,023,405	2.94%	88,888		3,023,405	2.01%	3,023,405	2.01%	60,770		3,023,405	2.94%	88,888
390	OFFICE STRUCTURES-OTHER	3,173,635	2.00%	3,173,635	2.00%	63,473		3,166,549	2.01%	3,166,549	2.01%	63,648		3,175,013	2.00%	63,500
3902	STORES, SHOP & GAR STRUCT	3,545,152	2.03%	3,545,152	2.03%	71,987		1,729,152	2.33%	1,729,152	2.33%	40,289		3,126,075	2.03%	63,489
3903	MISC STRUCTURES	1,923,367	4.99%	1,923,367	4.99%	95,784		1,923,367	4.19%	1,923,367	4.19%	80,589		1,923,367	4.99%	95,784
3911	OFFICE FURNITURE	195,029	0.00%	195,029	0.00%	0		195,029	0.00%	195,029	0.00%	0		195,029	0.00%	0
39111	OFFICE FURNITURE-AMORTIZED	538,324	5.00%	538,324	5.00%	26,916		538,324	7.48%	538,324	7.48%	40,267		538,324	5.00%	26,916
3912	MANFRAME COMP & PERIPH EQPT	27,295	0.00%	27,295	0.00%	0		27,295	0.00%	27,295	0.00%	0		27,295	0.00%	0
39121	MANFRAME COMP & PERIPH EQPT-AMTZ	394,791	20.00%	394,791	20.00%	78,958		130,298	8.04%	130,298	8.04%	10,476		263,781	20.00%	52,756
39122	PERSONAL COMP & PERIPH EQPT	245,890	0.00%	245,890	0.00%	0		406,272	0.00%	406,272	0.00%	0		328,841	0.00%	0
39123	PERSONAL COMP & PERIPH EQPT-AMTZ	400,086	20.00%	400,086	20.00%	80,017		400,086	9.52%	400,086	9.52%	38,088		400,086	20.00%	80,017
39124	COMPUTERS & PERIPH OTHER-AMTZ	101,976	0.00%	101,976	0.00%	0		101,976	0.00%	101,976	0.00%	0		101,976	0.00%	0
39125	MANFRAME SOFTWARE	176,607	20.00%	176,607	20.00%	35,321		176,607	17.49%	176,607	17.49%	30,889		176,607	20.00%	35,321
39126	PERSONAL COMP SOFTWARE-AMTZ	3,976,525	20.00%	3,976,525	20.00%	114,199		3,976,525	0.00%	3,976,525	0.00%	39,227		3,976,525	20.00%	114,199
39128	PERSONAL COMP SOFTWARE	400	0.00%	400	0.00%	0		400	0.00%	400	0.00%	0		400	0.00%	0
39129	PERSONAL COMP SOFTWARE-AMTZ	100,330	20.00%	100,330	20.00%	20,066		100,330	0.00%	100,330	0.00%	0		100,330	20.00%	20,066
39128	OTHER SOFTWARE	527,874	0.00%	527,874	0.00%	0		527,874	0.00%	527,874	0.00%	0		527,874	0.00%	0
39128	OTHER SOFTWARE-AMTZ	4,470	20.00%	4,470	20.00%	884		4,470	18.00%	4,470	18.00%	805		4,470	20.00%	884
3913	OTHER OFFICE EQUIPMENT	18,816	0.00%	18,816	0.00%	0		18,816	0.00%	18,816	0.00%	0		18,816	0.00%	0
39131	OTHER OFFICE EQUIPMENT-AMTZ	69,553	6.67%	69,553	6.67%	4,639		69,553	7.17%	69,553	7.17%	4,987		69,553	6.67%	4,639
39211	TRANS EQUIP - LIGHT TRUCKS	1,646,367	0.00%	1,646,367	0.00%	0		1,880,069	0.00%	1,880,069	0.00%	0		1,739,314	0.00%	0
39212	TRANS EQUIP - HEAVY TRUCKS -new adds	1,641,920	6.15%	1,641,920	6.15%	100,978		79,770	0.00%	79,770	0.00%	76,952		977,731	6.15%	60,130
39212	TRANS EQUIP - HEAVY TRUCKS	1,172,528	2.11%	1,172,528	2.11%	24,740		1,187,528	6.48%	1,187,528	6.48%	76,952		1,172,528	2.11%	24,740
3922	TRANS EQUIP - CARS	191,583	0.00%	191,583	0.00%	0		204,107	0.00%	204,107	0.00%	0		194,173	0.00%	0
39221	TRANS EQUIP-CARS - new adds	160,133	8.50%	160,133	8.50%	13,611		416,327	6.39%	416,327	6.39%	26,603		133,827	8.50%	11,375
39221	OTHER TRANS EQUIP	416,327	0.00%	416,327	0.00%	22,190		416,327	0.00%	416,327	0.00%	0		416,327	0.00%	22,190
3923	STORES EQUIPMENT	2,268	0.00%	2,268	0.00%	0		2,268	0.00%	2,268	0.00%	0		2,268	0.00%	0
393	STORES EQUIPMENT-AMTZ	31,659	4.00%	31,659	4.00%	1,266		31,659	5.18%	31,659	5.18%	1,640		31,659	4.00%	1,266
394	TOOLS, SHOP & GARAGE EQUIP	138,230	0.00%	138,230	0.00%	0		158,330	0.00%	158,330	0.00%	0		148,915	0.00%	0
3941	TOOLS, SHOP & GARAGE EQUIP-AMTZ	2,092,767	5.00%	2,092,767	5.00%	104,638		1,825,664	5.67%	1,825,664	5.67%	103,915		1,947,641	5.00%	97,382
395	LABORATORY EQUIPMENT	150,997	0.00%	150,997	0.00%	0		150,997	0.00%	150,997	0.00%	0		150,997	0.00%	0
3951	LABORATORY EQUIPMENT-AMTZ	677,631	6.67%</													

KENTUCKY-AMERICAN WATER COMPANY			
DEFERRED INCOME TAXES			
CASE NO: 2010-00036			
KAW			
Deferred Debits			
	<u>Base</u>	<u>Forecasted</u>	<u>Avg Forecast</u>
Deferred Taxes			
SIT Liability	105,460	100,175	102,028
FIT Liability	578,270	549,296	559,456
Total	683,730	649,471	661,484
Deferred Maintenance			
	<u>Base</u>	<u>Forecasted</u>	<u>Avg Forecast</u>
Deferred Taxes			
SIT Liability	145,359	204,332	162,494
FIT Liability	797,053	1,120,421	891,010
Total	942,412	1,324,753	1,053,504
Deferred Tax Info for UPIS			
	<u>Base</u>	<u>Forecasted</u>	<u>Avg Forecast</u>
Deferred Taxes			
SIT & FIT Liability	43,808,440	47,249,117	46,281,212
Subtotal	43,808,440	47,249,117	46,281,212
Reg Assets/Liab	(7,200,289)	(7,905,292)	(7,970,943)
Total	36,608,151	39,343,825	38,310,269

Kentucky-American Water Company																		
Schedule of Forecasted Capital Expenditures																		
Base Per 05/31/10																		
Fore Per 09/30/11																		
Item	Code	Description	Estimated Dates			JDE Account	Book AFUDC Y/N	Amount in CWIP & Transfer Expenditures	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
			Month	Year	Month													
DV	1	Mains	VAR	VAR	VAR	331001	N	251,215	587,757	254,400	220,000	204,000	180,000	228,000	288,000	192,000	256,000	
DV	1	Services	VAR	VAR	VAR	333000	N	10,294	0	0	0	0	0	0	0	0	0	
DV	1	Meters	VAR	VAR	VAR	334130	N	388	0	0	0	0	0	0	0	0	0	
DV	1	Meter Installations	VAR	VAR	VAR	334200	N	388	0	0	0	0	0	0	0	0	0	
DV	1	Hydrants	VAR	VAR	VAR	335000	N	22,977	146,939	63,600	55,000	51,000	45,000	57,000	72,000	48,000	64,000	
DV	1	Land	VAR	VAR	VAR	303500	N	0	0	0	0	0	0	0	0	0	0	
DV	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	330100	N	0	0	0	0	0	0	0	0	0	0	
A	1	Mains	VAR	VAR	VAR	331001	Y	6,633	0	0	20,000	15,000	20,000	20,000	60,000	95,000	75,000	45,000
A	1	Services	VAR	VAR	VAR	333000	Y	0	0	0	0	0	0	0	0	0	0	0
A	1	Hydrants	VAR	VAR	VAR	335000	Y	0	0	0	0	0	0	0	0	0	0	0
A	1	Land	VAR	VAR	VAR	303500	Y	0	0	0	0	0	0	0	0	0	0	0
A	1	Meters	VAR	VAR	VAR	334130	Y	0	0	0	0	0	0	0	0	0	0	0
A	1	Meter Installations	VAR	VAR	VAR	334200	Y	0	0	0	0	0	0	0	0	0	0	0
B	1	Mains	VAR	VAR	VAR	331001	Y	359,684	49,167	0	3,000	44,000	78,000	105,000	145,000	70,000	50,000	
B	1	Services	VAR	VAR	VAR	333000	Y	0	0	0	0	0	0	0	0	0	0	
B	1	Hydrants	VAR	VAR	VAR	335000	Y	16,937	0	0	0	0	0	0	0	0	0	
B	1	Land	VAR	VAR	VAR	303500	Y	0	0	0	0	0	0	0	0	0	0	
B	1	Meters	VAR	VAR	VAR	334130	Y	0	0	0	0	0	0	0	0	0	0	
B	1	Meter Installations	VAR	VAR	VAR	334200	Y	0	0	0	0	0	0	0	0	0	0	
C	1	Mains	VAR	VAR	VAR	331001	Y	88	0	23,000	31,000	14,000	18,000	18,000	13,000	23,000	18,000	
C	1	Services	VAR	VAR	VAR	333000	Y	0	0	0	0	0	0	0	0	0	0	
C	1	Hydrants	VAR	VAR	VAR	335000	Y	0	0	0	0	0	0	0	0	0	0	
C	1	Land	VAR	VAR	VAR	303500	Y	0	0	0	0	0	0	0	0	0	0	
C	1	Meters	VAR	VAR	VAR	334130	Y	0	0	0	0	0	0	0	0	0	0	
C	1	Meter Installations	VAR	VAR	VAR	334200	Y	0	0	0	0	0	0	0	0	0	0	
D	1	Mains	VAR	VAR	VAR	331001	Y	417,951	6,161	5,000	40,000	85,000	135,000	144,700	170,000	145,300	70,000	
D	1	Services	VAR	VAR	VAR	333000	Y	0	0	0	0	0	0	0	0	0	0	
D	1	Hydrants	VAR	VAR	VAR	335000	Y	48,073	0	0	0	0	0	0	0	0	0	
D	1	Land	VAR	VAR	VAR	303500	Y	0	0	0	0	0	0	0	0	0	0	
D	1	Meters	VAR	VAR	VAR	334130	Y	0	0	0	0	0	0	0	0	0	0	
D	1	Meter Installations	VAR	VAR	VAR	334200	Y	0	0	0	0	0	0	0	0	0	0	
E	1	Meter Vaults	VAR	VAR	VAR	334300	Y	20	0	4,000	2,000	4,000	12,000	82,000	76,000	7,000	4,000	
E	1	Hydrants	VAR	VAR	VAR	335000	Y	8,926	0	0	0	0	0	0	0	0	0	
F	1	Hydrants	VAR	VAR	VAR	335000	Y	2,194	0	14,000	13,000	19,000	8,000	9,000	22,000	18,000	22,000	

Kentucky-American Water Company																			
Schedule of Forecasted Capital Expenditures																			
Base Per 05/31/10																			
Fore Per 09/30/11																			
Item	Code	Description	Estimated Dates		Account	JDE	AFUDC	Book	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11
			Month	Year															
DV	1	Mains	VAR	VAR	331001	N	N	244,000	248,000	277,600	367,200	342,000	321,300	275,400	304,200	321,300	423,000	436,500	
DV	1	Services	VAR	VAR	333000	N	N	0	0	0	0	0	0	0	0	0	0	0	
DV	1	Meters	VAR	VAR	334130	N	N	0	0	0	0	0	0	0	0	0	0	0	
DV	1	Meter Installations	VAR	VAR	334200	N	N	0	0	0	0	0	0	0	0	0	0	0	
DV	1	Hydrants	VAR	VAR	335000	N	N	61,000	62,000	69,400	40,800	38,000	35,700	30,600	33,800	35,700	47,000	48,500	
DV	1	Land	VAR	VAR	303500	N	N	0	0	0	0	0	0	0	0	0	0	0	
DV	1	Elevated Tanks & Standpipes	VAR	VAR	330100	N	N	0	0	0	0	0	0	0	0	0	0	0	
A	1	Mains	VAR	VAR	331001	Y	Y	45,000	0	0	0	0	0	0	40,000	90,000	129,000	160,000	
A	1	Services	VAR	VAR	333000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
A	1	Hydrants	VAR	VAR	335000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
A	1	Land	VAR	VAR	303500	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
A	1	Meters	VAR	VAR	334130	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
A	1	Meter Installations	VAR	VAR	334200	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
B	1	Mains	VAR	VAR	331001	Y	Y	35,000	15,000	10,000	5,000	15,000	55,000	65,000	165,000	210,000	170,000	120,000	
B	1	Services	VAR	VAR	333000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
B	1	Hydrants	VAR	VAR	335000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
B	1	Land	VAR	VAR	303500	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
B	1	Meters	VAR	VAR	334130	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
B	1	Meter Installations	VAR	VAR	334200	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
C	1	Mains	VAR	VAR	331001	Y	Y	29,000	24,400	20,000	23,000	13,000	31,000	14,000	18,000	18,000	13,000	23,000	
C	1	Services	VAR	VAR	333000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
C	1	Hydrants	VAR	VAR	335000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
C	1	Land	VAR	VAR	303500	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
C	1	Meters	VAR	VAR	334130	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
C	1	Meter Installations	VAR	VAR	334200	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
D	1	Mains	VAR	VAR	331001	Y	Y	60,000	40,000	25,000	15,000	25,000	50,000	100,000	125,000	150,000	175,000	150,000	
D	1	Services	VAR	VAR	333000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
D	1	Hydrants	VAR	VAR	335000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
D	1	Land	VAR	VAR	303500	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
D	1	Meters	VAR	VAR	334130	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
D	1	Meter Installations	VAR	VAR	334200	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
E	1	Meter Vaults	VAR	VAR	334300	Y	Y	2,000	2,000	3,000	4,000	2,000	2,000	4,000	12,000	82,000	76,000	7,000	
E	1	Hydrants	VAR	VAR	335000	Y	Y	0	0	0	0	0	0	0	0	0	0	0	
F	1	Hydrants	VAR	VAR	335000	Y	Y	13,000	9,000	6,000	14,000	18,000	24,000	13,000	14,000	23,000	24,000	19,000	

Kentucky-American Water Company												
Schedule of Forecasted Capital Expenditures												
Base Per 05/31/10												
Fore Per 09/30/11												
Item	Code	Description	Estimated Dates		JDE Account	AFUDC Y/N	CWIP @ 11/09 & 2010				CWIP @ 11/09 & 2011	
			Month	Year			Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec
Item	Code	Description	Month	Year	JDE Account	AFUDC Y/N	2009	2010	2011	2011	2011	Total
DV	1	Mains	VAR	VAR	331001	N	838,972	2,848,000	3,321,900			7,008,872
DV	1	Services	VAR	VAR	333000	N	10,294	0	0			10,294
DV	1	Meters	VAR	VAR	334130	N	0	0	0			0
DV	1	Meter Installations	VAR	VAR	334200	N	388	0	0			388
DV	1	Hydrants	VAR	VAR	335000	N	169,916	712,000	369,100			1,251,016
DV	1	Land	VAR	VAR	303500	N	0	0	0			0
DV	1	Elevated Tanks & Standpipes	VAR	VAR	330100	N	0	0	0			0
A	1	Mains	VAR	VAR	331001	Y	6,633	400,000	539,000			945,633
A	1	Services	VAR	VAR	333000	Y	0	0	0			0
A	1	Hydrants	VAR	VAR	335000	Y	0	0	0			0
A	1	Land	VAR	VAR	303500	Y	0	0	0			0
A	1	Meters	VAR	VAR	334130	Y	0	0	0			0
A	1	Meter Installations	VAR	VAR	334200	Y	0	0	0			0
B	1	Mains	VAR	VAR	331001	Y	408,851	565,000	880,000			1,853,851
B	1	Services	VAR	VAR	333000	Y	0	0	0			0
B	1	Hydrants	VAR	VAR	335000	Y	16,937	0	0			16,937
B	1	Land	VAR	VAR	303500	Y	0	0	0			0
B	1	Meters	VAR	VAR	334130	Y	0	0	0			0
B	1	Meter Installations	VAR	VAR	334200	Y	0	0	0			0
C	1	Mains	VAR	VAR	331001	Y	88	244,400	171,000			415,488
C	1	Services	VAR	VAR	333000	Y	0	0	0			0
C	1	Hydrants	VAR	VAR	335000	Y	0	0	0			0
C	1	Land	VAR	VAR	303500	Y	0	0	0			0
C	1	Meters	VAR	VAR	334130	Y	0	0	0			0
C	1	Meter Installations	VAR	VAR	334200	Y	0	0	0			0
D	1	Mains	VAR	VAR	331001	Y	424,112	950,000	865,000			2,239,112
D	1	Services	VAR	VAR	333000	Y	0	0	0			0
D	1	Hydrants	VAR	VAR	335000	Y	48,073	0	0			48,073
D	1	Land	VAR	VAR	303500	Y	0	0	0			0
D	1	Meters	VAR	VAR	334130	Y	0	0	0			0
D	1	Meter Installations	VAR	VAR	334200	Y	0	0	0			0
E	1	Meter Vaults	VAR	VAR	334300	Y	20	200,000	193,000			383,020
E	1	Hydrants	VAR	VAR	335000	Y	8,926	0	0			8,926
F	1	Hydrants	VAR	VAR	335000	Y	2,194	175,000	172,000			349,194

Kentucky-American Water Company																					
Schedule of Forecasted Capital Expenditures																					
Base Per 05/31/10																					
Fore Per 09/30/11																					
Item	Code	Description	Month	Year	Completion Date	JDE Account	Book AFUDC	Y/N	Expenditures	Amount in CWIP & Transfer	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	
Investment	SOS	IP's	120.86%	90.80%	100.00%	Code	1	2	3	Estimated Dates	** Starting Date	Year	Month	Year	Month	Year	Month	Year	Month	Year	Month
N	1	Misc Equipment	VAR	VAR	VAR	3470001	N		0	0	0	0	0	10,000	0	0	20,000	0	0	0	30,000
N	1	Office Structures	VAR	VAR	VAR	304500	N		0	0	0	0	0	0	0	0	0	0	0	0	0
N	1	Misc Structures	VAR	VAR	VAR	304800	N		0	0	0	0	0	0	0	0	0	0	0	0	0
N	1	Office Furniture and Equipment	VAR	VAR	VAR	340100	N		0	0	0	0	0	0	0	0	0	0	0	0	0
N	1	Tools, Shop, & Garage Equip	VAR	VAR	VAR	3430001	N		0	0	0	0	0	0	0	0	0	0	0	0	0
N	1	Other PIE CPS	VAR	VAR	VAR	339600	N		0	0	0	0	0	0	0	0	0	0	0	0	0
O	1	Trans Equipment Light Trucks	VAR	VAR	VAR	3411001	N		66,001	0	0	0	0	0	0	56,500	63,000	56,500	0	0	0
O	1	Trans Equipment Heavy Truck	VAR	VAR	VAR	341400	N		0	0	0	0	0	0	0	0	0	0	0	0	0
O	1	Trans Equipment Autos	VAR	VAR	VAR	3413001	N		0	0	0	0	0	0	0	18,500	37,000	18,500	0	0	0
O	1	Trans Equipment Other	VAR	VAR	VAR	341200	N		22,000	0	0	0	0	0	0	0	0	0	0	0	0
O	1	Power Operated Equipment	VAR	VAR	VAR	345000	N		0	0	0	0	0	0	0	0	0	0	0	0	0
P	1	Electric pumping equipment	VAR	VAR	VAR	311200	N		0	0	0	0	0	0	0	0	0	0	0	0	0
P	1	WT equipment non-media	VAR	VAR	VAR	320100	N		0	0	0	0	0	0	0	0	0	0	0	0	0
P	1	Tools, Shop, & Garage Equip	VAR	VAR	VAR	3430001	N		4,015	0	0	20,000	20,000	20,000	28,000	20,000	10,000	14,000	5,000	0	0
P	1	Laboratory Equipment	VAR	VAR	VAR	344000	N		0	0	0	0	0	0	0	0	0	0	0	0	0
P	1	Miscellaneous Equipment	VAR	VAR	VAR	347000	N		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. SS	VAR	VAR	VAR	304100	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. P	VAR	VAR	VAR	304200	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. WT	VAR	VAR	VAR	304300	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. AG	VAR	VAR	VAR	304500	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Office	VAR	VAR	VAR	304600	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Misc.	VAR	VAR	VAR	310000	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Power Generation Equip.	VAR	VAR	VAR	311520	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Pumping Equipment SS	VAR	VAR	VAR	320100	Y		10,129	0	0	30,000	30,000	30,000	203,150	94,500	105,500	70,000	31,850	50,000	0
Q	1	Water Treatment Non-Media	VAR	VAR	VAR	330000	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Dist Reservoirs & Standpipe	VAR	VAR	VAR	340000	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Laboratory Equipment	VAR	VAR	VAR	344000	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Power Operated Equipment	VAR	VAR	VAR	345000	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Tools, Shop, & Garage Equip	VAR	VAR	VAR	3430001	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
Q	1	Communication Equipment	VAR	VAR	VAR	346190	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
R	1	Distribution Reservoirs & Standpipes	VAR	VAR	VAR	330000	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
R	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	330100	Y		0	0	0	0	0	0	0	0	0	0	0	0	0
R	1	Structures & Improvements	VAR	VAR	VAR	304500	Y		11,628	0	0	0	0	0	0	0	0	0	0	0	0
S	1	Engineering Studies	VAR	VAR	VAR	339600	Y		35,497	33,408	8,000	9,000	9,000	12,000	14,000	14,000	16,000	14,000	16,000	9,000	0

Kentucky-American Water Company																				
Schedule of Forecasted Capital Expenditures																				
Base Per 05/31/10																				
Fore Per 09/30/11																				
Item	Code	Description	Starting Date		Completion Date		Account	JDE	AFUDC	Book	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11		
			Month	Year	Month	Year													Y/N	
N	1	Misc Equipment	VAR	VAR	VAR	VAR	3470001	N		0	0	0	0	0	0	0	0	0	20,000	
N	1	Office Structures	VAR	VAR	VAR	VAR	304500	N		0	0	0	0	0	0	0	0	0	0	0
N	1	Misc Structures	VAR	VAR	VAR	VAR	304800	N		0	0	0	0	0	0	0	0	0	0	0
N	1	Office Furniture and Equipme	VAR	VAR	VAR	VAR	340100	N		0	0	0	0	0	0	0	0	0	0	0
N	1	Tools, Shop. & Garage Equipr	VAR	VAR	VAR	VAR	3430001	N		0	0	0	0	0	0	0	0	0	0	0
N	1	Other P/E CPS	VAR	VAR	VAR	VAR	339600	N		0	0	0	0	0	0	0	0	0	0	0
O	1	Trans Equipment Light Trucks	VAR	VAR	VAR	VAR	3411001	N		0	0	0	0	266,507	0	0	0	0	0	227,000
O	1	Trans Equipment Heavy Truck	VAR	VAR	VAR	VAR	341400	N		0	0	0	0	0	0	0	0	0	0	0
O	1	Trans Equipment Autos	VAR	VAR	VAR	VAR	3413001	N		0	0	0	0	21,493	0	0	0	0	0	0
O	1	Trans Equipment Other	VAR	VAR	VAR	VAR	341200	N		0	0	0	0	0	0	0	0	0	0	0
O	1	Power Operated Equipment	VAR	VAR	VAR	VAR	345000	N		0	0	0	0	0	0	0	0	0	0	0
P	1	Electric pumping equipment	VAR	VAR	VAR	VAR	311200	N		0	0	0	0	0	0	0	0	0	0	0
P	1	WT equipment non-media	VAR	VAR	VAR	VAR	320100	N		0	0	0	0	0	0	0	0	0	0	0
P	1	Tools, Shop. & Garage Equipr	VAR	VAR	VAR	VAR	3430001	N		0	0	12,000	10,000	20,000	43,000	45,000	33,000	2,000	0	0
P	1	Laboratory Equipment	VAR	VAR	VAR	VAR	344000	N		0	0	0	0	0	0	0	0	0	0	0
P	1	Miscellaneous Equipment	VAR	VAR	VAR	VAR	347000	N		0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. SS	VAR	VAR	VAR	VAR	304100	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. P	VAR	VAR	VAR	VAR	304200	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. WT	VAR	VAR	VAR	VAR	304300	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. AG	VAR	VAR	VAR	VAR	304500	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Office	VAR	VAR	VAR	VAR	304600	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Power Generation Equip.	VAR	VAR	VAR	VAR	310000	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Pumping Equipment SS	VAR	VAR	VAR	VAR	311520	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Water Treatment Non-Media	VAR	VAR	VAR	VAR	320100	Y		45,000	45,000	56,000	246,000	96,000	97,000	97,000	97,000	97,000	97,000	
Q	1	Dist Reservoirs & Standpipe	VAR	VAR	VAR	VAR	330000	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Laboratory Equipment	VAR	VAR	VAR	VAR	344000	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Power Operated Equipment	VAR	VAR	VAR	VAR	345000	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Tools, Shop. & Garage Equipr	VAR	VAR	VAR	VAR	3430001	Y		0	0	0	0	0	0	0	0	0	0	0
Q	1	Communication Equipment	VAR	VAR	VAR	VAR	346190	Y		0	0	0	0	0	0	0	0	0	0	0
R	1	Distribution Reservoirs & Stan	VAR	VAR	VAR	VAR	330000	Y		0	0	0	0	0	0	0	0	0	0	0
R	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	VAR	330100	Y		0	0	0	0	0	0	0	0	0	0	0
R	1	Structures & Improvements	VAR	VAR	VAR	VAR	304300	Y		0	0	0	0	0	0	0	0	0	0	0
S	1	Engineering Studies	VAR	VAR	VAR	VAR	339600	Y		6,000	3,000	4,000	28,000	23,000	10,000	15,000	10,000	10,000	10,000	

Kentucky-American Water Company																				
Schedule of Forecasted Capital Expenditures																				
Base Per																				
Fore Per	Code	Description	Estimated Dates	Starting Date	Completion Date	JDE Account	A/FUDC	Book	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	
			Month Year	Month Year	Year	Account	Y/N													
12020204	2	Source of Supply Project Dev	0	0	0	320100	Y		(2,195,211)	0	0	0	0	0	0	0	0	0	0	0
Transfer design charges to 12020607 9/10																				
IP-1202-5	2	North Broadway Main Replacement	9	2010	2010	331001	Y		41,929	0	0	0	0	0	0	0	0	0	0	0
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	12	2012	2012	303500	Y		0	0	0	0	0	0	0	0	0	0	0	0
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	12	2012	2012	331001	Y		0	0	0	0	0	0	0	0	0	0	150,000	0
IP-1202-9	2	Install 22,700' of 12" in Todds and Cleveland R	12	2014	2014	331001	Y		0	0	0	0	0	0	0	0	0	0	0	0
IP-1202-17	2	South Limestone Replacement	8	2010	2010	331001	Y		0	0	0	0	0	0	0	0	0	0	0	0
IP-1202-18	2	US 25 Relocation	12	2010	2010	311200	Y		225,000	0	0	0	0	0	0	0	0	0	0	0
IP-1202-19	2	Leestown Road	12	2011	2011	331001	Y		0	0	0	0	0	0	100,000	0	225,000	250,000	300,000	300,000

Kentucky-American Water Company		Schedule of Forecasted Capital Expenditures																						
Item	Code	Description	Code	Year	Month	Starting Date	Completion Date	Year	Account	JDE	A	F	U	JDC	Book	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11
								2010		Y														
								2010		Y														
IP-1202-22	2	KRS Raw Water Transfer																						
IP-1202-31	2	KRS Raw Water Access																						
12020607	2	Pool 3 - Lakes, Rivers & Other Intakes																						
								9	2010	306000	Y						831	831	1,395	1,395	1,395	1,047	0	0
								9	2010	304100	Y						2,032	2,032	3,413	3,413	3,413	2,562	0	0
								9	2010	311200	Y						1,151	1,151	1,933	1,933	1,933	1,451	0	0
								9	2010	304300	Y						5,092	5,092	8,550	8,550	8,550	6,418	0	0
								9	2010	320100	Y						43,025	43,025	4,292	4,292	4,292	3,222	0	0
								9	2010	309000	Y						97	97	162	162	162	122	0	0
								9	2010	331001	Y						9,910	9,910	16,640	16,640	16,640	12,493	0	0
								9	2010	330400	Y						3,786	3,786	378	378	378	283	0	0
								9	2010	310000	Y						310	310	521	521	521	391	0	0
								9	2010	335000	Y						24	24	41	41	41	31	0	0
								9	2010	304200	Y						758	758	1,274	1,274	1,274	956	0	0
								9	2010	330000	Y						342	342	574	574	574	431	0	0
								9	2010	303400	Y						73	73	122	122	122	92	0	0
								9	2010	303200	Y						91	91	153	153	153	115	0	0
								9	2010	303500	Y						15	15	26	26	26	19	0	0
IP-1202-32	2	Lexington Operations Center															594	594	998	998	998	749	0	0
								12	2010	304700	Y						0	0	0	0	0	0	0	0
IP-1232-3	2	Northern Division Connection															250,000	200,000	350,000	450,000	500,000	550,000	550,000	550,000
								8	2012	331001	Y						0	0	0	0	0	0	0	0
12020402	2	Major Highway Relocations																						
								12	2008	331001	Y						0	0	0	0	0	0	0	0
12020702	2	Ky Major Highway																						
								12	2009	331001	Y						0	0	0	0	0	0	0	0
CS-1201-1	2	Business Transformation CPS																						
								12	2009	339600	Y						0	0	0	0	0	0	0	0
CS-1201-3	2	Business Transformation 2010 - 2014																						
								12	2014	339600	Y						178,291	173,651	182,895	184,111	185,335	246,856	263,875	264,254
DV--1232-2	2	Projects Funded by Others																						
								0	0	331001	N						0	0	0	0	0	0	0	0
IP-1201-10	2	Unallocated Engineering Overhead																						
								12	2009	331001	Y						0	0	0	0	0	0	0	0
																	2,835,786	2,220,569	2,580,793	2,483,775	2,625,931	3,099,195	3,462,442	3,524,593

Kentucky-American Water Company		Schedule of Forecasted Capital Expenditures												
Base Per	05/31/10													
Fore Per	09/30/11													
Item	Code	Description	Estimated Dates			Book	CWIP @ 11/09 &				CWIP @ 11/09 &			
Item	Code	Description	Year	Month	Year	Account	Y/N	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
Item	Code	Description	Year	Month	Year	Account	Y/N	2009	2010	2011	2012	2013	2014	2015
IP-1202-22	2	KRS Raw Water Transfer	12	2011	311200	Y	0	0	0	0	0	0	0	200,000
IP-1202-31	2	KRS Raw Water Access	12	2011	304200	Y	185,000	0	0	0	0	0	0	950,000
12020607	2	Pool 3 - Lakes, Rivers & Other Intakes	9	2010	306000	Y	0	0	0	0	0	0	0	6,894
			9	2010	304100	Y	0	0	0	0	0	0	0	16,865
			9	2010	311200	Y	0	0	0	0	0	0	0	13,818,570
			9	2010	304300	Y	0	0	0	0	0	0	0	7,825,997
			9	2010	320100	Y	0	0	0	0	0	0	0	34,622,617
			9	2010	309000	Y	0	0	0	0	0	0	0	21,210
			9	2010	331001	Y	0	0	0	0	0	0	0	802
			9	2010	330400	Y	0	0	0	0	0	0	0	657,019
			9	2010	310000	Y	0	0	0	0	0	0	0	82,233
			9	2010	335000	Y	0	0	0	0	0	0	0	1,867
			9	2010	330000	Y	0	0	0	0	0	0	0	1,528,962
			9	2010	304200	Y	0	0	0	0	0	0	0	2,574
			9	2010	330000	Y	0	0	0	0	0	0	0	202
			9	2010	303000	Y	0	0	0	0	0	0	0	185,019
			9	2010	303000	Y	0	0	0	0	0	0	0	6,294
			9	2010	303400	Y	0	0	0	0	0	0	0	2,837
			9	2010	303200	Y	0	0	0	0	0	0	0	2,325,666
			9	2010	303500	Y	0	0	0	0	0	0	0	604
			9	2010	304700	Y	0	0	0	0	0	0	0	485,059
			12	2010	304700	Y	0	0	0	0	0	0	0	119,059
			12	2010	304700	Y	0	0	0	0	0	0	0	756
			12	2010	304700	Y	0	0	0	0	0	0	0	620,224
			12	2010	304700	Y	0	0	0	0	0	0	0	103,899
			12	2010	304700	Y	0	0	0	0	0	0	0	127
			12	2010	304700	Y	0	0	0	0	0	0	0	4,931
			12	2010	304700	Y	0	0	0	0	0	0	0	4,041,416
			12	2010	304700	Y	0	0	0	0	0	0	0	2,000,000
IP-1232-3	2	Northern Division Connection	8	2012	331001	Y	400,000	400,000	0	0	0	0	0	3,883,705
12020402	2	Major Highway Relocations	12	2008	331001	Y	0	0	0	0	0	0	0	36,977
12020702	2	Ky Major Highway	12	2009	331001	Y	0	0	0	0	0	0	0	91,355
CS-1201-1	2	Business Transformation CPS	12	2009	339600	Y	0	0	0	0	0	0	0	211,055
CS-1201-3	2	Business Transformation 2010 - 2014	12	2014	339600	Y	264,292	250,234	0	0	0	0	0	1,958,162
DV--1232-2	2	Projects Funded by Others	0	0	331001	N	0	0	0	0	0	0	0	0
IP-1201-10	2	Unallocated Engineering Overhead	12	2009	331001	Y	0	0	0	0	0	0	0	43,038
							2,997,636	2,260,574	139,069,004	53,283,674	22,268,590	214,621,268		

Kentucky-American Water Company		Utility Plant Placed into Service												
Schedule of Plant Additions														
Base Per	05/31/10													
Fore Per	09/30/11													
		12	1	2	3	4	5	6	7					
Budget Item	NUMERIC	2009	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010
	ACCT1	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
	ACCT2	Dec-2009	Jan-2010	Feb-2010	Mar-2010	Apr-2010	May-2010	Jun-2010	Jul-2010	Aug-2010	Sep-2010	Oct-2010	Nov-2010	Dec-2010
DV	331001	151,812	862,187	307,473	309,407	265,896	246,558	217,552	275,565					
DV	333000	6,221	6,221	0	0	0	0	0	0					
DV	334130	0	0	0	0	0	0	0	0					
DV	334200	235	235	0	0	0	0	0	0					
DV	335000	13,885	191,479	76,868	77,352	66,474	61,640	54,388	68,891					
DV	303500	0	0	0	0	0	0	0	0					
DV	330100	0	0	0	0	0	0	0	0					
A	331001	4,008	4,008	0	30,216	24,172	18,129	24,172	72,517					
A	333000	0	0	0	0	0	0	0	0					
A	335000	0	0	0	0	0	0	0	0					
A	303500	0	0	0	0	0	0	0	0					
A	334130	0	0	0	0	0	0	0	0					
A	334200	0	0	0	0	0	0	0	0					
B	331001	217,361	276,785	0	12,086	3,626	53,179	94,272	126,905					
B	333000	0	0	0	0	0	0	0	0					
B	335000	10,235	10,235	0	0	0	0	0	0					
B	303500	0	0	0	0	0	0	0	0					
B	334130	0	0	0	0	0	0	0	0					
B	334200	0	0	0	0	0	0	0	0					
C	331001	53	53	27,798	15,712	37,467	16,921	21,755	21,755					
C	333000	0	0	0	0	0	0	0	0					
C	335000	0	0	0	0	0	0	0	0					
C	303500	0	0	0	0	0	0	0	0					
C	334130	0	0	0	0	0	0	0	0					
C	334200	0	0	0	0	0	0	0	0					
D	331001	252,572	260,018	6,043	36,259	48,345	102,733	163,164	174,887					
D	333000	0	0	0	0	0	0	0	0					
D	335000	29,051	29,051	0	0	0	0	0	0					
D	303500	0	0	0	0	0	0	0	0					
D	334130	0	0	0	0	0	0	0	0					
D	334200	0	0	0	0	0	0	0	0					
E	334300	12	12	4,834	2,417	2,417	4,834	14,503	99,107					
E	335000	5,394	5,394	0	0	0	0	0	0					
F	335000	1,326	1,326	16,921	15,712	22,964	9,669	10,878	26,590					
G	333000	0	0	55,838	59,464	63,724	84,966	114,094	100,751					
G	333000	0	0	0	0	0	0	0	0					
G	333000	0	0	0	0	0	0	0	0					

Kentucky-American Water Company		Utility Plant Placed into Service											
Schedule of Plant Additions													
Base Per	05/31/10												
Fore Per	09/30/11												
		12	1	2	3	4	5	6	7				
Budget	NUMERIC	2009	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010	2010
Item	ACCT1	ACCT2	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10
			Jan-2010	Feb-2010	Mar-2010	Apr-2010	May-2010	Jun-2010	Jul-2010	Aug-2010	Sep-2010	Oct-2010	Nov-2010
H	333000		110,535	111,200	118,460	104,691	79,122	127,563	126,354				
H	333000		0	0	0	0	0	0	0				
H	340230		0	0	0	0	0	0	0				
I	334110		7,287	32,225	92,973	87,021	101,403	105,150	114,650				
I	334120		0	0	0	0	0	0	0				
I	334130		0	0	0	0	0	0	0				
I	334131		0	0	0	0	0	0	0				
I	334200		706	706	0	0	0	0	0				
I	334200		0	0	0	0	0	0	0				
J	334110		225	158,074	52,893	98,183	153,495	214,530	188,940	207,762			
J	334130		0	0	0	0	0	0	0	0			
J	334200		0	0	0	0	0	0	0	0			
J	343000		0	0	0	0	0	0	0	0			
J	334200		0	0	0	0	0	0	0	0			
K	340200		0	0	0	0	0	0	0	0			
K	340210		1,778	18,080	0	2,055	17,090	29,309	24,172	12,388			
K	340220		0	0	0	0	0	0	0	0			
K	340300		0	0	0	0	0	0	0	0			
K	320100		0	0	0	0	0	0	0	0			
K	346100		0	0	0	0	0	0	0	0			
L	320100		271	271	0	0	18,129	12,086	18,129	16,316			
L	311200		0	0	0	0	0	0	0	0			
L	320100		0	0	0	0	0	0	0	0			
L	346100		0	0	0	0	0	0	0	0			
M	304100		0	0	0	0	0	0	0	0			
M	304200		0	0	0	0	0	0	0	0			
M	304300		0	0	0	0	0	0	0	0			
M	304400		0	0	0	0	0	0	0	0			
M	304500		0	0	0	0	0	0	0	0			
M	304600		0	0	0	0	0	0	0	0			
M	304700		0	0	0	0	0	0	0	0			
M	304800		0	0	0	0	0	0	0	0			
N	3470001		0	0	0	0	12,086	0	0	24,172			
N	304500		0	0	0	0	0	0	0	0			
N	304800		0	0	0	0	0	0	0	0			
N	340100		0	0	0	0	0	0	0	0			
N	3430001		0	0	0	0	0	0	0	0			
N	339600		0	0	0	0	0	0	0	0			

Kentucky-American Water Company		Utility Plant Placed into Service												
Schedule of Plant Additions														
Base Per														
Fore Per														
05/31/10														
09/30/11														
Budget Item	NUMERIC	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11
	ACCT1	Aug-2010	Sep-2010	Oct-2010	Nov-2010	Dec-2010	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011	Aug-2011
H	333000	127,563	140,079	157,121	138,870	156,449	112,406	142,859	145,276					
H	333000	0	0	0	0	0	0	0	0					
H	340230	0	0	0	0	0	0	0	0					
I	334110	113,029	111,168	99,675	92,123	92,123	72,255	88,324	99,733					
I	334120	0	0	0	0	0	0	0	0					
I	334130	0	0	0	0	0	0	0	0					
I	334131	0	0	0	0	0	0	0	0					
I	334200	0	0	0	0	0	0	0	0					
I	334200	0	0	0	0	0	0	0	0					
J	334110	207,762	208,850	200,909	156,343	138,178	87,733	36,526	86,163					
J	334130	0	0	0	0	0	0	0	0					
J	334200	0	0	0	0	0	0	0	0					
J	343000	0	0	0	0	0	0	0	0					
J	334200	0	0	0	0	0	0	0	0					
K	340200	0	0	0	0	0	0	0	0					
K	340210	24,172	20,849	2,417	1,813	0	0	0	0					
K	340220	0	0	0	0	0	0	0	0					
K	340300	0	0	0	0	0	0	0	0					
K	320100	0	0	0	0	0	0	0	0					
K	346100	0	0	0	0	0	0	0	0					
L	320100	24,172	24,172	12,086	0	0	0	0	0					
L	311200	0	0	0	0	0	0	0	0					
L	320100	0	0	0	0	0	0	0	0					
L	346100	0	0	0	0	0	0	0	0					
M	304100	0	0	0	0	0	0	0	0					
M	304200	0	0	0	0	0	0	0	0					
M	304300	0	0	0	0	0	0	0	0					
M	304400	0	0	0	0	0	0	0	0					
M	304500	0	0	0	0	0	0	0	0					
M	304600	0	0	12,086	0	0	0	0	0					
M	304700	0	0	0	0	0	0	0	0					
M	304800	0	0	0	0	0	0	0	0					
N	3470001	0	0	36,259	0	0	24,172	0	0					
N	304500	0	0	0	0	0	0	0	0					
N	304800	0	0	0	0	0	0	0	0					
N	340100	0	0	0	0	0	0	0	0					
N	3430001	0	0	0	0	0	0	0	0					
N	339600	0	0	0	0	0	0	0	0					

Kentucky-American Water Company		Schedule of Plant Additions										CWIP @5/10 Additions		
Base Per		05/31/10												
Fore Per		09/30/11												
Budget Item	NUMERIC ACCT1	STRING ACCT2	2011	4	5	6	7	8	9	2011	2011	2011	Total	
			Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11		2011	2011	2011		
			Apr-2011	May-2011	Jun-2011	Jul-2011	Aug-2011	Sep-2011						
H	333000	333000	116,221	116,221	147,693	174,331	146,485	151,319					2,846,998	3,051,593
H	333000	333000	0	0	0	0	0	0					0	0
H	340230	340230	0	0	0	0	0	0					0	0
I	334110	334120	108,969	124,725	129,855	141,085	142,052	143,985					2,192,221	2,335,239
I	334120	334120	0	0	0	0	0	0					0	0
I	334130	334130	0	0	0	0	0	0					0	0
I	334131	334131	0	0	0	0	0	0					0	0
I	334200	334200	0	0	0	0	0	0					1,412	1,412
I	334200	334200	0	0	0	0	0	0					0	0
J	334110	334110	158,588	258,756	363,645	308,905	346,523	295,728					3,928,711	4,211,053
J	334130	334130	0	0	0	0	0	0					0	0
J	334200	334200	0	0	0	0	0	0					0	0
J	343000	343000	0	0	0	0	0	0					0	0
J	334200	334200	0	0	0	0	0	0					0	0
K	340200	340200	0	0	0	0	0	0					0	0
K	340210	340210	10,720	24,801	25,381	24,475	24,172	44,961					332,805	350,934
K	340220	340220	0	0	0	0	0	0					0	0
K	340300	340300	0	0	0	0	0	0					0	0
K	320100	320100	0	0	0	0	0	0					0	0
K	346100	346100	0	0	0	0	0	0					0	0
L	320100	320100	24,172	36,269	35,050	30,246	18,129	0					269,488	269,488
L	311200	311200	0	0	0	0	0	0					0	0
L	320100	320100	0	0	0	0	0	0					0	0
L	346100	346100	0	0	0	0	0	0					0	0
M	304100	304100	0	0	0	0	0	0					0	0
M	304200	304200	0	0	0	0	0	0					0	0
M	304300	304300	0	0	0	0	0	0					0	0
M	304400	304400	0	0	0	0	0	0					0	0
M	304500	304500	0	0	0	0	0	0					0	0
M	304600	304600	0	0	0	0	0	0					12,086	24,172
M	304700	304700	0	0	0	0	0	0					0	0
M	304800	304800	0	0	0	0	0	0					0	0
N	3470001	3470001	0	0	0	24,172	24,172	24,172					169,205	193,377
N	304500	304500	0	0	0	0	0	0					0	0
N	304800	304800	0	0	0	0	0	0					0	0
N	340100	340100	0	0	0	0	0	0					0	0
N	3430001	3430001	0	0	0	0	0	0					0	0
N	339600	339600	0	0	0	0	0	0					0	0

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Item	Code	Description	Estimated Dates		Tax AFUDC	Book Aww	Book AFUDC	Current Rate					Proposed Rate				
			Month	Year				Full Rate	Monthly	Full Rate	Monthly	Full Rate	Monthly				
DV	1	Mains	VAR	VAR	Y	331001	N	0	0	0	0	0	0	0	0	0	0
DV	1	Services	VAR	VAR	Y	333000	N	0	0	0	0	0	0	0	0	0	0
DV	1	Meters	VAR	VAR	Y	334130	N	0	0	0	0	0	0	0	0	0	0
DV	1	Meter Installations	VAR	VAR	Y	334200	N	0	0	0	0	0	0	0	0	0	0
DV	1	Hydrants	VAR	VAR	Y	335000	N	0	0	0	0	0	0	0	0	0	0
DV	1	Land	VAR	VAR	Y	303500	N	0	0	0	0	0	0	0	0	0	0
DV	1	Elevated Tanks & Standpipes	VAR	VAR	Y	330100	N	0	0	0	0	0	0	0	0	0	0
A	1	Mains	VAR	VAR	Y	331001	Y	22	13	100	180	140	140	140	319	619	0
A	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0	0	0	0
A	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0	0	0	0
A	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0	0	0	0
A	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0	0	0	0
A	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0	0	0	0
B	1	Mains	VAR	VAR	Y	331001	Y	1,384	914	40	52	188	188	487	731	998	0
B	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0	0	0	0
B	1	Hydrants	VAR	VAR	Y	335000	Y	56	34	0	0	0	0	0	0	0	0
B	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0	0	0	0
B	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0	0	0	0
B	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0	0	0	0
C	1	Mains	VAR	VAR	Y	331001	Y	0	92	144	176	180	180	128	144	124	0
C	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0	0	0	0
C	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0	0	0	0
C	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0	0	0	0
C	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0	0	0	0
C	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0	0	0	0
D	1	Mains	VAR	VAR	Y	331001	Y	1,405	879	140	279	499	499	878	1,117	1,256	0
D	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0	0	0	0
D	1	Hydrants	VAR	VAR	Y	335000	Y	159	96	0	0	0	0	0	0	0	0
D	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0	0	0	0
D	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0	0	0	0
D	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0	0	0	0
E	1	Meter Vaults	VAR	VAR	Y	334300	Y	0	16	24	16	24	24	64	375	631	0
F	1	Hydrants	VAR	VAR	Y	335000	Y	7	60	108	128	108	108	68	124	176	0
G	1	Services	VAR	VAR	Y	333000	N	0	0	0	0	0	0	0	0	0	0
G	1		VAR	VAR	Y	333000	N	0	0	0	0	0	0	0	0	0	0
G	1		VAR	VAR	Y	333000	N	0	0	0	0	0	0	0	0	0	0

Book AFUDC Rate: 7.98% 0.66500% 8.56% 0.71333%
Tax AFUDC Rate: 1.36% 0.11365% 1.36% 0.11365%

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Item	Code	Description	Estimated Dates		Tax AFUDC	Book Account	Book Y/N	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	BK AFUDC Forecast Amount
			Month	Year										
DV	1	Mains	VAR	VAR	Y	331001	N	0	0	0	0	0	0	0
DV	1	Services	VAR	VAR	Y	333000	N	0	0	0	0	0	0	0
DV	1	Meters	VAR	VAR	Y	334130	N	0	0	0	0	0	0	0
DV	1	Meter Installations	VAR	VAR	Y	334200	N	0	0	0	0	0	0	0
DV	1	Hydrants	VAR	VAR	Y	335000	N	0	0	0	0	0	0	0
DV	1	Land	VAR	VAR	Y	303500	N	0	0	0	0	0	0	0
DV	1	Elevated Tanks & Standpipes	VAR	VAR	Y	330100	N	0	0	0	0	0	0	0
A	1	Mains	VAR	VAR	Y	331001	Y	0	171	556	937	1,237	1,198	4,677
A	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0
A	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0
A	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0
A	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0
A	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0
B	1	Mains	VAR	VAR	Y	331001	Y	514	984	1,605	1,626	1,241	835	7,940
B	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0
B	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0
B	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0
B	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0
B	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0
C	1	Mains	VAR	VAR	Y	331001	Y	193	137	154	133	154	176	2,093
C	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0
C	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0
C	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0
C	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0
C	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0
D	1	Mains	VAR	VAR	Y	331001	Y	642	963	1,177	1,391	1,391	963	8,452
D	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0
D	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0
D	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0
D	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0
D	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0
E	1	Meter Vaults	VAR	VAR	Y	334300	Y	26	69	402	676	355	47	1,712
F	1	Hydrants	VAR	VAR	Y	335000	Y	158	116	158	201	184	180	1,708
G	1	Services	VAR	VAR	N	333000	N	0	0	0	0	0	0	0
G	1		VAR	VAR	N	333000	N	0	0	0	0	0	0	0
G	1		VAR	VAR	N	333000	N	0	0	0	0	0	0	0

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%

Item	Code	Description	Estimated Dates			Tax AFUDC	Book Account	Book Y/N	May-11	Jun-11	Jul-11	Aug-11	Sep-11	BK AFUDC Forecast Amount
			Month	Year	Completion Date									
H	1	Services	VAR	VAR	VAR	N	333000	N	0	0	0	0	0	0
H	1		- VAR	VAR	VAR	N	333000	N	0	0	0	0	0	0
H	1		- VAR	VAR	VAR	N	340230	N	0	0	0	0	0	0
I	1	Meters Bronze Case	VAR	VAR	VAR	N	334110	N	0	0	0	0	0	0
I	1	Meter Other	VAR	VAR	VAR	N	334130	N	0	0	0	0	0	0
I	1	Meters Rem Read	VAR	VAR	VAR	N	334131	N	0	0	0	0	0	0
I	1	Meter Installations	VAR	VAR	VAR	N	334200	N	0	0	0	0	0	0
I	1	Meter Installations	VAR	VAR	VAR	N	334200	N	0	0	0	0	0	0
J	1	Meter Other	VAR	VAR	VAR	N	334130	N	0	0	0	0	0	0
J	1	Meter Installations	VAR	VAR	VAR	N	334200	N	0	0	0	0	0	0
J	1		- VAR	VAR	VAR	N	343000	N	0	0	0	0	0	0
J	1		- VAR	VAR	VAR	N	334200	N	0	0	0	0	0	0
K	1	Computers & Periph Mainframe	VAR	VAR	VAR	Y	3402101	N	0	0	0	0	0	0
K	1	Computers & Periph Personal	VAR	VAR	VAR	Y	3042201	N	0	0	0	0	0	0
K	1	Computer Software	VAR	VAR	VAR	Y	340300	N	0	0	0	0	0	0
K	1	SCADA Equipment and System	VAR	VAR	VAR	Y	320100	N	0	0	0	0	0	0
K	1	Communication Equipment	VAR	VAR	VAR	Y	346100	N	0	0	0	0	0	0
L	1	SCADA Equipment and System	VAR	VAR	VAR	Y	320100	Y	214	253	171	64	0	1,062
L	1	Electric pumping equipment	VAR	VAR	VAR	Y	311200	Y	0	0	0	0	0	0
L	1	WT equipment non-media	VAR	VAR	VAR	Y	320100	Y	0	0	0	0	0	0
L	1	Communication Equipment - instrumentat	VAR	VAR	VAR	Y	346100	Y	0	0	0	0	0	0
M	1	Structure & Imp Misc	VAR	VAR	VAR	Y	304100	Y	0	0	0	0	0	0
M	1	Structure & Impr - PU	VAR	VAR	VAR	Y	304200	Y	0	0	0	0	0	0
M	1	Structure & Impr - WT	VAR	VAR	VAR	Y	304300	Y	0	0	0	0	0	0
M	1	Structure & Impr - TD	VAR	VAR	VAR	Y	304400	Y	0	0	0	0	0	0
M	1	Structure & Impr - Ag	VAR	VAR	VAR	Y	304500	Y	0	0	0	0	0	0
M	1	Structure & Impr - Offices	VAR	VAR	VAR	Y	304600	Y	0	0	0	0	43	86
M	1	Structure & Impr - Stores, Shop. & Garag	VAR	VAR	VAR	Y	304700	Y	0	0	0	0	0	0
M	1	Structure & Impr - Misc	VAR	VAR	VAR	Y	304800	Y	0	0	0	0	0	0
N	1	Misc Equipment	VAR	VAR	VAR	Y	3470001	N	0	0	0	0	0	0
N	1	Office Structures	VAR	VAR	VAR	Y	304500	N	0	0	0	0	0	0
N	1	Misc Structures	VAR	VAR	VAR	Y	304800	N	0	0	0	0	0	0
N	1	Office Furniture and Equipment	VAR	VAR	VAR	Y	340100	N	0	0	0	0	0	0
N	1	Tools, Shop. & Garage Equipment	VAR	VAR	VAR	Y	3430001	N	0	0	0	0	0	0
N	1	Other P/E CPS	VAR	VAR	VAR	Y	339600	N	0	0	0	0	0	0
O	1	Trans Equipment Light Trucks	VAR	VAR	VAR	N	3411001	N	0	0	0	0	0	0
O	1	Trans Equipment Heavy Trucks	VAR	VAR	VAR	N	341400	N	0	0	0	0	0	0
O	1	Trans Equipment Autos	VAR	VAR	VAR	N	3413001	N	0	0	0	0	0	0

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Code

Item	Code	Description	Estimated Dates		Tax AFUDC	Year	Month	Completion	Date	Account	Aww	Book Y/N	BOOK AFUDC	Current Rate				Proposed Rate			
			Start	End										Full Rate	Monthly	Full Rate	Monthly	Full Rate	Monthly		
O	1	Trans Equipment Other	VAR	VAR	VAR	VAR	VAR	VAR	N	341200	N	0	0	0	0	0	0	0	0	0	0
O	1	Power Operated Equipment	VAR	VAR	VAR	VAR	VAR	VAR	N	345000	N	0	0	0	0	0	0	0	0	0	0
P	1	Electric pumping equipment	VAR	VAR	VAR	VAR	VAR	VAR	N	311200	N	0	0	0	0	0	0	0	0	0	0
P	1	WT equipment non-media	VAR	VAR	VAR	VAR	VAR	VAR	N	320100	N	0	0	0	0	0	0	0	0	0	0
P	1	Tools, Shop, & Garage Equipment	VAR	VAR	VAR	VAR	VAR	VAR	N	3430001	N	0	0	0	0	0	0	0	0	0	0
P	1	Laboratory Equipment	VAR	VAR	VAR	VAR	VAR	VAR	N	344000	N	0	0	0	0	0	0	0	0	0	0
P	1	Miscellaneous Equipment	VAR	VAR	VAR	VAR	VAR	VAR	N	347000	N	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. SS	VAR	VAR	VAR	VAR	VAR	VAR	Y	304100	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. P	VAR	VAR	VAR	VAR	VAR	VAR	Y	304200	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. WT	VAR	VAR	VAR	VAR	VAR	VAR	Y	304300	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. AG	VAR	VAR	VAR	VAR	VAR	VAR	Y	304500	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Office	VAR	VAR	VAR	VAR	VAR	VAR	Y	304600	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Misc.	VAR	VAR	VAR	VAR	VAR	VAR	Y	304800	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Power Generation Equip.	VAR	VAR	VAR	VAR	VAR	VAR	Y	310000	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Pumping Equipment SS	VAR	VAR	VAR	VAR	VAR	VAR	Y	311520	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Water Treatment Non-Media	VAR	VAR	VAR	VAR	VAR	VAR	Y	320100	Y	33	20	120	240	931	1,188	798	701	701	701
Q	1	Dist Reservoirs & Standpipe	VAR	VAR	VAR	VAR	VAR	VAR	Y	330000	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Laboratory Equipment	VAR	VAR	VAR	VAR	VAR	VAR	Y	344000	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Power Operated Equipment	VAR	VAR	VAR	VAR	VAR	VAR	Y	345000	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Tools, Shop, & Garage Equipment	VAR	VAR	VAR	VAR	VAR	VAR	Y	3430001	Y	0	0	0	0	0	0	0	0	0	0
Q	1	Communication Equipment	VAR	VAR	VAR	VAR	VAR	VAR	Y	346190	Y	0	0	0	0	0	0	0	0	0	0
R	1	Distribution Reservoirs & Standpipes	VAR	VAR	VAR	VAR	VAR	VAR	Y	330000	Y	0	0	0	0	0	0	0	0	0	0
R	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	VAR	VAR	VAR	Y	330100	Y	0	0	0	0	0	0	0	0	0	0
S	1	Engineering Studies	VAR	VAR	VAR	VAR	VAR	VAR	Y	339600	Y	251	204	32	68	72	84	104	112	112	112
12020204	2	Source of Supply Project Dev	-	-	-	-	-	-	Y	320100	Y	13,780	13,905	13,938	14,005	14,071	14,137	14,203	14,266	14,266	14,266
IP-1202-5	2	North Broadway Main Replacement	-	-	9	2010	Y	331001	Y	8,952	Y	9,445	9,475	9,790	10,540	11,440	12,414	13,464	13,464	13,464	
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	-	-	-	-	Y	303500	Y	146	139	139	139	139	139	139	139	139	
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	12	2012	Y	331001	Y	409	Y	389	389	389	389	389	389	389	389	389	
IP-1202-9	2	Install 22,700' of 12" in Todds and Cleveland	-	-	-	-	-	-	Y	331001	Y	0	0	0	0	0	0	0	0	0	
0	2		-	-	-	-	-	-	Y	331001	Y	0	0	0	0	0	0	0	0	0	

Book AFUDC Rate: 7.98%
Tax AFUDC Rate: 1.36%

Full Rate 8.56%
Monthly 0.665000%

Full Rate 1.36%
Monthly 0.11365%

Full Rate 8.56%
Monthly 0.71333%

Full Rate 1.36%
Monthly 0.11365%

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Item	Code	Description	Starting Date		Completion Date		Tax		Book		Account	Y/N	Aww	AFUDC	Jan-11	Feb-11	Mar-11
			Month	Year	Month	Year	Y/N	Y/N	Account	AFUDC							
O	1	Trans Equipment Other	VAR	VAR	VAR	VAR	N	N	0	0	341200	N	0	0	0	0	0
O	1	Power Operated Equipment	VAR	VAR	VAR	VAR	N	N	0	0	345000	N	0	0	0	0	0
P	1	Electric pumping equipment	VAR	VAR	VAR	VAR	N	N	0	0	311200	N	0	0	0	0	0
P	1	WT equipment non-media	VAR	VAR	VAR	VAR	N	N	0	0	320100	N	0	0	0	0	0
P	1	Tools, Shop, & Garage Equipment	VAR	VAR	VAR	VAR	N	N	0	0	3430001	N	0	0	0	0	0
P	1	Laboratory Equipment	VAR	VAR	VAR	VAR	N	N	0	0	344000	N	0	0	0	0	0
P	1	Miscellaneous Equipment	VAR	VAR	VAR	VAR	N	N	0	0	347000	N	0	0	0	0	0
Q	1	Struct. & Imp. SS	VAR	VAR	VAR	VAR	Y	Y	0	0	304100	Y	0	0	0	0	0
Q	1	Struct. & Imp. P	VAR	VAR	VAR	VAR	Y	Y	0	0	304200	Y	0	0	0	0	0
Q	1	Struct. & Imp. WT	VAR	VAR	VAR	VAR	Y	Y	0	0	304300	Y	0	0	0	0	0
Q	1	Struct. & Imp. AG	VAR	VAR	VAR	VAR	Y	Y	0	0	304500	Y	0	0	0	0	0
Q	1	Struct. & Imp. Office	VAR	VAR	VAR	VAR	Y	Y	0	0	304600	Y	0	0	0	0	0
Q	1	Struct. & Imp. Misc.	VAR	VAR	VAR	VAR	Y	Y	0	0	304800	Y	0	0	0	0	0
Q	1	Power Generation Equip.	VAR	VAR	VAR	VAR	Y	Y	0	0	310000	Y	0	0	0	0	0
Q	1	Pumping Equipment SS	VAR	VAR	VAR	VAR	Y	Y	0	0	311520	Y	0	0	0	0	0
Q	1	Water Treatment Non-Media	VAR	VAR	VAR	VAR	Y	Y	327	327	320100	Y	407	407	193	231	471
Q	1	Dist Reservoirs & Standpipe	VAR	VAR	VAR	VAR	Y	Y	0	0	330000	Y	0	0	0	0	0
Q	1	Laboratory Equipment	VAR	VAR	VAR	VAR	Y	Y	0	0	344000	Y	0	0	0	0	0
Q	1	Power Operated Equipment	VAR	VAR	VAR	VAR	Y	Y	0	0	345000	Y	0	0	0	0	0
Q	1	Tools, Shop, & Garage Equipment	VAR	VAR	VAR	VAR	Y	Y	0	0	3430001	Y	0	0	0	0	0
Q	1	Communication Equipment	VAR	VAR	VAR	VAR	Y	Y	0	0	346190	Y	0	0	0	0	0
R	1	Distribution Reservoirs & Standpipes	VAR	VAR	VAR	VAR	Y	Y	0	0	330000	Y	0	0	0	0	0
R	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	VAR	Y	Y	0	0	330100	Y	0	0	0	0	0
S	1	Engineering Studies	VAR	VAR	VAR	VAR	Y	Y	100	100	339600	Y	120	13	39	0	17
12020204	2	Source of Supply Project Dev	-	-	-	-	Y	Y	14,432	14,432	320100	Y	14,330	0	0	0	0
IP-1202-5	2	North Broadway Main Replacement	-	-	9	2010	Y	Y	0	0	331001	Y	14,514	0	0	0	0
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	-	-	Y	Y	0	0	303500	Y	139	139	149	149	149
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	12	2012	Y	Y	389	389	331001	Y	417	417	417	417	417
IP-1202-9	2	Install 22,700' of 12" in Todds and Cleveland	-	-	-	-	Y	Y	0	0	331001	Y	0	0	0	0	0
0	2		-	-	-	-	Y	Y	0	0	331001	Y	0	0	0	0	0

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Item	Code	Description	Starting Date		Completion Date		Tax AFUDC	Book AFUDC	Aww Account	Y/N	May-11	Jun-11	Jul-11	Aug-11	Sep-11	BK AFUDC Forecast Amount
			Month	Year	Month	Year										
O	1	Trans Equipment Other	VAR	VAR	VAR	VAR	N	341200	N	0	0	0	0	0	0	0
O	1	Power Operated Equipment	VAR	VAR	VAR	VAR	N	345000	N	0	0	0	0	0	0	0
P	1	Electric pumping equipment	VAR	VAR	VAR	VAR	N	311200	N	0	0	0	0	0	0	0
P	1	WT equipment non-media	VAR	VAR	VAR	VAR	N	320100	N	0	0	0	0	0	0	0
P	1	Tools, Shop. & Garage Equipment	VAR	VAR	VAR	VAR	N	3430001	N	0	0	0	0	0	0	0
P	1	Laboratory Equipment	VAR	VAR	VAR	VAR	N	344000	N	0	0	0	0	0	0	0
P	1	Miscellaneous Equipment	VAR	VAR	VAR	VAR	N	347000	N	0	0	0	0	0	0	0
Q	1	Struct. & Imp. SS	VAR	VAR	VAR	VAR	Y	304100	Y	0	0	0	0	0	0	0
Q	1	Struct. & Imp. P	VAR	VAR	VAR	VAR	Y	304200	Y	0	0	0	0	0	0	0
Q	1	Struct. & Imp. WT	VAR	VAR	VAR	VAR	Y	304300	Y	0	0	0	0	0	0	0
Q	1	Struct. & Imp. AG	VAR	VAR	VAR	VAR	Y	304500	Y	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Office	VAR	VAR	VAR	VAR	Y	304600	Y	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Misc.	VAR	VAR	VAR	VAR	Y	304800	Y	0	0	0	0	0	0	0
Q	1	Power Generation Equip.	VAR	VAR	VAR	VAR	Y	310000	Y	0	0	0	0	0	0	0
Q	1	Pumping Equipment SS	VAR	VAR	VAR	VAR	Y	311520	Y	0	0	0	0	0	0	0
Q	1	Water Treatment Non-Media	VAR	VAR	VAR	VAR	Y	320100	Y	1,293	826	830	830	830	830	8,145
Q	1	Dist Reservoirs & Standpipe	VAR	VAR	VAR	VAR	Y	330000	Y	0	0	0	0	0	0	0
Q	1	Laboratory Equipment	VAR	VAR	VAR	VAR	Y	344000	Y	0	0	0	0	0	0	0
Q	1	Power Operated Equipment	VAR	VAR	VAR	VAR	Y	345000	Y	0	0	0	0	0	0	0
Q	1	Tools, Shop. & Garage Equipment	VAR	VAR	VAR	VAR	Y	3430001	Y	0	0	0	0	0	0	0
Q	1	Communication Equipment	VAR	VAR	VAR	VAR	Y	346190	Y	0	0	0	0	0	0	0
R	1	Distribution Reservoirs & Standpipes	VAR	VAR	VAR	VAR	Y	330000	Y	0	0	0	0	0	0	0
R	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	VAR	Y	330100	Y	0	0	0	0	0	0	0
S	1	Engineering Studies	VAR	VAR	VAR	VAR	Y	339600	Y	137	218	107	107	107	86	929
12020204	2	Source of Supply Project Dev	-	-	-	-	Y	320100	Y	0	0	0	0	0	0	0
IP-1202-5	2	North Broadway Main Replacement	-	-	9	2010	Y	331001	Y	0	0	0	0	0	0	0
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	-	-	Y	-	Y	0	0	0	0	0	0	0
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	12	2012	Y	303500	Y	149	417	149	149	149	1,788	
IP-1202-9	2	Install 22,700' of 12" in Todds and Cleveland	-	-	12	2014	Y	331001	Y	417	417	900	2,105	3,552	10,310	

Kentucky-American Water Company
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Item A - H 120.862% 1
IP's 90.8% 2
SOS
Budget 100.0%

Item	Code	Description	Estimated Dates			Tax AFUDC	Book Account	Book Y/N	May-11	Jun-11	Jul-11	Aug-11	Sep-11	BK AFUDC Forecast Amount
			Month	Year	Completion Date									
IP-1202-17	2	South Limestone Replacement	-	8	2010	Y	331001	Y	0	0	0	0	0	0
0	2		-	-	0	Y	-	0	0	0	0	0	0	0
0	2		-	-	0	Y	-	0	0	0	0	0	0	0
IP-1202-18	2	US 25 Relocation	-	12	2010	Y	311200	Y	0	0	0	0	0	40,436
0	2		-	-	0	Y	-	0	0	0	0	0	0	0
IP-1202-19	2	Leestown Road	-	12	2011	Y	331001	Y	1,292	2,337	5,633	7,563	9,251	35,767
0	0		-	-	0	Y	0	0	0	0	0	0	0	0
IP-1202-22	2	KRS Raw Water Transfer	-	12	2011	Y	311200	Y	0	321	1,070	1,605	1,712	4,708
0	0		-	-	0	Y	0	0	0	0	0	0	0	0
0	0		-	-	0	Y	0	0	0	0	0	0	0	0
0	0		-	-	0	Y	0	0	0	0	0	0	0	0
IP-1202-31	2	KRS Raw Water Access	-	12	2011	Y	304200	Y	547	1,174	3,328	4,598	5,836	18,908
0	0		-	-	0	Y	0	0	0	0	0	0	0	0
12020607	2	Pool 3 - Lakes, Rivers & Other Intakes	-	9	2010	Y	306000	Y	0	0	0	0	0	0
0	0		-	-	0	Y	304100	Y	0	0	0	0	0	0
			-	-	0	Y	311200	Y	0	0	0	0	0	0
			-	-	0	Y	304300	Y	0	0	0	0	0	0
			-	-	0	Y	320100	Y	0	0	0	0	0	0
			-	-	0	Y	309000	Y	0	0	0	0	0	0
			-	-	0	Y	331001	Y	0	0	0	0	0	0
			-	-	0	Y	330400	Y	0	0	0	0	0	0
			-	-	0	Y	310000	Y	0	0	0	0	0	0
			-	-	0	Y	335000	Y	0	0	0	0	0	0
			-	-	0	Y	304200	Y	0	0	0	0	0	0
			-	-	0	Y	330000	Y	0	0	0	0	0	0
			-	-	0	Y	303400	Y	0	0	0	0	0	0
			-	-	0	Y	303200	Y	0	0	0	0	0	0
IP-1202-32	2	Lexington Operations Center	-	12	2010	Y	304700	Y	0	0	0	0	0	22,653
0	0		-	-	0	Y	0	0	0	0	0	0	0	0
IP-1232-3	2	Northern Division Connection	-	8	2012	Y	331001	Y	7,130	10,185	17,099	20,636	23,691	102,605
12020402	2	Major Highway Relocations	-	12	2008	Y	331001	Y	0	0	0	0	0	0
12020702	2	Ky Major Highway	-	12	2009	Y	331001	Y	0	0	0	0	0	0

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Code
Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%

Item	Code	Description	Estimated Dates		Tax AFUDC	Book AFUDC	Book AFUDC	Current Rate												Proposed Rate						
			Starting Date	Completion Date				Full Rate	Monthly	Full Rate	Monthly	Full Rate	Monthly	Full Rate	Monthly	Full Rate	Monthly	Full Rate	Monthly							
			Year	Year				Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10					
CS-1201-1	2	Business Transformation CPS	-	12	2009	Y	339600	Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DV--1232-2	2	Projects Funded by Others	-	-	0	Y	331001	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IP-1201-10	2	Unallocated Engineering Overhead	-	12	2009	Y	331001	Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IP-1232-1	2	Owenton-Post Acquisition Phase 2	-	12	2016	Y	320100	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CS-1201-3	2	Business Transformation 2010 - 2014	-	12	2014	Y	339600	Y	0	97	363	980	6,885	12,831	13,822	14,953	0	0	0	0	0	0	0	0	0	0

Book AFUDC Rate: 7.98%
Tax AFUDC Rate: 1.36%

Book AFUDC Rate: 8.56%
Tax AFUDC Rate: 1.36%

Monthly 0.665000%
Monthly 0.713333%

Monthly 1.36%
Monthly 0.11365%

Monthly 7.98%
Monthly 0.665000%

Monthly 8.56%
Monthly 0.713333%

Monthly 1.36%
Monthly 0.11365%

Monthly 7.98%
Monthly 0.665000%

Monthly 8.56%
Monthly 0.713333%

Monthly 1.36%
Monthly 0.11365%

\$ 729,250 \$ 769,249 \$ 802,795 \$ 825,721 \$ 853,848 \$ 880,751 \$ 902,909 \$ 925,726

\$ 401,160 \$ 423,164 \$ 441,618 \$ 454,229 \$ 469,702 \$ 484,501 \$ 496,690 \$ 509,242

\$ 255,403 \$ 269,412 \$ 281,161 \$ 289,190 \$ 299,041 \$ 308,463 \$ 316,223 \$ 324,215

Equity Portion of AFUDC

Equity Gross-up Amount

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862% Code
IP's 90.8% 1
SOS 100.0% 2
Budget

Item	Code	Description	Estimated Dates			Tax AFUDC Y/N	Book AFUDC Y/N	Aww Account	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11																			
			Starting Date	Completion Date	Year																																					
CS-1201-1	2	Business Transformation CPS	-	-	12 2009	Y	Y	339600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
DV--1232-2	2	Projects Funded by Others	-	-	- 0	Y	Y	331001	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
IP-1201-10	2	Unallocated Engineering Overhead	-	-	12 2009	Y	Y	331001	Y	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
IP-1232-1	2	Owerton-Post Acquisition Phase 2	-	-	12 2016	Y	Y	320100	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
CS-1201-3	2	Business Transformation 2010 - 2014	-	-	12 2014	Y	Y	339600	Y	16,252	17,546	18,760	19,922	23,579	27,257	28,456	29,668	31,186	33,909	37,665	43,455	48,250	53,045	57,840																		
		Equity Portion of AFUDC																					\$ 943,319	\$ 60,319	\$ 53,316	\$ 56,523	\$ 26,953	\$ 31,186	\$ 33,909	\$ 37,665	\$ 43,455	\$ 48,250	\$ 53,045	\$ 57,840	\$ 62,635	\$ 67,430	\$ 72,225	\$ 77,020	\$ 81,815			
		Equity Gross-up Amount																					\$ 518,920	\$ 33,181	\$ 32,203	\$ 34,140	\$ 16,280	\$ 18,836	\$ 20,481	\$ 22,750	\$ 25,019	\$ 27,288	\$ 29,557	\$ 31,826	\$ 34,095	\$ 36,364	\$ 38,633	\$ 40,902	\$ 43,171	\$ 45,440	\$ 47,709	\$ 50,000

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862%
IP's 90.8%
SOS 100.0%
Budget

Item	Code	Description	Starting Date		Completion Date		Tax AFUDC		Book AFUDC	Account	Y/N	May-11	Jun-11	Jul-11	Aug-11	Sep-11	BK AFUDC Forecast Amount							
			Month	Year	Month	Year	Y/N	Y/N																
CS-1201-1	2	Business Transformation CPS	-	-	12	2009	Y	Y	339600	Y	0	0	0	0	0	0	0							
DV--1232-2	2	Projects Funded by Others	-	-	-	0	Y	Y	331001	N	0	0	0	0	0	0	0							
IP-1201-10	2	Unallocated Engineering Overhead	-	-	12	2009	Y	Y	331001	Y	0	0	0	0	0	0	0							
IP-1232-1	2	Owerton-Post Acquisition Phase 2	-	-	12	2016	Y	Y	320100	N	0	0	0	0	0	0	0							
CS-1201-3	2	Business Transformation 2010 - 2014	-	-	12	2014	Y	Y	339600	Y	30,888	33,548	35,235	36,980	38,725	355,135								
											\$	43,600	\$	50,754	\$	69,486	\$	79,199	\$	87,274	\$	629,114		
											\$	26,334	\$	30,655	\$	35,786	\$	41,970	\$	47,836	\$	52,713	\$	379,984
											\$	16,766	\$	19,517	\$	22,784	\$	26,721	\$	30,455	\$	33,560	\$	241,921

Equity Portion of AFUDC
Equity Gross-up Amount

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Book AFUDC Rate: 8.96%
Tax AFUDC Rate: 1.36%
Current Rate Monthly 0.66500%
Full Rate 7.98%
Proposed Rate Monthly 0.71333%
Full Rate 8.96%

Item	Code	Description	Estimated Dates		Tax AFUDC	Book AFUDC	Account	Y/N	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
			Month	Year											
DV	1	Mains	VAR	VAR	VAR	Y	331001	N	546	664	327	291	263	280	354
DV	1	Services	VAR	VAR	VAR	Y	333000	N	6	4	0	0	0	0	0
DV	1	Meters	VAR	VAR	VAR	Y	334130	N	13	0	0	0	0	0	0
DV	1	Meter Installations	VAR	VAR	VAR	Y	334200	N	0	0	0	0	0	0	0
DV	1	Hydrants	VAR	VAR	VAR	Y	335000	N	114	152	88	73	66	70	88
DV	1	Land	VAR	VAR	VAR	Y	303500	N	0	0	0	0	0	0	0
DV	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	Y	330100	N	0	0	0	0	0	0	0
A	1	Mains	VAR	VAR	VAR	Y	331001	Y	4	2	17	24	24	54	106
A	1	Services	VAR	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0
A	1	Hydrants	VAR	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0
A	1	Land	VAR	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0
A	1	Meters	VAR	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0
A	1	Meter Installations	VAR	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0
B	1	Mains	VAR	VAR	VAR	Y	331001	Y	237	157	7	32	83	124	171
B	1	Services	VAR	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0
B	1	Hydrants	VAR	VAR	VAR	Y	335000	Y	10	6	0	0	0	0	0
B	1	Land	VAR	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0
B	1	Meters	VAR	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0
B	1	Meter Installations	VAR	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0
C	1	Mains	VAR	VAR	VAR	Y	331001	Y	0	16	24	31	22	25	21
C	1	Services	VAR	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0
C	1	Hydrants	VAR	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0
C	1	Land	VAR	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0
C	1	Meters	VAR	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0
C	1	Meter Installations	VAR	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0
D	1	Mains	VAR	VAR	VAR	Y	331001	Y	240	151	24	85	150	190	214
D	1	Services	VAR	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0
D	1	Hydrants	VAR	VAR	VAR	Y	335000	Y	27	16	0	0	0	0	0
D	1	Land	VAR	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0
D	1	Meters	VAR	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0
D	1	Meter Installations	VAR	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0
E	1	Meter Vaults	VAR	VAR	VAR	Y	334300	Y	0	3	4	4	11	64	108
F	1	Hydrants	VAR	VAR	VAR	Y	335000	Y	1	10	18	18	12	21	30
G	1	Services	VAR	VAR	VAR	N	333000	N	0	0	0	0	0	0	0
G	1		VAR	VAR	VAR	N	333000	N	0	0	0	0	0	0	0
G	1		VAR	VAR	VAR	N	333000	N	0	0	0	0	0	0	0

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Item	Code	Description	Estimated Dates		Tax AFUDC	Book AFUDC	Account	Y/N	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Tax AFUDC Forecast Amount
			Month	Year											
DV	1	Mains	VAR	VAR	Y	331001	N	409	398	429	511	590	664	5,427	
DV	1	Services	VAR	VAR	Y	333000	N	0	0	0	0	0	0	0	
DV	1	Meters	VAR	VAR	Y	334130	N	0	0	0	0	0	0	0	
DV	1	Meter Installations	VAR	VAR	Y	334200	N	45	44	48	57	66	74	775	
DV	1	Hydrants	VAR	VAR	Y	303500	N	0	0	0	0	0	0	0	
DV	1	Land	VAR	VAR	Y	303500	N	0	0	0	0	0	0	0	
DV	1	Elevated Tanks & Standpipes	VAR	VAR	Y	330100	N	0	0	0	0	0	0	0	
A	1	Mains	VAR	VAR	Y	331001	Y	0	27	88	149	197	187	741	
A	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0	
A	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0	
A	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0	
A	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0	
A	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0	
B	1	Mains	VAR	VAR	Y	331001	Y	81	156	255	259	198	125	1,253	
B	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0	
B	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0	
B	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0	
B	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0	
B	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0	
C	1	Mains	VAR	VAR	Y	331001	Y	31	22	25	21	24	26	330	
C	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0	
C	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0	
C	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0	
C	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0	
C	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0	
D	1	Mains	VAR	VAR	Y	331001	Y	102	153	187	221	222	145	1,336	
D	1	Services	VAR	VAR	Y	333000	Y	0	0	0	0	0	0	0	
D	1	Hydrants	VAR	VAR	Y	335000	Y	0	0	0	0	0	0	0	
D	1	Land	VAR	VAR	Y	303500	Y	0	0	0	0	0	0	0	
D	1	Meters	VAR	VAR	Y	334130	Y	0	0	0	0	0	0	0	
D	1	Meter Installations	VAR	VAR	Y	334200	Y	0	0	0	0	0	0	0	
E	1	Meter Vaults	VAR	VAR	Y	334300	Y	4	11	64	108	57	6	272	
F	1	Hydrants	VAR	VAR	Y	335000	Y	25	18	25	32	29	27	270	
G	1	Services	VAR	VAR	N	333000	N	0	0	0	0	0	0	0	
G	1		VAR	VAR	N	333000	N	0	0	0	0	0	0	0	
G	1		VAR	VAR	N	333000	N	0	0	0	0	0	0	0	

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Item	Code	Description	Estimated Dates			Tax		Book		Jan-11	Feb-11	Mar-11
			Month	Year	Completion Date	Year	Account	Y/N	AFUDC			
H	1	Services	VAR	VAR	VAR	N	333000	N	0	0	0	
H	1		- VAR	VAR	VAR	N	333000	N	0	0	0	
H	1		- VAR	VAR	VAR	N	340230	N	0	0	0	
I	1	Meters Bronze Case	VAR	VAR	VAR	N	334110	N	0	0	0	
I	1	Meter Other	VAR	VAR	VAR	N	334130	N	0	0	0	
I	1	Meters Rem Read	VAR	VAR	VAR	N	334131	N	0	0	0	
I	1	Meter Installations	VAR	VAR	VAR	N	334200	N	0	0	0	
I	1	Meter Installations	VAR	VAR	VAR	N	334200	N	0	0	0	
J	1	Meter Other	VAR	VAR	VAR	N	334130	N	0	0	0	
J	1	Meter Installations	VAR	VAR	VAR	N	334200	N	0	0	0	
J	1		- VAR	VAR	VAR	N	343000	N	0	0	0	
J	1		- VAR	VAR	VAR	N	334200	N	0	0	0	
K	1	Computers & Periph Mainframe	VAR	VAR	VAR	Y	3402101	N	26	13	2	
K	1	Computers & Periph Personal	VAR	VAR	VAR	Y	3042201	N	0	0	0	
K	1	Computer Software	VAR	VAR	VAR	Y	340300	N	0	0	0	
K	1	SCADA Equipment and System	VAR	VAR	VAR	Y	320100	N	0	0	0	
K	1	Communication Equipment	VAR	VAR	VAR	Y	346100	N	0	0	0	
L	1	SCADA Equipment and System	VAR	VAR	VAR	Y	320100	Y	27	21	7	
L	1	Electric pumping equipment	VAR	VAR	VAR	Y	311200	Y	0	0	0	
L	1	WT equipment non-media	VAR	VAR	VAR	Y	320100	Y	0	0	0	
L	1	Communication Equipment - instrumentat	VAR	VAR	VAR	Y	346100	Y	0	0	0	
M	1	Structure & Impr Misc	VAR	VAR	VAR	Y	304100	Y	0	0	0	
M	1	Structure & Impr - PU	VAR	VAR	VAR	Y	304200	Y	0	0	0	
M	1	Structure & Impr - WT	VAR	VAR	VAR	Y	304300	Y	0	0	0	
M	1	Structure & Impr - TD	VAR	VAR	VAR	Y	304400	Y	0	0	0	
M	1	Structure & Impr - Ag	VAR	VAR	VAR	Y	304500	Y	0	0	0	
M	1	Structure & Impr - Offices	VAR	VAR	VAR	Y	304600	Y	0	7	0	
M	1	Structure & Impr - Stores, Shop. & Garag	VAR	VAR	VAR	Y	304700	Y	0	0	0	
M	1	Structure & Impr - Misc	VAR	VAR	VAR	Y	304800	Y	0	0	0	
N	1	Misc Equipment	VAR	VAR	VAR	Y	3470001	N	0	21	0	
N	1	Office Structures	VAR	VAR	VAR	Y	304500	N	0	0	0	
N	1	Misc Structures	VAR	VAR	VAR	Y	304800	N	0	0	0	
N	1	Office Furniture and Equipment	VAR	VAR	VAR	Y	340100	N	0	0	0	
N	1	Tools, Shop. & Garage Equipment	VAR	VAR	VAR	Y	3430001	N	0	0	0	
N	1	Other P/E CPS	VAR	VAR	VAR	Y	339600	N	0	0	0	
O	1	Trans Equipment Light Trucks	VAR	VAR	VAR	N	3411001	N	0	0	0	
O	1	Trans Equipment Heavy Trucks	VAR	VAR	VAR	N	341400	N	0	0	0	
O	1	Trans Equipment Autos	VAR	VAR	VAR	N	3413001	N	0	0	0	

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862%
IP's 90.8%
SOS 100.0%
Budget

Current Rate
Monthly 0.66500%
Full Rate 7.98%
Book AFUDC Rate: 8.56%
Tax AFUDC Rate: 1.36%
Proposed Rate
Monthly 0.71333%
Full Rate 8.56%
Book AFUDC Rate: 1.36%
Tax AFUDC Rate: 0.11365%

Item	Code	Description	Estimated Dates		Tax AFUDC	Account	Book AFUDC	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	
			Month	Year												
O	1	Trans Equipment Other	VAR	VAR	VAR	N	341200	N	0	0	0	0	0	0	0	
O	1	Power Operated Equipment	VAR	VAR	VAR	N	345000	N	0	0	0	0	0	0	0	
P	1	Electric pumping equipment	VAR	VAR	VAR	N	311200	N	0	0	0	0	0	0	0	
P	1	WT equipment non-media	VAR	VAR	VAR	N	320100	N	0	0	0	0	0	0	0	
P	1	Tools, Shop, & Garage Equipment	VAR	VAR	VAR	N	3430001	N	0	0	0	0	0	0	0	
P	1	Laboratory Equipment	VAR	VAR	VAR	N	344000	N	0	0	0	0	0	0	0	
P	1	Miscellaneous Equipment	VAR	VAR	VAR	N	347000	N	0	0	0	0	0	0	0	
Q	1	Struct. & Imp. SS	VAR	VAR	VAR	Y	304100	Y	0	0	0	0	0	0	0	
Q	1	Struct. & Imp. P	VAR	VAR	VAR	Y	304200	Y	0	0	0	0	0	0	0	
Q	1	Struct. & Imp. WT	VAR	VAR	VAR	Y	304300	Y	0	0	0	0	0	0	0	
Q	1	Struct. & Imp. AG	VAR	VAR	VAR	Y	304500	Y	0	0	0	0	0	0	0	
Q	1	Struct. & Imp. Office	VAR	VAR	VAR	Y	304600	Y	0	0	0	0	0	0	0	
Q	1	Struct. & Imp. Misc.	VAR	VAR	VAR	Y	304800	Y	0	0	0	0	0	0	0	
Q	1	Power Generation Equip.	VAR	VAR	VAR	Y	310000	Y	0	0	0	0	0	0	0	
Q	1	Pumping Equipment SS	VAR	VAR	VAR	Y	311520	Y	0	0	0	0	0	0	0	
Q	1	Water Treatment Non-Media	VAR	VAR	VAR	Y	320100	Y	6	3	20	40	159	203	136	
Q	1	Dist Reservoirs & Standpipe	VAR	VAR	VAR	Y	330000	Y	0	0	0	0	0	0	0	
Q	1	Laboratory Equipment	VAR	VAR	VAR	Y	344000	Y	0	0	0	0	0	0	0	
Q	1	Power Operated Equipment	VAR	VAR	VAR	Y	345000	Y	0	0	0	0	0	0	0	
Q	1	Tools, Shop, & Garage Equipment	VAR	VAR	VAR	Y	3430001	Y	0	0	0	0	0	0	0	
Q	1	Communication Equipment	VAR	VAR	VAR	Y	346190	Y	0	0	0	0	0	0	0	
R	1	Distribution Reservoirs & Standpipes	VAR	VAR	VAR	Y	330000	Y	0	0	0	0	0	0	0	
R	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	Y	330100	Y	0	0	0	0	0	0	0	
S	1	Engineering Studies	VAR	VAR	VAR	Y	339600	Y	43	35	12	12	14	18	19	
12020204	2	Source of Supply Project Dev	-	-	-	Y	320100	Y	2,368	2,390	2,407	2,418	2,429	2,441	2,452	
IP-1202-5	2	North Broadway Main Replacement	-	-	9	2010	Y	331001	Y	1,538	1,628	1,682	1,811	1,966	2,133	2,314
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	-	0	Y	-	0	0	0	0	0	0	0	
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	-	0	Y	-	0	0	0	0	0	0	0	
IP-1202-9	2	Install 22,700' of 12" in Todds and Cleveland	-	-	12	2014	Y	331001	Y	0	0	0	0	0	0	
0	2		-	-	-	0	Y	-	0	0	0	0	0	0	0	

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862% 1
IP's 90.8% 2
SOS 100.0%
Budget

Item	Code	Description	Estimated Dates			Tax AFUDC	Book AFUDC	Aww Account	Y/N	Y/N	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Tax AFUDC Forecast Amount
			Month	Year	Month												
O	1	Trans Equipment Other	VAR	VAR	VAR	VAR	N	N		0	0	0	0	0	0	0	0
O	1	Power Operated Equipment	VAR	VAR	VAR	VAR	N	N		0	0	0	0	0	0	0	0
P	1	Electric pumping equipment	VAR	VAR	VAR	VAR	N	N		0	0	0	0	0	0	0	0
P	1	WT equipment non-media	VAR	VAR	VAR	VAR	N	N		0	0	0	0	0	0	0	0
P	1	Tools, Shop, & Garage Equipment	VAR	VAR	VAR	VAR	N	N		0	0	0	0	0	0	0	0
P	1	Laboratory Equipment	VAR	VAR	VAR	VAR	N	N		0	0	0	0	0	0	0	0
P	1	Miscellaneous Equipment	VAR	VAR	VAR	VAR	N	N		0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. SS	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. P	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. WT	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. AG	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Office	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Struct. & Imp. Misc.	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Power Generation Equip.	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Pumping Equipment SS	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Water Treatment Non-Media	VAR	VAR	VAR	VAR	Y	Y		206	234	131	132	132	124	1,289	
Q	1	Dist Reservoirs & Standpipe	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Laboratory Equipment	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Power Operated Equipment	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Tools, Shop, & Garage Equipment	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
Q	1	Communication Equipment	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
R	1	Distribution Reservoirs & Standpipes	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
R	1	Elevated Tanks & Standpipes	VAR	VAR	VAR	VAR	Y	Y		0	0	0	0	0	0	0	0
S	1	Engineering Studies	VAR	VAR	VAR	VAR	Y	Y		22	35	23	17	17	13	148	
12020204	2	Source of Supply Project Dev	-	-	-	-	Y	Y		0	0	0	0	0	0	0	
IP-1202-5	2	North Broadway Main Replacement	-	-	9	2010	Y	Y		0	0	0	0	0	0	0	
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	-	-	Y	Y		0	0	0	0	0	0	0	
IP-1202-6	2	Install 34,000 of 16" along Carrick Pike	-	-	12	2012	Y	Y		24	24	24	24	24	24	288	
IP-1202-9	2	Install 22,700' of 12" in Todds and Cleveland	-	-	12	2014	Y	Y		67	67	67	144	337	569	1,653	

Kentucky-American Water Company
 Book/Tax AFUDC By Month 05/31/10
 Base Test Year: 09/30/11
 Forecasted Test Year:

Item A - H 120.862% 1
 IP's 90.8% 2
 SOS 100.0%
 Budget

Item	Code	Description	Starting Date		Completion Date		Tax AFUDC	Book AFUDC	Book AFUDC Rate	Current Rate		Proposed Rate		Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	
			Month	Year	Month	Year				Full Rate	Monthly	Full Rate	Monthly								
CS-1201-1	2	Business Transformation CPS	-	-	12	2009	Y	339600	Y	0	0	0	0	0	0	0	0	0	0	0	0
DV--1232-2	2	Projects Funded by Others	-	-	-	0	Y	331001	N	0	0	0	0	0	0	0	0	0	0	0	0
IP-1201-10	2	Unallocated Engineering Overhead	-	-	12	2009	Y	331001	Y	0	0	0	0	0	0	0	0	0	0	0	0
IP-1232-1	2	Owenton-Post Acquisition Phase 2	-	-	12	2016	Y	320100	N	0	0	0	0	0	0	0	0	0	0	0	0
CS-1201-3	2	Business Transformation 2010 - 2014	-	-	12	2014	Y	339600	Y	0	17	62	168	1,183	2,205	2,375	2,375	2,570	2,570	2,570	2,570
										\$ 149,092 \$ 156,109 \$ 161,479 \$ 165,409 \$ 170,212 \$ 174,798 \$ 178,628 \$ 182,642											

Kentucky-American Water Company
Book/Tax AFUDC By Month 05/31/10
Base Test Year: 09/30/11
Forecasted Test Year:

Item A - H 120.862%
IP's 90.8%
SOS 100.0%
Budget

Item	Code	Description	Estimated Dates		Tax AFUDC	Y/N	Account	Book AFUDC	Y/N	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
			Month	Year													
CS-1201-1	2	Business Transformation CPS	-	12	2009	Y	339600	Y	0	0	0	0	0	0	0	0	0
DV--1232-2	2	Projects Funded by Others	-	-	0	Y	331001	N	0	0	0	0	0	0	0	0	0
IP-1201-10	2	Unallocated Engineering Overhead	-	12	2009	Y	331001	Y	0	0	0	0	0	0	0	0	0
IP-1232-1	2	Owerton-Post Acquisition Phase 2	-	12	2016	Y	320100	N	0	0	0	0	0	0	0	0	0
CS-1201-3	2	Business Transformation 2010 - 2014	-	12	2014	Y	339600	Y	2,793	3,015	3,224	3,424	4,052	4,684	4,890	5,098	
										\$ 185,628	\$ 10,782	\$ 9,215	\$ 9,712	\$ 5,057	\$ 5,846	\$ 6,318	\$ 6,904

Kentucky-American Water Company
Book/Tax AFUDC By Month
Base Test Year: 05/31/10
Forecasted Test Year: 09/30/11

Item A - H 120.862%
IP's 90.8%
SOS 100.0%
Budget

Item	Code	Description	Estimated Dates			Tax AFUDC	Book AFUDC	Y/N	Account	Y/N	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Tax AFUDC Forecast Amount
			Month	Year	Completion Date											
CS-1201-1	2	Business Transformation CPS	-	-	12 2009	Y	339600	Y	0	0	0	0	0	0	0	0
DV--1232-2	2	Projects Funded by Others	-	-	- 0	Y	331001	N	0	0	0	0	0	0	0	0
IP-1201-10	2	Unallocated Engineering Overhead	-	-	12 2009	Y	331001	Y	0	0	0	0	0	0	0	0
IP-1232-1	2	Owenton-Post Acquisition Phase 2	-	-	12 2016	Y	320100	N	0	0	0	0	0	0	0	0
CS-1201-3	2	Business Transformation 2010 - 2014	-	-	12 2014	Y	339600	Y	5,308	5,519	5,765	6,055	6,355	6,655	61,029	
										\$ 7,816	\$ 8,971	\$ 10,397	\$ 12,161	\$ 13,838	\$ 15,198	\$ 111,433

**KENTUCKY-AMERICAN WATER COMPANY
FORECASTED PERIOD PROPERTY TAX EXPENSE
CASE NO: 2010-00036**

	<u>TAX BASE @ 12/31/2007</u>	<u>TAX BASE @ 12/31/2009</u>	<u>TAX BASE @ 12/31/2010</u>
Utility Plant in Service	\$ 345,341,374	\$ 380,947,845	\$ 566,511,336
Construction Work in Progress	21,309,716	138,141,866	5,413,118
Acquisition Adjustment	326,777	17,401	4,350
Materials & Supplies	634,634	596,607	642,421
Accumulated Depreciation	<u>(89,206,919)</u>	<u>(100,531,943)</u>	<u>(107,566,291)</u>
TOTAL TAX BASE	<u>\$ 278,405,582</u>	<u>\$ 419,171,775</u>	<u>\$ 465,004,934</u>
Property Tax Payments Paid for 2008	<u>\$ 2,728,119</u>		
Rate Per \$ 100	<u>0.9799</u>		
Property Tax for the Forecasted Portion of 2010		<u>\$ 1,026,866</u>	
	Monthly Amt	<u>\$ 1,026,866</u>	
Property Tax for the Forecasted Portion of 2011			<u>\$ 3,417,438</u>
		Monthly Amt	<u>\$ 370,359</u>
Property Tax for the Forecasted Period ended 9/30/11	<u>\$ 4,444,306</u>		

PROPERTY TAXES PAID

<u>Taxing Authority</u>	<u>As adjusted 2009 Tax Amount</u>	
Bourbon County	23,774	pd 3/28/09
Fayette County/ LFUCG	1,546,287	pd 12/8/08
Harrison County	4,465	pd 11/26/08
Jessamine County	38,905	pd 1/22/09
Scott County	150,754	pd 11/24/08
City of Georgetown	6,159	pd 11/24/08
City of Sadieville	754	pd 12/03/08
Woodford County	7,228	pd 12/03/08
Clark County	14,255	pd 11/24/08
Kentucky	602,151	Pd 10/10/08
Owen	332,972	pd 12/08/08
Gallatin Co	416	pd 12/03/08
Total	<u>\$ 2,728,119</u>	

acct 236151

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Lance Williams

37. Provide for the investment projects that Kentucky-American started or completed during the period from 2000 through 2009:
- a. The number of investment projects that Kentucky-American completed ahead of schedule.
 - b. The number of investment projects that Kentucky-American completed on schedule.
 - c. The number of investment projects that Kentucky-American completed behind schedule.

Response:

Kentucky American Water
Case Number 2010-00036

Year	Total No. of IPs Completed	IPs Completed Ahead of Schedule	IPs Completed On Schedule	IPs Completed Behind Schedule
2000	7	3	1	3
2001	7	0	1	6
2002	7	0	2	5
2003	4	1	0	3
2004	4	1	0	3
2005	4	0	1	3
2006	4	1	1	2
2007	4	0	0	4
2008	3	2	0	1
2009	2	1	0	1

For the electronic version, refer to KAW_R_PSCDR2#37_043010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Lance Williams

38. a. List each construction project that Kentucky-American will commence or complete during the forecast period for which Kentucky-American, as of the date of this Request, has not obtained all necessary governmental permits, licenses, or other approvals.
- b. For each project listed in response to Item 38(a):
- (1) List all required governmental permits, licenses, and other approvals.
 - (2) List all governmental permits, licenses, and other approvals that Kentucky-American has not obtained as of the date of this Request.
 - (3) State the date on which Kentucky-American applied or expects to apply for each required governmental permit, license, or other approval.

Response:

Please see attached.

For the electronic version, refer to KAW_R_PSCDR2#38_043010.pdf.

**Kentucky American Water
Case Number 2010-00036**

IP NO.	DESCRIPTION	STATUS	PERMITS	PERMIT STATUS	EXPECTED TO APPLY
1220507	Owenton Acquisition Water	Underway in phases; portions to be complete in forecasted period	DOW Approval	Not applied	Design Completed
12020501	Ground Storage Tank – 3.0 MG	To begin but not be completed in forecasted period	DOW Approval	Not applied	Design completed
1202-5	North Broadway Main Replacement		PSC Certificate LFUCG Grading Permit KTC Encroachment Permit	Not applied Received Received	After DOW Approval
1202-17	South Limestone Replacement		DOW Approval	Received	
1202-18	US 25 Relocation		DOW Approval KTC Encroachment Permit LFUCG Grading Permit	Applied Not Applied	
1202-31	KRS Raw Water Access		DOW Approval KTC Encroachment Permit KPDES for Construction DOW401 Permit KPDES for Construction US Army Corps 404 Permit	Not Applied Not Applied Not Applied Not Applied Not Applied	
1202-32	Lexington Operations Center		DOW 401 permit Notice of Intent Installation of Erosion Control Erosion Control Inspection Grading Permit Building Permit Foundation Permit Paving Permit Electrical Permit Plumbing Permit Mechanical Permit	Not Applied Not Applied Not Applied Not Applied Not Applied Applied Not Not Applied Not Applied Not Applied Not Applied Not Applied	05/10/2010 05/04/2010 05/10/2010 05/10/2010 05/13/2010 05/13/2010 05/13/2010 05/04/2010 05/24/2010 05/24/2010

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Michael A. Miller/Sheila Miller

39. Provide a comparison of Kentucky-American's forecasted rate base, capital structure, and income statement from Case No. 2008-00427 with its actual results. Provide a detailed explanation for each variance.

Response:

The forecasted period in Case No. 2008-00427 was the twelve months ending May 31, 2010. A comparison to actual cannot be done until May 2010 accounting has been completed. The Company will provide this information when it becomes available.

For the electronic version, refer to KAW_R_PSCDR2#39_043010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Lance Williams

40. Provide a comparison of Kentucky-American's forecasted construction expenditures from Case No. 2008-00427 with its actual results by construction project. Provide a detailed explanation for each variance.

Response:

The forecasted period in Case No. 2008-00427 was the twelve months ending May 31, 2010. A final comparison to actual cannot be done until May 2010 accounting has been completed.

Please see attached schedules which provide the monthly comparisons for August 2008 to December 2008, the Year 2009 and YTD March 2010. The Company will provide the information for April and May 2010 as it becomes available.

For the electronic version, refer to KAW_R_PSCDR2#40_043010.pdf.

Kentucky American Water					
Comparison of Capital Expenditures					
Actual Vs. Case No. 2008-00427					
Budget Item	Description	Actual Aug-08	Per 2008-00427 Aug-08	Difference	Note
DV	Developer/Governmental Contributions	229,172	179,709	49,463	
A	Mains - New	0	49,869	(49,869)	
B	Mains - Replaced/Restored	19,344	71,704	(52,360)	
C	Mains - Unscheduled	20,898	19,633	1,265	
D	Mains - Relocated	5,000	12,500	(7,500)	
E	Hydrants, Valves, and Manholes - New	10,060	24,313	(14,253)	
F	Hydrants, Valves, and Manholes - Replaced	21,841	9,214	12,627	
G	Services and Laterals - New	203,300	57,661	145,640	
H	Services and Laterals - Replaced	122,743	31,748	90,995	
I	Meters - New	82,570	201,974	(119,404)	
J	Meters - Replaced	170,068	59,537	110,531	
K	ITS Equipment and Systems	26,892	8,925	17,967	
L	SCADA Equipment and Systems	5,350	2,892	2,458	
M	Security Equipment and Systems	480	1,000	(520)	
N	Offices and Operations Centers	301,519	262,246	39,273	
O	Vehicles	131,610	1,648	129,962	
P	Tools and Equipment	0	26,557	(26,557)	
Q	Process Plant Facilities and Equipment	39,556	77,305	(37,749)	
R	Capitalized Tank Rehabilitation/Painting	9,771	14,254	(4,482)	
S	Engineering Studies	17,000	43,399	(26,399)	
	Subtotal	1,417,173	1,156,085	261,088	
	Less Item DV	229,172	179,709	49,463	
	Total Item A - S	1,188,001	976,376	211,626	
12020201	Leestown Road Main Improvements	0	0	0	
12020204	Source of Supply Project Development	5,073	186	4,887	
12020402	Major Highway Relocations	0	4,136	(4,136)	
12020404	STEP Project	0	0	0	
12020502	Russell Cave Road Main - 34,000' of 12"	0	0	0	
12020505	Replace Trac-Vac System at RRS	(341)	8,000	(8,341)	
12020506	Sludge Handling Improvements	(42)	12,000	(12,042)	
12020508	Reliability Improvements	1,302	370	932	
12020601	Valve House Upgrades at KRS	0	0	0	
12020602	Yarnallton Road Main	12,500	59,092	(46,592)	
12020605	Mallard Point Pressure Improvements	0	0	0	
12020606	Replace Parkers Mill Pump and Diesel	0	0	0	
12020607	New WTP on Pool 3 of Kentucky River	5,246,382	5,790,449	(544,067)	Construction accelerated to meet 2010 completion
12020613	Highway Relocation - Clays Mill Phase II	0	0	0	
12020702	Major Highway Relocations	(44,221)	133,317	(177,538)	
12300403	Owen County Main Extensions	(14,913)	100	(15,013)	
12320507	Owenton Acquisition Water	19,718	0	19,718	
12330604	SCADA - Owen County	0	0	0	
12500503	Rockwell Village Wastewater Pipeline	0	0	0	
1202-6	Carrick Pike Main Extension	0	115,252	(115,252)	
12020701	Incline Car Replacement @KRS	12,032	33,304	(21,272)	
1202-5	North Broadway Main Replacement	53,100	49,169	3,931	
	Non-budgeted IP's	0	0	0	
1232-1	Owenton Bulk Storage	0	179,174	(179,174)	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Total IP's	5,290,592	6,384,549	(1,093,958)	
	Total Company Expenditures	6,478,593	7,360,925	(882,332)	

Kentucky American Water					
Comparison of Capital Expenditures					
Actual Vs. Case No. 2008-00427					
Budget Item	Description	Actual Sep-08	Per 2008-00427 Sep-08	Difference	Note
DV	Developer/Governmental Contributions	261,095	337,794	(76,699)	
A	Mains - New	1,392	49,869	(48,477)	
B	Mains - Replaced/Restored	48,326	93,104	(44,778)	
C	Mains - Unscheduled	19,233	17,495	1,737	
D	Mains - Relocated	7,850	39,051	(31,201)	
E	Hydrants, Valves, and Manholes - New	12,182	20,000	(7,818)	
F	Hydrants, Valves, and Manholes - Replaced	11,128	9,214	1,914	
G	Services and Laterals - New	173,113	33,491	139,622	
H	Services and Laterals - Replaced	61,385	33,472	27,912	
I	Meters - New	59,452	202,279	(142,827)	
J	Meters - Replaced	39,665	61,677	(22,012)	
K	ITS Equipment and Systems	16,503	19,090	(2,586)	
L	SCADA Equipment and Systems	4,280	2,892	1,388	
M	Security Equipment and Systems	1,000	1,000	0	
N	Offices and Operations Centers	442,951	439,246	3,706	
O	Vehicles	0	21,425	(21,425)	
P	Tools and Equipment	6,591	42,071	(35,480)	
Q	Process Plant Facilities and Equipment	17,601	48,276	(30,675)	
R	Capitalized Tank Rehabilitation/Painting	42,800	23,769	19,031	
S	Engineering Studies	15,059	43,899	(28,840)	
	Subtotal	1,241,608	1,539,113	(297,505)	
	Less Item DV	261,095	337,794	(76,699)	
	Total Item A - S	980,513	1,201,319	(220,807)	
12020201	Leestown Road Main Improvements	0	0	0	
12020204	Source of Supply Project Development	13,495	81	13,414	
12020402	Major Highway Relocations	19,077	4,136	14,941	
12020404	STEP Project	0	0	0	
12020502	Russell Cave Road Main - 34,000' of 12"	0	0	0	
12020505	Replace Trac-Vac System at RRS	(1,271)	8,000	(9,271)	
12020506	Sludge Handling Improvements	14,731	0	14,731	
12020508	Reliability Improvements	2,193	370	1,823	
12020601	Valve House Upgrades at KRS	0	0	0	
12020602	Yarnallton Road Main	362,450	59,342	303,108	Construction accelerated to meet completion schedule
12020605	Mallard Point Pressure Improvements	0	0	0	
12020606	Replace Parkers Mill Pump and Diesel	0	0	0	
12020607	New WTP on Pool 3 of Kentucky River	5,927,684	3,756,331	2,171,353	Construction accelerated to meet 2010 completion
12020613	Highway Relocation - Clays Mill Phase II	0	0	0	
12020702	Major Highway Relocations	(2,900)	133,317	(136,217)	
12300403	Owen County Main Extensions	(4,737)	100	(4,837)	
12320507	Owenton Acquisition Water	22,613	0	22,613	
12330604	SCADA - Owen County	0	0	0	
12500503	Rockwell Village Wastewater Pipeline	0	0	0	
1202-6	Carrick Pike Main Extension	0	115,271	(115,271)	
12020701	Incline Car Replacement @KRS	(9,747)	33,527	(43,274)	
1202-5	North Broadway Main Replacement	31,100	97,745	(66,645)	
	Non-budgeted IP's	(2,105)	0	(2,105)	
1232-1	Owenton Bulk Storage	0	132,779	(132,779)	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Total IP's	6,372,582	4,340,999	2,031,583	
	Total Company Expenditures	7,353,095	5,542,318	1,810,776	

Kentucky American Water					
Comparison of Capital Expenditures					
Actual Vs. Case No. 2008-00427					
Budget		Actual	Per 2008-00427		
Item	Description	Oct-08	Oct-08	Difference	Note
DV	Developer/Governmental Contributions	483,765	277,139	206,626	
A	Mains - New	(11,861)	44,519	(56,379)	
B	Mains - Replaced/Restored	39,816	78,104	(38,288)	
C	Mains - Unscheduled	6,977	11,796	(4,819)	
D	Mains - Relocated		42,883	(42,883)	
E	Hydrants, Valves, and Manholes - New	15,458	20,000	(4,542)	
F	Hydrants, Valves, and Manholes - Replaced	(3,637)	8,299	(11,936)	
G	Services and Laterals - New	(121,250)	47,060	(168,310)	
H	Services and Laterals - Replaced	34,950	32,818	2,132	
I	Meters - New	41,249	201,974	(160,725)	
J	Meters - Replaced	64,335	59,537	4,798	
K	ITS Equipment and Systems	23,851	14,810	9,042	
L	SCADA Equipment and Systems	(866)	2,892	(3,758)	
M	Security Equipment and Systems	467	6,000	(5,533)	
N	Offices and Operations Centers	217,300	389,246	(171,946)	
O	Vehicles	0	11,431	(11,431)	
P	Tools and Equipment	2,242	44,595	(42,353)	
Q	Process Plant Facilities and Equipment	105,159	55,859	49,301	
R	Capitalized Tank Rehabilitation/Painting	48,150	14,195	33,955	
S	Engineering Studies	8,128	43,399	(35,271)	
	Subtotal	954,232	1,406,554	(452,322)	
	Less Item DV	483,765	277,139	206,626	
	Total Item A - S	470,467	1,129,415	(658,948)	
12020201	Leestown Road Main Improvements	0	0	0	
12020204	Source of Supply Project Development	55,836	81	55,755	
12020402	Major Highway Relocations	16,021	4,136	11,885	
12020404	STEP Project	0	0	0	
12020502	Russell Cave Road Main - 34,000' of 12"	0	0	0	
12020505	Replace Trac-Vac System at RRS	0	8,000	(8,000)	
12020506	Sludge Handling Improvements	81	0	81	
12020508	Reliability Improvements	(516,595)	370	(516,965)	
12020601	Valve House Upgrades at KRS	0	0	0	
12020602	Yarnallton Road Main	36,399	59,592	(23,193)	
12020605	Mallard Point Pressure Improvements	0	0	0	
12020606	Replace Parkers Mill Pump and Diesel	0	0	0	
12020607	New WTP on Pool 3 of Kentucky River	7,959,358	3,750,000	4,209,358	Construction accelerated to meet 2010 completion
12020613	Highway Relocation - Clays Mill Phase II	0	0	0	
12020702	Major Highway Relocations	1,525	133,317	(131,792)	
12300403	Owen County Main Extensions	0	100	(100)	
12320507	Owenton Acquisition Water	4,250	0	4,250	
12330604	SCADA - Owen County	0	0	0	
12500503	Rockwell Village Wastewater Pipeline	0	0	0	
1202-6	Carrick Pike Main Extension	6,812	174,271	(167,459)	
12020701	Incline Car Replacement @KRS	498	44,487	(43,989)	
1202-5	North Broadway Main Replacement	82,000	144,030	(62,030)	
	Non-budgeted IP's	(1,552)	0	(1,552)	
1232-1	Owenton Bulk Storage	0	133,667	(133,667)	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Total IP's	7,644,633	4,452,052	3,192,581	
	Total Company Expenditures	8,115,100	5,581,467	2,533,634	

Kentucky American Water					
Comparison of Capital Expenditures					
Actual Vs. Case No. 2008-00427					
Budget		Actual	Per 2008-00427		
Item	Description	Dec-08	Dec-08	Difference	Note
DV	Developer/Governmental Contributions	240,927	342,674	(101,747)	
A	Mains - New	650	36,792	(36,141)	
B	Mains - Replaced/Restored	20,446	83,122	(62,676)	
C	Mains - Unscheduled	70,677	18,032	52,644	
D	Mains - Relocated	(52,287)	42,883	(95,170)	
E	Hydrants, Valves, and Manholes - New	64,266	33,331	30,935	
F	Hydrants, Valves, and Manholes - Replaced	14,541	11,488	3,053	
G	Services and Laterals - New	191,229	28,140	163,089	
H	Services and Laterals - Replaced	94,409	38,165	56,244	
I	Meters - New	79,405	204,558	(125,153)	
J	Meters - Replaced	31,227	58,469	(27,242)	
K	ITS Equipment and Systems	1,095	15,000	(13,905)	
L	SCADA Equipment and Systems	(25)	2,892	(2,917)	
M	Security Equipment and Systems	4,339	1,000	3,339	
N	Offices and Operations Centers	180,474	212,210	(31,736)	
O	Vehicles	69,727	281,264	(211,537)	
P	Tools and Equipment	108,083	99,855	8,228	
Q	Process Plant Facilities and Equipment	214,434	51,943	162,491	
R	Capitalized Tank Rehabilitation/Painting	8,598	13,185	(4,587)	
S	Engineering Studies	13,292	40,819	(27,528)	
	Subtotal	1,355,507	1,615,824	(260,317)	
	Less Item DV	240,927	342,674	(101,747)	
	Total Item A - S	1,114,580	1,273,150	(158,570)	
12020201	Leestown Road Main Improvements	0	0	0	
12020204	Source of Supply Project Development	29,506	308	29,198	
12020402	Major Highway Relocations	4,890	4,136	754	
12020404	STEP Project	0	0	0	
12020502	Russell Cave Road Main - 34,000' of 12"	0	0	0	
12020505	Replace Trac-Vac System at RRS	0	8,000	(8,000)	
12020506	Sludge Handling Improvements	0	0	0	
12020508	Reliability Improvements	473,700	370	473,330	
12020601	Valve House Upgrades at KRS	0	0	0	
12020602	Yarnallton Road Main	(2,534)	60,092	(62,626)	
12020605	Mallard Point Pressure Improvements	0	0	0	
12020606	Replace Parkers Mill Pump and Diesel	0	0	0	
12020607	New WTP on Pool 3 of Kentucky River	6,753,226	4,400,000	2,353,226	Construction accelerated to meet 2010 completion
12020613	Highway Relocation - Clays Mill Phase II	0	0	0	
12020702	Major Highway Relocations	1,112	74,765	(73,653)	
12300403	Owen County Main Extensions	379	66	313	
12320507	Owenton Acquisition Water	0	0	0	
12330604	SCADA - Owen County	0	0	0	
12500503	Rockwell Village Wastewater Pipeline	0	0	0	
1202-6	Carrick Pike Main Extension	4,763	326,621	(321,858)	
12020701	Incline Car Replacement @KRS	(1,188)	24,014	(25,202)	
1202-5	North Broadway Main Replacement	96,456	77,510	18,946	
	Non-budgeted IP's	(76,122)	0	(76,122)	
1232-1	Owenton Bulk Storage	780	135,573	(134,793)	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Total IP's	7,284,967	5,111,455	2,173,512	
	Total Company Expenditures	8,399,547	6,384,605	2,014,942	

Kentucky American Water					
Comparison of Capital Expenditures					
Actual Vs. Case No. 2008-00427					
		YTD	YTD		
Budget		Actual	Per 2008-00427		
Item	Description	Dec-09	Dec-09	YTD	
DV	Developer/Governmental Contributions	2,995,956	4,700,000	(1,704,044)	Developer installation down due to housing slowdown
A	Mains - New	585,440	560,000	25,440	
B	Mains - Replaced/Restored	563,449	1,005,300	(441,851)	
C	Mains - Unscheduled	223,830	239,400	(15,570)	
D	Mains - Relocated	1,538,243	1,005,300	532,943	
E	Hydrants, Valves, and Manholes - New	114,704	192,000	(77,296)	
F	Hydrants, Valves, and Manholes - Replaced	186,810	150,000	36,810	
G	Services and Laterals - New	1,298,519	980,000	318,519	
H	Services and Laterals - Replaced	887,023	1,400,000	(512,977)	
I	Meters - New	645,519	1,215,044	(569,525)	
J	Meters - Replaced	1,906,255	2,000,000	(93,745)	
K	ITS Equipment and Systems	127,837	102,000	25,837	
L	SCADA Equipment and Systems	64,074	90,000	(25,926)	
M	Security Equipment and Systems	14,280	10,000	4,280	
N	Offices and Operations Centers	970,100	600,000	370,100	
O	Vehicles	148,687	500,000	(351,313)	
P	Tools and Equipment	54,353	257,200	(202,847)	
Q	Process Plant Facilities and Equipment	929,890	800,000	129,890	
R	Capitalized Tank Rehabilitation/Painting	58,420	0	58,420	
S	Engineering Studies	57,540	150,000	(92,460)	
	Subtotal	13,370,928	15,956,244	(2,585,316)	
	Less Item DV	2,995,956	4,700,000	(1,704,044)	
	Total Item A-S	10,374,972	11,256,244	(881,272)	
12020201	Leestown Road Main Improvements	0	0	0	
12020204	Source of Supply Project Development	106,607	64,200	42,407	
12020402	Major Highway Relocations	25,026	0	25,026	
12020404	STEP Project	0	0	0	
12020502	Russell Cave Road Main - 34,000' of 12"	0	0	0	
12020505	Replace Trac-Vac System at RRS	0	0	0	
12020506	Sludge Handling Improvements	0	0	0	
12020508	Reliability Improvements	163,786	0	163,786	
12020601	Valve House Upgrades at KRS	0	0	0	
12020602	Yarnallton Road Main	(1,929)	0	(1,929)	
12020605	Mallard Point Pressure Improvements	0	0	0	
12020606	Replace Parkers Mill Pump and Diesel	0	0	0	
12020607	New WTP on Pool 3 of Kentucky River	86,106,960	66,786,790	19,320,170	Construction accelerated
12020613	Highway Relocation - Clays Mill Phase II	0	0	0	Project delayed
12020702	Major Highway Relocations	(23,290)	1,137,500	(1,160,790)	Construction delayed by KYDOT
12300403	Owen County Main Extensions	0	0	0	
12320507	Owenton Acquisition Water	0	0	0	
12330604	SCADA - Owen County	0	0	0	
12500503	Rockwell Village Wastewater Pipeline	0	0	0	
1202-6	Carrick Pike Main Extension	25,590	1,700,000	(1,674,410)	Project delayed - actuals only reflect easements
12020701	Incline Car Replacement @KRS	0	815,288	(815,288)	Project delayed due to reliability improvements
1202-5	North Broadway Main Replacement	1,264,105	1,200,000	64,105	Project delayed
	Non-budgeted IP's	286,682	0	286,682	
1232-1	Owenton Bulk Storage	2,185	29,123	(26,938)	
1201-10	Unallocated Eng Clearing	943	0	943	Clearing Account -Not Previously included in budget
12020501	Ground Storage Tank	0	122,870	(122,870)	
1201-1	Business Transformation	211,056	0	211,056	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Total IP's	88,167,720	71,855,771	16,311,949	
	Total Company Expenditures	98,542,693	83,112,015	15,430,678	

Kentucky American Water					
Comparison of Capital Expenditures					
Actual Vs. Case No. 2008-00427					
		YTD	YTD		
Budget		Actual	Per 2008-00427		
Item	Description	Mar-10	Mar-10	YTD	
DV	Developer/Governmental Contributions	537,460	1,048,343	(510,883)	Developer installation down due to housing slowdown
A	Mains - New	25,836	47,600	(21,764)	
B	Mains - Replaced/Restored	224,027	150,000	74,027	
C	Mains - Unscheduled	15,248	7,853	7,395	
D	Mains - Relocated	531,283	160,000	371,283	
E	Hydrants, Valves, and Manholes - New	48,812	45,193	3,619	
F	Hydrants, Valves, and Manholes - Replaced	15,108	10,675	4,433	
G	Services and Laterals - New	182,256	144,911	37,345	
H	Services and Laterals - Replaced	89,562	158,722	(69,159)	
I	Meters - New	57,693	290,099	(232,406)	
J	Meters - Replaced	218,021	272,527	(54,506)	
K	ITS Equipment and Systems	13,002	5,014	7,988	
L	SCADA Equipment and Systems	13,531	0	13,531	
M	Security Equipment and Systems	0	0	0	
N	Offices and Operations Centers	21,216	35,600	(14,384)	
O	Vehicles	4,685	9,259	(4,574)	
P	Tools and Equipment	11,753	63,000	(51,247)	
Q	Process Plant Facilities and Equipment	263,575	81,577	181,999	
R	Capitalized Tank Rehabilitation/Painting	0	0	0	
S	Engineering Studies	(53)	11,600	(11,653)	
	Subtotal	2,273,018	2,541,973	(268,955)	
	Less Item DV	537,460	1,048,343	(510,883)	
	Total Item A-S	1,735,558	1,493,630	241,928	
12020201	Leestown Road Main Improvements	0	0	0	
12020204	Source of Supply Project Development	12,924	10,000	2,924	
12020402	Major Highway Relocations	0	0	0	
12020404	STEP Project	0	0	0	
12020502	Russell Cave Road Main - 34,000' of 12"	0	0	0	
12020505	Replace Trac-Vac System at RRS	0	0	0	
12020506	Sludge Handling Improvements	0	0	0	
12020508	Reliability Improvements	0	0	0	
12020601	Valve House Upgrades at KRS	0	0	0	
12020602	Yarnallton Road Main	0	0	0	
12020605	Mallard Point Pressure Improvements	0	0	0	
12020606	Replace Parkers Mill Pump and Diesel	0	0	0	
12020607	New WTP on Pool 3 of Kentucky River	12,956,371	16,378,102	(3,421,731)	Construction delayed awaiting Certificate approval
12020613	Highway Relocation - Clays Mill Phase II	0	0	0	
12020702	Major Highway Relocations	919	0	919	Construction delayed by KYDOT
12300403	Owen County Main Extensions	0	0	0	
12320507	Owenton Acquisition Water	0	0	0	
12330604	SCADA - Owen County	0	0	0	
12500503	Rockwell Village Wastewater Pipeline	0	0	0	
1202-6	Carrick Pike Main Extension	631	0	631	
12020701	Incline Car Replacement @KRS	0	0	0	
1202-5	North Broadway Main Replacement	61,986	0	61,986	Project delayed
	Non-budgeted IP's	1	0	1	
1232-1	Owenton Bulk Storage	0	0	0	
1201-10	Unallocated Eng Clearing	122,213	0	122,213	Clearing Account -Not Previously included in budget
12020501	Ground Storage Tank	0	370,000	(370,000)	
1201-1	Business Transformation	3,418	0	3,418	
1201-3	Business Transformation	55,645	0	55,645	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Reserved	0	0	0	
	Total IP's	13,214,108	16,758,102	(3,543,994)	
	Total Company Expenditures	14,949,666	18,251,732	(3,302,066)	

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Sheila Miller

41. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P 1-2 at 1 and W/P 1-11 at 1-7. State whether Kentucky-American included the unamortized acquisition adjustment for Boonesboro twice in the forecasted rate base as "Utility Plant Acquisition Adjustment" and "Deferred Debits."

Response:

Yes, the Company inadvertently included \$2,342 which is the thirteen month average of the unamortized acquisition adjustment for Boonesboro, twice. However, it was not duplicated in the amortization expense or the income tax calculation on Schedule E.

For the electronic version, refer to KAW_R_PSCDR2#41_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: John Spanos

42. In Table 2 below are the estimated construction costs for the Kentucky River Station II and the depreciation rates that were used by Kentucky-American in Case No. 2007-00134. Kentucky-American has presented a depreciation study in this proceeding and the results of that study are also included on Table 2. For each depreciation group listed in Table 2 below, explain why it is appropriate to use the remaining life depreciation rates for the existing plant to calculate the depreciation expense for the Kentucky River Station 2.

Depreciation Group	Case No. 2007-00134			W/P4-1 at 5.	
	Est. Cost	Dep. Rate	Dep. Exp.	Dep. Rate	Dep. Exp.
Lake, River and Other Intakes	\$ 1,351,955	2.29%	\$ 30,960	2.62%	\$ 35,421
<u>Raw Water Pumping Station:</u>					
Structure	\$9,328,491	1.94%	180,973	3.00%	279,855
Electric Pumping Equipment	\$1,622,346	2.45%	39,747	2.03%	32,934
Supply Mains	\$1,216,759	1.82%	22,145	2.26%	27,499
<u>Water Treatment Plant</u>					
Structure	\$57,613,567	1.91%	1,100,419	3.70%	2,131,702
Equipment	\$11,681,796	2.21%	258,168	2.43%	283,868
Electric Pumping Equipment	\$ 5,592,553	2.45%	137,018	2.03%	113,529
Finished Water Main	\$60,600,924	1.66%	1,005,975	1.67%	1,012,035
Transmission Storage	\$ 3,375,489	2.25%	75,949	2.01%	67,847
<u>Transmission Water Pumping Station</u>					
Structure	\$ 5,201,458	1.94%	100,908	3.00%	156,044
Electric Pumping Equipment	\$ 2,207,541	2.45%	54,085	2.03%	44,813
Totals			\$3,006,347		\$4,185,547

Response:

The Kentucky River Station 2 has not been placed in service as yet, however, the assets will be in service after the November 30, 2009 time period which represents the most up to date depreciation calculation and life analyses. The life analyses in the proposed depreciation study takes into consideration the new assets associated with the Kentucky River Station 2. Consequently, the most appropriate rates to be used for booking future depreciation expense are those set forth in the proposed depreciation study.

For the electronic version, refer to KAW_R_PSCDR2#42_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: John Spanos

43. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 1(a), W/P4-1 at 4 - 8. For each depreciation group listed in Table 2 above, recalculate the composite remaining life and the accrual rate. Provide all work papers, show all calculations, and state assumptions used to make the recalculation.

Response:

It is appropriate to calculate depreciation rates for all plant in service together. Therefore, a new calculation has been conducted as of December 31, 2010, which includes all assets for the Kentucky River Station 2 of \$163,891,660. This calculation includes the most appropriate accumulated depreciation amount as of December 31, 2010 and the most accurate estimate of costs for the Kentucky River Station 2. The attached schedule sets forth the recalculated remaining life depreciation rates and the supporting workpapers for the calculation.

The composite rate set forth in this calculation, including the Kentucky River Station 2, is 2.24% which is basically the same as the 2.27% composite rate set forth in the Depreciation Study. Thus, with no substantial change, the forecasted study was not recommended.

For the electronic version, refer to KAW_R_PSCDR2#43_043010.pdf.

KENTUCKY AMERICAN WATER COMPANY

DEVELOPMENT OF THE ACCRUALS AT DECEMBER 31, 2010

ACCOUNT	DESCRIPTION	2009 BALANCE	2010 BALANCE	AVG. BALANCE	* 2009 RATE	= ANNUAL ACCRUAL
304.10	SOURCE OF SUPPLY	2,673,341.00	17,673,393.57	10,173,367.29	3.32	337,756
304.20	POWER AND PUMPING STRUCTURES					
	KENTUCKY RIVER STATION	3,312,283.48	3,248,780.16	3,280,531.82	3.46	113,506
	KENTUCKY TREATMENT PLANT	0.00	5,071,018.74	2,535,509.37	-	-
	OTHER STRUCTURES	1,903,638.58	1,867,141.90	1,885,390.24	2.19	41,290
	TOTAL ACCOUNT 304.20	5,215,922.06	10,186,940.80	7,701,431.43		154,796
304.30	WATER TREATMENT					
	KENTUCKY RIVER STATION	4,737,792.59	4,642,049.94	4,689,921.27	4.12	193,225
	RICHMOND ROAD STATION TREATMENT PLANT	3,155,429.37	3,091,663.56	3,123,546.47	4.01	125,254
	KENTUCKY TREATMENT PLANT	0.00	29,011,853.09	14,505,926.55	-	-
	OTHER STRUCTURES	2,003,710.24	1,963,218.70	1,963,464.47	2.20	43,636
	TOTAL ACCOUNT 304.30	9,896,932.20	38,708,785.29	24,302,858.75		362,115
304.40	TRANSMISSION AND DISTRIBUTION	1,029,339.68	1,029,339.68	1,029,339.68	2.59	26,660
304.60	OFFICE BUILDINGS					
	MAIN OFFICE	3,023,405.01	3,023,405.01	3,023,405.01	2.94	88,888
	OTHER STRUCTURES	3,166,549.16	3,166,549.16	3,166,549.16	2.00	63,331
	TOTAL ACCOUNT 304.60	6,189,954.17	6,189,954.17	6,189,954.17		152,219
304.70	STORE, SHOP AND GARAGE STRUCTURES	1,729,151.96	1,729,151.96	1,729,151.96	2.03	35,102
304.80	MISCELLANEOUS STRUCTURES	1,923,367.34	1,923,367.34	1,923,367.34	4.98	95,784
	TOTAL ACCOUNT 304	28,658,008.41	77,440,932.81	53,049,470.61		1,164,432
305.00	COLLECTING AND IMPOUNDING RESERVOIRS	1,005,085.91	1,005,085.91	1,005,085.91	1.31	13,167
306.00	LAKE, RIVER AND OTHER INTAKES	537,097.97	6,500,855.05	3,518,976.51	2.62	92,197
309.00	SUPPLY MAINS	5,143,914.92	5,835,227.79	5,489,571.36	2.26	124,064
310.10	OTHER POWER GENERATION EQUIPMENT	935,700.43	935,700.43	935,700.43	3.00	28,071
	<u>PUMPING EQUIPMENT</u>					
311.20	ELECTRIC	9,389,884.23	17,500,892.64	13,445,388.44	2.03	272,941
311.30	DIESEL	718,476.09	3,018,820.42	1,868,648.26	2.24	41,858
311.40	HYDRAULIC	8,405.01	8,405.01	8,405.01	2.27	191
311.52	SOURCE OF SUPPLY	8,386,157.45	8,386,157.45	8,386,157.45	2.42	202,945
311.54	TRANS. AND DISTR. PUMPING EQUIPMENT	176,341.11	176,341.11	176,341.11	2.41	4,250
	TOTAL ACCOUNT 311	18,679,263.89	29,090,616.63	23,884,940.26		522,185
320.10	PURIFICATION SYSTEM - STRUCTURES					
	KENTUCKY RIVER STATION	8,568,723.98	8,540,703.27	8,554,713.63	2.09	178,794
	RICHMOND ROAD STATION TREATMENT PLANT	7,492,819.99	7,468,317.61	7,480,568.80	2.95	220,677
	KENTUCKY TREATMENT PLANT	0.00	9,670,617.69	4,835,308.85	-	-
	OTHER STRUCTURES	2,286,435.90	2,278,958.99	2,282,697.45	1.96	44,741
	TOTAL ACCOUNT 320.10	18,347,979.87	27,958,597.56	23,153,288.72		444,211
320.11	PURIFICATION SYSTEM - EQUIPMENT	12,053,944.26	30,903,119.28	21,478,531.77	2.55	547,703
320.20	PURIFICATION SYSTEM - FILTER MEDIA	168,568.93	168,568.93	168,568.93	23.94	40,355
	TOTAL ACCOUNT 320	30,570,493.06	59,030,285.77	44,800,389.42		1,032,269
330.00	DISTRIBUTION RESERVOIRS AND STANDPIPES	1,668,616.27	1,668,616.27	1,668,616.27	1.62	27,032
330.10	ELEVATED TANKS AND STANDPIPES	10,270,432.02	12,601,623.79	11,436,027.91	2.01	229,864
330.20	GROUND LEVEL FACILITIES	112,146.89	112,146.89	112,146.89	1.37	1,536
330.40	CLEARWELLS	581.91	581.91	581.91	0.86	5
	TOTAL ACCOUNT 330	12,051,777.09	14,382,968.86	13,217,372.98		258,437
331.00	MAINS AND ACCESSORIES	138,948,436.68	197,687,658.35	168,318,047.52	1.67	2,810,911
333.00	SERVICES	19,613,861.46	22,714,346.81	21,164,104.14	3.01	637,040
	<u>METERS</u>					
334.10	METERS	1,677,849.26	1,677,849.26	1,677,849.26	2.68	44,966
334.11	BRONZE CASE	3,646,975.94	3,646,975.94	3,646,975.94	2.73	99,562
334.12	PLASTIC CASE	910,481.94	910,481.94	910,481.94	2.76	25,129
334.13	OTHER	7,171,179.83	7,171,179.83	7,171,179.83	2.91	208,681
	TOTAL ACCOUNT 334.1	13,406,486.97	13,406,486.97	13,406,486.97		378,339
334.20	METER INSTALLATIONS	16,560,341.65	16,560,341.65	16,560,341.65	2.80	463,690
334.30	METER VAULTS	142,281.28	142,281.28	142,281.28	2.70	3,842
335.00	FIRE HYDRANTS	9,832,929.03	9,832,929.03	9,832,929.03	1.46	143,561
339.10	OTHER SOURCE OF SUPPLY PLANT	8,374.81	8,374.81	8,374.81	15.34	1,285
339.60	OTHER P/E COMPANY PLANNING STUDY	235,535.45	235,535.45	235,535.45	9.79	23,059
	<u>OFFICE FURNITURE AND EQUIPMENT</u>					
340.10	FURNITURE					
	FULLY ACCRUED	195,029.63	195,029.63	195,029.63	0.00	-
	AMORTIZED	538,323.53	538,323.53	538,323.53	5.00	26,916
	TOTAL ACCOUNT 340.10	733,353.16	733,353.16	733,353.16		26,916
340.21	MAINFRAME					
	FULLY ACCRUED	27,295.52	27,295.52	27,295.52	0.00	-
	AMORTIZED	61,986.23	61,986.23	61,986.23	20.00	12,397
	TOTAL ACCOUNT 340.21	89,281.75	89,281.75	89,281.75		12,397

KENTUCKY AMERICAN WATER COMPANY

DEVELOPMENT OF THE ACCRUALS AT DECEMBER 31, 2010

ACCOUNT	DESCRIPTION	2009 BALANCE	2010 BALANCE	AVG. BALANCE	* 2009 RATE	= ANNUAL ACCRUAL
340.22	PERSONAL COMPUTERS					
	FULLY ACCRUED	461,455.29	461,455.29	461,455.29	0.00	-
	AMORTIZED	400,086.01	400,086.01	400,086.01	20.00	80,017
	TOTAL ACCOUNT 340.22	861,541.30	861,541.30	861,541.30		80,017
340.23	PERIPHERAL-OTHER					
	FULLY ACCRUED	101,975.12	101,975.12	101,975.12	0.00	-
	AMORTIZED	176,607.48	176,607.48	176,607.48	20.00	35,321
	TOTAL ACCOUNT 340.23	278,582.60	278,582.60	278,582.60		35,321
340.30	COMPUTER SOFTWARE					
	FULLY ACCRUED	3,976,525.37	3,976,525.37	3,976,525.37	0.00	-
	AMORTIZED	570,993.22	570,993.22	570,993.22	20.00	114,199
	TOTAL ACCOUNT 340.30	4,547,518.59	4,547,518.59	4,547,518.59		114,199
340.32	COMPUTER SOFTWARE-PERSONAL					
	FULLY ACCRUED	400.00	400.00	400.00	0.00	-
	AMORTIZED	100,330.19	100,330.19	100,330.19	20.00	20,066
	TOTAL ACCOUNT 340.32	100,730.19	100,730.19	100,730.19		20,066
340.33	COMPUTER SOFTWARE-OTHER					
	FULLY ACCRUED	527,873.70	527,873.70	527,873.70	0.00	-
	AMORTIZED	4,470.43	4,470.43	4,470.43	20.00	894
	TOTAL ACCOUNT 340.33	532,344.13	532,344.13	532,344.13		894
340.50	OTHER					
	FULLY ACCRUED	18,815.75	18,815.75	18,815.75	0.00	-
	AMORTIZED	69,553.41	69,553.41	69,553.41	6.67	4,639
	TOTAL ACCOUNT 340.50	88,369.16	88,369.16	88,369.16		4,639
	TOTAL ACCOUNT 340	7,231,720.88	7,231,720.88	7,231,720.88		294,450
	<u>TRANSPORTATION EQUIPMENT</u>					
341.10	LIGHT DUTY TRUCKS	1,890,068.72	1,890,068.72	1,890,068.72	0.00	-
341.20	HEAVY DUTY TRUCKS	1,160,937.05	1,160,937.05	1,160,937.05	2.11	24,496
341.30	AUTOS	207,856.81	207,856.81	207,856.81	0.00	-
341.40	OTHER	416,326.20	416,326.20	416,326.20	5.33	22,190
	TOTAL ACCOUNT 341	3,675,188.78	3,675,188.78	3,675,188.78		46,686
342.00	STORES EQUIPMENT					
	FULLY ACCRUED	2,267.83	2,267.83	2,267.83	0.00	-
	AMORTIZED	31,658.80	31,658.80	31,658.80	4.00	1,266
	TOTAL ACCOUNT 342.00	33,926.63	33,926.63	33,926.63		1,266
343.00	TOOLS, SHOP AND GARAGE EQUIPMENT					
	FULLY ACCRUED	167,130.46	167,130.46	167,130.46	0.00	-
	AMORTIZED	1,738,627.49	1,738,627.49	1,738,627.49	5.00	86,931
	TOTAL ACCOUNT 343.00	1,905,757.95	1,905,757.95	1,905,757.95		86,931
344.00	LABORATORY EQUIPMENT					
	FULLY ACCRUED	150,396.61	150,396.61	150,396.61	0.00	-
	AMORTIZED	677,630.50	677,630.50	677,630.50	6.67	45,198
	TOTAL ACCOUNT 344.00	828,027.11	828,027.11	828,027.11		45,198
345.00	POWER OPERATED EQUIPMENT	1,526,034.51	1,526,034.51	1,526,034.51	2.08	31,742
346.10	COMMUNICATION EQUIPMENT - NON-TELEPHONE					
	FULLY ACCRUED	229,848.17	229,848.17	229,848.17	0.00	-
	AMORTIZED	1,692,239.47	1,692,239.47	1,692,239.47	6.67	112,872
	TOTAL ACCOUNT 346.10	1,922,087.64	1,922,087.64	1,922,087.64		112,872
346.19	REMOTE CONTROL AND INSTRUMENTATION	22,310.63	22,310.63	22,310.63	6.67	1,488
346.20	COMMUNICATION EQUIPMENT - TELEPHONE	240,800.02	240,800.02	240,800.02	6.67	16,061
347.00	MISCELLANEOUS EQUIPMENT					
	FULLY ACCRUED	115,962.71	115,962.71	115,962.71	0.00	-
	AMORTIZED	1,135,003.68	1,135,003.68	1,135,003.68	5.00	56,750
	TOTAL ACCOUNT 347.00	1,250,966.39	1,250,966.39	1,250,966.39		56,750
348.00	OTHER TANGIBLE PROPERTY	138,484.58	138,484.58	138,484.58	5.00	6,924
	TOTAL DEPRECIABLE PLANT	315,104,894.13	473,584,932.72	394,344,913.43		8,396,917

KENTUCKY AMERICAN WATER COMPANY

BRING FORWARD OF THE RESERVE TO DECEMBER 31, 2010

ACCOUNT	DESCRIPTION	2009 RESERVE	+ ANNUAL ACCRUAL	- 2010 RETIREMENTS	+ 2010 SALVAGE	= 2010 RESERVE
304.10	SOURCE OF SUPPLY	177,274	337,756	30,000	(1,500)	483,530
304.20	POWER AND PUMPING STRUCTURES					
	KENTUCKY RIVER STATION	1,078,367	113,506	63,503	(12,701)	1,115,669
	KENTUCKY TREATMENT PLANT	0	-	0	0	-
	OTHER STRUCTURES	427,893	41,290	36,497	(7,299)	425,187
	TOTAL ACCOUNT 304.20	1,506,060	154,796	100,000	(20,000)	1,540,856
304.30	WATER TREATMENT					
	KENTUCKY RIVER STATION	680,519	193,225	95,743	(19,149)	758,852
	RICHMOND ROAD STATION TREATMENT PLANT	492,400	125,254	63,766	(12,753)	541,135
	KENTUCKY TREATMENT PLANT	0	-	0	0	-
	OTHER STRUCTURES	115,428	43,636	40,492	(8,098)	110,475
	TOTAL ACCOUNT 304.30	1,288,347	362,115	200,000	(40,000)	1,410,462
304.40	TRANSMISSION AND DISTRIBUTION	498,903	26,660	0	0	525,563
304.60	OFFICE BUILDINGS					
	MAIN OFFICE	590,924	88,888	0	0	679,812
	OTHER STRUCTURES	454,608	63,331	0	0	517,939
	TOTAL ACCOUNT 304.60	1,045,532	152,219	0	0	1,197,751
304.70	STORE, SHOP AND GARAGE STRUCTURES	271,636	35,102	0	0	306,738
304.80	MISCELLANEOUS STRUCTURES	309,708	95,784	0	0	405,492
	TOTAL ACCOUNT 304	5,097,460	1,164,432	330,000	(61,500)	5,870,392
305.00	COLLECTING AND IMPOUNDING RESERVOIRS	351,752	13,167	0	0	364,919
306.00	LAKE, RIVER AND OTHER INTAKES	51,660	92,197	15,000	0	128,857
309.00	SUPPLY MAINS	1,152,774	124,064	25,000	(2,500)	1,249,338
310.10	OTHER POWER GENERATION EQUIPMENT	272,615	28,071	0	0	300,686
	PUMPING EQUIPMENT					
311.20	ELECTRIC	4,830,584	272,941	40,000	(8,000)	5,055,525
311.30	DIESEL	333,440	41,858	10,000	(2,000)	363,298
311.40	HYDRAULIC	1,557	191	0	0	1,748
311.52	SOURCE OF SUPPLY	144,165	202,945	0	0	347,110
311.54	TRANS. AND DISTR. PUMPING EQUIPMENT	8,997	4,250	0	0	13,247
	TOTAL ACCOUNT 311	5,318,743	522,185	50,000	(10,000)	5,780,928
320.10	PURIFICATION SYSTEM - STRUCTURES					
	KENTUCKY RIVER STATION	6,274,344	178,794	28,021	(5,604)	6,419,513
	RICHMOND ROAD STATION TREATMENT PLANT	3,004,727	220,677	24,502	(4,901)	3,196,000
	KENTUCKY TREATMENT PLANT	0	-	0	0	-
	OTHER STRUCTURES	636,270	44,741	7,477	(1,495)	672,039
	TOTAL ACCOUNT 320.10	9,915,341	444,211	60,000	(12,000)	10,287,552
320.11	PURIFICATION SYSTEM - EQUIPMENT	4,601,199	547,703	50,000	(10,000)	5,088,902
320.20	PURIFICATION SYSTEM - FILTER MEDIA	2,214	40,355	0	0	42,569
	TOTAL ACCOUNT 320	14,518,754	1,032,269	110,000	(22,000)	15,419,023
330.00	DISTRIBUTION RESERVOIRS AND STANDPIPES	192,926	27,032	0	0	219,958
330.10	ELEVATED TANKS AND STANDPIPES	3,184,474	229,864	8,000	(2,000)	3,404,338
330.20	GROUND LEVEL FACILITIES	23,342	1,536	0	0	24,878
330.40	CLEARWELLS	278	5	0	0	283
	TOTAL ACCOUNT 330	3,401,020	258,437	8,000	(2,000)	3,649,457
331.00	MAINS AND ACCESSORIES	22,270,577	2,810,911	550,000	(82,500)	24,448,988
333.00	SERVICES	9,689,944	637,040	20,000	(20,000)	10,286,984
	METERS					
334.10	METERS	74,199	44,966	0	0	119,165
334.11	BRONZE CASE	146,118	99,562	0	0	245,680
334.12	PLASTIC CASE	275,743	25,129	0	0	300,872
334.13	OTHER	595,307	208,681	0	0	803,988
	TOTAL ACCOUNT 334.1	1,091,367	378,339	0	0	1,469,706
334.20	METER INSTALLATIONS	4,623,607	463,690	0	0	5,087,297
334.30	METER VAULTS	4,949	3,842	0	0	8,791
335.00	FIRE HYDRANTS	2,719,721	143,561	0	0	2,863,282
339.10	OTHER SOURCE OF SUPPLY PLANT	5,059	1,265	0	0	6,344
339.60	OTHER P/E COMPANY PLANNING STUDY	30,321	23,059	0	0	53,380
	OFFICE FURNITURE AND EQUIPMENT					
340.10	FURNITURE					
	FULLY ACCRUED	195,030	-	0	0	195,030
	AMORTIZED	297,074	26,916	0	0	323,990
	TOTAL ACCOUNT 340.10	492,104	26,916	0	0	519,020
340.21	MAINFRAME					
	FULLY ACCRUED	27,296	-	0	0	27,296
	AMORTIZED	32,423	12,397	0	0	44,820
	TOTAL ACCOUNT 340.21	59,719	12,397	0	0	72,116

340.22	PERSONAL COMPUTERS						
	FULLY ACCRUED	461,455	-	0	0	461,455	
	AMORTIZED	218,027	80,017	0	0	298,044	
	TOTAL ACCOUNT 340.22	679,482	80,017	0	0	759,499	
340.23	PERIPHERAL-OTHER						
	FULLY ACCRUED	101,975	-	0	0	101,975	
	AMORTIZED	57,761	35,321	0	0	93,082	
	TOTAL ACCOUNT 340.23	159,736	35,321	0	0	195,057	
340.30	COMPUTER SOFTWARE						
	FULLY ACCRUED	3,976,525	-	0	0	3,976,525	
	AMORTIZED	455,618	114,199	0	0	569,817	
	TOTAL ACCOUNT 340.30	4,432,143	114,199	0	0	4,546,342	
340.32	COMPUTER SOFTWARE-PERSONAL						
	FULLY ACCRUED	400	-	0	0	400	
	AMORTIZED	46,494	20,066	0	0	66,560	
	TOTAL ACCOUNT 340.32	46,894	20,066	0	0	66,960	
340.33	COMPUTER SOFTWARE-OTHER						
	FULLY ACCRUED	527,874	-	0	0	527,874	
	AMORTIZED	2,163	894	0	0	3,057	
	TOTAL ACCOUNT 340.33	530,037	894	0	0	530,931	
340.50	OTHER						
	FULLY ACCRUED	18,816	-	0	0	18,816	
	AMORTIZED	42,553	4,639	0	0	47,192	
	TOTAL ACCOUNT 340.50	61,369	4,639	0	0	66,008	
	TOTAL ACCOUNT 340	6,461,484	294,450	0	0	6,755,934	
	<u>TRANSPORTATION EQUIPMENT</u>						
341.10	LIGHT DUTY TRUCKS	1,698,556	-	0	0	1,698,556	
341.20	HEAVY DUTY TRUCKS	692,930	24,496	0	0	717,426	
341.30	AUTOS	297,923	-	0	0	297,923	
341.40	OTHER	116,005	22,190	0	0	138,195	
	TOTAL ACCOUNT 341	2,805,414	46,686	0	0	2,852,100	
342.00	STORES EQUIPMENT						
	FULLY ACCRUED	2,268	-	0	0	2,268	
	AMORTIZED	27,163	1,266	0	0	28,429	
	TOTAL ACCOUNT 342.00	29,431	1,266	0	0	30,697	
343.00	TOOLS, SHOP AND GARAGE EQUIPMENT						
	FULLY ACCRUED	167,130	-	0	0	167,130	
	AMORTIZED	548,515	86,931	0	0	635,446	
	TOTAL ACCOUNT 343.00	715,645	86,931	0	0	802,576	
344.00	LABORATORY EQUIPMENT						
	FULLY ACCRUED	150,397	-	0	0	150,397	
	AMORTIZED	397,242	45,198	0	0	442,440	
	TOTAL ACCOUNT 344.00	547,639	45,198	0	0	592,837	
345.00	POWER OPERATED EQUIPMENT	862,366	31,742	0	0	894,108	
346.10	COMMUNICATION EQUIPMENT - NON-TELEPHONE						
	FULLY ACCRUED	229,848	-	0	0	229,848	
	AMORTIZED	1,136,475	112,872	0	0	1,249,347	
	TOTAL ACCOUNT 346.10	1,366,323	112,872	0	0	1,479,195	
346.19	REMOTE CONTROL AND INSTRUMENTATION	2,107	1,488	0	0	3,595	
346.20	COMMUNICATION EQUIPMENT - TELEPHONE	22,781	16,061	0	0	38,842	
347.00	MISCELLANEOUS EQUIPMENT						
	FULLY ACCRUED	115,963	-	0	0	115,963	
	AMORTIZED	360,836	56,750	0	0	417,586	
	TOTAL ACCOUNT 347.00	476,799	56,750	0	0	533,549	
348.00	OTHER TANGIBLE PROPERTY	78,208	6,924	0	0	85,132	
	TOTAL DEPRECIABLE PLANT	83,968,520	8,396,917	1,108,000	(200,500)	91,056,937	

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2010

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2010 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)
						ACCRUAL AMOUNT (7)	ACCURAL RATE (8)	
STRUCTURES AND IMPROVEMENTS								
304.10	35-S1.5	(5)	17,673,393.57	483,530	18,073,534	537,060	3.04	33.7
304.20	60-R2.5	(20)	3,248,780.16	1,077,090	2,821,447	115,599	3.56	24.4
	60-R2.5	(20)	5,071,018.74	51,229	6,033,993	133,054		
	60-R2.5	(20)	1,867,141.90	412,537	1,828,032	40,764	2.18	44.8
			10,186,940.80	1,540,856	10,683,472	289,417	2.84	36.9
304.30	60-R2.5	(20)	4,642,049.94	611,087	4,959,374	199,879	4.31	24.8
	60-R2.5	(20)	3,091,663.56	438,222	3,271,775	129,064	4.17	25.4
	60-R2.5	(20)	29,011,853.09	252,350	34,561,874	762,114		
	60-R2.5	(20)	1,963,218.70	108,803	2,247,059	44,084	2.25	51.0
			38,708,785.29	1,410,462	45,040,082	1,135,141	2.93	39.7
304.40	30-S2	(5)	1,029,339.68	525,563	555,244	26,680	2.59	20.8
304.60	55-R2.5	(5)	3,023,405.01	679,812	2,494,763	88,513	2.93	28.2
	55-R2.5	(5)	3,166,549.16	517,939	2,806,938	63,232	2.00	44.4
			6,189,954.17	1,197,751	5,301,701	151,745	2.45	34.9
304.70	50-R2.5	0	1,729,151.96	306,738	1,422,412	35,119	2.03	40.5
304.80	25-R2	(10)	1,923,367.34	405,492	1,710,213	94,533	4.91	18.1
			77,440,932.81	5,870,392	82,786,658	2,269,695	2.93	36.5
305.00	75-R4	0	1,005,085.91	364,919	640,167	13,195	1.31	48.5
306.00	50-S1	0	6,500,855.05	128,857	6,371,998	132,528	2.04	48.1
309.00	65-S2.5	(10)	5,835,227.79	1,249,338	5,169,411	127,277	2.18	40.6
310.10	35-S2.5	0	935,700.43	300,686	635,014	27,923	2.98	22.7
PUMPING EQUIPMENT								
311.20	50-R3	(20)	17,500,892.64	5,055,525	15,945,543	386,662	2.21	41.2
311.30	50-R3	(20)	3,018,820.42	363,298	3,259,287	71,576	2.37	45.5
311.40	50-R3	(20)	8,405.01	1,748	8,338	190	2.26	43.9
311.52	50-R3	(20)	8,386,157.45	347,110	9,716,280	202,974	2.42	47.9
311.54	50-R3	(20)	176,341.11	13,247	195,362	4,262	2.42	46.5
			29,090,616.63	5,780,928	29,127,810	665,664	2.29	43.8
320.10	60-R3	(20)	8,540,703.27	6,303,075	3,945,771	184,297	2.16	21.4
	60-R3	(20)	7,468,317.61	3,161,638	5,800,348	222,872	2.98	26.0
	60-R3	(20)	9,670,617.69	153,700	11,451,041	247,163		

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2010

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2010 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
OTHER STRUCTURES	60-R3	(20)	2,278,958.99	669,139	2,065,612	44,793	1.97	46.1
TOTAL ACCOUNT 320.10			27,958,597.56	10,287,552	23,262,772	699,125	2.50	33.3
320.11 PURIFICATION SYSTEM - EQUIPMENT	45-R2.5	(20)	30,903,119.28	5,088,902	31,994,840	810,859	2.62	39.5
320.20 PURIFICATION SYSTEM - FILTER MEDIA	5-L2.5	0	168,568.93	42,569	126,000	38,359	22.76	3.3
TOTAL ACCOUNT 320			59,030,285.77	15,419,023	55,383,612	1,548,343	2.62	35.8
330.00 DISTRIBUTION RESERVOIRS AND STANDPIPES	60-S2.5	0	1,668,616.27	219,958	1,448,659	27,063	1.62	53.5
330.10 ELEVATED TANKS AND STANDPIPES	60-S2.5	(25)	12,601,623.79	3,404,338	12,347,690	255,895	2.03	48.3
330.20 GROUND LEVEL FACILITIES	60-S2.5	0	112,146.89	24,878	87,269	1,545	1.38	56.5
330.40 CLEARWELLS	60-S2.5	0	581.91	283	299	5	0.86	59.8
TOTAL ACCOUNT 330			14,382,968.86	3,649,457	13,883,917	284,508	1.98	48.8
331.00 MAINS AND ACCESSORIES	75-R3	(15)	197,687,668.35	24,448,988	202,891,820	3,271,615	1.65	62.0
333.00 SERVICES	60-R2.5	(100)	22,714,346.81	10,286,984	35,141,711	712,887	3.14	49.3
METERS								
334.10 METERS	40-R1	(10)	1,677,849.26	119,165	1,726,468	44,785	2.67	38.6
334.11 BRONZE CASE	40-R1	(10)	3,646,975.94	245,680	3,765,993	98,904	2.71	38.1
334.12 PLASTIC CASE	40-R1	(10)	910,481.94	300,872	700,658	24,837	2.73	28.2
334.13 OTHER	40-R1	(10)	7,171,179.83	803,988	7,084,311	206,775	2.88	34.3
TOTAL ACCOUNT 334.1			13,406,486.97	1,469,705	13,277,430	375,301	2.80	35.4
334.20 METER INSTALLATIONS	40-R1	(10)	16,560,341.65	5,087,297	13,129,078	456,406	2.76	28.8
334.30 METER VAULTS	40-R1	(10)	142,281.28	8,791	147,719	3,818	2.68	38.7
335.00 FIRE HYDRANTS	80-R3	(25)	9,832,929.03	2,863,282	9,427,880	143,500	1.46	65.7
339.10 OTHER SOURCE OF SUPPLY PLANT	5-SQ	0	8,374.81	6,344	2,031	1,354	16.17	1.5
339.60 OTHER P/E COMPANY PLANNING STUDY	10-SQ	0	235,535.45	53,380	182,155	23,260	9.88	7.8
340.10 OFFICE FURNITURE AND EQUIPMENT								
FURNITURE								
FULLY ACCRUED AMORTIZED	20-SQ	0	257,074.64	257,075	0	0	-	-
			476,278.52	264,645	211,632	23,805	5.00	8.9
TOTAL ACCOUNT 340.10			733,353.16	521,720	211,632	23,805	3.25	8.9
340.21 MAINFRAME								
FULLY ACCRUED AMORTIZED	5-SQ	0	27,295.52	27,296	0	0	-	-
			61,986.23	40,925	21,061	12,398	20.00	1.7
TOTAL ACCOUNT 340.21			89,281.75	68,221	21,061	12,398	13.89	1.7

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2010

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2010 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)
						ACCRUAL AMOUNT (7)	ACCRUAL RATE (8)	
340.22 PERSONAL COMPUTERS								
FULLY ACCRUED AMORTIZED	5-SQ	0	610,290.58 251,250.72	610,291 153,648	0 97,603	0 50,246	- 20.00	- 1.9
TOTAL ACCOUNT 340.22			861,541.30	763,939	97,603	50,246	5.83	1.9
340.23 PERIPHERAL-OTHER								
FULLY ACCRUED AMORTIZED	5-SQ	0	115,727.80 162,854.80	115,728 79,359	0 83,496	0 32,563	- 20.00	- 2.6
TOTAL ACCOUNT 340.23			278,582.60	195,087	83,496	32,563	11.69	2.6
340.30 COMPUTER SOFTWARE								
FULLY ACCRUED AMORTIZED	5-SQ	0	4,539,057.48 8,461.11	4,539,057 6,769	0 1,692	0 1,692	- 20.00	- 1.0
TOTAL ACCOUNT 340.30			4,547,518.59	4,545,826	1,692	1,692	0.04	1.0
340.32 COMPUTER SOFTWARE-PERSONAL								
FULLY ACCRUED AMORTIZED	5-SQ	0	400.00 100,330.19	400 68,150	0 32,180	0 20,066	- 20.00	- 1.6
TOTAL ACCOUNT 340.32			100,730.19	68,550	32,180	20,066	19.92	1.6
340.33 COMPUTER SOFTWARE-OTHER								
FULLY ACCRUED AMORTIZED	5-SQ	0	527,873.70 4,470.43	527,874 3,129	0 1,341	0 894	- 20.00	- 1.5
TOTAL ACCOUNT 340.33			532,344.13	531,003	1,341	894	0.17	1.5
340.50 OTHER								
FULLY ACCRUED AMORTIZED	15-SQ	0	24,749.83 63,619.33	24,750 41,938	0 21,682	0 4,243	- 6.67	- 5.1
TOTAL ACCOUNT 340.50			88,369.16	66,688	21,682	4,243	4.80	5.1
TOTAL ACCOUNT 340			7,231,720.88	6,761,034	470,687	145,907	2.02	3.2
TRANSPORTATION EQUIPMENT								
LIGHT DUTY TRUCKS	13-S2.5	20	1,890,068.72	1,698,556	(186,500)	0	- **	-
HEAVY DUTY TRUCKS	14-S2	15	1,160,937.05	717,426	269,370	24,891	2.14	10.8
AUTOS	10-S3	15	207,856.81	297,923	(121,245)	0	- **	-
OTHER	16-L3	0	416,326.20	138,195	278,133	22,397	5.38	12.4
TOTAL ACCOUNT 341			3,675,188.78	2,852,100	239,758	47,288	1.29	5.1

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2010

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2010 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
342.00 STORES EQUIPMENT FULLY ACCRUED AMORTIZED	25-SQ	0	2,818.03 31,108.60	2,818 27,979	0 3,129	0 1,245	- 4.00	- 2.5
TOTAL ACCOUNT 342.00			33,926.63	30,797	3,129	1,245	3.67	2.5
343.00 TOOLS, SHOP AND GARAGE EQUIPMENT FULLY ACCRUED AMORTIZED	20-SQ	0	188,111.17 1,717,646.78	188,111 617,765	0 1,099,881	0 85,950	- 5.00	- 12.8
TOTAL ACCOUNT 343.00			1,905,757.95	805,876	1,099,881	85,950	4.51	12.8
344.00 LABORATORY EQUIPMENT FULLY ACCRUED AMORTIZED	15-SQ	0	162,058.36 665,988.75	162,058 434,279	0 231,691	0 44,412	- 6.67	- 5.2
TOTAL ACCOUNT 344.00			828,027.11	596,337	231,691	44,412	5.36	5.2
345.00 POWER OPERATED EQUIPMENT	18-L4	15	1,526,034.51	894,108	403,020	32,009	2.10	12.6
346.10 COMMUNICATION EQUIPMENT - NON-TELEPHONE FULLY ACCRUED AMORTIZED	15-SQ	0	392,751.11 1,529,336.53	392,751 1,099,844	0 429,493	0 102,036	- 6.67	- 4.2
TOTAL ACCOUNT 346.10			1,922,087.64	1,492,595	429,493	102,036	5.31	4.2
346.19 REMOTE CONTROL AND INSTRUMENTATION	15-SQ	0	22,310.63	3,695	18,616	1,489	6.67	12.5
346.20 COMMUNICATION EQUIPMENT - TELEPHONE	15-SQ	0	240,800.02	40,042	200,758	16,060	6.67	12.5
347.00 MISCELLANEOUS EQUIPMENT FULLY ACCRUED AMORTIZED	20-SQ	0	149,221.37 1,101,745.02	149,221 391,328	0 710,416	0 55,049	- 5.00	- 12.9
TOTAL ACCOUNT 347.00			1,250,966.39	540,549	710,416	55,049	4.40	12.9
348.00 OTHER TANGIBLE PROPERTY	20-SQ	0	138,484.58	84,532	53,953	6,924	5.00	7.8
TOTAL DEPRECIABLE PLANT			<u>473,564,932.72</u>	<u>91,090,036</u>	<u>472,059,813</u>	<u>10,595,643</u>	<u>2.24</u>	
UNRECOVERED RESERVE TO BE AMORTIZED								
340.10 FURNITURE				42,580		(8,516)	***	
340.21 MAINFRAME				(17,233)		3,447	***	
340.22 PERSONAL COMPUTERS				710,920		(142,184)	***	
340.23 PERIPHERAL-OTHER				(70,168)		14,034	***	
340.30 COMPUTER SOFTWARE				495,836		(98,167)	***	
340.32 COMPUTER SOFTWARE-PERSONAL				429,850		(85,970)	***	
340.33 COMPUTER SOFTWARE-OTHER				105,788		(21,158)	***	

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AT DECEMBER 31, 2010

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT DECEMBER 31, 2010 (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
OTHER								
340.50				16,224		(3,245)	***	
342.00				2,572		(514)	***	
343.00				121,660		(24,332)	***	
344.00				136,380		(27,276)	***	
346.10				(419,240)		83,848	***	
346.19				(384)		77	***	
346.20				(6,560)		1,312	***	
347.00				(33,000)		6,600	***	
348.00				197,640		(39,528)	***	
TOTAL UNRECOVERED RESERVE TO BE AMORTIZED				1,712,865		(342,573)		
NONDEPRECIABLE PLANT								
301.00			37,450.43					
302.00			70,260.82					
303.20			842,909.07					
303.30			176,826.50					
303.40			473,163.99					
303.50			7,326,077.64					
TOTAL NONDEPRECIABLE PLANT			8,926,688.45					
TOTAL PLANT			482,511,621.17	92,802,901	472,059,813	10,253,070		

* LIFESPAN PROCEDURE WAS USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.

** NEW ADDITIONS WILL HAVE A DEPRECIATION ACCRUAL RATE AS FOLLOWS

ACCOUNT	RATE
341.10	6.15
341.30	8.50

*** 5-YEAR AMORTIZATION OF UNRECOVERED RESERVE RELATED TO IMPLEMENTATION OF AMORTIZATION ACCOUNTING.

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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 304.10 STRUCTURES & IMPROVEMENTS - SOURCE
OF SUPPLY
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 35-S1.5 NET SALVAGE PERCENT.. -5					
1974		145.00	111	78	74
9.47	8				
1976		105.04	78	55	55
10.25	5				
1984		2,834.96	1,791	1,264	1,713
13.94	123				
1988		2,327.35	1,313	927	1,517
16.20	94				
1989		37,763.69	20,607	14,547	25,105
16.81	1,493				
1991		29,029.89	14,719	10,391	20,090
18.10	1,110				
1997		955.54	358	253	750
22.51	33				
1998		7,552.03	2,644	1,867	6,063
23.33	260				
2001		38,343.05	10,468	7,390	32,870
25.90	1,269				
2002		271,973.90	66,910	47,234	238,339
26.80	8,893				
2003		471,546.29	103,134	72,807	422,317
27.71	15,241				
2004		57,609.46	10,991	7,759	52,731
28.64	1,841				
2005		3,981.69	646	456	3,725
29.59	126				
2006		1,651,385.20	220,386	155,579	1,578,375
30.55	51,665				
2007		1,772.10	184	130	1,731
31.53	55				
2008		66,015.81	4,928	3,479	65,838
32.51	2,025				
2010		15,030,052.57	225,676	159,314	15,622,241
34.50	452,819				
		17,673,393.57	684,944	483,530	18,073,534
		537,060			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
33.7 3.04
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.20 STRUCTURES & IMPROVEMENTS - POWER
AND PUMPING

ACCUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
KENTUCKY RIVER STATION					
INTERIM SURVIVOR CURVE.. IOWA 60-R2.5					
PROBABLE RETIREMENT YEAR.. 6-2037					
NET SALVAGE PERCENT.. -20					
1957		39,487.67	34,558	25,999	21,386
15.94	1,342				
1958		25,756.94	22,319	16,791	14,117
16.32	865				
1959		51,381.05	44,085	33,166	28,491
16.69	1,707				
1964		138.59	113	85	81
18.50	4				
1966		2,267.68	1,804	1,357	1,364
19.17	71				
1967		74,428.89	58,528	44,032	45,283
19.50	2,322				
1968		99.58	77	58	61
19.82	3				
1969		221.46	170	128	138
20.13	7				
1970		80,648.01	61,163	46,015	50,763
20.42	2,486				
1971		17,572.79	13,159	9,900	11,187
20.71	540				
1972		13,262.12	9,803	7,375	8,540
20.99	407				
1973		3,602.44	2,627	1,976	2,347
21.26	110				
1974		6,749.68	4,857	3,654	4,446
21.51	207				
1978		6,162.43	4,183	3,147	4,248
22.43	189				
1980		3,449.81	2,267	1,706	2,434
22.84	107				
1985		743.96	445	335	558
23.69	24				
1986		418.99	245	184	319
23.84	13				
1988		20,588.96	11,494	8,647	16,060

24.12	666				
1989	11,127.35	6,054	4,555	8,798	
24.24	363				
1990	8,602.65	4,554	3,426	6,897	
24.37	283				
1991	32,248.00	16,578	12,472	26,226	
24.48	1,071				
1992	1,958,914.33	975,774	734,105	1,616,592	
24.59	65,742				
1993	21,577.08	10,388	7,815	18,077	
24.70	732				
1995	1,752.80	782	588	1,515	
24.89	61				
1996	5,317.98	2,273	1,710	4,672	
24.98	187				
2005	6,250.40	1,292	972	6,528	
25.62	255				
2006	754,698.54	131,770	99,135	806,503	
25.67	31,418				
2007	3,208.80	451	339	3,512	
25.72	137				
2008	89,918.76	9,334	7,023	100,880	
25.77	3,915				
2009	8,182.42	525	395	9,424	
25.82	365				
	3,248,780.16	1,431,672	1,077,090	2,821,447	
	115,599				

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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.20 STRUCTURES & IMPROVEMENTS - POWER AND PUMPING

ACCRAUAL CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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KENTUCKY TREATMENT PLANT
INTERIM SURVIVOR CURVE.. IOWA 60-R2.5
PROBABLE RETIREMENT YEAR.. 6-2060
NET SALVAGE PERCENT.. -20

2010	5,071,018.74		63,895	51,229	6,033,993
45.35	133,054				

OTHER STRUCTURES
SURVIVOR CURVE.. IOWA 60-R2.5
NET SALVAGE PERCENT.. -20

1951		40.96	37	28	21
14.57	1				

1954	394.47	347	261	212
16.03	13			
1955	6,204.43	5,392	4,057	3,388
16.55	205			
1957	542.33	460	346	305
17.62	17			
1958	402.83	337	254	229
18.18	13			
1962	4,217.13	3,328	2,504	2,557
20.54	124			
1963	2,755.27	2,140	1,610	1,696
21.16	80			
1966	7,073.51	5,222	3,929	4,559
23.09	197			
1969	207.00	144	108	140
25.11	6			
1970	392.85	269	202	269
25.81	10			
1971	10,030.76	6,719	5,055	6,982
26.51	263			
1972	43,588.13	28,569	21,493	30,813
27.23	1,132			
1974	1,039.00	651	490	757
28.68	26			
1975	24,999.57	15,291	11,504	18,495
29.42	629			
1987	266,561.62	112,436	84,589	235,285
38.91	6,047			
1988	14,556.05	5,899	4,438	13,029
39.74	328			
1989	447,765.79	173,823	130,772	406,547
40.59	10,016			
1990	40.40	15	11	37
41.44	1			
1997	1,948.81	485	365	1,974
47.56	42			
1998	21,873.51	5,053	3,802	22,446
48.45	463			
1999	778,890.09	165,904	124,814	809,854
49.35	16,410			
2001	1,508.80	267	201	1,610
51.17	31			
2005	3,297.98	340	256	3,702
54.85	67			
2006	24,142.95	2,042	1,536	27,436
55.77	492			
2007	189,396.76	12,455	9,370	217,906
56.71	3,842			
2008	15,270.90	720	542	17,783
57.64	309			
	1,867,141.90	548,345	412,537	1,828,032
	40,764			
	10,186,940.80	2,043,912	1,540,856	10,683,472
	289,417			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
36.9 2.84
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 304.30 STRUCTURES & IMPROVEMENTS - WATER
TREATMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
(6)	(1)	(2)	(3)	(4)	(5)
	(7)				

KENTUCKY RIVER STATION
INTERIM SURVIVOR CURVE.. IOWA 60-R2.5
PROBABLE RETIREMENT YEAR.. 6-2037
NET SALVAGE PERCENT.. -20

1969		61,330.01	47,079	15,031	58,565
20.13	2,909				
1970		13,665.34	10,364	3,309	13,089
20.42	641				
1971		67,377.02	50,452	16,108	64,744
20.71	3,126				
1972		1,158.61	856	273	1,117
20.99	53				
1973		5,501.25	4,012	1,281	5,321
21.26	250				
1974		474.00	341	109	460
21.51	21				
1975		723.00	513	164	704
21.76	32				
1976		1,114.00	779	249	1,088
21.99	49				
1977		1,434.51	989	316	1,405
22.22	63				
1982		153,190.64	97,209	31,037	152,792
23.20	6,586				
1984		11,400.01	6,960	2,222	11,458
23.54	487				
1986		3,643.80	2,133	681	3,692
23.84	155				
1987		102,491.44	58,642	18,723	104,267
23.98	4,348				
1988		58,997.94	32,935	10,515	60,283
24.12	2,499				
1989		58,912.65	32,053	10,234	60,461
24.24	2,494				
1990		114,656.40	60,690	19,377	118,211
24.37	4,851				
1991		62,459.04	32,109	10,252	64,699
24.48	2,643				
1992		8,000.00	3,985	1,272	8,328
24.59	339				
1993		843,479.45	406,085	129,654	882,521
24.70	35,730				
1995		48,008.53	21,425	6,841	50,769
24.89	2,040				
1996		1,396,484.89	596,914	190,582	1,485,200
24.98	59,456				

1997	6,903.44	2,813	898	7,386
25.07	295			
1999	131,023.48	47,829	15,271	141,957
25.23	5,627			
2000	532,132.37	182,053	58,125	580,434
25.30	22,942			
2001	153,164.99	48,725	15,557	168,241
25.37	6,631			
2002	11,650.51	3,408	1,088	12,893
25.44	507			
2003	11,333.94	3,011	961	12,640
25.50	496			
2004	281,236.11	66,653	21,281	316,202
25.56	12,371			
2005	247,778.20	51,201	16,348	280,986
25.62	10,967			
2006	223,795.95	39,075	12,476	256,079
25.67	9,976			
2008	21,152.39	2,196	701	24,682
25.77	958			
2009	7,376.03	474	151	8,700
25.82	337			
	4,642,049.94	1,913,963	611,087	4,959,374
	199,879			

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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.30 STRUCTURES & IMPROVEMENTS - WATER

TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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RICHMOND ROAD STATION TREATMENT PLANT
INTERIM SURVIVOR CURVE.. IOWA 60-R2.5
PROBABLE RETIREMENT YEAR.. 6-2038
NET SALVAGE PERCENT.. -20

1972	3,241.04	2,372	757	3,132
21.49	146			
1973	68,550.57	49,496	15,803	66,458
21.77	3,053			
1974	14,784.38	10,524	3,360	14,381
22.05	652			
1977	50,913.14	34,672	11,070	50,026
22.81	2,193			
1983	1,276.58	783	250	1,282
24.07	53			
1988	1,482,689.92	813,285	259,665	1,519,563
24.88	61,076			

1989	63,725.94	34,045	10,870	65,601
25.02	2,622			
1991	106,693.61	53,799	17,177	110,855
25.28	4,385			
1994	10,388.09	4,721	1,507	10,959
25.63	428			
1997	580,879.73	231,422	73,888	623,168
25.92	24,042			
1999	10,008.73	3,564	1,138	10,872
26.10	417			
2001	227,402.06	70,404	22,478	250,404
26.26	9,536			
2003	19,988.05	5,162	1,648	22,338
26.40	846			
2005	6,719.98	1,347	430	7,634
26.53	288			
2006	24,821.65	4,197	1,340	28,446
26.59	1,070			
2007	330,949.59	44,956	14,354	382,786
26.64	14,369			
2008	59,873.34	5,992	1,913	69,935
26.70	2,619			
2009	28,757.16	1,798	574	33,935
26.74	1,269			
	3,091,663.56	1,372,539	438,222	3,271,775
	129,064			

KENTUCKY TREATMENT PLANT
INTERIM SURVIVOR CURVE.. IOWA 60-R2.5
PROBABLE RETIREMENT YEAR.. 6-2060
NET SALVAGE PERCENT.. -20

2010	29,011,853.09	365,549	252,350	34,561,874
45.35	762,114			

OTHER STRUCTURES
SURVIVOR CURVE.. IOWA 60-R2.5
NET SALVAGE PERCENT.. -20

1974	1,607.00	1,007	322	1,606
28.68	56			
1975	158.02	97	31	159
29.42	5			
1976	1,539.04	918	293	1,554
30.17	52			
1996	1,002,874.53	267,406	85,376	1,118,073
46.67	23,957			

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.30 STRUCTURES & IMPROVEMENTS - WATER

TREATMENT

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

ORIGINAL CALCULATED ALLOC. BOOK FUT. BOOK

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	COST (2)	ACCRUED (3)	RESERVE (4)	ACCRUALS (5)
OTHER STRUCTURES					
SURVIVOR CURVE.. IOWA 60-R2.5					
NET SALVAGE PERCENT.. -20					
1997		12,571.95	3,127	998	14,088
47.56		296			
2001		15,780.21	2,787	890	18,046
51.17		353			
2006		272,796.29	23,079	7,369	319,987
55.77		5,738			
2007		628,598.19	41,337	13,198	741,120
56.71		13,069			
2008		13,112.31	618	197	15,538
57.64		270			
2009		14,181.16	403	129	16,888
58.58		288			
		1,963,218.70	340,779	108,803	2,247,059
		44,084			
		38,708,785.29	3,992,830	1,410,462	45,040,082
		1,135,141			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
39.7 2.93
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.40 STRUCTURES & IMPROVEMENTS - TRANS. AND DISTR.

ACCURUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
1982		1,420.00	1,082	1,475	16
8.22		2			
1991		42,865.79	25,669	34,983	10,026
12.89		778			
1992		412,979.52	237,932	324,269	109,359
13.54		8,077			
1996		7,226.03	3,432	4,677	2,910

SURVIVOR CURVE.. IOWA 30-S2
NET SALVAGE PERCENT.. -5

16.43	177				
1997		26.54	12	16	12
17.23	1				
1998		139,105.41	58,176	79,286	66,775
18.05	3,699				
1999		51,995.27	20,184	27,508	27,087
18.91	1,432				
2000		8,279.36	2,958	4,031	4,662
19.79	236				
2002		21,163.70	6,200	8,450	13,772
21.63	637				
2005		11,570.17	2,220	3,026	9,123
24.52	372				
2006		89,907.46	14,132	19,260	75,143
25.51	2,946				
2008		25,387.15	2,220	3,026	23,631
27.50	859				
2009		217,413.28	11,414	15,556	212,728
28.50	7,464				
		1,029,339.68	385,631	525,563	555,244
		26,680			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
20.8 2.59
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.60 STRUCTURES & IMPROVEMENTS - OFFICE BUILDINGS

ACCUAL CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
1965		7,142.07	5,090	4,153	3,346
17.51	191				
1970		672,941.10	444,373	362,590	343,998
20.01	17,191				
1971		3,608.72	2,344	1,913	1,876
20.51	91				
1972		19,896.38	12,708	10,369	10,522
20.99	501				
1973		5,009.31	3,145	2,566	2,694
21.47	125				
1977		4,946.00	2,885	2,354	2,839

MAIN OFFICE
INTERIM SURVIVOR CURVE.. IOWA 55-R2.5
PROBABLE RETIREMENT YEAR.. 6-2043
NET SALVAGE PERCENT.. -5

23.30	122			
1979	5,098.00	2,857	2,331	3,022
24.15	125			
1982	72,896.87	38,301	31,252	45,290
25.33	1,788			
1984	1,886.00	946	772	1,208
26.04	46			
1985	1,224.56	599	489	797
26.38	30			
1986	27,739.44	13,223	10,789	18,337
26.70	687			
1987	141,027.26	65,421	53,381	94,698
27.01	3,506			
1988	96,348.48	43,431	35,438	65,728
27.31	2,407			
1989	44,800.88	19,602	15,994	31,047
27.59	1,125			
1990	32,653.68	13,841	11,294	22,992
27.86	825			
1991	3,265.27	1,338	1,092	2,337
28.12	83			
1992	16,608.13	6,569	5,360	12,079
28.36	426			
1994	27,097.92	9,904	8,081	20,372
28.82	707			
1995	26,056.54	9,113	7,436	19,923
29.03	686			
2008	1,813,158.40	137,456	112,158	1,791,658
30.97	57,851			
	3,023,405.01	833,146	679,812	2,494,763
	88,513			

OTHER STRUCTURES

SURVIVOR CURVE.. IOWA 55-R2.5

NET SALVAGE PERCENT.. -5

1985	1,748.00	753	611	1,224
32.42	38			
1988	2,173.52	835	678	1,604
34.87	46			
1989	7,375.00	2,717	2,206	5,538
35.70	155			
1996	11,220.54	2,846	2,311	9,471
41.71	227			
1997	2,103,494.75	498,276	404,590	1,804,079
42.59	42,359			
1998	226,122.80	49,741	40,389	197,040
43.48	4,532			
1999	167,972.15	34,057	27,653	148,718
44.38	3,351			
2000	1,733.16	322	261	1,559
45.28	34			
2001	55,334.12	9,319	7,567	50,534
46.18	1,094			

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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.60 STRUCTURES & IMPROVEMENTS - OFFICE BUILDINGS

ACCRUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
OTHER STRUCTURES					
SURVIVOR CURVE.. IOWA 55-R2.5					
NET SALVAGE PERCENT.. -5					
2003 48.01	1,051	53,573.71	7,150	5,806	50,446
2004 48.93	283	14,508.35	1,682	1,366	13,868
2005 49.85	1,179	60,598.88	5,956	4,836	58,793
2006 50.78	1,158	59,716.30	4,809	3,905	58,797
2007 51.71	1,811	93,718.41	5,885	4,778	93,626
2008 52.65	5,643	293,123.40	13,142	10,671	297,109
2009 53.58	271	14,136.07	383	311	14,532
		3,166,549.16 63,232	637,873	517,939	2,806,938
		6,189,954.17 151,745	1,471,019	1,197,751	5,301,701

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
34.9 2.45
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KENTUCKY AMERICAN WATER COMPANY
& GARAGE ACCOUNT 304.70 STRUCTURES & IMPROVEMENTS - SHOP

ACCRUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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SURVIVOR CURVE.. IOWA 50-R2.5

NET SALVAGE PERCENT.. 0

1957	13,694.36	10,832	10,259	3,435
10.45	329			
1960	708.06	542	513	195
11.72	17			
1971	723.87	468	443	281
17.69	16			
1972	749.00	475	450	299
18.32	16			
1977	5,650.00	3,200	3,031	2,619
21.68	121			
1987	53,519.17	22,243	21,066	32,453
29.22	1,111			
1988	42,525.48	16,993	16,094	26,431
30.02	880			
1990	19,843.29	7,279	6,894	12,949
31.66	409			
1993	546,102.20	172,787	163,644	382,458
34.18	11,190			
1996	147,253.93	38,993	36,929	110,325
36.76	3,001			
1999	74,138.37	15,703	14,872	59,266
39.41	1,504			
2001	15,249.20	2,684	2,542	12,707
41.20	308			
2002	66,881.08	10,554	9,996	56,885
42.11	1,351			
2005	2,618.00	269	255	2,363
44.86	53			
2009	739,495.95	20,854	19,750	719,746
48.59	14,813			
	1,729,151.96	323,876	306,738	1,422,412
	35,119			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..

40.5 2.03
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 304.80 STRUCTURES & IMPROVEMENTS -
MISCELLANEOUS

ACCURUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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SURVIVOR CURVE.. IOWA 25-R2
NET SALVAGE PERCENT.. -10

1934	291.39	321	321	
1958	21,159.37	23,275	23,275	
1966	5.31	6	6	
1971	333.59	339	239	128
1.88	68			
1978	1,265.76	1,171	826	566
3.97	143			
1985	29,000.00	23,376	16,492	15,408
6.68	2,307			
1987	25,030.07	19,097	13,473	14,060
7.66	1,836			
1989	67,361.16	48,223	34,021	40,076
8.73	4,591			
1990	14,575.53	10,069	7,104	8,929
9.30	960			
1991	7,998.00	5,317	3,751	5,047
9.89	510			
1992	6,513.58	4,156	2,932	4,233
10.50	403			
1993	4,040.72	2,464	1,738	2,707
11.14	243			
1994	3,145.91	1,827	1,289	2,172
11.80	184			
1995	1,893.23	1,044	737	1,346
12.47	108			
1997	2,948.35	1,443	1,018	2,225
13.88	160			
1998	34,995.42	15,999	11,287	27,208
14.61	1,862			
2000	9,043.98	3,530	2,490	7,458
16.13	462			
2001	28,255.39	10,058	7,096	23,985
16.91	1,418			
2002	41,389.73	13,294	9,379	36,150
17.70	2,042			
2003	726,932.51	207,583	146,448	653,178
18.51	35,288			
2004	24,414.98	6,080	4,289	22,567
19.34	1,167			
2005	459,721.06	97,498	68,784	436,909
20.18	21,651			
2006	322,940.93	56,411	39,798	315,437
21.03	14,999			
2007	90,111.37	12,331	8,699	90,424
21.89	4,131			
	1,923,367.34	564,912	405,492	1,710,213
	94,533			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..

18.1	4.91
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 305.00 COLLECTING AND IMPOUNDING

RESERVOIRS

ACCRAUAL

CALCULATED REMAINING LIFE DEPRECIATION

2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 75-R4 NET SALVAGE PERCENT.. 0					
3.77	831	73,214.21	69,532	70,080	3,134
10.30	360	28,430.15	24,527	24,720	3,710
13.29	7	540.35	445	449	91
21.88	2	182.14	129	130	52
29.68	5	391.61	237	239	153
37.49	67	5,066.11	2,534	2,554	2,512
38.40	310	23,440.73	11,439	11,529	11,912
42.10	68	5,152.00	2,260	2,278	2,874
52.66	10,149	763,760.75	227,524	229,315	534,446
53.64	30	2,284.00	650	655	1,629
55.60	186	14,013.00	3,625	3,654	10,359
56.59	122	9,151.62	2,247	2,265	6,887
57.58	48	3,586.34	833	840	2,746
58.57	936	70,338.87	15,411	15,532	54,807
60.55	30	2,251.73	434	437	1,815
69.51	44	3,282.30	240	242	3,040
		1,005,085.91	362,067	364,919	640,167
		13,195			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
48.5 1.31
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 306.00 LAKE, RIVER AND OTHER
INTAKES
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL

2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 50-S1					
NET SALVAGE PERCENT.. 0					
16.26	13	362.63	245	149	214
16.69	5	138.85	93	57	82
18.44	573	17,151.33	10,826	6,584	10,567
20.32	980	31,158.36	18,496	11,248	19,910
20.80	652	21,027.99	12,280	7,468	13,560
21.30	1	45.77	26	16	30
28.68	139	5,374.83	2,292	1,394	3,981
32.07	137	5,615.93	2,014	1,225	4,391
32.79	3,877	160,798.90	55,347	33,659	127,140
33.53	519	21,763.16	7,169	4,360	17,403
34.28	161	6,830.22	2,147	1,306	5,524
35.05	4	166.24	50	30	136
37.45	75	3,316.21	832	506	2,810
41.80	5,246	243,596.76	39,950	24,295	219,302
46.53	98	4,750.79	330	201	4,550
49.50	120,048	5,978,757.08	59,788	36,359	5,942,398
		6,500,855.05	211,885	128,857	6,371,998
		132,528			

48.1 COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
2.04
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 309.00 SUPPLY MAINS

ACCRUAL CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 65-S2.5					
NET SALVAGE PERCENT.. -10					
1934		212,511.28	194,607	115,692	118,070
10.89	10,842				
1940		481.21	426	253	276
12.72	22				
1941		415.31	365	217	240
13.05	18				
1942		13.72	12	7	8
13.39	1				
1944		40.29	35	21	23
14.10	2				
1951		212.16	173	103	130
16.91	8				
1953		1,849.03	1,477	878	1,156
17.81	65				
1956		58,614.25	45,359	26,966	37,510
19.27	1,947				
1959		107,774.17	80,544	47,883	70,669
20.84	3,391				
1965		435,140.23	299,063	177,791	300,863
24.39	12,336				
1967		2,845.11	1,893	1,125	2,005
25.69	78				
1968		5,871.27	3,838	2,282	4,176
26.37	158				
1970		3,199.27	2,016	1,198	2,321
27.76	84				
1972		10,598.30	6,418	3,815	7,843
29.22	268				
1976		127,165.91	70,347	41,821	98,062
32.31	3,035				
1980		3,487.13	1,733	1,030	2,806
35.64	79				
1981		2,363.93	1,140	678	1,922
36.50	53				
1982		53,017.97	24,792	14,739	43,581
37.37	1,166				
1983		357.85	162	96	298
38.26	8				
1984		14,135.56	6,181	3,675	11,874
39.16	303				
1987		95,945.14	37,488	22,286	83,254
41.91	1,986				
1988		100,080.36	37,529	22,311	87,777
42.84	2,049				
1989		1,974,358.17	709,091	421,549	1,750,245
43.78	39,978				
1991		9,323.96	3,047	1,811	8,445
45.69	185				
1992		1,764,556.10	547,948	325,751	1,615,261
46.65	34,625				
1993		5,472.50	1,610	957	5,063
47.62	106				
1994		29,320.69	8,137	4,837	27,416

48.60	564			
2000	25,260.05	4,485	2,666	25,120
54.51	461			
2002	14,519.49	2,086	1,240	14,731
56.51	261			
2007	54,115.90	3,203	1,905	57,622
61.50	937			
2008	5,868.61	249	148	6,307
62.50	101			
2010	716,312.87	6,067	3,607	784,337
64.50	12,160			
	5,835,227.79	2,101,521	1,249,338	5,169,411
	127,277			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
40.6 2.18
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 310.10 OTHER POWER GENERATION
EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCRRUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
		SURVIVOR CURVE.. IOWA 35-S2.5 NET SALVAGE PERCENT.. 0			
1981		68,593.89	48,407	45,554	23,040
10.30	2,237				
1988		190,970.08	112,080	105,473	85,497
14.46	5,913				
1989		67,185.43	38,067	35,823	31,362
15.17	2,067				
1996		209,151.84	84,372	79,399	129,753
20.88	6,214				
2002		7,940.96	1,919	1,806	6,135
26.54	231				
2003		14,111.02	3,011	2,834	11,277
27.53	410				
2007		196,041.20	19,604	18,448	177,593
31.50	5,638				
2008		149,645.91	10,685	10,055	139,591
32.50	4,295				
2009		32,060.10	1,375	1,294	30,766
33.50	918				
		935,700.43	319,520	300,686	635,014
	27,923				

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
22.7 2.98
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 311.20 ELECTRIC PUMPING EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
		SURVIVOR CURVE.. IOWA 50-R3			
		NET SALVAGE PERCENT.. -20			
	1934	16,736.77	19,313	20,084	
	1938	6,620.90	7,479	7,945	
	1939	7,731.83	8,686	9,278	
	1940	2,094.27	2,340	2,513	
	1941	12.96	14	16	
	1945	205.28	223	246	
	1947	262.85	282	315	
	1948	6,310.71	6,732	7,573	
	1949	15,006.74	15,908	18,008	
	1950	438.66	462	526	
	1953	661.66	682	794	
	1954	203.00	207	244	
	1955	113,227.68	114,704	135,873	
	1956	1,052.90	1,057	1,263	
	1957	29.33	29	35	
	1958	31,591.13	31,108	37,399	510
8.97		57			
	1959	51,788.79	50,463	60,668	1,479
9.40		157			
	1962	5,263.10	4,950	5,951	365
10.81		34			
	1965	11,200.80	10,110	12,155	1,286
12.39		104			
	1966	63,162.90	56,149	67,504	8,291
12.96		640			
	1967	67,997.70	59,501	71,534	10,063
13.54		743			
	1969	1,589.95	1,345	1,617	291
14.75		20			
	1970	126,649.72	105,200	126,474	25,506
15.39		1,657			
	1971	6,508.62	5,306	6,379	1,431
16.03		89			
	1973	4,945.53	3,872	4,655	1,280
17.38		74			
	1974	33,897.49	25,976	31,229	9,448

18.07	523			
1976	152,122.30	111,390	133,916	48,631
19.49	2,495			
1977	654.30	468	563	222
20.22	11			
1979	1,931.57	1,311	1,576	742
21.72	34			
1981	168,141.64	107,907	129,729	72,041
23.26	3,097			
1982	23,648.27	14,728	17,706	10,672
24.05	444			
1983	38,376.94	23,164	27,848	18,204
24.85	733			
1984	24,792.59	14,483	17,412	12,339
25.66	481			
1985	86,116.16	48,611	58,442	44,897
26.48	1,696			
1986	79,751.60	43,430	52,213	43,489
27.31	1,592			
1987	413,428.29	216,802	260,645	235,469
28.15	8,365			
1988	648,710.26	326,950	393,069	385,383
29.00	13,289			
1989	464,803.53	224,667	270,101	287,663
29.86	9,634			
□				

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 311.20 ELECTRIC PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL
2010

RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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SURVIVOR CURVE.. IOWA 50-R3
NET SALVAGE PERCENT.. -20

1990	132,350.06	61,209	73,587	85,233
30.73	2,774			
1991	8,200.30	3,621	4,353	5,487
31.60	174			
1992	4,087,464.26	1,717,716	2,065,087	2,839,870
32.49	87,408			
1993	65,279.55	26,039	31,305	47,030
33.38	1,409			
1995	32,079.09	11,402	13,708	24,787
35.19	704			
1996	74,630.19	24,879	29,910	59,646
36.11	1,652			
1997	824,537.28	256,662	308,566	680,879
37.03	18,387			
1998	349,737.16	101,060	121,497	298,188

37.96	7,855				
1999	379,849.39	101,283	121,765	334,054	
38.89	8,590				
2000	263,346.71	64,214	77,200	238,816	
39.84	5,994				
2001	133,215.12	29,478	35,439	124,419	
40.78	3,051				
2002	102,180.84	20,256	24,352	98,265	
41.74	2,354				
2003	117,201.57	20,562	24,720	115,922	
42.69	2,715				
2004	3,143.24	478	575	3,197	
43.66	73				
2005	75,908.44	9,801	11,783	79,307	
44.62	1,777				
2006	23,092.31	2,444	2,938	24,773	
45.59	543				
2010	8,151,008.41	95,856	115,242	9,665,968	
49.51	195,233				
	17,500,892.64	4,212,969	5,055,525	15,945,543	
	386,662				

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
41.2 2.21
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 311.30 DIESEL PUMPING EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
1956	24,341.94	24,443	25,925	3,285	
8.16	403				
1961	256.26	244	259	49	
10.32	5				
1965	21,039.72	18,991	20,142	5,106	
12.39	412				
1972	966.23	772	819	340	
16.70	20				
1974	194.77	149	158	76	
18.07	4				
1977	2,777.43	1,985	2,105	1,228	
20.22	61				
1981	93,562.51	60,045	63,686	48,589	
23.26	2,089				

SURVIVOR CURVE.. IOWA 50-R3
NET SALVAGE PERCENT.. -20

1987	101,933.74	53,454	56,695	65,625
28.15	2,331			
1988	1,100.58	555	589	732
29.00	25			
1989	41,943.13	20,274	21,503	28,829
29.86	965			
1990	67,075.80	31,021	32,902	47,589
30.73	1,549			
1991	13,001.07	5,741	6,089	9,512
31.60	301			
1993	210,447.42	83,943	89,033	163,504
33.38	4,898			
2006	129,835.49	13,742	14,575	141,228
45.59	3,098			
2010	2,310,344.33	27,170	28,818	2,743,595
49.51	55,415			
	3,018,820.42	342,529	363,298	3,259,287
	71,576			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
45.5 2.37
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 311.40 HYDRAULIC PUMPING
EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
1947		37.33	40	45	
1995		127.96	45	62	92
35.19	3				
2004		6,712.72	1,021	1,403	6,652
43.66	152				
2005		511.84	66	91	523
44.62	12				
2006		1,015.16	107	147	1,071
45.59	23				
		8,405.01	1,279	1,748	8,338
	190				

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
43.9 2.26

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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 311.52 SOURCE OF SUPPLY PUMPING
EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 50-R3 NET SALVAGE PERCENT.. -20					
2007		806,707.11	66,408	53,804	914,245
46.57	19,632				
2008		3,945,410.44	232,937	188,725	4,545,768
47.54	95,620				
2009		3,634,039.90	129,081	104,581	4,256,267
48.52	87,722				
		8,386,157.45	428,426	347,110	9,716,280
		202,974			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
47.9 2.42
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 311.54 TRANS. AND DISTR. PUMPING
EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 50-R3 NET SALVAGE PERCENT.. -20					

2006	5,609.22	594	537	6,194
45.59	136			
2007	170,731.89	14,055	12,710	192,168
46.57	4,126			
	176,341.11	14,649	13,247	198,362
	4,262			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
46.5 2.42
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 320.10 PURIFICATION SYSTEM -
STRUCTURES
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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KENTUCKY RIVER STATION
INTERIM SURVIVOR CURVE.. IOWA 60-R3
PROBABLE RETIREMENT YEAR.. 6-2037
NET SALVAGE PERCENT.. -20

1958	1,928,715.94	1,723,115	1,821,675	492,784
15.17	32,484			
1959	552,488.60	488,157	516,079	146,907
15.62	9,405			
1961	476.73	412	436	136
16.51	8			
1962	4,219.69	3,603	3,809	1,255
16.95	74			
1964	6,746.31	5,626	5,948	2,148
17.80	121			
1966	1,150,696.48	936,483	990,048	390,788
18.62	20,988			
1968	724.66	575	608	262
19.40	14			
1970	451,865.93	349,365	369,348	172,891
20.13	8,589			
1972	493.92	372	393	200
20.81	10			
1976	1,013.11	720	761	455
22.00	21			
1977	496,852.35	347,538	367,417	228,806
22.26	10,279			
1978	747.80	515	544	353
22.51	16			
1979	6,198.57	4,198	4,438	3,000
22.75	132			

1981	117,907.49	77,154	81,567	59,922
23.19	2,584			
1982	85,103.93	54,688	57,816	44,309
23.39	1,894			
1984	1,818.96	1,124	1,188	995
23.77	42			
1986	1,949,388.90	1,153,960	1,219,965	1,119,302
24.10	46,444			
1987	224,340.46	129,705	137,124	132,085
24.26	5,445			
1988	787,219.90	444,275	469,687	474,977
24.40	19,466			
1989	35,434.08	19,483	20,597	21,924
24.54	893			
1990	7,568.73	4,047	4,278	4,804
24.67	195			
1991	509.01	264	279	332
24.80	13			
1992	40,905.39	20,567	21,744	27,342
24.92	1,097			
1993	19,390.91	9,422	9,961	13,308
25.03	532			
1994	6,517.26	3,052	3,227	4,594
25.13	183			
1996	204,724.75	88,220	93,266	152,404
25.32	6,019			
1997	108,441.59	44,556	47,105	83,025
25.41	3,267			
1999	9,193.35	3,384	3,578	7,454
25.57	292			
2002	56,860.87	16,738	17,695	50,538
25.78	1,960			
2003	3,474.74	929	982	3,188
25.84	123			
2007	15,505.81	2,188	2,313	16,294
26.04	626			
2008	265,157.05	27,619	29,199	288,989
26.08	11,081			
	8,540,703.27	5,962,054	6,303,075	3,945,771
	184,297			

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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 320.10 PURIFICATION SYSTEM -

STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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RICHMOND ROAD STATION TREATMENT PLANT

INTERIM SURVIVOR CURVE.. IOWA 60-R3
 PROBABLE RETIREMENT YEAR.. 6-2038
 NET SALVAGE PERCENT.. -20

1948	4,240.10	4,163	4,401	687
10.90	63			
1950	27,758.17	26,788	28,320	4,990
11.73	425			
1953	22,789.91	21,392	22,616	4,732
13.03	363			
1955	1,870.44	1,720	1,818	427
13.94	31			
1960	11,820.88	10,294	10,883	3,302
16.25	203			
1964	3,494.94	2,900	3,066	1,128
18.07	62			
1966	1,473.00	1,192	1,260	508
18.94	27			
1968	4,540.05	3,579	3,784	1,664
19.76	84			
1971	6,312.96	4,776	5,049	2,527
20.91	121			
1972	11,330.58	8,452	8,935	4,662
21.27	219			
1973	58,793.29	43,227	45,700	24,852
21.61	1,150			
1974	39,714.75	28,776	30,422	17,236
21.94	786			
1978	44,906.27	30,554	32,302	21,586
23.11	934			
1988	3,511,877.18	1,947,828	2,059,241	2,155,012
25.18	85,584			
1989	13,217.44	7,139	7,547	8,314
25.33	328			
1991	1,190.30	606	641	787
25.61	31			
1992	82,213.87	40,548	42,867	55,790
25.74	2,167			
1994	8,864.67	4,067	4,300	6,338
25.98	244			
1995	111,529.71	49,131	51,941	81,895
26.09	3,139			
1997	666,063.49	267,438	282,735	516,541
26.29	19,648			
1999	2,588.14	929	982	2,124
26.47	80			
2002	981,756.84	281,803	297,922	880,186
26.69	32,978			
2003	3,517.11	914	966	3,255
26.76	122			
2007	624,519.59	85,135	90,005	659,419
26.99	24,432			
2008	1,068,184.71	107,673	113,831	1,167,991
27.03	43,211			
2009	153,749.22	9,557	10,104	174,395
27.08	6,440			
	7,468,317.61	2,990,581	3,161,638	5,800,348
	222,872			

KENTUCKY TREATMENT PLANT
 INTERIM SURVIVOR CURVE.. IOWA 60-R3
 PROBABLE RETIREMENT YEAR.. 6-2060
 NET SALVAGE PERCENT.. -20

2010 9,670,617.69 121,850 153,700 11,451,041
46.33 247,163
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 320.10 PURIFICATION SYSTEM -
STRUCTURES
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
OTHER STRUCTURES SURVIVOR CURVE.. IOWA 60-R3 NET SALVAGE PERCENT.. -20					
1977		223.94	137	145	124
29.42	4				
1996		2,254,739.69	630,425	666,484	2,039,204
46.02	44,311				
2005		13,258.66	1,427	1,509	14,401
54.62	264				
2006		10,736.70	947	1,001	11,883
55.59	214				
		2,278,958.99	632,936	669,139	2,065,612
	44,793				
		27,958,597.56	9,707,421	10,287,552	23,262,772
		699,125			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
33.3 2.50
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 320.11 PURIFICATION SYSTEM -
EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM.	ANNUAL	ORIGINAL	CALCULATED	ALLOC. BOOK	FUT. BOOK
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YEAR LIFE (6)	ACCRUAL (1) (7)	COST (2)	ACCRUED (3)	RESERVE (4)	ACCRUALS (5)
SURVIVOR CURVE.. IOWA 45-R2.5 NET SALVAGE PERCENT.. -20					
1958		10,554.89	10,459	11,184	1,482
7.84	189				
1960		420.32	409	437	67
8.52	8				
1964		506.16	471	504	103
10.09	10				
1966		111,053.49	100,748	107,727	25,537
10.98	2,326				
1970		255,592.56	218,041	233,145	73,566
13.01	5,655				
1971		75.96	64	68	23
13.57	2				
1972		239.46	197	211	76
14.14	5				
1973		7,969.67	6,433	6,879	2,685
14.73	182				
1974		3,278.33	2,594	2,774	1,160
15.33	76				
1976		18,716.83	14,179	15,161	7,299
16.59	440				
1977		5,294.99	3,920	4,192	2,162
17.24	125				
1978		2,222.76	1,606	1,717	950
17.90	53				
1979		6,124.31	4,315	4,614	2,735
18.58	147				
1980		504.91	346	370	236
19.27	12				
1981		1,055,439.24	704,442	753,239	513,288
19.97	25,703				
1982		3,161.80	2,050	2,192	1,602
20.69	77				
1983		12,622.30	7,937	8,487	6,660
21.42	311				
1984		18,906.68	11,516	12,314	10,374
22.16	468				
1985		23,812.47	14,027	14,999	13,576
22.91	593				
1986		552,480.83	314,251	336,019	326,958
23.67	13,813				
1987		152,807.06	83,781	89,585	93,783
24.44	3,837				
1988		1,580,533.21	833,763	891,519	1,005,121
25.22	39,854				
1989		143,538.15	72,653	77,686	94,560
26.02	3,634				
1990		309,469.25	150,031	160,424	210,939
26.82	7,865				
1991		703,559.09	325,889	348,464	495,807
27.63	17,945				
1992		614,282.93	271,120	289,901	447,239
28.45	15,720				
1993		644,857.76	270,299	289,023	484,806
29.28	16,558				
1994		41,729.63	16,560	17,707	32,369
30.12	1,075				
1995		16,386.46	6,131	6,556	13,108

30.97	423				
1996	605,577.86	212,703	227,437	499,256	
31.83	15,685				
1997	50,575.64	16,605	17,755	42,936	
32.69	1,313				
1998	94,508.00	28,806	30,801	82,609	
33.57	2,461				
1999	1,006,036.08	282,978	302,580	904,663	
34.45	26,260				
2000	506,448.70	130,603	139,650	468,088	
35.33	13,249				
2001	103,988.47	24,321	26,006	98,780	
36.23	2,726				
2002	673,827.69	141,423	151,219	657,374	
37.13	17,705				
2003	101,101.63	18,793	20,095	101,227	
38.03	2,662				
2004	26,648.93	4,298	4,596	27,383	
38.95	703				
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 320.11 PURIFICATION SYSTEM -

EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. YEAR LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
(6)	(7)	(2)	(3)	(4)	(5)
SURVIVOR CURVE.. IOWA 45-R2.5					
NET SALVAGE PERCENT.. -20					
2005	90,532.67		12,407	13,266	95,373
39.86	2,393				
2006	69,911.45		7,852	8,396	75,498
40.79	1,851				
2007	1,943,332.48		170,469	182,277	2,149,722
41.71	51,540				
2008	299,921.59		18,787	20,088	339,818
42.65	7,968				
2009	135,391.57		5,085	5,437	157,033
43.59	3,603				
2010	18,899,175.02		235,862	252,201	22,426,809
44.53	503,634				
	30,903,119.28		4,759,224	5,088,902	31,994,840
	810,859				

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..

39.5 2.62

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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 320.20 PURIFICATION SYSTEM - FILTER
MEDIA
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 5-L2.5 NET SALVAGE PERCENT.. 0					
2007	27,968.19		15,998	12,055	15,913
2.14	7,436				
2009	140,600.74		40,493	30,514	110,087
3.56	30,923				
	168,568.93		56,491	42,569	126,000
	38,359				

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
3.3 22.76
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 330.00 DISTRIBUTION RESERVOIRS AND
STANDPIPES
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 60-S2.5 NET SALVAGE PERCENT.. 0					
2004	1,656,899.71		179,442	219,360	1,437,540
53.50	26,870				
2008	11,716.56		489	598	11,119

57.50 193
 1,668,616.27 179,931 219,958 1,448,659
 27,063

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
53.5 1.62
□

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 330.10 ELEVATED TANKS AND
STANDPIPES
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
(6)	(7)	(2)	(3)	(4)	(5)
SURVIVOR CURVE.. IOWA 60-S2.5 NET SALVAGE PERCENT.. -25					
1949		29,442.89	28,847	30,775	6,029
12.97	465				
1950		29,426.61	28,606	30,517	6,266
13.34	470				
1952		461.57	441	470	107
14.11	8				
1953		61.38	58	62	15
14.51	1				
1954		85,237.38	80,038	85,386	21,161
14.93	1,417				
1955		135.38	126	134	35
15.36	2				
1956		185,650.05	170,960	182,383	49,680
15.80	3,144				
1961		57.65	50	53	19
18.20	1				
1965		365,696.23	301,791	321,956	135,164
20.39	6,629				
1966		1,461.69	1,189	1,268	559
20.97	27				
1968		173,958.95	136,993	146,147	71,302
22.20	3,212				
1970		693.45	528	563	304
23.48	13				
1972		1,157.86	848	905	542
24.84	22				
1973		1,246.37	895	955	603
25.54	24				
1974		23,308.64	16,383	17,478	11,658
26.26	444				
1975		115,777.88	79,597	84,916	59,806

27.00	2,215			
1976	10,806.15	7,260	7,745	5,763
27.75	208			
1977	5,017.55	3,291	3,511	2,761
28.52	97			
1980	18,460.88	11,185	11,932	11,144
30.92	360			
1985	18,765.79	9,693	10,341	13,116
35.21	373			
1987	770,712.34	368,979	393,634	569,756
37.02	15,390			
1988	11,174.79	5,138	5,481	8,487
37.93	224			
1989	1,070,713.14	471,515	503,021	835,370
38.86	21,497			
1990	668,084.49	281,180	299,968	535,138
39.80	13,446			
1991	21,638.53	8,682	9,262	17,786
40.74	437			
1992	5,746.71	2,191	2,337	4,846
41.70	116			
1994	26,616.04	9,083	9,690	23,580
43.62	541			
1995	27,514.76	8,832	9,422	24,971
44.59	560			
1996	1,021,456.09	307,075	327,593	949,227
45.57	20,830			
1998	119,407.31	31,001	33,072	116,187
47.54	2,444			
1999	804,637.76	192,308	205,158	800,639
48.53	16,498			
2000	35,165.31	7,679	8,192	35,765
49.52	722			
2001	908,965.58	179,748	191,759	944,448
50.51	18,698			
2002	68,100.56	12,045	12,850	72,276
51.51	1,403			
2005	3,333,627.36	382,117	407,649	3,759,385
54.50	68,980			
2006	169,042.78	15,848	16,907	194,396
55.50	3,503			
2008	23,377.89	1,219	1,300	27,922
57.50	486			
2009	109,626.23	3,426	3,655	133,378
58.50	2,280			

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 330.10 ELEVATED TANKS AND
STANDPIPES

CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
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(6)	(1)	(7)	(2)	(3)	(4)	(5)
	SURVIVOR CURVE.. IOWA 60-S2.5					
	NET SALVAGE PERCENT.. -25					
2010		2,339,191.77		24,269	25,891	2,898,099
59.50		48,708				
		12,601,623.79		3,191,114	3,404,338	12,347,690
		255,895				
	COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					
48.3		2.03				
□						

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 330.20 GROUND LEVEL FACILITIES

CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

ACCRUAL	REM. YEAR LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
(6)	(1)	(7)	(2)	(3)	(4)	(5)
	SURVIVOR CURVE.. IOWA 60-S2.5					
	NET SALVAGE PERCENT.. 0					
2007		112,146.89		6,538	24,878	87,269
56.50		1,545				
		112,146.89		6,538	24,878	87,269
		1,545				
	COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					
56.5		1.38				
□						

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 330.40 CLEARWELLS

CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

ACCRUAL	ORIGINAL	CALCULATED	ALLOC. BOOK	FUT. BOOK

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (1) (7)	COST (2)	ACCRUED (3)	RESERVE (4)	ACCRUALS (5)
SURVIVOR CURVE.. IOWA 60-S2.5					
NET SALVAGE PERCENT.. 0					
2007		581.91	34	283	299
56.50	5				
		581.91	34	283	299
	5				
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					
59.8	0.86				
□					

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331.00 MAINS AND ACCESSORIES - ALL

MAINS

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (1) (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 75-R3					
NET SALVAGE PERCENT.. -15					
1933		46,053.57	43,074	29,728	23,234
14.00	1,660				
1934		397,930.73	369,528	255,036	202,584
14.44	14,029				
1935		44,502.77	41,009	28,303	22,875
14.90	1,535				
1936		34,545.26	31,587	21,800	17,927
15.37	1,166				
1937		112,730.51	102,247	70,568	59,072
15.85	3,727				
1938		15,605.30	14,034	9,686	8,260
16.35	505				
1939		18,776.42	16,741	11,554	10,039
16.85	596				
1940		15,023.20	13,275	9,162	8,115
17.37	467				
1941		13,485.02	11,805	8,147	7,361
17.91	411				
1942		1,731.62	1,501	1,036	955
18.45	52				
1943		2,213.96	1,901	1,312	1,234

19.01	65				
1944		695.38	591	408	392
19.58	20				
1945		9,181.45	7,720	5,328	5,231
20.16	259				
1946		13,789.23	11,470	7,916	7,942
20.75	383				
1947		47,705.40	39,237	27,080	27,781
21.36	1,301				
1948		116,329.01	94,568	65,268	68,510
21.98	3,117				
1949		84,974.69	68,278	47,123	50,598
22.60	2,239				
1950		123,935.22	98,357	67,883	74,643
23.24	3,212				
1951		34,615.32	27,129	18,724	21,084
23.89	883				
1952		147,229.10	113,897	78,608	90,705
24.55	3,695				
1953		321,658.37	245,581	169,492	200,415
25.21	7,950				
1954		146,426.42	110,262	76,099	92,291
25.89	3,565				
1955		565,111.07	419,561	289,567	360,311
26.58	13,556				
1956		1,022,596.75	748,280	516,439	659,547
27.28	24,177				
1957		435,415.09	313,906	216,648	284,079
27.98	10,153				
1958		637,034.81	452,228	312,113	420,477
28.70	14,651				
1959		462,750.03	323,395	223,197	308,966
29.42	10,502				
1960		426,748.58	293,475	202,547	288,214
30.15	9,559				
1961		238,744.13	161,466	111,439	163,117
30.89	5,281				
1962		319,775.68	212,592	146,724	221,018
31.64	6,985				
1963		329,046.08	214,971	148,366	230,037
32.39	7,102				
1964		434,931.28	279,095	192,622	307,549
33.15	9,277				
1965		483,813.04	304,732	210,316	346,069
33.92	10,203				
1966		4,297,918.70	2,655,662	1,832,852	3,109,755
34.70	89,618				
1967		724,022.09	438,627	302,726	529,899
35.49	14,931				
1968		583,019.77	346,165	238,912	431,561
36.28	11,895				
1969		776,180.80	451,303	311,475	581,133
37.08	15,672				
1970		436,852.48	248,628	171,595	330,785
37.88	8,732				

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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331.00 MAINS AND ACCESSORIES - ALL

MAINS

ACCRUAL
2010

CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. LIFE (6)	YEAR (1)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
			SURVIVOR CURVE.. IOWA 75-R3 NET SALVAGE PERCENT.. -15			
38.70	1971	11,495	580,878.01	323,317	223,143	444,867
39.52	1972	32,046	1,635,210.04	889,661	614,015	1,266,477
40.34	1973	16,649	857,507.32	455,692	314,504	671,629
41.18	1974	59,514	3,093,941.36	1,604,317	1,107,248	2,450,785
42.02	1975	12,613	661,645.98	334,565	230,906	529,987
42.86	1976	14,827	784,657.20	386,659	266,860	635,496
43.72	1977	24,784	1,323,094.07	634,642	438,009	1,083,549
44.57	1978	22,115	1,190,405.28	555,390	383,312	985,654
45.44	1979	26,975	1,464,087.58	663,546	457,958	1,225,743
46.31	1980	18,395	1,006,453.52	442,714	305,547	851,875
47.18	1981	9,076	500,485.51	213,475	147,334	428,224
48.07	1982	7,484	415,926.23	171,763	118,545	359,770
48.95	1983	9,884	553,341.79	221,002	152,528	483,815
49.85	1984	32,233	1,817,909.62	700,977	483,792	1,606,804
50.74	1985	90,019	5,113,473.53	1,902,340	1,312,934	4,567,561
51.65	1986	30,817	1,762,842.00	631,089	435,557	1,591,711
52.56	1987	142,509	8,208,272.35	2,824,302	1,949,243	7,490,270
53.47	1988	92,166	5,344,283.31	1,764,495	1,217,798	4,928,128
54.39	1989	59,770	3,488,479.98	1,102,429	760,861	3,250,891
55.31	1990	53,008	3,113,559.22	939,906	648,693	2,931,900
56.24	1991	32,665	1,930,710.53	555,301	383,251	1,837,066
57.17	1992	63,500	3,776,289.44	1,032,268	712,438	3,630,295
58.11	1993	54,213	3,243,523.76	840,008	579,747	3,150,305
59.05	1994	112,209	6,753,037.49	1,651,827	1,140,038	6,625,955
	1995		3,752,142.13	863,424	595,907	3,719,056

59.99	61,995				
1996	5,488,781.07	1,183,518	816,826	5,495,272	
60.94	90,175				
1997	6,251,986.69	1,256,774	867,385	6,322,400	
61.89	102,155				
1998	5,533,216.78	1,031,475	711,891	5,651,308	
62.84	89,932				
1999	6,897,298.30	1,184,232	817,319	7,114,574	
63.80	111,514				
2000	6,526,695.28	1,024,528	707,098	6,798,602	
64.76	104,982				
2001	6,928,314.16	984,791	679,673	7,287,888	
65.73	110,876				
2002	3,168,347.26	403,711	278,629	3,364,970	
66.69	50,457				
2003	2,773,097.78	312,209	215,477	2,973,585	
67.66	43,949				
2004	1,495,461.11	146,009	100,771	1,619,009	
68.63	23,590				
2005	1,213,430.98	100,333	69,247	1,326,199	
69.61	19,052				
2006	4,626,095.69	313,349	216,264	5,103,746	
70.58	72,312				
2007	32,843,946.80	1,733,668	1,196,525	36,574,014	
71.56	511,096				
2008	9,343,579.38	352,440	243,243	10,501,873	
72.54	144,774				
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 331.00 MAINS AND ACCESSORIES - ALL

MAINS

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
(6)	(1)	(2)	(3)	(4)	(5)

SURVIVOR CURVE.. IOWA 75-R3
NET SALVAGE PERCENT.. -15

2009	3,357,664.09		76,068	52,500	3,808,814
73.52	51,807				
2010	59,289,221.67		443,187	305,874	67,876,731
74.51	910,975				
9999	34,344,734.27-		6,154,576-	4,247,701-	35,248,743-
	570,123-				
	197,687,658.35		35,424,703	24,448,988	202,891,820
	3,271,615				

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..

62.0 1.65
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 333.00 SERVICES
CALCULATED REMAINING LIFE DEPRECIATION
ACCRAUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRAUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRAUALS (5)
SURVIVOR CURVE.. IOWA 60-R2.5 NET SALVAGE PERCENT..-100					
1934		72,975.16	125,123	145,950	
1935		10,051.83	17,144	20,104	
1936		5,735.46	9,730	11,471	
1937		549.21	927	1,098	
1938		2,505.80	4,203	4,986	26
9.68	3				
1939		1,704.45	2,842	3,371	38
9.98	4				
1940		756.47	1,253	1,486	27
10.29	3				
1941		5,108.73	8,409	9,975	242
10.62	23				
1942		1,259.18	2,059	2,443	75
10.95	7				
1943		47.50	77	91	4
11.30					
1944		54.83	88	104	6
11.66	1				
1945		1,104.39	1,766	2,095	114
12.03	9				
1946		2,790.32	4,425	5,249	332
12.42	27				
1947		7,376.04	11,600	13,761	991
12.82	77				
1948		24,281.33	37,855	44,906	3,657
13.23	276				
1949		18,988.37	29,329	34,792	3,185
13.66	233				
1950		23,679.76	36,221	42,968	4,392
14.11	311				
1951		20,860.96	31,592	37,477	4,245
14.57	291				
1952		16,610.25	24,892	29,529	3,692
15.04	245				
1953		21,805.36	32,324	38,345	5,266
15.53	339				
1954		24,178.07	35,435	42,036	6,320
16.03	394				
1955		38,990.54	56,474	66,994	10,987

16.55	664			
1956	7,258.73	10,384	12,318	2,199
17.08	129			
1957	11,630.30	16,429	19,489	3,772
17.62	214			
1958	64,694.23	90,184	106,983	22,405
18.18	1,232			
1959	58,030.49	79,792	94,655	21,406
18.75	1,142			
1960	63,848.40	86,540	102,660	25,037
19.34	1,295			
1961	55,567.28	74,216	88,041	23,094
19.93	1,159			
1962	102,530.19	134,868	159,991	45,069
20.54	2,194			
1963	105,912.75	137,115	162,656	49,170
21.16	2,324			
1964	90,625.72	115,421	136,921	44,330
21.79	2,034			
1965	126,085.89	157,860	187,265	64,907
22.44	2,892			
1966	131,201.39	161,430	191,501	70,902
23.09	3,071			
1967	148,421.72	179,293	212,691	84,152
23.76	3,542			
1968	123,102.10	145,950	173,137	73,067
24.43	2,991			
1969	128,905.42	149,917	177,843	79,968
25.11	3,185			
1970	113,779.58	129,663	153,816	73,743
25.81	2,857			
1971	117,536.79	131,218	155,661	79,413
26.51	2,996			

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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 333.00 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL
2010

RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. LIFE (6)	YEAR (1)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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SURVIVOR CURVE.. IOWA 60-R2.5
NET SALVAGE PERCENT..-100

1972	216,716.33	236,741	280,840	152,593
27.23	5,604			
1973	95,766.01	102,316	121,375	70,157
27.95	2,510			
1974	255,701.25	266,952	316,679	194,724
28.68	6,790			
1975	136,918.86	139,575	165,574	108,264

29.42	3,680			
1976	211,465.10	210,281	249,451	173,479
30.17	5,750			
1977	301,037.61	291,826	346,186	255,889
30.92	8,276			
1978	347,205.01	327,623	388,651	305,759
31.69	9,648			
1979	334,220.18	306,814	363,966	304,474
32.46	9,380			
1980	295,822.95	263,874	313,027	278,619
33.24	8,382			
1981	173,966.65	150,586	178,637	169,296
34.03	4,975			
1982	272,086.95	228,390	270,934	273,240
34.82	7,847			
1983	261,275.57	212,260	251,799	270,752
35.63	7,599			
1984	374,045.54	293,775	348,498	399,593
36.44	10,966			
1985	464,356.65	352,168	417,768	510,945
37.25	13,717			
1986	557,723.62	407,473	483,375	632,072
38.08	16,599			
1987	720,494.09	506,507	600,857	840,131
38.91	21,592			
1988	742,510.23	501,491	594,907	890,113
39.74	22,398			
1989	796,455.39	515,307	611,296	981,615
40.59	24,184			
1990	768,304.49	475,273	563,805	972,804
41.44	23,475			
1991	756,391.30	446,271	529,400	983,383
42.30	23,248			
1992	929,410.82	521,771	618,965	1,239,857
43.16	28,727			
1993	772,456.50	411,256	487,863	1,057,050
44.03	24,007			
1994	859,761.03	432,804	513,425	1,206,097
44.90	26,862			
1995	1,018,135.58	482,596	572,492	1,463,779
45.78	31,974			
1996	1,133,437.13	503,699	597,526	1,669,348
46.67	35,769			
1997	1,118,111.78	463,569	549,921	1,686,303
47.56	35,456			
1998	1,445,155.07	556,385	660,026	2,230,284
48.45	46,033			
1999	1,665,269.35	591,171	701,292	2,629,247
49.35	53,278			
2000	1,945,080.65	631,373	748,983	3,141,178
50.26	62,499			
2001	10,238,142.23	3,014,109	3,575,566	16,900,718
51.17	330,286			
2002	735,540.53	194,183	230,355	1,240,726
52.08	23,823			
2003	704,101.24	164,337	194,949	1,213,253
53.00	22,892			
2004	604,164.75	122,404	145,205	1,063,125
53.92	19,717			
2005	802,355.02	137,684	163,331	1,441,379
54.85	26,279			
2006	1,213,583.97	171,115	202,990	2,224,178
55.77	39,881			
2007	1,164,297.54	127,607	151,377	2,177,218
56.71	38,392			

2008	2,532,620.00	199,064	236,145	4,829,095
57.64	83,780			
2009	3,914,572.31	185,551	220,115	7,609,030
58.58	129,891			

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 333.00 SERVICES

ACCRAUAL
2010
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 60-R2.5 NET SALVAGE PERCENT..-100					
2010	3,120,485.35		48,680	57,748	6,183,223
59.53	103,867				
9999	23,035,342.81- 723,310-		8,794,894-	10,433,174-	35,637,512-
	22,714,346.81 712,887		8,674,015	10,286,984	35,141,711

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
49.3 3.14

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 334.10 METERS

ACCRAUAL
2010
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 40-R1 NET SALVAGE PERCENT.. -10					

1986	1,458.98	672	1,165	440
23.26	19			
1988	2,096.80	893	1,549	757
24.51	31			
2002	56,623.00	9,530	16,528	45,757
33.88	1,351			
2003	30,783.47	4,588	7,957	25,905
34.58	749			
2006	14,424.07	1,304	2,261	13,605
36.71	371			
2008	189,372.24	9,582	16,618	191,691
38.16	5,023			
2009	1,383,090.70	42,143	73,087	1,448,313
38.89	37,241			
	1,677,849.26	68,712	119,165	1,726,468
	44,785			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
38.6 2.67
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 334.11 METERS - BRONZE CASE

ACCRUAL
2010
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
(6)	(7)	(2)	(3)	(4)	(5)

SURVIVOR CURVE.. IOWA 40-R1
NET SALVAGE PERCENT.. -10

1963	131.76	104	131	14
11.27	1			
1971	7,069.74	4,874	6,143	1,634
14.93	109			
2006	37,862.01	3,423	4,314	37,334
36.71	1,017			
2007	483,417.38	34,139	43,030	488,729
37.43	13,057			
2008	2,849,373.88	144,178	181,726	2,952,585
38.16	77,374			
2009	269,121.17	8,200	10,336	285,697
38.89	7,346			
	3,646,975.94	194,918	245,680	3,765,993
	98,904			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
38.1 2.71

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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 334.12 METERS - PLASTIC CASE
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
		SURVIVOR CURVE.. IOWA 40-R1 NET SALVAGE PERCENT.. -10			
15.43	1	47.23	32	33	19
16.44	30	1,108.53	718	731	488
17.49	11	403.13	250	254	189
18.03	33	1,218.00	736	749	591
18.58	39	1,466.17	864	880	733
19.13	169	6,279.61	3,604	3,669	3,239
19.70	11	404.24	226	230	215
20.27	141	5,217.28	2,830	2,881	2,858
21.44	1,138	42,035.84	21,455	21,841	24,398
22.04	1,467	54,132.47	26,736	27,217	32,329
22.64	1,186	43,718.71	20,871	21,246	26,845
23.26	30	1,094.32	504	513	691
23.88	237	8,737.25	3,873	3,943	5,668
24.51	1,191	43,792.11	18,652	18,987	29,184
25.14	1,050	38,593.21	15,771	16,055	26,398
25.78	1,048	38,506.65	15,058	15,329	27,028
26.43	1,413	51,857.52	19,349	19,697	37,346
27.09	1,319	48,383.82	17,175	17,484	35,738
27.75	1,568	57,457.41	19,353	19,701	43,502
28.41	1,847	67,639.04	21,555	21,943	52,460

1995	100,113.50	30,064	30,604	79,521
29.08	2,735			
1997	9,316.26	2,451	2,495	7,753
30.43	255			
2001	282,416.70	52,967	53,920	256,738
33.18	7,738			
2007	6,542.94	462	470	6,727
37.43	180			
	910,481.94	295,556	300,872	700,658
	24,837			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
28.2 2.73
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 334.13 METERS - OTHER

ACCRUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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SURVIVOR CURVE.. IOWA 40-R1
NET SALVAGE PERCENT.. -10

1934	1,096.08	1,167	855	351
1.29	272			
1935	317.50	335	246	103
1.63	63			
1936	184.20	193	141	62
1.97	31			
1937	954.77	990	726	324
2.29	141			
1939	69.91	71	52	25
2.90	9			
1940	126.80	128	94	45
3.20	14			
1941	411.17	413	303	149
3.49	43			
1944	126.81	124	91	48
4.40	11			
1946	166.54	160	117	66
5.02	13			
1949	21.51	20	15	9
5.99	2			
1950	63.27	59	43	27
6.33	4			
1951	768.50	704	516	329
6.67	49			
1952	56.86	52	38	25

7.02	4				
1953		888.22	797	584	393
7.37	53				
1954		628.72	558	409	283
7.73	37				
1956		1,671.24	1,449	1,062	776
8.47	92				
1957		566.29	485	355	268
8.85	30				
1958		94.99	80	59	45
9.24	5				
1959		828.81	692	507	405
9.63	42				
1960		1,132.35	933	684	562
10.03	56				
1961		782.01	636	466	394
10.44	38				
1962		333.51	267	196	171
10.85	16				
1963		1,615.14	1,276	935	842
11.27	75				
1964		1,232.54	959	703	653
11.70	56				
1965		3,869.15	2,964	2,172	2,084
12.14	172				
1966		4,154.23	3,131	2,295	2,275
12.59	181				
1967		3,381.70	2,507	1,837	1,883
13.04	144				
1969		1,452.26	1,039	762	835
13.97	60				
1971		1,120.46	772	566	667
14.93	45				
1974		4,132.36	2,677	1,962	2,584
16.44	157				
1977		594.85	359	263	391
18.03	22				
1978		2,329.73	1,372	1,006	1,557
18.58	84				
1980		1,774.76	991	726	1,226
19.70	62				
1981		2,808.79	1,524	1,117	1,973
20.27	97				
1982		7,628.38	4,017	2,944	5,447
20.85	261				
1983		376.27	192	141	273
21.44	13				
1984		5,938.07	2,933	2,150	4,382
22.04	199				
1985		10,870.72	5,190	3,804	8,154
22.64	360				

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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 334.13 METERS - OTHER

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. LIFE (6)	YEAR (1)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 40-R1						
NET SALVAGE PERCENT.. -10						
23.26	1986	265	8,085.38	3,722	2,728	6,166
23.88	1987	5	157.20	70	51	122
24.51	1988	70	2,180.02	929	681	1,717
25.14	1989	205	6,433.87	2,629	1,927	5,150
25.78	1990	113	3,578.24	1,399	1,025	2,911
27.09	1992	360	11,596.71	4,116	3,017	9,739
27.75	1993	286	9,288.99	3,129	2,293	7,925
28.41	1994	305	10,008.78	3,189	2,337	8,673
29.08	1995	273	9,026.06	2,711	1,987	7,942
29.75	1996	5,595	186,288.21	52,500	38,479	166,438
30.43	1997	5,805	194,714.60	51,233	37,550	176,636
31.11	1998	6,747	227,926.45	55,710	40,832	209,887
31.80	1999	6,097	207,430.64	46,776	34,284	193,890
32.49	2000	10,719	367,107.35	75,797	55,554	348,264
33.18	2001	27,958	963,762.06	180,754	132,480	927,658
33.88	2002	24,001	832,583.35	140,124	102,701	813,141
34.58	2003	29,110	1,016,025.83	151,439	110,995	1,006,633
35.28	2004	33,634	1,180,860.80	153,276	112,341	1,186,606
36.00	2005	12,788	451,622.80	49,679	36,411	460,374
36.71	2006	49,394	1,754,095.83	158,605	116,247	1,813,258
37.43	2007	1,746	62,355.61	4,404	3,228	65,363
38.16	2008	742	26,645.66	1,348	988	28,322
38.89	2009	5,373	193,889.84	5,908	4,330	208,949
	9999	17,829-	619,053.92-	94,715-	69,420-	611,539-
		206,775	7,171,179.83	1,096,948	803,988	7,084,311

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..

34.3 2.88
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 334.20 METER INSTALLATIONS
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
2010
RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 40-R1 NET SALVAGE PERCENT.. -10					
1934		30,566.78	32,537	32,422	1,201
1.29	931				
1935		2,738.58	2,890	2,880	132
1.63	81				
1936		775.64	811	808	45
1.97	23				
1938		2,825.46	2,906	2,896	212
2.60	82				
1939		2,017.17	2,058	2,051	168
2.90	58				
1940		1,614.22	1,634	1,628	148
3.20	46				
1941		3,434.95	3,449	3,437	341
3.49	98				
1942		1,064.55	1,060	1,056	115
3.79	30				
1943		39.59	39	39	5
4.09	1				
1945		280.47	272	271	38
4.70	8				
1946		448.62	432	430	63
5.02	13				
1947		6,623.74	6,313	6,291	995
5.34	186				
1948		21,009.66	19,840	19,770	3,341
5.66	590				
1949		20,132.24	18,828	18,761	3,384
5.99	565				
1950		2,277.52	2,109	2,102	403
6.33	64				
1951		8,985.34	8,235	8,206	1,678
6.67	252				
1952		17,950.65	16,280	16,222	3,524
7.02	502				
1953		19,638.24	17,621	17,559	4,043
7.37	549				
1954		20,592.16	18,273	18,208	4,443
7.73	575				
1955		24,329.02	21,343	21,267	5,495

8.10	678			
1956	22,829.18	19,793	19,723	5,389
8.47	636			
1957	33,189.72	28,429	28,328	8,181
8.85	924			
1958	23,694.07	20,043	19,972	6,091
9.24	659			
1959	16,240.22	13,563	13,515	4,349
9.63	452			
1960	36,024.13	29,688	29,583	10,044
10.03	1,001			
1961	33,938.17	27,588	27,490	9,842
10.44	943			
1962	31,149.88	24,969	24,881	9,384
10.85	865			
1963	51,370.76	40,584	40,440	16,068
11.27	1,426			
1964	68,245.24	53,112	52,924	22,146
11.70	1,893			
1965	73,731.57	56,489	56,289	24,816
12.14	2,044			
1966	71,241.50	53,696	53,506	24,860
12.59	1,975			
1967	65,501.82	48,563	48,391	23,661
13.04	1,814			
1968	57,662.65	42,022	41,873	21,556
13.50	1,597			
1969	45,769.46	32,760	32,644	17,702
13.97	1,267			
1970	50,185.37	35,259	35,134	20,070
14.45	1,389			
1971	56,695.26	39,084	38,946	23,419
14.93	1,569			
1972	96,187.68	64,986	64,756	41,050
15.43	2,660			
1973	74,319.24	49,190	49,016	32,735
15.93	2,055			

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 334.20 METER INSTALLATIONS
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 40-R1 NET SALVAGE PERCENT.. -10					
1974		149,361.38	96,771	96,428	67,870
16.44	4,128				
1975		88,402.52	56,012	55,814	41,429

16.96	2,443			
1976	106,264.23	65,774	65,541	51,350
17.49	2,936			
1977	152,810.13	92,316	91,989	76,102
18.03	4,221			
1978	201,335.06	118,596	118,176	103,293
18.58	5,559			
1979	208,758.91	119,800	119,376	110,259
19.13	5,764			
1980	213,139.42	118,985	118,563	115,890
19.70	5,883			
1981	169,998.49	92,228	91,901	95,097
20.27	4,692			
1982	200,777.09	105,723	105,348	115,507
20.85	5,540			
1983	183,597.83	93,708	93,376	108,582
21.44	5,064			
1984	272,996.53	134,833	134,355	165,941
22.04	7,529			
1985	386,914.19	184,713	184,059	241,547
22.64	10,669			
1986	366,628.21	168,777	168,179	235,112
23.26	10,108			
1987	454,790.35	201,609	200,895	299,374
23.88	12,537			
1988	386,524.89	164,629	164,046	261,131
24.51	10,654			
1989	512,183.54	209,304	208,562	354,840
25.14	14,115			
1990	353,665.90	138,301	137,811	251,221
25.78	9,745			
1991	408,485.45	152,414	151,874	297,460
26.43	11,255			
1992	519,151.59	184,283	183,630	387,437
27.09	14,302			
1993	490,162.24	165,096	164,511	374,667
27.75	13,502			
1994	429,065.08	136,730	136,246	335,726
28.41	11,817			
1995	383,277.95	115,098	114,690	306,916
29.08	10,554			
1996	491,246.97	138,443	137,953	402,419
29.75	13,527			
1997	698,596.55	183,815	183,164	585,292
30.43	19,234			
1998	527,028.10	128,816	128,360	451,371
31.11	14,509			
1999	756,093.39	170,499	169,895	661,808
31.80	20,812			
2000	541,983.78	111,903	111,506	484,676
32.49	14,918			
2001	243,153.56	45,603	45,441	222,028
33.18	6,692			
2002	541,068.58	91,062	90,739	504,436
33.88	14,889			
2003	781,916.62	116,545	116,132	743,976
34.58	21,515			
2004	691,031.06	89,696	89,378	670,756
35.28	19,012			
2005	818,293.89	90,012	89,693	810,430
36.00	22,512			
2006	1,228,246.81	111,058	110,665	1,240,406
36.71	33,789			
2007	171,803.62	12,133	12,090	176,894
37.43	4,726			

LIFE (6)	ACCRUAL (1) (7)	(2)	(3)	(4)	(5)
SURVIVOR CURVE.. IOWA 80-R3 NET SALVAGE PERCENT.. -25					
17.86	1934	7,001.92	6,798	8,348	404
18.38	23	189.90	183	225	12
18.90	1	26.06	25	31	2
19.44	1937	151.72	144	177	13
20.00	1	117.38	110	135	12
20.56	1939	683.31	635	780	74
21.14	4	354.86	326	400	44
21.72	2	675.03	615	755	89
22.32	4	147.02	133	163	21
24.17	1	15.82	14	17	3
24.81	1946	946.38	816	1,002	181
25.46	7	478.45	408	501	97
26.12	4	1,935.58	1,630	2,002	417
26.78	16	1,872.49	1,557	1,912	429
27.46	16	2,032.11	1,668	2,048	492
28.15	18	1,697.22	1,375	1,688	434
28.84	15	4,301.90	3,439	4,223	1,154
29.54	40	9,633.30	7,595	9,326	2,716
30.25	92	4,963.31	3,858	4,737	1,467
30.97	48	19,730.37	15,116	18,562	6,101
31.70	197	15,939.21	12,028	14,770	5,154
32.43	163	20,413.63	15,172	18,630	6,887
33.17	212	17,327.50	12,679	15,569	6,090
33.92	184	37,425.48	26,946	33,088	13,694
34.68	404	23,861.09	16,897	20,749	9,077
35.44	262	28,795.28	20,049	24,619	11,375
36.21	321	44,672.89	30,567	37,534	18,307
36.99	506	27,876.45	18,733	23,003	11,843
37.77	320	43,343.08	28,601	35,120	19,059
	505				

1965	57,506.94	37,229	45,715	26,169
38.57	678			
1966	106,648.92	67,722	83,159	50,152
39.36	1,274			
1967	62,318.25	38,785	47,626	30,272
40.17	754			
1968	67,519.39	41,162	50,545	33,854
40.98	826			
1969	59,019.25	35,227	43,257	30,517
41.80	730			
1970	68,095.43	39,768	48,833	36,286
42.62	851			
1971	56,582.29	32,316	39,682	31,046
43.45	715			
1972	77,836.25	43,433	53,333	43,962
44.29	993			
1973	139,353.54	75,930	93,238	80,954
45.13	1,794			
□				

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 335.00 FIRE HYDRANTS

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL
2010

RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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SURVIVOR CURVE.. IOWA 80-R3
NET SALVAGE PERCENT.. -25

1974	366,503.61	194,797	239,199	218,931
45.98	4,761			
1975	100,785.47	52,232	64,138	61,844
46.83	1,321			
1976	71,870.25	36,285	44,556	45,282
47.69	950			
1977	126,550.47	62,184	76,358	81,830
48.55	1,685			
1978	138,945.41	66,381	81,512	92,170
49.42	1,865			
1979	149,322.58	69,286	85,079	101,574
50.30	2,019			
1980	129,018.54	58,091	71,332	89,941
51.18	1,757			
1981	72,840.50	31,786	39,031	52,020
52.07	999			
1982	77,534.51	32,758	40,225	56,693
52.96	1,070			
1983	60,248.76	24,604	30,212	45,099
53.86	837			
1984	160,419.29	63,265	77,686	122,838
54.76	2,243			

1985	164,279.59	62,447	76,681	128,668
55.67	2,311			
1986	111,297.79	40,721	50,003	89,119
56.58	1,575			
1987	221,996.95	78,087	95,886	181,610
57.49	3,159			
1988	230,979.31	77,927	95,690	193,034
58.41	3,305			
1989	222,956.15	71,959	88,362	190,333
59.34	3,207			
1990	342,995.68	105,728	129,828	298,917
60.27	4,960			
1991	202,622.54	59,520	73,087	180,191
61.20	2,944			
1992	330,976.58	92,342	113,391	300,330
62.14	4,833			
1993	228,011.77	60,281	74,022	210,993
63.08	3,345			
1994	275,820.75	68,852	84,546	260,230
64.02	4,065			
1995	216,035.95	50,741	62,307	207,738
64.97	3,197			
1996	319,371.52	70,262	86,278	312,936
65.92	4,747			
1997	263,368.18	54,023	66,337	262,873
66.87	3,931			
1998	270,789.51	51,484	63,219	275,268
67.83	4,058			
1999	366,272.06	64,143	78,764	379,076
68.79	5,511			
2000	255,768.76	40,955	50,291	269,420
69.75	3,863			
2001	392,469.84	56,908	69,881	420,706
70.72	5,949			
2002	474,071.87	61,570	75,606	516,984
71.69	7,211			
2003	558,845.23	64,058	78,661	619,896
72.66	8,531			
2004	555,936.45	55,316	67,926	626,995
73.63	8,515			
2005	751,818.46	63,341	77,780	861,993
74.61	11,553			
2006	990,260.69	68,328	83,904	1,153,922
75.58	15,268			
2007	689,397.43	37,055	45,502	816,245
76.56	10,662			
2008	505,701.91	19,406	23,830	608,297
77.54	7,845			
2009	475,246.47	10,990	13,495	580,563
78.52	7,394			
9999	2,049,890.80-	486,029-	596,825-	1,965,539-
	29,928-			
	9,832,929.03	2,331,773	2,863,282	9,427,880
	143,500			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..

65.7 1.46

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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 339.10 OTHER P/E INTANGIBLE

ACCRAUAL
2010
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
2007 1.50	1,354	8,374.81	5,862	6,344	2,031
		8,374.81 1,354	5,862	6,344	2,031

SURVIVOR CURVE.. 5-SQUARE
NET SALVAGE PERCENT.. 0

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
1.5 16.17
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KENTUCKY AMERICAN WATER COMPANY
ACCOUTN 339.60 OTHER P/E COMPANY PLANNING

STUDY
ACCRAUAL
2010
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
2007 6.50	6,211	63,554.70	22,244	23,184	40,371
2008 7.50	3,129	31,736.46	7,934	8,269	23,467
2009 8.50	13,920	140,244.29	21,037	21,927	118,317
		235,535.45 23,260	51,215	53,380	182,155

SURVIVOR CURVE.. 10-SQUARE
NET SALVAGE PERCENT.. 0

2003	7,390.01	2,771	2,754	4,636
12.50	371			
2004	6,504.78	2,114	2,101	4,404
13.50	326			
2005	14,130.29	3,886	3,862	10,268
14.50	708			
2006	22,626.63	5,091	5,059	17,568
15.50	1,133			
2007	59,479.26	10,409	10,344	49,135
16.50	2,978			
2008	20,089.99	2,511	2,495	17,595
17.50	1,005			
	476,278.52	266,305	264,645	211,632
	23,805			
	733,353.16	523,381	521,720	211,632
	23,805			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
8.9 3.25
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 340.21 OFFICE FURNITURE AND EQUIPMENT -
MAINFRAME

CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
FULLY ACCRUED NET SALVAGE PERCENT.. 0					
1992		15,773.28	15,773	15,773	
1996		11,522.24	11,522	11,523	
		27,295.52	27,295	27,296	
AMORTIZED SURVIVOR CURVE.. 5-SQUARE NET SALVAGE PERCENT.. 0					
2006		42,968.95	38,672	34,625	8,344
0.50	8,344				
2008		6,658.85	3,329	2,980	3,679
2.50	1,472				
2009		12,358.43	3,708	3,320	9,038
3.50	2,582				
		61,986.23	45,709	40,925	21,061

12,398

89,281.75 73,004 68,221 21,061
12,398

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
1.7 13.89
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 340.22 OFFICE FURNITURE AND EQUIPMENT -
PERSONAL
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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FULLY ACCRUED
NET SALVAGE PERCENT.. 0

1992	15,652.95	15,653	15,653
1993	18,955.37	18,955	18,955
1995	35,043.42	35,043	35,043
1996	50,099.99	50,100	50,100
1997	7,797.53	7,798	7,798
1999	189,128.75	189,129	189,129
2000	4,809.72	4,810	4,810
2001	64,058.65	64,059	64,059
2002	16,727.17	16,727	16,727
2004	59,181.74	59,182	59,182
2005	148,835.29	148,835	148,835
	610,290.58	610,291	610,291

AMORTIZED
SURVIVOR CURVE.. 5-SQUARE
NET SALVAGE PERCENT.. 0

2006	23,828.32	21,445	20,946	2,882
0.50	2,882			
2007	148,367.01	103,857	101,439	46,928
1.50	31,285			
2008	41,457.82	20,729	20,247	21,211
2.50	8,484			
2009	37,597.57	11,279	11,016	26,582
3.50	7,595			
	251,250.72	157,310	153,648	97,603
	50,246			
	861,541.30	767,601	763,939	97,603

50,246

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
1.9 5.83
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.23 OFFICE FURNITURE AND EQUIPMENT -
PERIPH OTHER

ACCRAUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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FULLY ACCRUED
NET SALVAGE PERCENT.. 0

1990	5,510.50	5,511	5,511	5,511
1993	10,024.91	10,025	10,025	10,025
1995	1,246.04	1,246	1,246	1,246
1996	5,733.92	5,734	5,734	5,734
1997	7,682.12	7,682	7,682	7,682
1999	53,548.55	53,549	53,549	53,549
2000	8,264.01	8,264	8,264	8,264
2002	1,985.91	1,986	1,986	1,986
2004	7,979.16	7,979	7,979	7,979
2005	13,752.68	13,753	13,753	13,752
	115,727.80	115,729	115,728	

AMORTIZED
SURVIVOR CURVE.. 5-SQUARE
NET SALVAGE PERCENT.. 0

2006	17,701.62	15,931	15,334	2,368
0.50	2,368			
2007	36,050.33	25,235	24,289	11,761
1.50	7,841			
2008	42,757.78	21,379	20,578	22,180
2.50	8,872			
2009	66,345.07	19,904	19,158	47,187
3.50	13,482			
	162,854.80	82,449	79,359	83,496
	32,563			
	278,582.60	198,178	195,087	83,496
	32,563			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..

2.6 11.69
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 340.30 OFFICE FURNITURE & EQUIPMENT - COMP
SOFTWARE
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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FULLY ACCRUED
NET SALVAGE PERCENT.. 0

1993		48,583.72	48,584	48,584	
1996		2,000.42	2,000	2,000	
1997		29,274.67	29,275	29,275	
1999		712,217.90	712,218	712,218	
2003	3,174,231.95		3,174,232	3,174,232	
2004	10,216.71		10,217	10,217	
2005	562,532.11		562,532	562,531	
	4,539,057.48		4,539,058	4,539,057	

AMORTIZED
SURVIVOR CURVE.. 5-SQUARE
NET SALVAGE PERCENT.. 0

2006	8,461.11		7,615	6,769	1,692
0.50	1,692				
	4,547,518.59		4,546,673	4,545,826	1,692
	1,692				

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
1.0 0.04
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 340.32 OFFICE FURNITURE & EQUIP - COMP
SOFT PERSONAL
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
FULLY ACCRUED NET SALVAGE PERCENT.. 0					
1993		400.00	400	400	
AMORTIZED SURVIVOR CURVE.. 5-SQUARE NET SALVAGE PERCENT.. 0					
2007		92,626.36	64,838	64,839	27,787
1.50	18,525				
2008		5,000.00	2,500	2,500	2,500
2.50	1,000				
2009		2,703.83	811	811	1,893
3.50	541				
		100,330.19	68,149	68,150	32,180
		20,066			
		100,730.19	68,549	68,550	32,180
		20,066			
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..					
1.6	19.92				

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 340.33 OFFICE FURNITURE AND EQUIP -
SOFTWARE OTHER

ACCRAUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
FULLY ACCRUED NET SALVAGE PERCENT.. 0					
1993		1,603.58	1,604	1,604	
1994		3,024.78	3,025	3,025	
1995		1,298.90	1,299	1,299	
1996		14,161.58	14,162	14,162	
1997		34,911.43	34,911	34,911	
1999		44,917.16	44,917	44,917	

2000	9,351.59	9,352	9,352
2001	5,906.95	5,907	5,907
2002	412,697.73	412,698	412,697
	527,873.70	527,875	527,874

AMORTIZED
SURVIVOR CURVE.. 5-SQUARE
NET SALVAGE PERCENT.. 0

2007	4,470.43	3,129	3,129	1,341
1.50	894			
	532,344.13	531,004	531,003	1,341
	894			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
1.5 0.17
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 340.50 OFFICE FURNITURE AND EQUIPMENT -

OTHER

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. YEAR LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
(6)	(1)	(2)	(3)	(4)	(5)

FULLY ACCRUED
NET SALVAGE PERCENT.. 0

1990	3,811.41	3,811	3,811
1991	1,066.45	1,066	1,066
1992	9,653.06	9,653	9,653
1993	1,326.09	1,326	1,326
1994	2,958.74	2,959	2,959
1995	5,934.08	5,934	5,935
	24,749.83	24,749	24,750

AMORTIZED
SURVIVOR CURVE.. 15-SQUARE
NET SALVAGE PERCENT.. 0

1996	106.75	103	103	4
0.50	4			
1997	5,592.90	5,034	5,032	561
1.50	374			
1998	5,250.49	4,375	4,373	877
2.50	351			
1999	17,296.77	13,261	13,254	4,043

3.50	1,155			
2000	1,008.57	706	706	303
4.50	67			
2001	23,187.91	14,685	14,678	8,510
5.50	1,547			
2002	665.20	377	377	288
6.50	44			
2005	3,965.82	1,454	1,453	2,513
9.50	265			
2006	6,544.92	1,963	1,962	4,583
10.50	436			
	63,619.33	41,958	41,938	21,682
	4,243			
	88,369.16	66,707	66,688	21,682
	4,243			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
5.1 4.80
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.10 TRANSPORTATION EQUIPMENT - LIGHT
DUTY TRUCKS

ACCRUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. LIFE	ANNUAL ACCRUAL	ORIGINAL COST	CALCULATED ACCRUED	ALLOC. BOOK RESERVE	FUT. BOOK ACCRUALS
(6)	(1)	(2)	(3)	(4)	(5)

SURVIVOR CURVE.. IOWA 13-S2.5
NET SALVAGE PERCENT.. +20

1974	738.63	591	1,318	727-
1982	20,145.98	16,117	35,941	19,824-
1987	1,567.00	1,209	2,696	1,442-
1988	8,945.47	6,804	15,173	8,017-
1989	12,472.57	9,341	20,831	10,853-
1990	24,313.11	17,924	39,971	20,521-
1991	16,288.41	11,818	26,354	13,323-
1992	12,572.73	8,967	19,997	9,939-
1995	73,036.90	48,900	109,048	50,618-
1997	127,987.18	80,734	180,038	77,648-
1998	96,005.13	58,310	130,032	53,228-
1999	172,210.90	100,048	223,108	85,339-
2000	50,201.90	27,619	61,591	21,429-
2001	145,027.88	74,695	166,571	50,549-
2002	145,690.46	69,302	154,544	37,992-
2006	510,346.96	139,141	310,286	97,992
2007	291,500.91	62,428	139,215	93,986
2008	181,016.60	27,732	61,842	82,971

1,890,068.72 761,680 1,698,556 186,500-

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
0.0 0.00
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.20 TRANSPORTATION EQUIPMENT - HEAVY
DUTY TRUCKS

ACCRUAL CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 14-S2					
NET SALVAGE PERCENT.. +15					
1979		12,423.75	10,560	10,560	
1988		19,540.47	15,340	16,609	
1991		28,900.31	21,423	24,565	
1994		16,692.38	11,493	14,189	
1997		123,096.63	76,601	104,632	
1999		84,706.37	48,031	72,000	
2000		43,489.19	23,263	36,966	
2001		99,956.08	49,950	84,963	
2005		163,022.19	52,365	117,180	21,389
8.71	2,456				
2006		65,331.82	17,454	39,058	16,474
9.60	1,716				
2007		199,307.32	41,862	93,676	75,735
10.54	7,185				
2008		304,470.54	46,041	103,028	155,772
11.51	13,534				
		1,160,937.05	414,383	717,426	269,370
		24,891			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
10.8 2.14
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KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 341.30 TRANSPORTATION EQUIPMENT -
AUTOS

ACCRUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 10-S3 NET SALVAGE PERCENT.. +15					
1990		33,214.57	28,232	79,106	50,874-
1992		12,899.13	10,767	30,169	19,205-
1997		20,554.68	15,759	44,157	26,686-
1998		734.03	548	1,535	911-
1999		16,925.58	12,272	34,386	19,999-
2004		16,174.78	8,414	23,576	9,827-
2006		17,008.17	6,419	17,986	3,529-
2007		56,037.74	16,624	46,581	1,051
2008		34,308.13	7,290	20,427	8,735
		207,856.81	106,325	297,923	121,245-

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
0.0 0.00
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 341.40 TRANSPORTATION EQUIPMENT -
OTHER

ACCRUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 16-L3 NET SALVAGE PERCENT.. 0					
1956		220.10	220	220	
1991		2,626.00	1,946	2,626	
2001		5,219.99	2,848	3,972	1,248
7.27	172				
2002		16,103.89	8,031	11,200	4,904
8.02	611				
2004		59,336.84	23,325	32,529	26,808
9.71	2,761				

2006	49,739.50	13,833	19,292	30,448
11.55	2,636			
2007	92,750.78	20,173	28,134	64,617
12.52	5,161			
2008	176,121.58	27,510	38,366	137,756
13.50	10,204			
2009	14,207.52	1,331	1,856	12,352
14.50	852			
	416,326.20	99,217	138,195	278,133
	22,397			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
12.4 5.38
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KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 342 STORES EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
FULLY ACCRUED NET SALVAGE PERCENT.. 0					
1971		590.73	591	591	
1972		1,677.10	1,677	1,677	
1985		550.20	550	550	
		2,818.03	2,818	2,818	
AMORTIZED SURVIVOR CURVE.. 25-SQUARE NET SALVAGE PERCENT.. 0					
1986		330.23	324	324	6
0.50	6				
1987		27,616.12	25,959	25,948	1,668
1.50	1,112				
1997		3,162.25	1,708	1,707	1,455
11.50	127				
		31,108.60	27,991	27,979	3,129
	1,245				
		33,926.63	30,809	30,797	3,129
	1,245				

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..

2.5 3.67
□

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 343 TOOLS, SHOP AND GARAGE
EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
ACCRUAL
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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FULLY ACCRUED
NET SALVAGE PERCENT.. 0

1933		3,604.69	3,605	3,605	
1961		461.04	461	461	
1964		242.66	243	243	
1966		94.49	94	94	
1968		345.64	346	346	
1969		698.97	699	699	
1970		1,516.38	1,516	1,516	
1971		1,576.22	1,576	1,576	
1972		1,663.72	1,664	1,664	
1973		582.77	583	583	
1974		4,306.67	4,307	4,307	
1976		4,532.74	4,533	4,533	
1977		5,553.15	5,553	5,553	
1978		5,046.54	5,047	5,047	
1979		2,916.15	2,916	2,916	
1980		1,698.74	1,699	1,699	
1982		14,283.29	14,283	14,283	
1983		3,029.86	3,030	3,030	
1984		11,794.34	11,794	11,794	
1985		5,402.39	5,402	5,402	
1986		26,123.53	26,124	26,124	
1987		29,491.25	29,491	29,491	
1988		16,774.64	16,775	16,775	
1989		25,390.59	25,391	25,391	
1990		20,980.71	20,981	20,979	
		188,111.17	188,113	188,111	

AMORTIZED
SURVIVOR CURVE.. 20-SQUARE
NET SALVAGE PERCENT.. 0

1991		42,931.59	41,858	41,491	1,441
0.50		1,441			
1992		33,381.41	30,878	30,608	2,773
1.50		1,849			
1993		17,504.80	15,317	15,183	2,322
2.50		929			

1994	25,135.75	20,737	20,555	4,581
3.50	1,309			
1995	62,049.81	48,089	47,668	14,382
4.50	3,196			

□

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 343 TOOLS, SHOP AND GARAGE

EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
1996	35,091.84		25,442	25,219	9,873
5.50	1,795				
1997	79,116.83		53,404	52,936	26,181
6.50	4,028				
1998	48,588.10		30,368	30,102	18,486
7.50	2,465				
1999	84,231.29		48,433	48,009	36,222
8.50	4,261				
2000	89,130.06		46,793	46,383	42,747
9.50	4,500				
2001	46,735.28		22,199	22,005	24,730
10.50	2,355				
2002	5,440.16		2,312	2,292	3,148
11.50	274				
2004	4,144.40		1,347	1,335	2,809
13.50	208				
2005	127,524.66		35,069	34,762	92,763
14.50	6,397				
2006	633,358.10		142,506	141,258	492,100
15.50	31,748				
2007	238,682.81		41,769	41,403	197,280
16.50	11,956				
2008	117,147.48		14,643	14,515	102,632
17.50	5,865				
2009	27,452.41		2,059	2,041	25,411
18.50	1,374				
		1,717,646.78	623,223	617,765	1,099,881
		85,950			
		1,905,757.95	811,336	805,876	1,099,881
		85,950			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
 12.8 4.51
 □

KENTUCKY AMERICAN WATER COMPANY
 ACCOUNT 344 LABORATORY EQUIPMENT
 CALCULATED REMAINING LIFE DEPRECIATION
 ACCRUAL RELATED TO ORIGINAL COST AT DECEMBER 31,
 2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
--------------------	--------------------	-------------------	------------------------	-------------------------	------------------------

FULLY ACCRUED
 NET SALVAGE PERCENT.. 0

1972		340.13	340	340	
1976		1,273.80	1,274	1,274	
1978		2,032.80	2,033	2,033	
1982		2,906.99	2,907	2,907	
1983		3,221.40	3,221	3,221	
1984		3,950.78	3,951	3,951	
1985		571.20	571	571	
1986		1,918.14	1,918	1,918	
1987		31,608.39	31,608	31,608	
1989		2,514.10	2,514	2,514	
1990		8,173.99	8,174	8,174	
1991		46,577.09	46,577	46,577	
1992		19,592.64	19,593	19,593	
1993		7,880.14	7,880	7,880	
1994		17,835.02	17,835	17,835	
1995		11,661.75	11,662	11,662	
		162,058.36	162,058	162,058	

AMORTIZED
 SURVIVOR CURVE.. 15-SQUARE
 NET SALVAGE PERCENT.. 0

1996		10,432.54	10,085	10,053	380
0.50		380			
1997		22,524.63	20,272	20,208	2,317
1.50		1,545			
1998		40,722.08	33,934	33,827	6,895
2.50		2,758			
1999		69,710.61	53,447	53,278	16,433
3.50		4,695			
2000		198,389.55	138,873	138,434	59,956
4.50		13,324			
2001		212,735.92	134,726	134,301	78,435
5.50		14,261			
2002		60,915.26	34,521	34,412	26,503
6.50		4,077			
2006		3,520.19	1,056	1,053	2,467

10.50	235			
2007	20,166.18	4,705	4,690	15,476
11.50	1,346			
2008	20,257.16	3,377	3,366	16,891
12.50	1,351			
2009	6,594.63	659	657	5,938
13.50	440			
	665,968.75	435,655	434,279	231,691
	44,412			
	828,027.11	597,713	596,337	231,691
	44,412			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
5.2 5.36
□

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 345 POWER OPERATED EQUIPMENT
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
SURVIVOR CURVE.. IOWA 18-L4 NET SALVAGE PERCENT.. +15					
1941		5,386.77	4,579	4,579	
1978		12,962.26	10,405	11,018	
1979		1,617.00	1,287	1,374	
1985		10,177.50	7,622	8,651	
1986		1,652.04	1,222	1,404	
1987		4,500.00	3,281	3,825	
1988		59,533.98	42,791	50,604	
1989		18,388.76	13,034	15,630	
1990		47,797.49	33,449	40,628	
1991		33,312.89	23,078	28,316	
1992		4,439.80	3,046	3,774	
1993		11,703.75	7,937	9,948	
1994		37,806.05	25,207	32,135	
1995		55,860.83	36,243	47,482	
1997		70,631.94	41,960	60,037	
1999		55,639.33	29,033	47,293	
2001		45,456.79	20,049	36,562	2,076
8.66	240				
2003		20,754.79	7,321	13,351	4,291
10.53	408				
2005		992,362.64	257,776	470,095	373,413
12.50	29,873				
2008		31,893.02	3,765	6,866	20,243

15.50	1,306			
2009	4,156.88	294	536	2,997
16.50	182			
	1,526,034.51	573,379	894,108	403,020
	32,009			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
12.6 2.10
□

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 346.10 COMMUNICATION EQUIPMENT -
NON-TELEPHONE
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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FULLY ACCRUED
NET SALVAGE PERCENT.. 0

1968		65.92	66	66	
1972		38,739.35	38,739	38,739	
1976		1,361.65	1,362	1,362	
1977		1,566.05	1,566	1,566	
1983		4,698.67	4,699	4,699	
1985		4,452.50	4,453	4,453	
1986		16,294.66	16,295	16,295	
1987		22,247.66	22,248	22,248	
1988		33,798.43	33,798	33,798	
1989		38,765.32	38,765	38,765	
1990		12,871.59	12,872	12,872	
1991		4,416.26	4,416	4,416	
1992		1,598.00	1,598	1,598	
1993		12,195.94	12,196	12,196	
1994		36,776.17	36,776	36,776	
1995		162,902.94	162,903	162,903	
		392,751.11	392,752	392,751	

AMORTIZED
SURVIVOR CURVE.. 15-SQUARE
NET SALVAGE PERCENT.. 0

1996		36,117.75	34,915	34,800	1,318
0.50		1,318			
1997		274,365.78	246,929	246,115	28,251
1.50		18,834			
1998		66,638.95	55,530	55,347	11,292
2.50		4,517			

1999	204,301.60	156,638	156,122	48,180
3.50	13,766			
2000	592,411.63	414,688	413,321	179,091
4.50	39,798			
2001	194,793.82	123,363	122,956	71,838
5.50	13,061			
2002	32,924.97	18,659	18,598	14,327
6.50	2,204			
2003	45,153.44	22,577	22,503	22,650
7.50	3,020			
2004	8,683.27	3,762	3,750	4,933
8.50	580			
2005	64,700.85	23,726	23,647	41,054
9.50	4,321			
2006	8,645.09	2,594	2,585	6,060
10.50	577			
2008	599.38	100	100	499
12.50	40			
	1,529,336.53	1,103,481	1,099,844	429,493
	102,036			
	1,922,087.64	1,496,233	1,492,595	429,493
	102,036			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
4.2 5.31
□

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 346.19 REMOTE CONTROL AND INSTRUMENTATION

ACCRAUAL CALCULATED REMAINING LIFE DEPRECIATION
2010 RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
2008	22,310.63		3,719	3,695	18,616
12.50	1,489				
	22,310.63		3,719	3,695	18,616
	1,489				

SURVIVOR CURVE.. 15-SQUARE
NET SALVAGE PERCENT.. 0
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
12.5 6.67
□

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 346.20 COMMUNICATION EQUIPMENT -
TELEPHONE

CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
		SURVIVOR CURVE.. 15-SQUARE NET SALVAGE PERCENT.. 0			
2008 12.50	16,052	240,675.02	40,121	40,029	200,646
2009 13.50	8	125.00	13	13	112
		240,800.02 16,060	40,134	40,042	200,758

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
12.5 6.67
□

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 347.00 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,
2010

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
		FULLY ACCRUED NET SALVAGE PERCENT.. 0			
1956		69.30	69	69	
1957		73.00	73	73	
1958		116.20	116	116	
1959		77.52	78	78	
1960		35.54	36	36	

1963	33.48	33	33
1966	49.96	50	50
1972	502.78	503	503
1973	615.88	616	616
1974	1,419.23	1,419	1,419
1976	530.25	530	530
1977	14,000.00	14,000	14,000
1979	1,363.70	1,364	1,364
1981	1,510.17	1,510	1,510
1982	5,272.16	5,272	5,272
1983	9,211.49	9,211	9,211
1984	3,358.88	3,359	3,359
1985	4,532.74	4,533	4,533
1986	9,225.30	9,225	9,225
1987	16,476.38	16,476	16,476
1988	20,651.55	20,652	20,652
1989	26,837.20	26,837	26,837
1990	33,258.66	33,259	33,259
	149,221.37	149,221	149,221

AMORTIZED
SURVIVOR CURVE.. 20-SQUARE
NET SALVAGE PERCENT.. 0

1991	4,481.09	4,369	4,362	119
0.50	119			
1992	6,094.17	5,637	5,627	467
1.50	311			
1993	2,501.94	2,189	2,185	317
2.50	127			
1994	5,381.89	4,440	4,432	950
3.50	271			
1995	4,370.33	3,387	3,381	989
4.50	220			
1996	6,733.50	4,882	4,874	1,860
5.50	338			
1997	18,394.58	12,416	12,395	6,000
6.50	923			

□

KENTUCKY AMERICAN WATER COMPANY

ACCOUNT 347.00 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION

ACCRUAL

RELATED TO ORIGINAL COST AT DECEMBER 31,

2010

REM. LIFE (6)	ANNUAL ACCRUAL (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
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AMORTIZED
SURVIVOR CURVE.. 20-SQUARE
NET SALVAGE PERCENT.. 0

1998	42,103.37	26,315	26,270	15,833
7.50	2,111			
1999	91,111.14	52,389	52,299	38,812
8.50	4,566			
2001	27,827.48	13,218	13,195	14,632
10.50	1,394			
2002	91,113.68	38,723	38,657	52,457
11.50	4,561			
2003	77,970.14	29,239	29,189	48,781
12.50	3,902			
2004	24,723.93	8,035	8,021	16,703
13.50	1,237			
2005	642,306.45	176,634	176,331	465,975
14.50	32,136			
2006	29,888.24	6,725	6,714	23,174
15.50	1,495			
2007	12,596.30	2,204	2,200	10,396
16.50	630			
2008	2,753.50	344	343	2,411
17.50	138			
2009	11,393.29	854	853	10,540
18.50	570			
	1,101,745.02	392,000	391,328	710,416
	55,049			
	1,250,966.39	541,221	540,549	710,416
	55,049			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
12.9 4.40
□

KENTUCKY AMERICAN WATER COMPANY
ACCOUNT 348.00 OTHER TANGIBLE PROPERTY

ACCRAUAL
2010
CALCULATED REMAINING LIFE DEPRECIATION
RELATED TO ORIGINAL COST AT DECEMBER 31,

REM. YEAR LIFE (6)	ANNUAL ACCRUAL (7)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUT. BOOK ACCRUALS (5)
--------------------	--------------------	-------------------	------------------------	-------------------------	------------------------

SURVIVOR CURVE.. 20-SQUARE
NET SALVAGE PERCENT.. 0

1991	10,638.34	10,372	10,234	404
0.50	404			
1998	107,321.54	67,076	66,184	41,138
7.50	5,485			
2001	9,718.30	4,616	4,555	5,163
10.50	492			
2002	500.00	213	210	290
11.50	25			

2003	5,603.90	2,101	2,073	3,531
12.50	282			
2005	4,702.50	1,293	1,276	3,427
14.50	236			
	138,484.58	85,671	84,532	53,953
	6,924			

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PCT..
7.8 5.00
□

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Linda C. Bridwell/Michael A. Miller

44. Provide a comparison of the Kentucky River Station 2 included in this case to those contained in Table 2 above. Provide a detailed explanation for any construction cost variances that exceed 5 percent of the original construction estimate.

Response:

The estimated cost listed in Table 2 appears to be the same depreciable utility plant balances from Post Hearing data request Item 8 of 9 in Case No. 2007-00134, which were the individual utility plant account estimates developed internally from the bid amounts that expired in February 2008.

At the March 6, 2008 hearing in case number 2007-00134, KAW identified an estimated project cost of \$155.837 million¹ for a 20 MGD facility. At the hearing in case number 2007-00134 Ms. Bridwell indicated, upon questioning by Chairman Goss, that the bids received in December 2007 had expired in February 2008 and that the Company had received revised bids which the contractors would hold until May 2008, but the revised bids were \$5.453 million higher². The project costs provided in the certificate case assumed that approximately \$89 million of CWIP for the project would be given full rate base treatment, with AFUDC ceasing on the \$89 million, upon the effective date of rates in the 2008 rate case³ (June 1, 2009).

After executing contracts in May 2008, KAW received from the contractor a detailed schedule of values that further defined the estimated costs by utility plant account. Those estimates have been utilized to develop the capital additions by utility plant account in this case.

Attached is a comparison of the estimated costs in Table 2, with the current estimate by utility plant account for depreciable plant balances by account title. The Company has shown the land costs on the attached schedule to illustrate the total KRS II project costs included in this filing. Please see the response to KAW_R_AGDR1#133_042610 for a reconciliation of the total project costs identified in case number 2007-00134 and case number 2008-00427 to the KRS II project cost included in this proceeding. Please note that land costs are not listed in Table 2, but are higher than the original estimate listed in Post Hearing data request Item 8 in Case No. 2007-00134. The land costs are higher due to the purchase of additional property for beneficial re-use of residuals at the plant

¹ Case No. 2007-00134, Hearing Exhibit 12.

² See transcript of March 6, 2008 hearing in case number 2007-00134, at pages 81-82. Also see Pool 3 Progress Report filed with the Commission on July 1, 2008 as required by the Order in case number 2007-00134.

³ Case number 2007-00134, Hearing Exhibit 12.

property, and easement acquisition being higher than originally estimated. Other variances from the estimate in Table 2 are partially the result of the defined schedule of values from the contractor providing more concrete information than was available at the time of the hearing in case number 2007-00134. For more detailed information about increases in the contract prices, please refer to the response to KAW_R_AGDR1#133_042610 of the Attorney General's First Data Request in this case.

As detailed in response to part b of Item 133, of the Attorney General's First Data Request in this case, the KRS II costs included in this case are \$459,712 or 0.3% (3/10ths of 1%) lower than the estimate used in the 2008 rate case, and \$529,998 or 0.3% (3/10ths of 1 %) over the estimate used in the certificate case. The Company has been able to keep the project on budget and in line with the estimate provided in the certificate case.

For the electronic version of this response, refer to KAW_R_PSCDR2#44_043010.pdf.

Attachment
Item 44
Response to Item 44 of Commission's Second Data Request
Case No. 2010-00036

Table 2

Depreciation Group	Est. Cost
Lake, River and Other Intakes	\$1,351,955
Raw Water Pumping Station Structure	\$9,328,491
Electric Pumping Equipment	\$1,622,346
Supply Mains	\$1,216,759
Water Treatment Plant Structure	\$57,613,567
Equipment	\$11,681,796
Electric Pumping Equipment	\$5,592,553
Finished Water Main	\$60,600,924
Transmission Storage	\$3,375,489
Transmission Water Pumping Station Structure	\$5,201,458
Electric Pumping Equipment	\$2,207,541
Total	\$159,792,879

**2010-00036
Current Est. Cost**

Description	2010-00036 Current Est. Cost	2010-00036 Current Est. Cost
Water Treatment Plant		
Intake Equipment	\$5,648,952	\$5,648,952
Raw Water Pump Station Structure	\$13,819,059	\$13,819,059
Raw Water Pump Station Equipment	\$2,239,867	\$2,239,867
WTP Site Work	\$8,675,135	\$8,675,135
WTP Structure	\$25,948,713	\$25,948,713
WTP Equipment	\$17,381,555	\$17,381,555
Raw Water Supply Main	\$657,044	\$657,044
High Service Supply Main	\$683,862	\$683,862
High Service Pumping Equipment	\$3,286,961	\$3,286,961
Clearwell	\$1,529,014	\$1,529,014
Emergency Generator Set	\$1,277,661	\$1,277,661
Sub-Total	\$81,147,822	\$81,147,822
Pipeline		
Contract A (Plant to Booster Station)		
Trans & Dist Mains	\$31,575,248	\$31,575,248
Hydrants	\$82,513	\$82,513
Sub-Total	\$31,657,761	\$31,657,761
Contract B (Booster Station to Connection)		
Trans & Dist Mains	\$35,127,762	\$35,127,762
Hydrants	\$82,513	\$82,513
Sub-Total	\$35,210,275	\$35,210,275
Booster Station		
Booster Station Structure	\$3,585,652	\$3,585,652
Booster Station Equipment	\$2,299,447	\$2,299,447
Booster Station Site Work	\$1,571,804	\$1,571,804
Storage Tank	\$2,325,750	\$2,325,750
Emergency Generator Set	\$832,358	\$832,358
Sub-Total	\$10,615,010	\$10,615,010
Land		
WTP Land	\$495,076	\$495,076
Raw Water Intake Land	\$620,247	\$620,247
Pumping Land	\$103,905	\$103,905
T & D Land	\$4,041,563	\$4,041,563
Sub-Total	\$5,260,792	\$5,260,792
Construction Totals		
	\$163,891,660	\$163,891,660
		Note 1
		Total w/o land

Note 1
Total Agrees to Project Cost in current case-
Please see the response to KAW_R_AGDR1#122_042610
for comparison of final costs with add'l AFUDC

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Michael A. Miller

45. Refer to Kentucky-American's Application, Exhibit 37, Schedule B-5 at 1 -2, "Working Capital Lead Lag Study." Provide a schedule that compares the lead/lag days in this study to the lead/lag days used by Kentucky-American in Case No. 2008-00427. Explain each variance in the lead/lag days.

Response:

The table below provides the summary of the net billing/expense lead/lag days used in this case versus the 2008 rate case net days. As shown in the table the revenue lag has improved due to enhanced collection efforts and improvements in the bill generation/edit process. In total the expense lead has increased modestly due primarily to changes in vendor terms. See the attached schedule for the detailed explanations of changes in the lead/lag days for the various expense components of the lead/lag study.

	Case # 2010-00036	Case # 2008-00427	Variance
Revenue Lag	35.83	43.50	(7.67)
Expense Lead	<u>25.62</u>	<u>24.26</u>	<u>1.36</u>
Net Days	10.21	19.24	(9.03)

For the electronic version, refer to KAW_R_PSCDR2#45_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
 Response to PSCDR2#45

Case 2010-00036

Case 2008-00427

Line No.	DESCRIPTION	Post Payment or (Lead) Days	Post Payment or (Lead) Days	Variance	Explanations: See Note 1 for General discussion about variances
1	Payrolls Charged to Expense - Union/ATS Group	12.00	12.00	0.00	
2	Payrolls Charged to Expense - Salaried	12.00	12.00	0.00	
3	Fuel and Power	30.44	26.96	3.48	Increase in the payment lag due to payment timing & terms.
4	Chemicals	27.38	6.65	20.73	Change due to current vendor terms.
5	Service Company Charges	(10.81)	0.40	(11.21)	Current calculation based on terms in 1989 Service Company Contract.
6	Group Insurance	(13.57)	(6.81)	(6.76)	Reflects current payment to VEBA account on first working day of month.
7	Opeb	(1.39)	23.13	(24.52)	Reflects current payments made at mid-point of quarter.
8	Pensions	(1.39)	(5.50)	4.11	Reflects current payments made at mid-point of quarter.
9	Insurance Other than Group	(34.36)	(44.70)	10.32	Reflects current payment terms with insurance providers.
10	Regulatory Exp	16.63		16.63	Reflects current payment schedule, included in other operating expense in last case.
11	Transportation Expense				
12	Rentis	(29.37)	13.56	(13.56)	Included in other operating expense category in this case.
13	Telephone Expense		18.39	(47.76)	Reflects current payment terms of equipment leases.
14	Postage Expense		10.31	(10.31)	Included in other operating expense category in this case.
15	Stock E		23.47	(23.47)	Included in other operating expense category in this case.
16	Maintenance Expense		28.03	(28.03)	Included in material & supplies category. Duplicated in last case.
17	Amortization	30.51	18.54	11.97	Reflects current payment practice for contractors and purchases.
18	Uncollectibles	0.00	0.00	0.00	
19	Waste Disposal	0.00	0.00	0.00	
20	Purchased Water	20.73	25.97	(5.24)	Reflects current payment practice.
21	Other Operating Expenses	46.34	46.34	0.00	
22	Depreciation and Amortization	42.29	24.44	17.85	Included in other operating expense category in this case.
23	Taxes, Other than Income	0.00	0.00	0.00	Reflects shift of categories described in other category explanations.
24	Payroll - FUTA	49.80	69.86	(20.06)	Reflects current deposit requirement of IRS.
25	Payroll - SUTA	47.17	75.14	(27.97)	Reflects current deposit requirement of State Tax Dept.
26	Payroll - FICA	11.54	15.00	(3.46)	Reflects current deposit requirement of IRS.
27	Property Tax	165.85	165.85	0.00	Shown on other category last case. Reflects current pay.sch of tax dept.
28	Other		70.95	(70.95)	Shown in line above.
29	Utility Tax	(182.00)		(182.00)	Reflects current payment schedule, included in other operating expense in last case.
30	Income Taxes - Current - SIT	29.64	52.75	(23.11)	Reflects current estimated payment requirements.
31	Income Taxes - Current - FIT	29.64	30.13	(0.49)	Reflects current estimated payment requirements.
32	Deferred Income Taxes	0.00	0.00	0.00	
33	Interest Expense - Long - Term Debt	90.55	119.64	(29.09)	Reflects current LT Debt Note interest payment terms.
34	Interest Expense - Short - Term Debt	14.31	14.60	(0.29)	timing of work days
35	Preferred Dividends	45.88	46.40	(0.52)	timing of work days
36	Net Income	0.00	0.00	0.00	

Note 1: The payment lag from year to year will change depending on the manner in which week-ends, holidays, etc. fall in the calendar year. The payment lag will change from year to year based new vendor contracts and payment terms. This lag study is also influenced by the combination of some line items into one category and the break out of some items from consolidated line items in the previous study. The above days are supported by calculations provided in workpaper 1-12, supplied in response to PSCDR#1a.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Michael A. Miller

46. For the forecasted period provide a tax basis depreciation schedule that lists separately the balances for each plant account, tax basis accumulated depreciation, and tax basis depreciable lives.

Response:

See the attached schedule.

For the electronic version, refer to KAW_R_PSCDR2#46_043010.pdf.

Kentucky American Water Co
Tax Depreciation Summary Report
Forecasted Balances at 9-30-2011

Tax Class	Year	Ending Asset Balance	Ending Reserve
BUILDINGS 39.5 YR. Life	1970	\$723,636.42	\$496,866.46
BUILDINGS	1971	\$78,844.00	\$71,604.54
BUILDINGS	1972	\$359,145.00	\$320,820.27
BUILDINGS	1973	\$130,670.00	\$110,757.11
BUILDINGS	1974	\$13,974.00	\$11,119.93
BUILDINGS	1975	\$30,107.00	\$24,977.42
BUILDINGS	1976	\$4,524.00	\$3,890.49
BUILDINGS	1977	\$99,340.00	\$78,067.24
BUILDINGS	1978	\$7,428.00	\$5,716.01
BUILDINGS	1979	\$5,098.00	\$3,819.16
BUILDINGS	1980	\$3,450.00	\$2,514.88
BUILDINGS	1982	\$231,848.43	\$231,848.43
BUILDINGS	1983	\$2,300.00	\$2,300.00
BUILDINGS	1984	\$19,992.92	\$19,992.92
BUILDINGS	1985	\$15,973.00	\$15,973.00
BUILDINGS	1986	\$41,702.00	\$41,702.00
BUILDINGS	1987	\$629,009.00	\$480,417.52
BUILDINGS	1988	\$1,873,155.12	\$1,379,982.02
BUILDINGS	1989	\$261,687.71	\$183,994.78
BUILDINGS	1990	\$117,360.28	\$79,421.99
BUILDINGS	1991	\$193,321.75	\$125,893.08
BUILDINGS	1992	\$2,439,015.34	\$1,478,876.20
BUILDINGS	1993	\$1,519,050.00	\$884,538.61
BUILDINGS	1994	\$107,671.00	\$47,159.02
BUILDINGS	1995	\$56,469.51	\$23,763.19
BUILDINGS	1996	\$2,623,948.02	\$1,043,555.96
BUILDINGS	1997	\$2,736,601.39	\$1,025,727.11
BUILDINGS	1998	\$418,894.20	\$142,590.73
BUILDINGS	1999	\$1,002,004.62	\$309,929.57
BUILDINGS	2000	\$789,755.64	\$235,468.14
BUILDINGS	2001	\$52,404.17	\$13,926.44
BUILDINGS	2002	\$146,542.63	\$35,399.41
BUILDINGS	2003	\$12,415.39	\$2,677.95
BUILDINGS	2004	\$986,494.00	\$189,399.61
BUILDINGS	2005	(\$1,360,778.23)	(\$203,498.83)
BUILDINGS	2006	\$2,997,813.79	\$402,773.51
BUILDINGS	2007	\$1,847,578.00	\$207,542.18
BUILDINGS	2008	\$2,062,537.37	\$169,481.63
BUILDINGS	2010	\$55,642,348.00	\$1,843,430.99
BUILDINGS	2011	\$65,411.00	\$951.00
		<u>\$78,988,742.47</u>	<u>\$11,545,371.67</u>
CAR 5 - Year Life	1992	\$9,886.00	\$9,886.00
CAR	1993	\$11,825.00	\$11,825.00
CAR	1995	\$28,010.00	\$28,010.00
CAR	1996	\$38,993.00	\$38,993.00

CAR	1997	\$16,662.80	\$16,662.80
CAR	1998	\$62,111.67	\$62,111.67
CAR	1999	\$23,111.22	\$23,111.22
CAR	2002	\$7,220.00	\$7,220.00
CAR	2003	\$5,639.00	\$5,639.00
CAR	2004	\$74,843.00	\$74,843.00
CAR	2005	(\$0.01)	(\$0.01)
CAR	2006	(\$0.02)	(\$0.01)
CAR	2006	\$69,619.93	\$69,619.93
CAR	2007	\$107,086.29	\$107,086.29
CAR	2008	\$53,462.10	\$53,462.10
CAR	2005 Q4	\$24,889.56	\$24,889.56
CAR	2008 50%	\$128,662.94	\$128,662.94
		<u>\$662,022.48</u>	<u>\$662,022.49</u>

COMP 7 - YR. Life	1990	(\$13,577.22)	(\$13,577.22)
COMP	1991	(\$22,144.65)	(\$22,144.65)
COMP	1992	\$19,858.81	\$19,858.81
COMP	1993	\$33,878.76	\$33,878.76
COMP	1995	\$166,762.54	\$166,762.54
COMP	1996	\$31,120.16	\$31,120.16
COMP	1997	(\$15,899.07)	(\$15,899.07)
COMP	1998	\$382,006.46	\$382,006.46
COMP	1999	\$493,760.62	\$493,760.62
COMP	2000	\$631,423.91	\$631,423.91
COMP	2001	\$134,207.17	\$134,207.17
COMP	2002	(\$49,169.54)	(\$49,169.54)
COMP	2003	\$60,162.13	\$60,162.13
COMP	2004	\$45,822.82	\$45,822.82
COMP	2006	\$149,355.75	\$149,355.75
COMP	2007	\$439,870.51	\$439,870.51
COMP	2008	\$49,528.08	\$49,528.08
COMP	2005 Q2	\$60,125.47	\$60,125.47
COMP	2005 Q3	\$4,977.11	\$4,977.11
COMP	2005 Q4	\$81,632.51	\$81,632.51
COMP	2008 50%	\$39,935.96	\$39,935.96
		<u>\$2,723,638.29</u>	<u>\$2,723,638.29</u>

DATA/OFC - 7 YR. Life	1973	\$3,215.00	\$3,215.00
DATA/OFC	1974	\$1,142.00	\$1,142.00
DATA/OFC	1975	\$131.00	\$131.00
DATA/OFC	1976	\$815.00	\$815.00
DATA/OFC	1977	\$7,529.00	\$7,529.00
DATA/OFC	1978	\$4,985.00	\$4,985.00
DATA/OFC	1979	\$805.00	\$805.00
DATA/OFC	1980	\$2,848.00	\$2,848.00
		<u>\$21,470.00</u>	<u>\$21,470.00</u>

HTRK 5-YR.- life	1978	\$27,452.00	\$27,452.00
HTRK	1979	\$12,453.00	\$12,453.00
HTRK	1988	\$19,540.00	\$19,540.00
HTRK	1991	\$14,720.00	\$14,720.00

HTRK		1992	\$23,980.00	\$23,980.00
HTRK		1994	\$28,878.00	\$28,878.00
HTRK		1996	\$2,323.26	\$2,323.26
HTRK		1997	\$10,942.95	\$10,942.95
HTRK		1998	\$74,107.00	\$74,107.00
HTRK		1999	\$84,706.00	\$84,706.00
HTRK		2000	\$69,952.00	\$69,952.00
HTRK		2001	\$117,318.95	\$117,318.95
HTRK		2006	\$63,970.32	\$63,970.32
HTRK		2007	\$132,391.92	\$132,391.92
HTRK		2008	\$67,513.19	\$67,513.19
HTRK		2005 Q2	\$5,284.04	\$5,284.04
HTRK		2005 Q3	\$104,337.65	\$104,337.65
HTRK		2005 Q4	\$5,832.79	\$5,832.79
HTRK		2008 50%	\$299,512.74	\$299,512.74
			<u>\$1,165,215.81</u>	<u>\$1,165,215.81</u>
INTAN	Various Life	2004	\$10,074.00	\$10,074.00
INTAN		2005	\$5,439.75	\$5,439.75
INTAN		2006	\$1,016.58	\$1,016.58
INTAN		2007	\$5,894.10	\$5,894.10
INTAN		2008	\$6,255.00	\$1,563.97
			<u>\$28,679.43</u>	<u>\$23,988.40</u>
LAND	Various Life	1974	\$27,626.00	\$10,498.00
LAND		1984	\$610.00	\$0.00
LAND		1988	\$36,885.00	\$36,885.00
LAND		1989	\$474.00	\$474.00
LAND		1990	\$22,052.00	\$22,052.00
LAND		1992	\$32,445.00	\$31,902.75
LAND		1993	\$11,420.00	\$10,659.00
LAND		1994	\$2,322.00	\$2,045.70
LAND		1995	\$3,308.00	\$2,750.80
LAND		1996	\$182,237.00	\$10,008.90
LAND		1997	\$34,486.00	\$25,281.10
LAND		1998	\$165,709.00	\$107,390.35
LAND		1999	\$6,272.00	\$3,957.20
LAND		2000	\$91,991.00	\$53,655.85
LAND	ZERO Rate	2002	\$62,054.00	\$0.00
LAND		2003	\$97,752.00	\$0.00
LAND		2004	\$239,953.00	\$0.00
LAND		2006	\$2,193.63	\$0.00
LAND		2008	\$114,076.24	\$0.00
LAND		2005 Q4	\$706,590.48	\$0.00
LAND		2010	\$1,217,695.00	\$0.00
LAND		2011	\$1,487.00	\$0.00
			<u>\$3,059,638.35</u>	<u>\$317,560.65</u>
LTK -	5 YR. Life	1985	\$14.00	\$14.00
LTK		1988	\$8,653.00	\$8,653.00
LTK		1990	\$103.00	\$103.00
LTK		1993	\$21,385.63	\$21,385.63

LTK	1995	\$33,433.06	\$33,433.06
LTK	1996	\$112,106.36	\$112,106.36
LTK	1997	\$78,053.43	\$78,053.43
LTK	1998	\$120,954.56	\$109,840.09
LTK	1999	\$191,984.64	\$146,127.98
LTK	2000	\$63,210.09	\$58,671.06
LTK	2001	\$162,951.58	\$123,515.58
LTK	2002	\$118,636.18	\$118,636.18
LTK	2006	\$557,749.35	\$557,749.35
LTK	2007	\$187,866.30	\$187,866.30
LTK	2008	\$61,246.98	\$61,246.98
LTK	2005 Q4	\$37,534.38	\$37,534.38
LTK	2008 50%	\$181,016.60	\$181,016.60
LTK	2010	\$535,000.00	\$278,200.00
LTK	2011	\$934,000.00	\$186,800.00
		<u>\$3,405,899.14</u>	<u>\$2,300,952.98</u>

OFF 7 YR. Life	1971	\$1,331.00	\$1,331.00
OFF	1972	\$2,389.00	\$2,389.00
OFF	1973	\$4,643.00	\$4,643.00
OFF	1974	\$3,177.00	\$3,177.00
OFF	1976	\$3,654.00	\$3,654.00
OFF	1977	\$4,935.00	\$4,935.00
OFF	1978	\$3,509.00	\$3,509.00
OFF	1979	\$5,421.00	\$5,421.00
OFF	1980	\$1,572.00	\$1,572.00
OFF	1982	\$1,255.78	\$1,255.78
OFF	1983	\$8,789.00	\$8,789.00
OFF	1984	\$6,676.44	\$6,676.44
OFF	1985	\$21,983.23	\$21,983.23
OFF	1986	\$27,173.04	\$27,173.04
OFF	1987	\$19,504.23	\$19,504.23
OFF	1988	\$73,174.68	\$73,174.68
OFF	1989	\$146,695.00	\$146,695.00
OFF	1990	\$107,227.22	\$107,227.22
OFF	1991	\$42,015.00	\$42,015.00
OFF	1992	\$37,544.71	\$37,544.71
OFF	1993	\$23,001.42	\$23,001.42
OFF	1994	\$6,710.51	\$6,710.51
OFF	1995	\$11,938.00	\$11,938.00
OFF	1996	\$5,678.15	\$5,678.15
OFF	1997	\$7,317.58	\$7,317.58
OFF	1998	\$220,611.00	\$220,611.00
OFF	1999	\$22,634.31	\$22,634.31
OFF	2000	\$3,034.00	\$3,034.00
OFF	2001	\$2,616.00	\$2,616.00
OFF	2002	\$22,802.00	\$22,802.00
OFF	2003	\$4,438.00	\$4,438.00
OFF	2004	\$3,904.00	\$3,904.00
OFF	2006	\$10,225.91	\$9,587.07
OFF	2007	\$71,037.81	\$64,824.60
OFF	2008	\$5,388.23	\$4,728.46

OFF	2005 Q1	\$1,842.02	\$1,821.88
OFF	2005 Q2	\$2,808.64	\$2,715.22
OFF	2005 Q3	\$9,061.10	\$8,639.92
OFF	2005 Q4	\$7,444.60	\$7,070.86
OFF	2008 50%	\$20,395.56	\$19,146.87
OFF	2010	\$126,049.00	\$48,881.80
OFF	2011	\$147,840.00	\$21,126.34
		<u>\$1,259,447.17</u>	<u>\$1,045,897.32</u>

RTW 40 YR. Life	1978	\$54,183.00	\$45,379.02
RTW	1979	\$21,247.00	\$17,260.22
RTW	1980	\$8,310.00	\$6,548.25
RTW	1981	\$4,832.00	\$4,832.00
RTW	1982	\$2,047.00	\$2,047.00
RTW	1983	\$4,205.00	\$4,205.00
RTW	1984	\$12,934.00	\$12,934.00
RTW	1985	\$204,341.00	\$204,341.00
RTW	1986	\$33,076.00	\$33,076.00
RTW	1987	\$465,615.00	\$465,615.00
RTW	1988	\$157,548.00	\$157,548.00
RTW	1989	\$552,434.00	\$552,434.00
RTW	1990	\$56,049.00	\$56,049.00
RTW	1991	\$24,251.00	\$24,251.00
RTW	1992	\$24,597.00	\$23,664.95
RTW	1993	\$14,216.00	\$12,874.60
RTW	1994	\$212,577.00	\$182,112.95
RTW	1995	\$54,599.00	\$44,259.65
RTW	1996	\$104,764.00	\$80,099.40
RTW	1997	\$172,283.00	\$123,202.05
RTW	1998	\$35,400.00	\$23,225.00
RTW	1999	\$273,624.00	\$166,090.40
RTW	2000	\$275,588.00	\$157,197.80
RTW	2001	\$152,076.00	\$76,929.60
		<u>\$2,920,796.00</u>	<u>\$2,476,175.89</u>

SOFT 3 YR. Life	1987	(\$6,806.15)	(\$6,806.15)
SOFT	1990	\$2,974.80	\$2,974.80
SOFT	1991	\$1,309.88	\$1,309.88
SOFT	1992	\$3,374.16	\$3,374.16
SOFT	1993	\$68,038.42	\$68,038.42
SOFT	1995	\$29,000.58	\$29,000.58
SOFT	1997	\$87,307.07	\$87,307.07
SOFT	1998	\$86,470.00	\$86,470.00
SOFT	1999	\$743,437.79	\$743,437.79
SOFT	2000	\$37,877.69	\$37,877.69
SOFT	2001	\$264,085.00	\$264,085.00
SOFT	2003	\$2,249,324.92	\$2,249,324.92
SOFT	2004	\$121,161.00	\$121,161.00
SOFT	2005	\$564,632.96	\$564,632.96
SOFT	2006	\$1,344,526.94	\$1,344,526.94
SOFT	2007	(\$114,956.23)	(\$114,956.23)

SOFT	2008	(\$5,308.21)	(\$5,308.21)
		\$5,476,450.62	\$5,476,450.62
WATER	1953	\$2,840,391.62	\$2,840,391.62
WATER	1960	\$7,168,018.51	\$7,168,018.51
WATER	1964	\$666,137.80	\$664,268.35
WATER	1965	\$1,457,445.33	\$1,448,878.00
WATER	1966	\$4,550,224.75	\$4,396,376.24
WATER	1967	\$1,095,379.67	\$1,023,400.44
WATER	1968	\$906,487.21	\$884,912.96
WATER	1970	\$2,099,850.09	\$2,002,345.75
WATER	1971	\$529,667.00	\$529,667.00
WATER	1972	\$1,720,355.00	\$1,720,355.00
WATER	1973	\$1,675,514.00	\$1,675,514.00
WATER	1974	\$2,907,763.00	\$2,871,993.87
WATER	1975	\$859,818.00	\$856,434.44
WATER	1976	\$1,453,334.00	\$1,436,868.83
WATER	1977	\$1,886,455.00	\$1,857,040.37
WATER	1978	\$1,533,875.00	\$1,494,378.13
WATER	1979	\$2,045,992.00	\$1,976,661.51
WATER	1980	\$1,645,800.00	\$1,571,250.43
WATER 20 Yr. Life	1981	\$3,481,882.76	\$3,481,882.76
WATER	1982	\$3,045,611.62	\$3,045,611.62
WATER	1983	\$888,120.61	\$888,120.61
WATER	1984	\$2,043,472.71	\$2,043,472.71
WATER	1985	\$4,984,550.88	\$4,799,040.89
WATER	1986	\$1,829,746.91	\$1,829,746.91
WATER	1987	\$7,812,956.82	\$7,812,956.82
WATER	1988	\$13,690,869.79	\$13,690,869.79
WATER	1989	\$9,418,871.07	\$9,418,871.07
WATER	1990	\$4,436,446.52	\$4,436,446.52
WATER	1991	\$4,262,882.44	\$4,262,882.44
WATER	1992	\$11,925,511.96	\$11,543,475.60
WATER	1993	\$7,104,976.35	\$6,615,350.43
WATER	1994	\$8,752,860.08	\$7,687,143.45
WATER	1995	\$6,206,930.18	\$5,189,565.19
WATER	1996	\$10,565,234.12	\$7,458,959.09
WATER	1997	\$7,299,876.82	\$4,199,438.99
WATER	1998	\$5,014,104.74	\$2,707,616.18
WATER	1999	\$7,956,046.50	\$3,916,059.81
WATER	2000	\$7,748,370.03	\$3,564,249.82
WATER	2001	\$7,516,404.99	\$3,156,891.41
WATER 25 Yr. Life	2002	\$6,051,502.16	\$2,299,570.58
WATER	2003	\$5,776,385.94	\$1,935,070.25
WATER	2004	\$3,617,588.00	\$1,081,141.77
WATER	2006	\$13,929,349.30	\$3,064,458.73
WATER	2007	\$13,182,121.71	\$9,493,229.34
WATER	2008	\$8,166,086.00	\$1,143,251.44
WATER	2005 Q1	\$1,188,983.95	\$326,970.41
WATER	2005 Q2	\$652,437.39	\$172,896.02
WATER	2005 Q3	\$1,800,533.65	\$459,135.73
WATER	2005 Q4	\$5,526,921.26	\$1,354,096.06

WATER	2008 50%	\$12,350,168.24	\$7,039,595.40
WATER	2008	(\$8,824,263.00)	(\$6,363,970.00)
WATER	2009	\$6,462,238.80	\$646,223.88
WATER	2009 50%	\$6,462,238.80	\$6,462,238.80
WATER	2010	\$117,494,827.00	\$7,049,689.62
WATER	2011	\$7,013,620.00	\$140,272.40
		<u>\$373,878,975.08</u>	<u>\$184,471,277.99</u>
		\$473,590,974.84	\$212,230,022.11

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Linda C. Bridwell

47. At page 3 of her direct testimony, Linda Bridwell states that Kentucky-American has previously used a three-year average of actual costs to compute the tap fees that are to be adjusted, but is requesting the use of a five-year average in the current case due to the increased costs of materials and supplies.
- a. Provide all work papers, show all calculations, and state all assumptions used to develop the proposed tap fees. Provide a breakdown of all component costs that comprise the proposed fee.
 - b. Provide a comparison of the tap fees as calculated in Kentucky-American's application and calculated using a three-year average.

Response:

- a. Please refer to the workpapers filed in response to KAW_R_AGDR1#2_042610. The individual meter costs are listed at the bottom of the worksheet marked "07-09 tap fees" in the file marked "Ratecase 2010 Tap Fee Worksheet.xls." A further breakdown of component costs is reflected in the worksheet "2008 materials contractor break" and in the file "2009 tap fees calculation.xls." The tap fees are calculated on an average of actual costs in previous years for the materials, installation, and KAW internal costs including labor and overhead. Then the updated bid cost of AMR meters is added to the average.
- b. Please refer to the worksheet marked "07-09 tap fees" in the file marked "Ratecase 2010 Tap Fee Worksheet.xls." attached to Item 2 of the Attorney General's first data request. The three-year average calculation is at the bottom of the worksheet under the heading of "Tap Fee".

For the electronic version of this response, refer to KAW_R_PSCDR2#47_043010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Linda C. Bridwell

48. At pages 3 and 4 of her direct testimony, Ms. Bridwell states that Kentucky-American has used one time promotions, as well as mixed delivery methods, to reinforce a water conservation message.
- a. Provide detailed examples of how Kentucky-American has used each method.
 - b.
 - (1) State whether Kentucky-American has partnered with any social, educational, civic or other organization to further the conservation message.
 - (2) If yes, identify the organizations with which Kentucky-American has partnered and provide detailed examples of these partnerships to include a copy of the materials used to reinforce the water conservation message.
 - c. Explain the Column D titled "Total Bill Days" and how these numbers were developed.
 - d. Explain in greater detail what a Bill Day is and how it is utilized in your analysis.

Response:

- a. Kentucky American Water has used a variety of methods to reinforce wise water use. KAW has combined outdoor advertising, media outreach, group presentations, informational handouts at public events, and one-on-one distributions as a mix of delivery as well as seeking opportunities for single event promotions.

For approximately a decade the company has used a variety of outdoor advertising methods, such as billboards, signage on city transit buses and even a bus entirely wrapped with a wise water use message to promote wise water use. The company's methods over the years to raise awareness of wise water use and provide useful conservation tips have also included:

Media Outreach

- Traditional newspaper, radio and television advertisements providing tips on wise water use inside and outside the home. For one television campaign, the company featured Linda Lyday of the Do It Yourself Network, providing wise water tips.

- Periodic issuance of news releases on wise water use and in-home leak detection.
- Wise-water use articles submitted for use in area newsletters, such as the newsletter for the area Audubon Society.
- 30-minute cable television programming featuring a Kentucky American Water employee demonstrating how to check for leaks in home fixtures.
- “Green Begins With Me” television promotion, featuring employees providing residential wise water use tips.
- Messaging on cinema screens as patrons are waiting for the featured show.
- Partnership with local media on the “Weather Garden,” which provided water conservation tips aired during the weather report, as well as a spin-off effort, a Weather Calendar, also featuring conservation tips and including “Leak Detective” coupons redeemable for a retrofit kit, leak detection educational material and more.
- Rain barrel giveaway in conjunction with television sponsorship.
- Partnership with local radio station to highlight conservation tips during Farmer’s Market Report
- Placement of signage in restrooms at Rupp Arena highlighting wise water use.

Youth Education

- Production and use of video featuring wise water use tips for area schoolchildren.
- Partnership with the Living Arts and Science Center’s WaterWays science exhibit, featuring water as a precious natural resource.
- Distribution of watershed management and water cycle posters to science teachers in Fayette County, which included curriculum for activities highlighting conservation.
- Sponsorship of Yak’s Corner for children in Lexington newspaper, providing conservation tips.
- Conservation essay contest for school-age children.
- Art contest for school-age children.
- Outreach to area schools with art and essay contests focused on water-related themes.

Conservation Literature

- Inserts in customers’ bills.
- Production and distribution of wise water use brochures for distribution at community events and in customer lobby.

Special Events

- Promotion of wise watering practices in the garden through the sponsorship of gardening events.
- Water-efficient clothes washer giveaway in conjunction with 100,000th customer recognition.
- Participation in the promotion of Fix-A-Leak Week, an observance coordinated by the U.S. Environmental Protection Agency.

- Co-sponsorship of a water garden featuring a Xeriscape garden, in conjunction with Parade of Homes event in Lexington.
- Sponsorship of annual environmental grants for projects that are sustainable and include education components including Friends of Raven Run Nature Education and Visitor Center which helps educate young people about conservation.
- Distribution of conservation awareness materials through a variety of event sponsorships, such as Reforest the Bluegrass, Arbor Day, Founders' Day at McConnell Springs, and through Drinking Water Week activities.

Distribution of Retrofit Kits & Other Items

Wise water messaging on giveaway items, such as shower timers, rain gauges, umbrellas, note pads, refillable water bottles, bookmarks, stickers and other premium items.

- Distribution of leak detection kits with dye-tracing tablets to help customers detect water fixture leaks at home.
- Distribution of faucet aerators low-flow showerheads at community events and on request.
- Pilot Retrofit programs encouraging customers to install water-saving devices in homes, such as low-flow showerheads, water displacement items for toilet tanks, etc.
- Toll-free hotline established and promoted to field requests for wise water use information and leak detection kits.

Speaking Engagements

Wise Water Use presentations conducted for area schoolchildren, Scouting groups, community organizations and others.

Other

- Rain barrel art sponsorship with Bluegrass PRIDE.
- Conservation information posted on company Web site.
- Wise water use tips on signage above sinks in restrooms at Rupp Arena.
- "Love Your Lawn" partnerships with Bluegrass PRIDE highlighting low-maintenance lawn tips and including an online Lawn Care Audit.

- b. (1) Yes, KAW has partnered with a number of social, educational and civic organizations to further conservation messaging.
- (2) Please refer to the response to part a listed above. These partnerships have included opportunities for the distribution of KAW prepared material and examples are attached. In addition to working with a local media, the Homebuilders Association, Rupp Arena, McConnell Springs and the local schools, KAW has worked with Bluegrass PRIDE on a number of initiatives as listed above. KAW has partnered with local media including the CBS affiliate, the ABC affiliate, and WUKY radio station to promote programs including a rain barrel giveaway, a Green Begins with Me

campaign highlighting wise water use tips and conservation tips during the Farmer's Market Report. KAW has funded environmental grants for projects such as Friends of Raven Run Nature Education Center and restoration of Wolf Run Creek. KAW is continuing to discuss partnering opportunities with Bluegrass PRIDE and the Fayette County Public Schools.

- c. Please see the response to KAW_R_PSCDR2#49_043010.
- d. Please see the response to KAW_R_PSCDR2#49_043010.

For the electronic version of this response, refer to KAW_R_PSCDR2#48_043010.pdf.

Bluegrass PRIDE would like to thank the generous sponsors of the 2010 Roll Out the Rain Barrels program.



Paint Solutions Auto Body-
859.226.9922

Be the Solution to Water Pollution!

Don't mow directly to the edge of a creek and never dump **lawn and garden clippings** into a storm drain.

Use low-phosphorous laundry and dish washing **detergents**.

Pick up **pet waste** and place it in the trash.

Check your car for fluid leaks such as **motor oil** or **grease**. If you find them, fix them!

Minimize your use of **fertilizers, pesticides, herbicides** and never use them before a big rain. Take PRIDE's lawn care audit to learn how to make your yard 'green.'

Wash you car in the grass or use a car wash so the **soap** doesn't run directly into the storm drain.

Report litterbugs at www.bgPRIDE.org or 866.222.1648 ext. 29.

Direct gutter downspouts away from **paved areas**, or use a rain barrel!



www.bgPRIDE.org

ROLL OUT THE RAIN BARRELS!



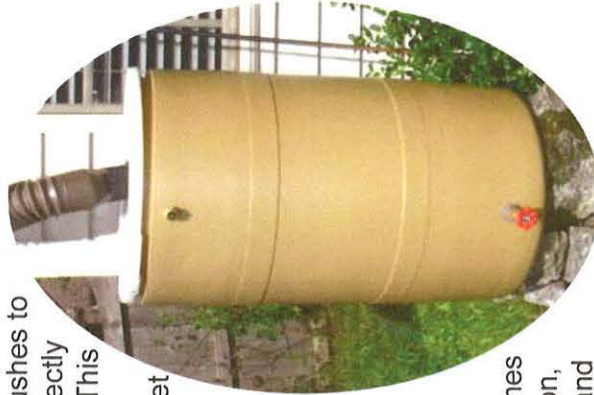
WHY ARE RAIN BARRELS IMPORTANT?

A rain barrel is a container that connects to a downspout, collecting water and decreasing the amount of rain that runs off your property.

Reduced runoff helps prevent water pollution and flooding. Every time it rains, unabsorbed water rushes to storm drains and directly to local waterways. This water carries pollutants such as pet waste, automotive fluids and fertilizer.

The water saved in your barrel can be used to water flowers, gardens and lawns throughout the summer - even in times of drought. In addition, reduced water demand will save money by lowering use of municipal water supplies.

Bluegrass PRIDE sells fully assembled, plain 55- and 60-gallon rain barrels year round. For pricing and more information on PRIDE's rain barrels, call 866-222-1648 or visit www.bgPRIDE.org.

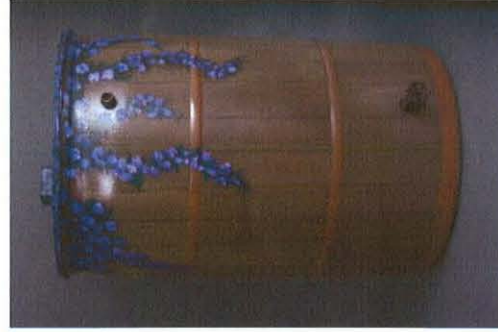


IT'S A CELEBRATION!

On Saturday June 5, PRIDE will host a rain barrel reception in the Lower Atrium of The Mall at Lexington Green. This will be your only opportunity to see all of the barrels together and to meet the artists.

The reception will take place from 5:30 p.m. - 7:30 p.m. and will serve as the official kickoff to an eBay auction (search artistic rain barrels).

Proceeds from the auction will fund an AmeriCorps member to help provide environmental education in Central Kentucky.



FIND THE BARRELS IN YOUR COMMUNITY

Artistic Rain Barrels will be on display at these locations in April and May 2010.

Bourbon County
Paris-Bourbon County Public Library

Boyle County

The Hub Coffee House and Café
The Maple Tree Gallery
Boyle County Extension Office
Boyle County Public Library
Community Arts Center

Fayette County

The Arboretum
Good Foods Market and Café
J&H LanMark

John's Run Walk Shop
Magee's Bakery
McConnell Springs
Starbucks on Main
Lexington Public Libraries
Whitaker Bank

Living Arts and Science Center
Lexington History Museum

Franklin County

Salato Wildlife Education Center

Jessamine County

Springhouse Garden Center
Main and Maple Coffeehouse

Madison County

Madison County Public Library

Mercer County

Mercer County Public Library

Woodford County

Woodford County Conservation District

Vote for your favorite artistic rain barrel at www.bgPRIDE.org. The winning artist will receive the coveted Earth Artist Award!

**Kentucky American Water
WQTV – “Green Begins With Me”**

:30 TELEVISION SPOT #1 (CONSERVATION – GREEN BEGINS...)—Alternates between 15 & 30 second spots. Kentucky American Water brand should carry recognizable tone of genuine caring and concern for “Green.” Begin airing May ??? through June ??? Demographic: Females and males 25-54

MUSIC: (TBD)

MALE ANNCR: LIKE THE PRIDE WE TAKE IN PROVIDING QUALITY, RELIABLE WATER IN KENTUCKY; WE ARE PROUD TO SPONSOR “GREEN BEGINS WITH ME.” AS WE ENTER THE SUMMER MONTHS; IN OUR BACKYARDS, LUSH SHADED TREES SURROUNDED BY BEAUTIFUL FLOWERS, WE SHOULD CONSIDER USING WATER SPARINGLY. WATER YOUR LAWN IN THE EARLY MORNING WHEN TEMPERATURES ARE COOLER AND WINDS ARE LIGHTER TO MINIMIZE EVAPORATION. OR INSTALL RAINWATER CISTERNS TO CAPTURE RAINWATER THAT CAN BE USED TO WATER YOUR LAWN. THIS IS ONE OF MANY WAYS YOU CAN DO YOUR PART TO BE WATER WISE AND GREENER.

KENTUCKY AMERICAN WATER

WE CARE ABOUT WATER. IT’S WHAT WE DO.

***(PAID FOR BY SHAREHOLDERS OF AMERICAN WATER)**

City News

Friends of Raven Run and Friends of Wolf Run receive environmental grants

Posted Date: 8/5/2009 4:00 PM



AUDIO:

- **Mayor Jim Newberry**
- **Ray Golden, Kentucky American Water**
- **Council Member Doug Martin**
- **Former Vice Mayor, Isabel Yates**
- **Keith Cartier, Kentucky American Water**
- **Lucy Van Meter, Friends of Raven Run**
- **Brian Perry, Staff, Raven Run Nature Sanctuary**
- **Bruce Hutchinson, Friends of Wolf Run**

Two watershed initiatives in Central Kentucky will receive funding through Kentucky American Water Company's 2009 Environmental Grant Program. Nearly \$20,000, which the company earmarked for community projects that improve, restore or protect watersheds, will be shared between the two recipients, Friends of Raven Run and Friends of Wolf Run. The grants were

announced today.

“Every individual and community has the ability to positively impact our source water and watersheds through activities that improve, restore and protect the environment,” said Nick Rowe, senior vice president of American Water and president of Kentucky American Water. “Kentucky American Water is pleased to lend its support for such activities through our Environmental Grant Program and we appreciate these organizations’ efforts to protect our most precious natural resource, water.”

A panel of judges selected the winners from numerous grant applications, which were evaluated on such criteria as environmental impact, sustainability, community engagement and innovation.

Funds from the Environmental Grant Program award will be applied to the completion of the Raven Run Nature Education and Visitor Center Wet Laboratory. Construction of the center began in April 2009 and is scheduled for completion in the fall of 2010. The laboratory will coordinate scientific investigations with outdoor educational programs that will reach as many as 20,000 school children in the region per year.

Most importantly, the new center will help ensure the long-term viability of the sanctuary as a focal point of conservation research and education, as well as a nature retreat.

Mayor Jim Newberry thanked the company for its ongoing support of the environment. “Improving our environment is the top priority of my administration. I am delighted with the support local environmental projects receive from outstanding corporate citizens like Kentucky American Water, and from citizen volunteers,” Newberry said. “By working together our community can keep the Bluegrass green for future generations.”

The Friends of Wolf Run will receive a grant for a guided exploration program of springs in the Wolf Run Watershed. The

program will educate participants on the hydrology, water chemistry and environmental issues associated with the more than 30 springs, seeps and karst systems in the watershed.

American Water launched the Environmental Grant program in January of 2005 with a pilot project in Pennsylvania resulting in three grant awards. Grant funds are made possible by each individual state subsidiary of American Water. Kentucky American Water initiated the program in Kentucky in 2006.

A panel of three judges reviews applications and makes final selections. In just four years, the grant program has now provided nearly \$80,000 in funding for worthwhile Central Kentucky environmental projects.

* * *

PHOTO CAPTION: Mayor Jim Newberry and American Water Company's Ray Golden.

PRESS RELEASE



March 11, 2009

Raymond Golden
Raymond.Golden@amwater.com
(859) 335-3662 office
(949) 231-0590 cell

FOR IMMEDIATE RELEASE

Kentucky American Water & EPA team up for “Fix a Leak Week” March 16-20th

KAW Conservation Team Encourages Customers to Improve Water Efficiency

Lexington, Ky. (March 11, 2009) - Because minor water leaks account for more than one trillion gallons of water wasted each year in U.S. homes, EPA’s WaterSense program has declared March 16 to 20, 2009, the program’s first “Fix a Leak Week” to remind Americans to check household plumbing fixtures and irrigation systems for leaks.

“Leaks can account for 11,000 gallons of water wasted in the home every year, or enough to fill a backyard swimming pool,” said President of Kentucky American Water, Nick Rowe. “By raising awareness in our partnership with the EPA WaterSense, water conservation not only saves our customers money, but it also helps to preserve the environment and meet future water needs.”

To help consumers across the country save water, the WaterSense program promotes ways to identify and repair dripping faucets, running toilets, and leaky showerheads. In most cases, fixture replacement parts can be installed by do-it-yourselfers and pay for themselves in no time. Following are a few water-saving tips:

- Reduce faucet leaks by checking faucet washers and gaskets for wear and, if necessary, replace the faucet with a WaterSense labeled model

- Leaky toilets are most often the result of a worn toilet flapper. Replacing the rubber flapper is a quick fix that could save a home up to 200 gallons of water per day

-more-

- For a leaky garden hose, replace the nylon or rubber hose washer and ensure a tight connection to the spigot using pipe tape and a wrench

- Landscape irrigation systems should be checked each spring before use to make sure they are not damaged by frost or freezing

If homeowners have to replace a plumbing fixture, EPA reminds them to look for the WaterSense label. WaterSense labeled toilets and faucets have been independently tested and certified to save water and perform as well as or better than standard models. WaterSense also partners with certified landscape irrigation auditors, designers, installers, and maintenance professionals with water-efficiency knowledge; see www.epa.gov/watersense to find a WaterSense irrigation partner in your area. For more information on Fix a Leak Week, visit www.epa.gov/watersense/fixaleak.

WaterSense is a partnership program sponsored by the U.S. Environmental Protection Agency to protect the future of our nation's water supply by promoting and enhancing the market for water-efficient products and services. WaterSense labeled products must achieve independent, third-party testing and certification to prove they meet EPA's criteria for efficiency and performance. For more information about WaterSense labeled products and irrigation partners, visit www.epa.gov/watersense.

Kentucky American Water, a wholly owned subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately half a million people. Founded in 1886, American Water is the largest investor-owned U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs more than 7,000 dedicated professionals who provide drinking water, wastewater and other related services to approximately 15 million people in 32 states and Ontario, Canada. More information can be found by visiting www.amwater.com.

- end -



Fix a Leak Week

March 16–20, 2009

What Is Fix a Leak Week?

March 16 to 20, 2009, marks the U.S. Environmental Protection Agency's WaterSense® program's first "Fix a Leak Week," a time to remind Americans to check their household plumbing fixtures and irrigation systems for leaks.

The Facts on Leaks:

- Leaks can account for, on average, 11,000 gallons of water wasted in the home every year, which is enough to fill a backyard swimming pool.
- The amount of water leaked from U.S. homes could exceed more than 1 trillion gallons per year. That's equivalent to the annual water use of Los Angeles, Chicago, and Miami combined.
- Ten percent of homes have leaks that waste 90 gallons or more per day.
- Common types of leaks found in the home include leaking toilet flappers, dripping faucets, and other leaking valves. All are easily correctable.
- Fixing easily corrected household water leaks can save homeowners more than 10 percent on their water bills.
- Keep your home leak-free by repairing dripping faucets, toilet valves, and showerheads. In most cases, fixture replacement parts don't require a major investment and can be installed by do-it-yourselfers.
- The vast majority of leaks can be eliminated after retrofitting a household with new WaterSense labeled fixtures and other high-efficiency appliances.

Leak Detection:

- A good method to check for leaks is to examine your winter water usage. It's likely that a family of four has a serious leak problem if its winter water use exceeds 12,000 gallons per month.
- Check your water meter before and after a two-hour period when no water is being used. If the meter does not read exactly the same, you probably have a leak.
- One way to find out if you have a toilet leak is to place a drop of food coloring in the toilet tank. If the color shows up in the bowl without flushing, you have a leak. Make sure to flush immediately after this experiment to avoid staining the tank.

Faucets and Showerheads:

- A leaky faucet that drips at the rate of one drip per second can waste more than 3,000 gallons per year. A home with WaterSense labeled toilets could use that water to flush for six months!
- Leaky faucets can be reduced by checking faucet washers and gaskets for wear and replacing them if necessary. If you are replacing a faucet, look for the WaterSense label.

- A showerhead leaking at 10 drips per minute wastes more than 500 gallons per year. That's enough water to wash 60 loads of dishes in your dishwasher.
- Most leaky showerheads can be fixed by ensuring a tight connection using pipe tape and a wrench.

Toilets:

- If your toilet is running constantly, you could be wasting 200 gallons of water or more every day.
- If your toilet is leaking, the cause is most often an old, faulty toilet flapper. Over time, this inexpensive rubber part decays, or minerals build up on it. It's usually best to replace the whole rubber flapper—a relatively easy, inexpensive do-it-yourself project that pays for itself in no time.
- If you do need to replace the entire toilet, look for a WaterSense labeled model. If a family of four replaces its older, inefficient toilets with new WaterSense labeled ones, it could save more than 16,000 gallons per year. Retrofitting the house could save the family approximately \$2,000 in water and wastewater bills over the lifetime of the toilets.

Outdoors:

- An irrigation system should be checked each spring before use to make sure it was not damaged by frost or freezing.
- An irrigation system with pressure set at 60 pounds per square inch that has a leak 1/32nd of an inch in diameter (about the thickness of a dime) can waste about 6,300 gallons of water per month.
- To ensure that your in-ground irrigation system is not leaking water, consult with a WaterSense irrigation partner who has passed a certification program focused on water efficiency; visit www.epa.gov/watersense for a complete list of irrigation partners.
- Check your garden hose for leaks at its connection to the spigot. If it leaks while you run your hose, replace the nylon or rubber hose washer and ensure a tight connection to the spigot using pipe tape and a wrench.

About EPA's WaterSense Program

WaterSense is a partnership program sponsored by the U.S. Environmental Protection Agency. Its mission is to protect the future of our nation's water supply by promoting and enhancing the market for water-efficient products and services. Currently, there are more than 250 WaterSense labeled toilets, 700 labeled faucets and faucet accessories, and more than 600 certified irrigation partners. WaterSense labeled products must achieve independent, third-party testing and certification to prove they meet EPA's rigorous criteria for efficiency and performance.

For more information, visit www.epa.gov/watersense.

HOME OR AWAY USE WATER WISELY

Wash your hands, then turn
off the faucet completely.

Fix leaky faucets
and toilets.

Don't use the toilet
as a trash can.



KENTUCKY
AMERICAN WATER



CONSERVE **IT!**

PROJECT
green



Rain Barrel Giveaway



You've heard the word GREEN and now people are beginning to realize that it is time to act. WKYT and WYMT have implemented Project GREEN to educate and inform our viewers about how to be more GREEN. On Earth Day, WKYT and WYMT launched this initiative to provide information through on-air and on-line stories to keep viewers in Kentucky educated.

As a sponsor, you will be able to associate your company with Project GREEN. With this on-going project your company will continue to reap the benefits of the exposure as the project continues to grow.



wkyl.com | & wymtnews.com |
WHERE THE NEWS IS ALWAYS ON



Rain Barrel Giveaway Sponsor

- Logo on all Project Green pages
- Rain Barrel giveaway contest on wkyt.com and the WKYT. Contact information will be provided for those who agree to be contacted by the Kentucky American Water.
- Banners link to your customizable page to tell your Green "story"
- Additional 30,000 ads to rotate throughout wkyt.com per month
- :15 second pre-roll Kentucky American Water commercials before Project Green videos, rotated with other sponsors.
- Logo on all on-air promotional announcements, minimum of 30 promotional announcements each month
- An appearance on the noon show 'Save the Rain Barrel Giveaway'

Monthly Investment = \$1,750



Date

Signature



wkyt.com & wymtnews.com
WHERE THE NEWS IS ALWAYS ON

PROJECT green

GO GREEN!

WHAT CAN YOU DO RIGHT NOW?

IN THE NEWS

BUSINESSES DOING MORE!

FROM GREENRIGHTNOW.COM

WEB BLOGS

Wanted: All The Weather On Your Desktop?

Want Some Inside Information, Check Our Blog!

Visit Our Blog!

Weather Cams

Primary

Associate

ENERGY SAVING TIPS

Affiliate

Terms of Use - Privacy Policy - EEO Statement
Great Television Group, Inc. - Copyright © 2007-2008 - Designed and Powered by Calculability
Contact Us



WKYT and Kentucky American Water are partnering to giveaway 25 rain barrels to help our viewers start conserving water. All you have to do fill out the form below and tell us what you're going to use your rain water and you could be a lucky winner. We are looking for compelling stories about what you use your water for so we can share that with our viewers. The contest starts now and ends September 30th. If you are a winner you will be contacted by WKYT. Let's start conserving water.

"Making water conservation part of your daily routine will save both water and money every day.

Here are a few easy tips you can follow:

Outside your home:

- Water your lawn only when it needs it. An easy way to tell if your lawn needs water is to simply walk across the grass. If you leave footprints, it's time to water.
- Make the most of your watering by watering in the early morning. As much as 30 percent of water can be lost to evaporation by watering during midday.
- Plan for fewer, deep-soaking waterings to encourage deep root growth and stronger turf.
- Set your lawn mower one notch higher to make your lawn more drought-tolerant.
- Use drip irrigation hoses to water plants, and water in the early morning or evening.
- Consider using porous pavement (gravel is a good example) instead of asphalt for driveways and walkways, the rain will soak into the soil instead of running off and contributing to erosion.
- Use a broom instead of a hose to clean your sidewalk, driveway, or patio.
- Plant appropriately for your local climate. Check with local nurseries for non-invasive, drought-tolerant plants.

Inside your home:

- Run dishwashers and clothes washers only when they are full. If you have a water-saver cycle, use it.
- Adjust the water level of your clothes washer so it matches your load size.

- Regularly check your toilet, faucets, and pipes for leaks. If you find one, have it fixed as soon as possible.
- Consider water and energy-efficient appliances. The USEPA reports that EPA-certified Energy Star washing machines may use 35% less water per load. Water-saving shower heads, toilets and faucet aerators can also help cut your water usage.
- Insulate exposed water pipes with pre-slit foam insulation. You'll enjoy hot water faster and avoid wasting water while it heats up.
- Keep a bottle of cold tap water in the refrigerator. You'll avoid the cost and environmental impact of bottled water and you'll have cold water available in the summer without running the faucet.
- Turn off the tap while brushing your teeth or washing dishes in the sink.
Information provided by Kentucky American Water

1. Contact Info:

First Name*	M.I.	Last Name*
<input type="text"/>	<input type="text"/>	<input type="text"/>
Email Address*	Daytime Phone	Evening Phone
<input type="text"/>	<input type="text"/>	<input type="text"/>

2. Address:

Street Line 1*
<input type="text"/>
Street Line 2
<input type="text"/>
City*
<input type="text"/>
State*
<input type="text"/>
Zip Code*
<input type="text"/>

3. Tell what you're going to use your rain water for:*

<input type="text"/>

4. Please enter your date of birth.

<input type="text"/>

Month* Day* Year*

5. Terms and Conditions

YES, I have read, understand, and agree to the **Web site usage agreement and privacy policy.**

Submit Response

* represents required fields
Children under the age of 13 may not submit this form.

Thanks to Kentucky American Water for the rain barrels and information on how to conserve water. Check out Project Green for more green initiatives.

2007 Proud Farmer's Market Report on WUKY

Script:

WUKY has the support of our listeners and Kentucky American Water, providing quality water service to customers in 10 Kentucky counties. Water is a precious natural resource – ours to use, not to waste. Water. It's Worthy Using Wisely.



Personal Responsibility In a Desirable Environment

- [Home](#)
- [About](#)
- [PRIDE Coordinators](#)
- [New](#)
- [Site Map](#)
- [Links](#)
- [PRIDE Services](#)
- [Volunteers](#)

- Household Hazardous Waste
- Waste Reduction
- Litter
- Stormwater
- Lawn Care
- For Educators
- For Kids

May is Love Your Lawn Month

[Tips for a Green Lawn](#)

LOVE YOUR LAWN AND SAVE THE PLANET!

[Take a lawn Care Audit](#)

As homeowners we care a great deal about our lawns. Every spring, we emerge from our homes after a long winter prepared to make our lawn the envy of the neighborhood. All free time is consumed with grooming and coaxing our lawns to an ever more perfect state, but now there's a new way! PRIDE wants to help homeowners create a beautiful, yet low maintenance and environmentally friendly lawn. Proper watering techniques, chemical application and mowing practices can create a stress free (and therefore, happy and beautiful) lawn with minimal negative environmental impact.

Read these Love Your Lawn Tips and take the Lawn Care Audit to achieve the "greenest" lawn on the block!



prideinfo@kentuckypride.com
toll free: 866.222.1648
local: 859.266.1572

Mailing Address
P.O. Box 910384
Lexington, Kentucky 40591

Physical Address
1050 Chinoe Road
Lexington, Kentucky



Personal Responsibility In a Desirable Environment

Household
Hazardous
Waste

Waste Reduction

Litter

Stormwater

Lawn Care

For Educators

For Kids

TIPS FOR A "GREEN" LAWN

1. Water early in the morning.
2. Water more deeply (not more frequently) to encourage a deeper root system.
3. On sloping land, irrigate more slowly to prevent runoff.
4. Adjust sprinklers so they are not watering the road or driveway.
5. Install a rain barrel to catch rainwater; use the water on your lawn and garden.
6. Keep grass at a height of about 3 inches. This will allow for deeper root growth and healthier grass.
7. Leave your grass clippings on the lawn; they act as natural fertilizer for your grass.
8. Never fertilize before it rains.
9. Use natural or compost fertilizer on your lawn.
10. Apply fertilizer in the fall.
11. Incorporate native plant species into your lawn and garden. They require fewer inputs and provide the best food and habitat for local wildlife.
12. Use Integrated Pest Management rather than relying only on chemical pesticides that can be harmful to the environment, children, and pets.
13. Plant a rain garden to decrease runoff from storm water.
14. Don't leave grass clippings on

[Tips for a
Green Lawn](#)

[Take a Lawn
Care Audit](#)

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New
Site Map
Link:
PRIDE S
Volunteers

driveways and sidewalks; they will just wash into the storm drain. And, definitely don't rake clippings into the street or creek.

15. Have your soil tested to determine its nutrient needs. Make fertilizer type and application decisions based on the soil test.

Irrigate Efficiently:

Along with rain, water from garden hoses and sprinkler systems can easily pick up pollution and carry it to our water resources. Lawns only need about one inch of water per week, including rainfall. Irrigate efficiently to avoid over-watering and increasing runoff.

- Water early in the morning to prevent fungal diseases.
- Water longer instead of more frequently to encourage deeper roots.
- Allow soil to dry out between waterings.
- Because water is more likely to runoff clay soils and sloping lots, irrigate these areas slowly or in multiple short cycles to prevent water runoff.
- Watering is not necessary during the dormant season (November-February)
- Adjust sprinklers so you are not watering the street or the sidewalk.
- Turn off your sprinklers when it's raining; let nature water the grass for you!
- Use a rain barrel to catch the water from your roof, and use it to water your lawns and gardens.

Mow Properly:

- Mow frequently enough that no more than 1/3 of the leaf blade is removed at one time.
- Mow when the grass is dry to avoid spreading turf diseases.
- Cut grass higher in the summer to help establish a deeper root system.
- Do not bag your grass clippings and use a mulching mower when possible; cut grass left on the lawn returns 60% of the nitrogen and 100% of the phosphorous to the soil.

Test the soil:

The results from a soil test will give you precise nutrient requirements for the soil type and plant type in you lawn or garden! Not only will this keep excess nutrients out of aquatic ecosystems, but it will save you money and time, too!

Apply lawn & garden chemicals properly:
Pesticides, fertilizers, and herbicides that end up in the wrong place can degrade water quality and harm aquatic habitats by encouraging algae blooms, vegetation degradation and fish kills. Pesticides are often wrongly applied at times when target insects are not vulnerable. Overuse and inappropriate use often kill beneficial insects and other wildlife. Less than 10% of all insects are harmful to plants. By minimizing the use of pesticides and fertilizers, these pollutants will not run-off into local waterways. This improves the quality of the water and the aquatic life in it. In healthy water systems, natural controls, such as fish, frogs, and snails will help keep insect populations under control and reduce algae buildup.

- Utilize natural compost and fertilizer instead of synthetic. This will improve soil pH, texture, and fertility. Natural compost also causes less leaching to groundwater.
- Do not use "weed and feed" products; the time to fertilize and the time to use herbicide are different. Plus, many non-specific herbicides are harmful to the environment.
- Avoid pesticides. Learn to use Integrated Pest Management to attract pest eating insects and wildlife.
- Fertilizers, pesticides and herbicides that land on impervious surfaces (like driveways and sidewalks) end up running off into the storm drain system, so sweep any fertilizer granules that fall on sidewalks or driveways back onto your lawn.

NEVER FERTILIZE BEFORE IT RAINS!!!

Don't use the storm drain system as a trash bin: Even though yard waste is organic, large amounts are difficult for aquatic habitats to process.

- Leaving yard debris in rain gutters or in the street instead of on your curb can block storm drains.
- Composting is a great (and free!) way to turn unwanted yard waste into a great gardening product!

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News Release

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FOR IMMEDIATE RELEASE

KENTUCKY AMERICAN WATER ANNOUNCES 2006 ART CONTEST WINNERS
5th grade students in Kentucky illustrate the importance of protecting the environment

Lexington, Ky., (May 26, 2006) – American Water is proud to announce that Jessica Molano, a fifth grade student at Brookside Elementary in Nicholasville, Kentucky, is the winner of Kentucky American Water’s 2006 “Protect Our Watershed” Art Contest.

Jessica drew a picture depicting how various chemicals from every day activities like washing a car can get into a watershed. In her narrative, Jessica said, “When you wash your car do it someplace where the chemicals won’t get washed down hill into the lake. For builders, who build houses, they should put lots of hay around so that nails or soil won’t get washed into the lake and kills things.”

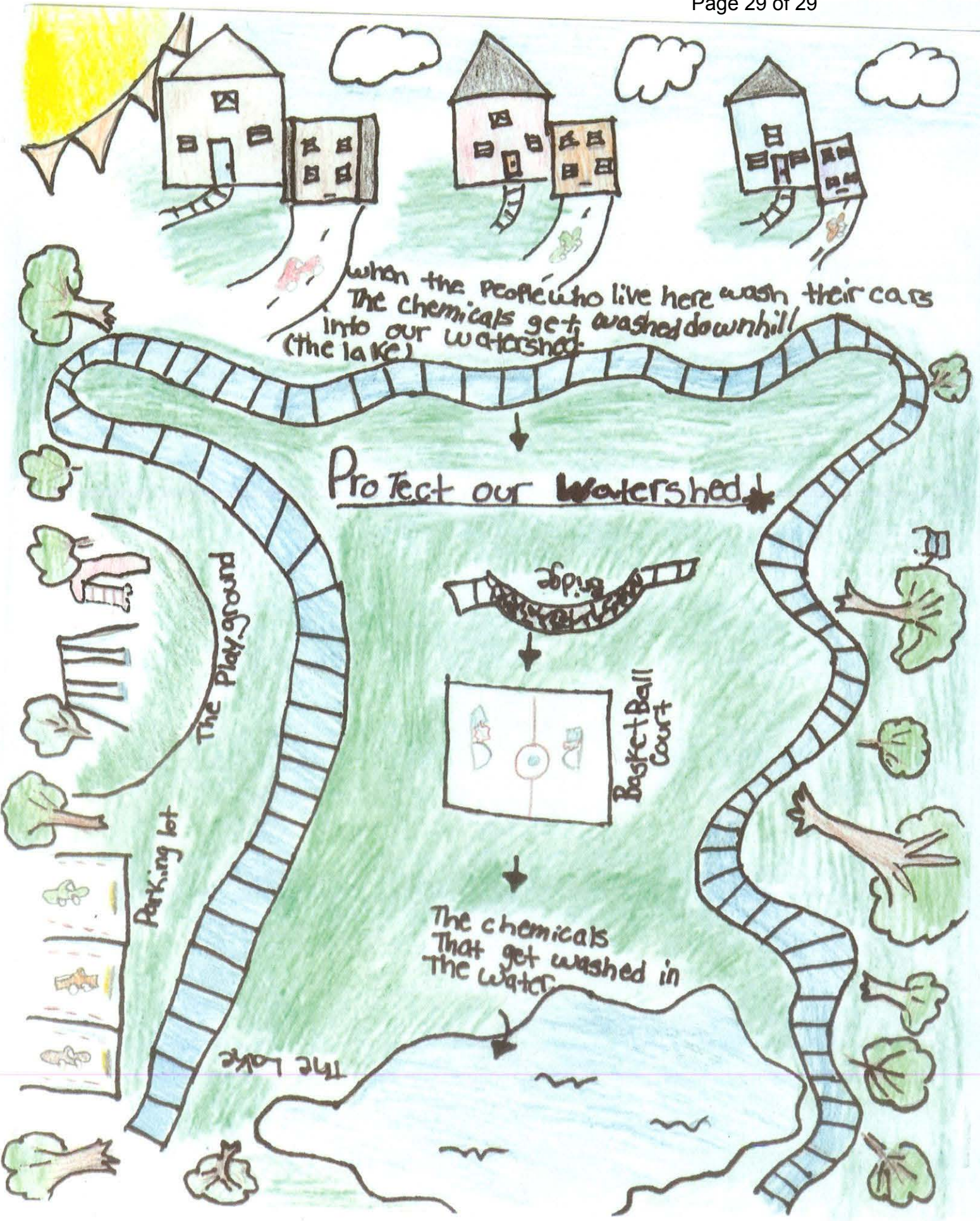
Jessica will receive a \$100 savings bond and have her winning picture displayed on Kentucky American Water’s website as well as at the company’s main office on Richmond Road in Lexington.

Others winners were Ryan Graham, a student from Brookside Elementary who placed second and Candice Thomas, also from Brookside elementary, who placed third. Ryan will receive a \$50 gift card from Joseph Beth Booksellers and Candice will receive a \$25 gift card from Joseph Beth.

The Watershed Art Contest was part of Kentucky American Water’s celebration of Drinking Water Week which took place the week of May 7, 2006 and was open to all fifth graders who live in the company’s 10-county service area.

Kentucky American Water provides quality water and related services to more than 310,000 people in 10 Central Kentucky counties. The company is a wholly-owned subsidiary of American Water, the largest and most geographically diversified provider of water services in North America. Headquartered in Voorhees, N.J., American Water employs approximately 7,000 dedicated people who serve over 18 million in 29 states and 3 Canadian provinces. More information can be found by visiting www.kawc.com and www.amwater.com.

- end -



When the people who live here wash their cars the chemicals get washed downhill into our watershed (the lake)

Protect our Watershed

The chemicals that get washed in the water

The Playground

Basketball Court

Parking lot

The Lake

Spigot Bridge

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Dr. Edward Spitznagel

49. Refer to Direct Testimony of Edward L. Spitznagel, Jr., Appendix E.
- a. Explain the significance of Column D (“Total Bill Days”).
 - b. Describe how each entry in Column D was developed.
 - c. Define “Bill Day” and describe how it is used in Mr. Spitznagel’s analysis.
 - d. Explain why Bill Month 1 (Line 4) has 14,097 in “Total Bill Days” while the remaining months (Lines 5 – 15) are significantly less.

Response:

- a. For each month, the Total Bill Days adds up the number of days of water usage each customer was billed for. For example, suppose in a particular customer class, just three customers were billed in a particular month, and the numbers of days for which those customers were billed were 28, 40, and 35. The total bill days for that class in that month would be $28+40+35=103$ days. The significance (or importance) of bill days is that over any particular period, such as the year 2009, the average daily consumption can be calculated by summing the water used and dividing by the total number of days for which the customers were billed. Thus, we can estimate the gallons per customer day in Appendix E as $117,042,000 / 41,965 = 2789.04$. It should be noted that Appendix E pertains to customers whose bill days were more than 35 days, making inclusion in a monthly usage calculation and weather normalization infeasible. Appendix E modifies the weather-normalized estimate from Appendix D, 1184.00 GCD, upward to 1,205.10 GCD. This increase of 1.78% is conservative, i.e., working to the disadvantage of KAWC.
- b. The entries in D4:D15 come from entries H64:H75 in Sheet “COM – Lexington” in Excel Workbook “KY – 2004–2009 – Bill Days GT 35.xls” in Dr. Spitznagel’s workpapers. The entries in D24:D35 come from entries H64:H75 in Sheet “COM – Lexington” in Excel Workbook “KY – Revised Residential and Commercial Weather Normalization Sales Data – 2004 – 2009.xls” in Dr. Spitznagel’s workpapers. These two workbooks were provided to Dr. Spitznagel by KAWC.
- c. “Bill Day” is always used in the plural. Bill Days are the number of days for which the customer is billed for water usage. That is, bill days for a particular customer are the days between successive readings of the water meter. Usage in gallons per customer day (GCD) is obtained by dividing total consumption in gallons by total bill days. Using total bill days rather than days in a month gives

more accurate estimates of GCD, since meters are not necessarily read exactly one month apart.

- d. The number of customers whose bill days exceed 35 varies greatly by month. In January of 2009, the number of customers billed was 373, whereas in February, March, and April of 2009, the numbers of customers billed were 36, 34, and 45 respectively. The total bill days varies up and down with the number of customers billed. (Bills for all twelve months can be found in entries E64:E75 in Sheet “COM – Lexington” in Excel Workbook “KY – 2004–2009 – Bill Days GT 35.xls”—referred to in Paragraph (b) above.)

For the electronic version, refer to [KAW_R_PSCDR2#49_043010.pdf](#).

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Paul Herbert

50. Refer to Kentucky-American's Application, Exhibit 36.
- a. Explain the following entries that appear at Schedule B, page 14 of 41, in the column "Sales for Resale":
 - (1) Other Water Revenues - \$7,284;
 - (2) Reconnection/Activation-T & D Related - \$15,629; and,
 - (3) Reconnection/Activation-Customer Service Related - \$145.
 - b. For each entry listed above, state why the cost was allocated to "Sales for Resale" column.

Response:

- a.
 - (1) Other Water Revenues in column 3 include Rents from Water Property of \$277,704 and Miscellaneous revenues of \$11,325. These revenues are then allocated by customer class using Factor 19, which is based on the total cost of service by class.
 - (2) Reconnection/Activation – T&D Related is the portion of reconnection/activation related service orders that are serviced by the transmission and distribution personnel. The total in column 3 is \$603,424 and it is allocated by class using Factor 7, which is used to allocated costs related to transmission and distribution mains.
 - (3) Reconnection/Activation-Customer Service Related is portion of reconnection/activation related service orders that are serviced by customer service personnel. The total in column 3 is \$723,356 and is allocated based on Factor 13, which allocates billing and collecting costs.
- b.
 - (1) Other Water Revenues are allocated to Sales for Resale customers because these customers should benefit from other revenues that the Company receives in proportion to their total cost of service. Such revenues decrease the revenue required from metered rates.
 - (2) Reconnection/Activation-T & D Related is revenue that is a result of work performed by the transmission and distribution personnel of the Company. The Sales for Resale customers should receive a credit related to that revenue in the same manner that these customers share in the costs related to Transmission and Distribution.

- (3) Reconnection/Activation-Customer Service Related is revenue that is a result of work performed by the customer service personnel of the Company. The Sales for Resale customers should receive a credit related to that revenue in the same manner that these customers share in the costs related to customer service.

For the electronic version, refer to KAW_R_PSCDR2#50_043010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Paul Herbert

51. Refer to Kentucky-American's Response to Commission Staff's First Set of Information Requests, Item 12. A formula error exists in the submitted Excel file. Upon opening the file, an error message appears and states that "Microsoft Office Excel cannot calculate a formula. Cell references in the formula refer to the formula's result, creating a circular reference". Provide a Microsoft Office Excel file spreadsheet without these errors.

Response:

A new excel version of the Cost of Service file was provided in response to KAW_R_AGDR1#2_042610. It is in the folder labeled P Herbert, file name Kentucky American Cost of Service Study.xls.

For the electronic version of this response, refer to KAW_R_PSCDR2#51_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Dr. James H. Vander Weide

52. At page 10 and 11 of his direct testimony, Dr. James Vander Weide states that Kentucky-American faces supply uncertainty as a result of more stringent Environmental Protection Agency regulations and increased costs to comply with those regulations. State whether Dr. Vander Weide is suggesting that the greater risk is due to concerns that the Commission will not allow full and timely recovery of Kentucky-American's costs to comply with the more stringent regulations. If no, explain how Kentucky-American faces higher risks.

Response:

In responding to this question, Dr. Vander Weide notes that the discussion on pp. 10 – 11 of his testimony is a general discussion of factors that affect business risk facing all companies in the water utility industry. As a water utility, Kentucky-American, like other water utilities, is affected by supply uncertainty risk because the company must make investments to assure a safe and reliable supply of water to meet customer needs at any time. Since the return on this investment is uncertain, supply uncertainty affects Kentucky-American's risk. Investors recognize that federally-mandated costs create upward pressure on rates and that customers react negatively to rate increases. Investors also recognize that the Company must not only recover federally-mandated costs in a timely manner but must also earn a fair return on its investment costs. Thus, investors are uncertain about whether and when the Commission would allow return of and on federally-mandated investments.

For the electronic version, refer to KAW_R_PSCDR2#52_043010.pdf.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS**

Witness: Dr. James H. Vander Weide

53. Refer to Direct Testimony of Dr. James Vander Weide at 14 - 26 and Exhibit_JVW-1 Schedule 1.
- a. Explain why it is appropriate to include Kentucky American's parent corporation in the Discounted Cash Follow ("DCF") analysis.
 - b. Provide the spreadsheets in Microsoft Excel format with the underlying data and formulas intact that support Schedule 1.
 - c. Provide the data from which the three month average stock prices were calculated.
 - d.
 - (1) State whether, in the case where more than one analyst provides estimates, the I/B/E/S growth data in Exhibit_JVW-1 represents an average growth figure.
 - (2) Provide the separate underlying growth data used to make the water company DCF calculations.
 - e. Provide in Microsoft Excel format with the underlying formulas intact the DCF calculations without the flotation cost adjustment in a format similar to Schedule 1-1.
 - f. Provide the I/B/E/S and Value Line Company profile sheets from which the data was taken to conduct the analysis.

Response:

- a. It is appropriate to use Kentucky-American's parent company in a DCF analysis because including the parent company in the DCF analysis provides additional information regarding KAWC's cost of equity. Although the data request implies that including the parent company in the analysis is circular because the growth expectation for the parent company is affected by KAWC's prior regulatory treatment, this argument fails to recognize that: (1) the parent company has other business operations than their investment in KAWC; and (2) the parent company's stock price adjusts to information regarding KAWC's regulatory treatment to the point that an investor can expect to earn the required return on an investment in the parent company.

- b. Dr. Vander Weide's work papers are supplied electronically in the response to KAW_R_AGDR1#2_042610 and refer to the folder on the CD titled J VanderWeide.
- c. The stock price data are contained in Dr. Vander Weide's work papers. See the response to subpart b above.
- d.
 - (1) Yes, in the case where more than one analyst provides an estimate, the I/B/E/S growth forecasts used in Dr. Vander Weide's analyses are the I/B/E/S mean growth forecasts.
 - (2) The growth estimates used in Dr. Vander Weide's analyses are provided in his work papers. However, in the case of the I/B/E/S mean growth forecasts, Dr. Vander Weide's I/B/E/S subscription does not provide each growth forecast that contributes to the mean estimate.
- e. The requested information is supplied in Excel format. Please refer to the document titled KAW_R_PSCDR2#53e_043010.xls that includes the recalculation to exclude a flotation cost allowance.
- f. There are no responsive I/B/E/S documents. The only I/B/E/S data used in Dr. Vander Weide's analyses are the average long-term growth estimates shown in his schedules and work papers. The Value Line water company reports are attached.

For the electronic version of this response, refer to KAW_R_PSCDR2#53_043010.pdf.

AMER. STATES WATER NYSE-AWR				RECENT PRICE	P/E RATIO	Trailing: 22.4 Median: 22.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE									
TIMELINESS 3 Lowered 6/5/09 SAFETY 3 New 2/4/00 TECHNICAL 3 Raised 10/23/09 BETA .80 (1.00 = Market) 2012-14 PROJECTIONS Price Gain Ann'l Total High 60 (+65%) 16% Low 40 (+10%) 6% Insider Decisions N D J F M A M J J to Buy 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 to Sell 1 2 0 0 1 0 0 0 Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 64 55 66 to Sell 52 66 53 Hld's(000) 8980 9283 10578				High: 19.5 Low: 14.1	26.5 14.8	25.3 16.7	26.4 19.0	29.0 20.3	29.0 21.6	26.8 20.8	34.6 24.3	43.8 30.3	46.1 33.6	42.0 27.0	38.8 29.8	Target Price 2012 2013 2014	Range 128 96 80 64 48 40 32 24 16 12	
LEGENDS — 1.25 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split, 6/02 Options: No Shaded area: prior recession Latest recession began 12/07														% TOT. RETURN 9/09 THIS STOCK VLARITH INDEX 1 yr. -3.3 12.6 3 yr. 2.5 5.1 5 yr. 67.2 36.4				
CAPITAL STRUCTURE as of 6/30/09 Total Debt \$317.8 mill. Due in 5 Yrs \$12.0 mill. LT Debt \$306.3 mill. LT Interest \$22.0 mill. (LT interest earned: 4.8x: total interest coverage: 4.4x) (46% of Cap'l) Leases, Uncapitalized: Annual rentals \$2.9 mill. Pension Assets-12/08 \$54.2 mill. Oblig. \$94.5 mill. Pfd Stock None. Common Stock 18,499,423 shs. as of 8/5/09 MARKET CAP: \$675 million (Small Cap)				173.4	184.0	197.5	209.2	212.7	228.0	236.2	268.6	301.4	318.7	350	370	Revenues (\$mill)	435	
CURRENT POSITION 2007 2008 6/30/09 (\$MILL) Cash Assets 1.7 7.3 9.8 Other 43.7 66.9 87.6 Current Assets 63.1 90.6 97.4 Accts Payable 29.1 36.6 39.6 Debt Due 37.8 75.3 11.5 Other 27.4 25.5 37.8 Current Liab. 94.3 137.4 88.9 Fix. Chg. Cov. 314% 293% 440%				16.1	18.0	20.4	20.3	11.9	16.5	22.5	23.1	28.0	26.8	35.0	39.0	39.0	Net Profit (\$mill)	52.0
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				46.0%	45.7%	43.0%	38.9%	43.5%	37.4%	47.0%	40.5%	42.6%	37.8%	35.5%	37.0%	Income Tax Rate	40.0%	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				51.0%	47.5%	54.9%	52.0%	52.0%	47.7%	50.4%	48.6%	46.9%	46.2%	46.5%	46.0%	AFUDC % to Net Profit	5.0%	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				48.4%	51.9%	44.7%	48.0%	48.0%	52.3%	49.6%	51.4%	53.1%	53.8%	53.5%	54.0%	Long-Term Debt Ratio	46.5%	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				328.2	371.1	447.6	444.4	442.3	480.4	532.5	551.6	569.4	577.0	665	675	Total Capital (\$mill)	825	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				449.6	509.1	539.8	563.3	602.3	664.2	713.2	750.6	776.4	825.3	870	925	Net Plant (\$mill)	1025	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				6.6%	6.4%	6.1%	6.5%	4.6%	5.2%	5.4%	6.0%	6.7%	6.4%	7.0%	7.5%	Return on Total Cap'l	8.5%	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				10.0%	9.2%	10.1%	9.5%	5.6%	6.6%	8.5%	8.1%	9.3%	8.6%	10.0%	10.5%	Return on Shr. Equity	12.0%	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				10.1%	9.3%	10.1%	9.5%	5.6%	6.6%	8.5%	8.1%	9.3%	8.6%	10.0%	10.5%	Return on Com Equity	12.0%	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				2.9%	3.0%	3.6%	3.3%	NMF	1.0%	2.8%	2.7%	3.9%	3.1%	5.0%	5.5%	Retained to Com Eq	6.0%	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 4.5% 5.0% 4.0% "Cash Flow" 5.5% 6.0% 6.5% Earnings 3.5% 5.5% 9.5% Dividends 1.5% 2.0% 4.5% Book Value 4.5% 5.0% 4.0%				72%	68%	65%	65%	113%	84%	67%	67%	58%	64%	56%	52%	All Div'ds to Net Prof	48%	
QUARTERLY REVENUES (\$mill.) Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 64.3 63.0 75.0 66.3 268.6 2007 72.3 79.3 75.8 74.0 301.4 2008 68.9 80.3 85.3 84.2 318.7 2009 79.6 93.6 91.8 85.0 350 2010 83.0 99.0 98.0 90.0 370				BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Company, it supplies water to more than 250,000 customers in 75 communities in 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 customers in the city of Big Bear Lake and in areas of San Bernardino County. Acquired Chaparral City Water of Arizona (10/00). Has roughly 675 employees. Officers & directors own 2.5% of common stock (4/09 Proxy). Chairman: Lloyd Ross. President & CEO: Floyd Wicks. Inc: CA. Addr: 630 East Foothill Boulevard, San Dimas, CA 91773. Tele.: 909-394-3600. Internet: www.aswater.com.										Company's Financial Strength B++ Stock's Price Stability 80 Price Growth Persistence 70 Earnings Predictability 70				
QUARTERLY DIVIDENDS PAID \$= Full Year Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 2005 .225 .225 .225 .225 .90 2006 .225 .225 .225 .235 .91 2007 .235 .235 .235 .250 .96 2008 .250 .250 .250 .250 1.00 2009 .250 .250 .250 .250 1.00				Recent regulatory changes are fueling strength at American States Water. The water utility provider posted earnings of \$0.64 a share in the second quarter, 21% better than last year, as a more business friendly approach by the California Public Utilities Commission helped sales improve 17%, to \$94 million, despite a decrease in water consumption. Specifically, the adoption of a water rate adjustment mechanism and a modified cost balancing account were \$2.2 million accretive to the top line and boosted share earnings by \$0.07. We suspect that third-quarter results were probably even more impressive, with the bottom line nearly doubling from last year's weak tally. As a result, we've raised our full-year earnings estimate by 12% to \$1.90.										Andre J. Costanza October 23, 2009				
QUARTERLY DIVIDENDS PAID \$= Full Year Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 2005 .225 .225 .225 .225 .90 2006 .225 .225 .225 .235 .91 2007 .235 .235 .235 .250 .96 2008 .250 .250 .250 .250 1.00 2009 .250 .250 .250 .250 1.00				We think there could be some hurdles ahead, however. Comparisons get much tougher beginning with the December quarter and are likely to remain so henceforth. Meanwhile, operating costs appear to be on the rise, with infrastructure and maintenance expenses continuing to mount due to aging water systems. Thus, we look for growth to slow considerably in the fourth quarter and 2010.										Finances remain a major concern. Although management paid down roughly \$45 million in debt in the June quarter, it was forced to issue shares to do so. Further debt reduction is highly unlikely going forward, with ongoing financing likely to be used to meet capital requirements. In fact, we look for AWR to tap debt and equity markets in the future in order to comply with increasingly stringent EPA regulations and improve infrastructures. The increased interest rate expense and greater share count that will accompany such maneuverings are likely to dilute future gains, though.				
QUARTERLY DIVIDENDS PAID \$= Full Year Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 2005 .225 .225 .225 .225 .90 2006 .225 .225 .225 .235 .91 2007 .235 .235 .235 .250 .96 2008 .250 .250 .250 .250 1.00 2009 .250 .250 .250 .250 1.00				Growth-minded investors can find better options. AWR does not stand out for Timeliness or 3- to 5-year appreciation potential, as infrastructure costs mire future growth rates. Although income-minded investors may be hesitant to jump aboard, given that there has yet to be an announcement about a dividend increase, we are not concerned and suspect that a raise is on the horizon, thus maintaining the history of annual dividend growth.										To subscribe call 1-800-833-0046.				
QUARTERLY DIVIDENDS PAID \$= Full Year Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 2005 .225 .225 .225 .225 .90 2006 .225 .225 .225 .235 .91 2007 .235 .235 .235 .250 .96 2008 .250 .250 .250 .250 1.00 2009 .250 .250 .250 .250 1.00				Primary earnings. Excludes nonrecurring gains/(losses): '04, 14¢; '05, 25¢; '06, 6¢; '08, (27¢). Next earnings report due early Nov. May not add due to rounding.										Dividends historically paid in early March, June, September, and December. = Div'd reinvestment plan available.				
QUARTERLY DIVIDENDS PAID \$= Full Year Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 2005 .225 .225 .225 .225 .90 2006 .225 .225 .225 .235 .91 2007 .235 .235 .235 .250 .96 2008 .250 .250 .250 .250 1.00 2009 .250 .250 .250 .250 1.00				In millions, adjusted for split.										© 2009, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.				

AMERICAN WATER NYSE-AWK				RECENT PRICE	P/E RATIO	(Trailing: 15.5 Median: NMF)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE		
TIMELINESS - SAFETY 3 New 7/25/08 TECHNICAL - BETA NMF (1.00 = Market)				20.05 15.3		0.88 High: 23.7 Low: 16.5		4.2% Target Price 2012: 2013: 2014:			
2012-14 PROJECTIONS Price Gain Ann'l Total High 40 (+100%) 22% Low 25 (+25%) 10%				Insider Decisions N D J F M A M J J to Buy 0 0 0 0 0 0 0 3 0 Options 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0		Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 88 100 137 to Sell 70 69 66 Hd's(000) 56698 56342 82903		LEGENDS Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07		% TOT. RETURN 9/09 THIS STOCK VL ARITH. INDEX 1 yr. -3.3 12.6 3 yr. - 5.1 5 yr. - 36.4	
CAPITAL STRUCTURE as of 6/30/09 Total Debt \$5372.2 mill. Due in 5 Yrs \$810.0 mill. LT Debt \$5006.1 mill. LT Interest \$295.0 mill. (Total interest coverage: 2.2x) (56% of Cap'l)				Leases, Uncapitalized: Annual rentals \$36.2 mill. Pension Assets-12/08 \$513.3 mill Oblig. \$1016.9 mill. Pfd Stock \$28.7 mill. Pfd Div'd \$.23 mill.		Common Stock 174,562,309 shs. as of 8/5/09		MARKET CAP: \$3.5 billion (Mid Cap)		CURRENT POSITION (\$MILL.)	
ANNUAL RATES Past Past Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues -- -- -- 1.0% "Cash Flow" -- -- -- 20.5% Earnings -- -- -- NMF Dividends -- -- -- NMF Book Value -- -- -- -1.5%				Business: American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to over 15 million people in 32 states and Canada. Its non-regulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up almost 90% of 2008 revenues. New Jersey is its biggest market		American Water Works showed resilience in the second quarter. The water provider posted 14% earnings growth, although unfavorable weather conditions in the Northeast resulted in a slower-than-budgeted sales advance of 4%. We also like the headway that the company continued to make on the military side of things also, inking two 50-year deals totaling more than \$935 million.		Growth will probably slow in the second half of the year, however. Operating costs are likely to continue rising in the months ahead, as new projects, particularly the aforementioned military ventures, require greater capital investment. Meanwhile, upcoming comparisons appear difficult, thus limiting growth aspirations in the second half of the year and 2010.		Some lingering issues will probably be resolved ... Majority shareholder RWE AG announced that it will sell 30 million shares, with an option for underwriters to purchase an additional five million, on its way to liquidating its entire stake. After the transaction, RWE's stake will fall from over 45% to just above 25%. We think that the elimination of RWE	
Quarterly Revenues (\$mill.)^A				Quarterly Earnings per Share^A		Quarterly Dividends Paid^B		Business Accounting: accounting for nearly 20% of revenues. Has roughly 7,300 employees. Depreciation rate, 2.1% in '08. RWE AG owns roughly 49% of common stock outstanding. Capital World Investors, 8%. Off. & dir. own less than 1%. President & CEO: Donald L. Correl. Chairman: George Mackenzie Jr. Address: 1025 Laurel Oak Road, Voorhees, NJ 08043. Telephone: 856-346-8200. Internet: www.amwater.com.			
Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 483.0 524.7 592.7 492.7 2093.1 2007 468.6 558.7 633.1 553.8 2214.2 2008 506.8 589.4 672.2 568.5 2336.9 2009 550.2 612.7 700.1 622 2485 2010 580 670 750 690 2690				Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 .02 .15 .27 d1.42 d.97 2007 .02 .31 d1.00 d1.47 d2.14 2008 .04 .28 .55 .23 1.10 2009 .19 .32 .54 .25 1.30 2010 .20 .35 .56 .29 1.40		Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 -- -- -- -- -- 2006 -- -- -- -- -- 2007 -- -- -- -- -- 2008 -- -- .20 .20 .40 2009 .20 .20 .21		from the picture eases concerns about the company's true intentions. ... but we still advise investors to be cautious here. AWK has only been trading for a little over a year and thus lacks a track record on which to accurately base future trading habits. We have not yet assigned the stock a Timeliness rank or any other performance indicators, adding a degree of risk not accompanied by most stocks in our Survey. There are some things to get excited about here, but we think it would be wise to give AWK time to establish a resume before making a commitment. Indeed, the solid 3- to 5-year total return we envision loses some luster on a risk-adjusted basis. Plus, we continue to be concerned about the company's finances. Although the migration into military bases adds to growth potential, burgeoning infrastructure costs are likely to remain a problem for this highly leveraged, cash-strapped provider. It will most likely need to look to outside financiers to stay afloat, with a larger share count and/or interest expense limiting shareholder returns. <i>Andre J. Costanza October 23, 2009</i>			
Company's Financial Strength B Stock's Price Stability NMF Price Growth Persistence NMF Earnings Predictability NMF				earnings may not sum due to rounding. (B) Dividends to be paid in January, April, July, and October. (C) In millions.		(D) Includes intangibles. In 2008: \$1.699 billion, \$10.62/share. (E) The stock has not been trading long enough to generate a Timeliness rank.		To subscribe call 1-800-833-0046.			

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AQUA AMERICA NYSE-WTR		RECENT PRICE	P/E RATIO	Trailing: 22.2 Median: 25.0	RELATIVE P/E RATIO	DIV'D YLD	3.5%	VALUE LINE
TIMELINESS 3 Lowered 6/26/09	High: 11.5 Low: 7.2	12.0 6.3	14.8 9.4	15.0 9.6	16.8 11.8	18.5 14.2	29.2 17.5	29.8 20.1
SAFETY 3 Lowered 8/1/03	11.5 7.2	12.0 6.3	14.8 9.4	15.0 9.6	16.8 11.8	18.5 14.2	29.2 17.5	29.8 20.1
TECHNICAL 4 Raised 10/16/09	11.5 7.2	12.0 6.3	14.8 9.4	15.0 9.6	16.8 11.8	18.5 14.2	29.2 17.5	29.8 20.1
BETA .65 (1.00 = Market)	11.5 7.2	12.0 6.3	14.8 9.4	15.0 9.6	16.8 11.8	18.5 14.2	29.2 17.5	29.8 20.1
2012-14 PROJECTIONS	11.5 7.2	12.0 6.3	14.8 9.4	15.0 9.6	16.8 11.8	18.5 14.2	29.2 17.5	29.8 20.1
Price Gain Ann'l Total	40 (+140%) 26%	25 (+50%) 13%						
Insider Decisions								
Institutional Decisions								
CAPITAL STRUCTURE as of 6/30/09								
MARKET CAP: \$2.3 billion (Mid Cap)								
CURRENT POSITION								
ANNUAL RATES								
QUARTERLY REVENUES (\$ mill.)								
EARNINGS PER SHARE								
QUARTERLY DIVIDENDS PAID								
<p>BUSINESS: Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Divested three of four non-water businesses in '91; telemarketing group in '93; and others. Acquired AquaSource, 7/03; Consumers Group, 4/99; and others. Water supply revenues '08: residential, 60%; commercial, 14%; industrial & other, 26%. Officers and directors own 1.3% of the common stock (4/09 Proxy). Chairman & Chief Executive Officer: Nicholas DeBenedictis. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: www.aquaamerica.com.</p> <p>Aqua America completed the second quarter on a good note. Despite unfavorable weather conditions and the slowdown in the home building market, the company registered revenue and earnings growth of nearly 11%. Also, a number of rate increases were approved by the courts, and the year-to-date approval of \$27.2 million in upward rate adjustments should help bolster the top and bottom lines over the next few quarters.</p> <p>The company is likely to build on this momentum in 2010. Indeed, several rate-relief cases should be decided in the latter half of this year, and the more than \$9 million request this year would be accretive to revenues and earnings going into 2010, provided the cases are ruled in Aqua's favor. Additional rate increase petitions for upwards of \$50 million will also be filed during the next few months, notably in Pennsylvania and New Jersey.</p> <p>Aqua America will likely remain active on the acquisition front. One of the company's current growth strategies involves purchasing available utilities and making infrastructure improvements in order to procure rate relief judgments.</p> <p>This should benefit WTR's cost structure, as well as expand its customer base. A focus will also remain on procuring favorable rate increase judgments over the next few years. As a portion of capital spending (currently planned to run up to about \$315 million per annum), approximately 10% is earmarked for "compliance spending", which is used for adjustments mandated by regulating agencies. The remaining 90% will likely be used to make improvements to current facilities in order to petition for more rate increases.</p> <p>The board of directors approved a dividend increase. During its annual strategy session, a 7.4% rise was instituted, and will bring the year-ahead dividend up to \$0.58 a share.</p> <p>This neutrally ranked stock may appeal to conservative investors. The probable steady dividend growth and the worthwhile appreciation potential over the 2012-2014 horizon support the appeal of these shares. Also of note are the high marks for Stock Price Stability and Earnings Predictability.</p> <p><i>John D. Burke</i> <i>October 23, 2009</i></p>								
<p>(A) Diluted shares. Excl. nonrec. gains (losses): '99, (11¢); '00, 2¢; '01, 2¢; '02, 5¢; '03, 4¢. Excl. gain from disc. operations: '96, 2¢. Next earnings report due early November.</p> <p>(B) Dividends historically paid in early March, June, Sept. & Dec. ■ Div'd. reinvestment plan available (5% discount).</p> <p>(C) In millions, adjusted for stock splits.</p>								
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Custom Report - Artesian Res Corp (ARTNA)							Enter ticker: <input type="text" value="ARTNA"/>
Symbol	Last	Open	Change	% Change	Year High	Year Low	Last Trade
ARTNA	18.25	18.16	+0.08	+0.44%	18.73	12.81	2010-01-06@11:35:57 ET

Pricing/Earnings		Ratings*		% Annualized Return (EOM)		
Recent Price	18.61	Financial Strength	NMF		This	VL Arith.
P/E Ratio	NMF	Stock's Price Stability	100		Stock	Index
P/E (Trailing)	19.798	Price Growth Persistence	50	1 yr	9.686	60.356
P/E (Median)	21	Earnings Predictability	85	3 yrs	-0.099	-1.375
Rel. P/E Ratio	1.106			5 yrs	0.711	4.109

Value Line Ranks*		3 to 5 Year Projections		
Performance:	3 (Lowered - 06/05/2009)	Price	Gain	Ann'l Tot. Return
Safety:	2 (Lowered - 01/08/2010)	High	N/A	N/A
Technical:	3 (Raised - 10/16/2009)	Low	N/A	N/A
Industry:	73 (Water Utility)			
BETA:	0.6 (1.00 = Market)			

**Data based on the latest 01/08/2010 issue.*

Business Profile

BUSINESS: Artesian Resources Corporation, through its subsidiaries, engages in the distribution and sale of water to residential, commercial, industrial, governmental, municipal, and utility customers in the state of Delaware. It also provides water for public and private fire protection to customers in its service territories. In addition, the company offers wastewater services, as well as designs and constructs wastewater facilities and infrastructure. As of December 31, 2006, Artesian Resources had approximately 73,800 metered customers and served a population of approximately 243,000. As of the above date, it served customers through approximately 1,050 miles of transmission and distribution mains. Has 198 employees. Chairman, C.E.O. & President: Dian C. Taylor. Address: 664 Churchmans Rd., Newark, DE 19702. Tel.: 302 453-6900. Internet: <http://www.artesianwater.com>

Company Commentary

Commentary is unavailable for the company.

Company Performance Chart



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Income Statement					
2007	2008	2009	2010	2011	©Value Line Pub., Inc.
7.195	7.592	NMF	NMF	NMF	Revenues per sh.
1.565	1.648	NMF	NMF	NMF	Cash-Flow per sh.
0.9	0.86	NMF	NMF	NMF	Earnings per sh.
1.328	1.414	NMF	NMF	NMF	Div'ds Decl'd per sh.
3.662	6.088	NMF	NMF	NMF	Cap'l Spending per sh.
11.662	11.862	NMF	NMF	NMF	Book Value per sh.
7.3	7.401	NMF	NMF	NMF	Common Shs Outst'g (mil)
21.472	20.07	NMF	NMF	NMF	Avg Ann'l P/E Ratio
1.14	1.208	NMF	NMF	NMF	Relative P/E Ratio
6.872	8.192	NMF	NMF	NMF	Avg Ann'l Div'd Yield (%)
52.524	56.185	NMF	NMF	NMF	Revenues (\$mil)
45.56	45.054	NMF	NMF	NMF	Operation Margin (%)
5.162	5.782	NMF	NMF	NMF	Depreciation (\$mil)
6.263	6.418	NMF	NMF	NMF	Net Profit (\$mil)
39.761	40.821	NMF	NMF	NMF	Income Tax Rate (%)
11.924	11.423	NMF	NMF	NMF	Net Profit Margin (%)
2.48	-20.905	NMF	NMF	NMF	Working Cap'l (\$mil)
91.757	107.555	NMF	NMF	NMF	Long-Term Debt (\$mil)
85.132	87.794	NMF	NMF	NMF	Shr. Equity (\$mil)
5.274	4.704	NMF	NMF	NMF	Return on Total Cap'l (%)

7.357	7.31	<i>NMF</i>	<i>NMF</i>	<i>NMF</i>	Return on Shr. Equity (%)
2.124	1.395	<i>NMF</i>	<i>NMF</i>	<i>NMF</i>	Retained to Com. Eq. (%)
71.132	80.913	<i>NMF</i>	<i>NMF</i>	<i>NMF</i>	All Div'ds to Net Profit (%)
<< More					
Income Statement					
2002	2003	2004	2005	2006	©Value Line Pub., Inc.
5.973	6.203	6.67	7.521	7.766	Revenues per sh.
1.271	1.279	1.423	1.561	1.755	Cash-Flow per sh.
0.76	0.64	0.72	0.813	0.97	Earnings per sh.
0.516	1.064	1.107	1.16	0.61	Div'ds Decl'd per sh.
3.177	4.198	4.819	3.349	5.076	Cap'l Spending per sh.
8.835	9.005	9.259	9.602	10.154	Book Value per sh.
5.792	5.851	5.934	6.021	6.086	Common Shs Outst'g (mil)
17.304	24.695	25.383	24.218	20.29	Avg Ann'l P/E Ratio
0.945	1.408	1.341	1.289	1.096	Relative P/E Ratio
3.924	6.732	6.057	5.892	3.099	Avg Ann'l Div'd Yield (%)
34.597	36.295	39.582	45.285	47.265	Revenues (\$mil)
99.554	100	100	99.997	45.553	Operation Margin (%)
3.238	3.635	4.046	4.364	4.609	Depreciation (\$mil)
4.167	3.917	4.402	5.035	6.071	Net Profit (\$mil)
40.403	37.865	39.649	39.931	39.034	Income Tax Rate (%)
12.044	10.792	11.121	11.118	12.845	Net Profit Margin (%)
2.389	-10.463	-8.782	-1.832	-8.877	Working Cap'l (\$mil)
63.97	80.558	82.356	92.379	92.073	Long-Term Debt (\$mil)
51.276	52.691	54.943	57.813	61.8	Shr. Equity (\$mil)
5.567	<i>NMF</i>	<i>NMF</i>	5.322	5.805	Return on Total Cap'l (%)
8.127	7.434	8.012	8.709	9.824	Return on Shr. Equity (%)
2.82	1.404	2.066	2.707	3.814	Retained to Com. Eq. (%)
65.371	81.108	74.216	68.918	61.176	All Div'ds to Net Profit (%)
>> Back					

Quarterly Sales (\$Mill)					
Fiscal Year	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	9.9	11.5	12.4	11.5	45.3
2006	10.4	12.1	12.9	11.9	47.3
2007	11.6	12.9	15.1	12.9	52.5
2008	12.3	13.9	15.7	14.3	56.2
2009	13.9	15.4	16.2	N/A	N/A
Earnings per Share					
Fiscal Year	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	0.16	0.19	0.27	0.19	0.81

2006	0.16	0.22	0.42	0.17	0.97
2007	0.18	0.19	0.37	0.14	0.88
2008	0.13	0.21	0.35	0.17	0.86
2009	0.22	0.27	0.28	0.19	0.96
Quarterly Dividends Paid					
Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	0.210	0.210	0.210	0.240	0.87
2006	0.150	0.150	0.150	0.160	0.61
2007	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A

Institutional Decisions				Insider Decisions									
	1Q2009	2Q2009	3Q2009		F	M	A	M	J	J	A	S	O
to Buy	18	32	26	to Buy	0	0	0	0	0	0	0	0	0
to Sell	12	10	19	Options	2	5	1	4	2	1	3	5	1
Hld's(000)	1699	1994	2045	to Sell	1	4	1	6	2	1	3	5	1



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CALIFORNIA WATER NYSE-CWT										RECENT PRICE	39.52	P/E RATIO	18.7	Trailing: 18.7	Median: 22.0	RELATIVE P/E RATIO	1.07	DIV'D YLD	3.0%	VALUE LINE		
TIMELINESS 3 Lowered 7/3/09	High: 33.8 32.0 31.4 28.6 26.9 31.4 37.9 42.1 45.8 45.4 46.6 48.3										20.8	22.6	21.5	22.9	20.5	23.7	26.1	31.2	32.8	34.2	27.7	33.5
SAFETY 3 Lowered 7/27/07	LEGENDS										1.33 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 1/98 Options: Yes Shaded area: prior recession Latest recession began 12/07					Target Price	Range					
TECHNICAL 4 Raised 10/23/09																						128
BETA .75 (1.00 = Market)																						96
2012-14 PROJECTIONS	Ann'l Total High Price 65 (+65%) 15% Low Price 45 (+15%) 6%																					80
Insider Decisions	N D J F M A M J J to Buy 0 0 0 0 0 0 0 0 0 0 0 to Sell 1 0 0 0 0 0 0 0 0 0 0																					64
Institutional Decisions	4Q2008 1Q2009 2Q2009 to Buy 107 83 76 to Sell 46 81 85 Hd's(000) 9799 10000 10018 Percent shares traded 9 6 3																					48
	1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010										20.45	12-14										
CAPITAL STRUCTURE as of 6/30/09										Total Debt \$398.2 mill. Due in 5 Yrs \$39.8 mill. LT Debt \$383.5 mill. LT Interest \$24.0 mill. (LT interest earned: 4.7%; total int. cov.: 4.3x)					Revenues per sh 24.45 Net Profit (\$mill) 650							
Pension Assets-12/08 \$66.9 mill.										Oblig. \$192.9 mill.					Income Tax Rate 39.0% AFUDC % to Net Profit 10.0%							
Pfd Stock None															Long-Term Debt Ratio 45.0% Common Equity Ratio 55.0%							
Common Stock 20,744,952 shs. as of 8/3/09															Total Capital (\$mill) 950 Net Plant (\$mill) 1425							
MARKET CAP: \$825 million (Small Cap)															Return on Total Cap'l 8.0% Return on Shr. Equity 12.0% Return on Com Equity 12.0%							
CURRENT POSITION (\$MILL)															Retained to Com Eq 6.0% All Div'ds to Net Prof 50%							
Cash Assets 6.7 13.9 41.5 Other 53.3 65.9 83.0 Current Assets 60.0 79.8 124.5 Accts Payable 36.7 45.1 48.3 Debt Due 2.7 42.8 14.7 Other 30.3 35.3 38.2 Current Liab. 69.7 123.2 101.2 Fix. Chg. Cov. 333% 398% 432%															Revenues per sh 24.45 Net Profit (\$mill) 650							
ANNUAL RATES															Return on Total Cap'l 8.0% Return on Shr. Equity 12.0% Return on Com Equity 12.0%							
of change (per sh) Revenues 2.0% 1.5% 5.5% "Cash Flow" 2.0% 5.5% 6.5% Earnings -- 7.0% 9.0% Dividends 1.0% 0.5% 2.5% Book Value 4.0% 6.5% 3.0%															Retained to Com Eq 6.0% All Div'ds to Net Prof 50%							
QUARTERLY REVENUES (\$ million)															Return on Total Cap'l 8.0% Return on Shr. Equity 12.0% Return on Com Equity 12.0%							
Cal- QAR 2006 2007 2008 2009 2010 Mar.31 Jun.30 Sep.30 Dec.31 Full Year 65.2 81.1 107.8 80.6 334.7 71.6 95.8 113.8 85.9 367.1 72.9 105.6 131.7 100.1 410.3 86.7 116.7 138.6 108 450 90.0 120 145 115 470															Return on Total Cap'l 8.0% Return on Shr. Equity 12.0% Return on Com Equity 12.0%							
EARNINGS PER SHARE															Return on Total Cap'l 8.0% Return on Shr. Equity 12.0% Return on Com Equity 12.0%							
Cal- EARNINGS PER SHARE 2006 2007 2008 2009 2010 Mar.31 Jun.30 Sep.30 Dec.31 Full Year .04 .31 .68 .31 1.34 .07 .37 .67 .39 1.50 .01 .48 1.06 .35 1.90 .12 .58 1.04 .36 2.10 .13 .60 1.08 .39 2.20															Return on Total Cap'l 8.0% Return on Shr. Equity 12.0% Return on Com Equity 12.0%							
QUARTERLY DIVIDENDS PAID															Return on Total Cap'l 8.0% Return on Shr. Equity 12.0% Return on Com Equity 12.0%							
Cal- QUARTERLY DIVIDENDS PAID 2005 2006 2007 2008 2009 Mar.31 Jun.30 Sep.30 Dec.31 Full Year .285 .285 .285 .285 1.14 .2875 .2875 .2875 .2875 1.15 .290 .290 .290 .290 1.16 .293 .293 .293 .293 1.17 .295 .295 .295															Return on Total Cap'l 8.0% Return on Shr. Equity 12.0% Return on Com Equity 12.0%							

BUSINESS: California Water Service Group provides regulated and nonregulated water service to roughly 463,600 customers in 83 communities in California, Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '08: residential, 69%; business, 18%; public authorities, 5%; industrial, 5%; other, 3%. '08 reported depreciation rate: 2.4%. Has roughly 929 employees. Chairman: Robert W. Foy. President & CEO: Peter C. Nelson (4/09 Proxy). Inc.: Delaware. Address: 1720 North First Street, San Jose, California 95112-4598. Telephone: 408-367-8200. Internet: www.calwatergroup.com.

An improved regulatory environment has created a more favorable backdrop for California Water Service Group. Indeed, the water utility provider exceeded high expectations in the second quarter, reporting earnings of \$0.58 a share, 21% better than last year. The top line advanced 11%, to \$116 million, with rate increases adding \$19.2 million and offsetting lower usage by existing customers. We expect the top line to continue benefiting from ongoing progress on this front, particularly the California Public Utilities Commission's recent adoption of a water revenue adjustment mechanism, the implementation of a modified cost balancing account, and tiered rates. The company filed a general rate case seeking an additional \$70.6 million in 2011, with requests of roughly \$25 million for 2012 and 2013. Interim cases, meanwhile, should add nearly \$9 million annually. Nevertheless, we suspect that growth hit a speed bump in the September period... (Results were not out when we went to press with this issue.) Although we look for demand to remain healthy, tough comparisons probably resulted in a

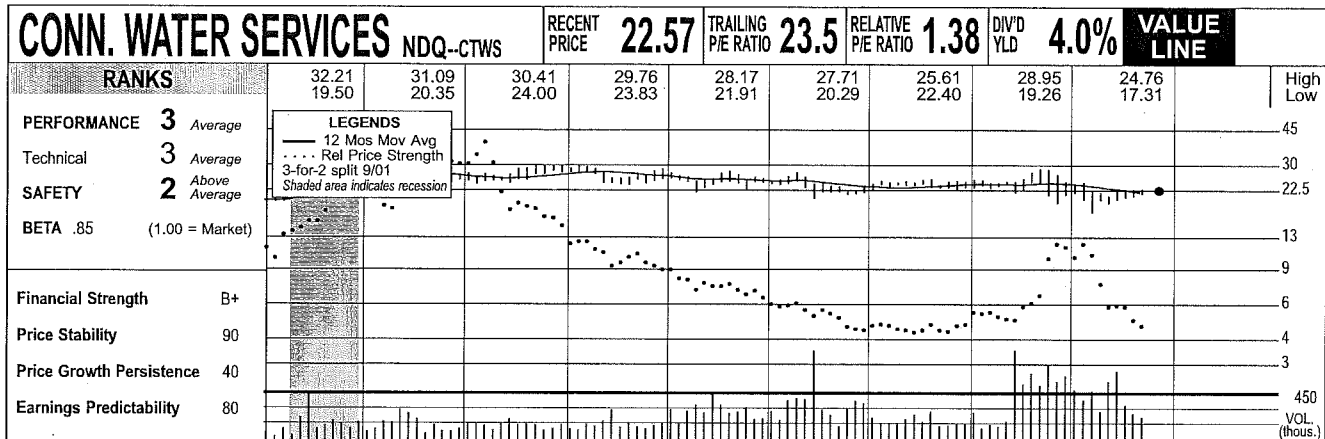
modest share-net shortfall. Plus, we expect that operating costs did not abate. . . . and will remain moderate going forward. Even though tough comps ought to subside a bit over the next few quarters, profitability will likely be limited by rising infrastructure costs. Maintenance expenses should continue to rise as many pipelines and wells are in need of serious attention. Meanwhile, the additional finance commitments that will have to be assumed, given CWT's weak balance sheet and high costs of doing business, are expected to limit bottom-line growth for the foreseeable future. This stock is not for everybody. Its growth prospects are dull, given the growing infrastructure costs that we envision being required over the next couple of years. The issue may, however, interest those looking to take shelter from the economic uncertainty that has resulted in recent broad market volatility. Indeed, CWT's steady dividend growth makes an attractive component in today's market and may well appeal to risk-averse investors seeking a low-risk alternative. Andre J. Costanza October 23, 2009

(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (7¢); '01, 4¢; '02, 8¢. Next earnings report due late February. (B) Dividends historically paid in mid-Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available. (C) Incl. deferred charges. In '08: \$3.9 mill., \$.19/sh. (D) In millions, adjusted for split. (E) Excludes non-reg. rev.

Company's Financial Strength B++
Stock's Price Stability 80
Price Growth Persistence 70
Earnings Predictability 75

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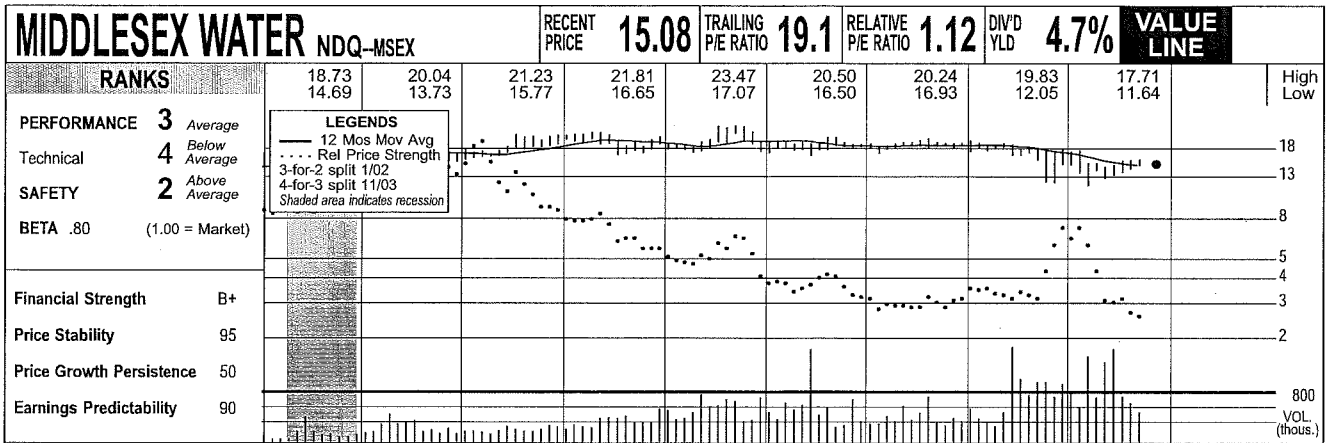
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© VALUE LINE PUBLISHING, INC.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011
SALES PER SH	5.93	5.77	5.91	6.04	5.81	5.68	7.05	7.24	--	
"CASH FLOW" PER SH	1.78	1.78	1.89	1.91	1.62	1.52	1.90	1.95	--	
EARNINGS PER SH	1.13	1.12	1.15	1.16	.88	.81	1.05	1.11	1.11 ^{A,B}	1.01 ^{C,NA}
DIV'DS DECL'D PER SH	.80	.81	.83	.84	.85	.86	.87	.88	--	
CAP'L SPENDING PER SH	1.86	1.98	1.49	1.58	1.96	1.96	2.24	2.44	--	
BOOK VALUE PER SH	9.25	10.06	10.46	10.94	11.52	11.60	11.95	12.23	--	
COMMON SHS OUTST'G (MILL)	7.65	7.94	7.97	8.04	8.17	8.27	8.38	8.46	--	
AVG ANN'L P/E RATIO	21.5	24.3	23.5	22.9	28.6	29.0	23.0	22.2	20.3	22.3/NA
RELATIVE P/E RATIO	1.10	1.33	1.34	1.21	1.51	1.57	1.22	1.34	--	
AVG ANN'L DIV'D YIELD	3.3%	3.0%	3.0%	3.1%	3.4%	3.6%	3.6%	3.6%	--	
SALES (\$MILL)	45.4	45.8	47.1	48.5	47.5	46.9	59.0	61.3	--	Bold figures
OPERATING MARGIN	56.1%	57.7%	52.1%	51.0%	48.3%	43.7%	40.8%	49.0%	--	are consensus
DEPRECIATION (\$MILL)	5.0	5.4	5.9	6.0	6.1	5.9	7.2	7.1	--	earnings
NET PROFIT (\$MILL)	8.7	8.8	9.2	9.4	7.2	6.7	8.8	9.4	--	estimates
INCOME TAX RATE	36.1%	33.8%	17.9%	22.9%	--	23.5%	32.4%	27.2%	--	and, using the
NET PROFIT MARGIN	19.1%	19.2%	19.5%	19.4%	15.1%	14.3%	14.9%	15.4%	--	recent prices,
WORKING CAP'L (\$MILL)	d3.3	d5.1	d3.9	d.7	13.0	1.2	8.1	d3.3	--	P/E ratios.
LONG-TERM DEBT (\$MILL)	64.0	64.8	64.8	66.4	77.4	77.3	92.3	92.2	--	
SHR. EQUITY (\$MILL)	71.6	80.7	84.2	88.7	94.9	96.7	100.9	104.2	--	
RETURN ON TOTAL CAP'L	7.9%	7.4%	7.5%	7.0%	5.0%	4.9%	5.5%	5.9%	--	
RETURN ON SHR. EQUITY	12.1%	10.9%	10.9%	10.6%	7.5%	6.9%	8.7%	9.0%	--	
RETAINED TO COM EQ	3.6%	3.1%	3.2%	3.1%	.3%	NMF	1.6%	1.9%	--	
ALL DIV'DS TO NET PROF	71%	72%	71%	71%	95%	105%	82%	79%	--	

^ANo. of analysts changing earn. est. in last 10 days: 0 up, 0 down, consensus 5-year earnings growth 9.0% per year. ^BBased upon 2 analysts' estimates. ^CBased upon 2 analysts' estimates.

ANNUAL RATES					INDUSTRY: Water Utility				
of change (per share)	5 Yrs.	1 Yr.			ASSETS (\$mill.)	2007	2008	6/30/09	
Sales	2.5%	2.5%			Cash Assets	8.6	.7	.3	
"Cash Flow"	-0.5%	2.5%			Receivables	11.1	12.0	11.9	
Earnings	-2.5%	5.5%			Inventory (Avg cost)	1.0	1.1	1.2	
Dividends	1.5%	1.0%			Other	2.3	2.0	2.0	
Book Value	3.5%	2.5%			Current Assets	23.0	15.8	15.4	
Fiscal Year	QUARTERLY SALES (\$mill.)				Property, Plant & Equip, at cost	392.5	418.1	--	
	1Q	2Q	3Q	4Q	Accum Depreciation	108.2	115.8	--	
12/31/07	13.2	14.4	17.0	14.4	Net Property	284.3	302.3	316.6	
12/31/08	13.6	16.0	17.0	14.7	Other	53.5	54.3	50.8	
12/31/09	13.4	15.1			Total Assets	360.8	372.4	382.8	
12/31/10									
Fiscal Year	EARNINGS PER SHARE				LIABILITIES (\$mill.)				
	1Q	2Q	3Q	4Q	Accts Payable	6.0	5.7	6.5	
12/31/06	.21	.12	.45	.03	Debt Due	6.5	12.1	17.8	
12/31/07	.18	.22	.46	.19	Other	2.4	1.3	1.2	
12/31/08	.20	.35	.34	.22	Current Liab	14.9	19.1	25.5	
12/31/09	.13	.27	.54	.18					
12/31/10	.12								
Cal-endar	QUARTERLY DIVIDENDS PAID				LONG-TERM DEBT AND EQUITY as of 6/30/09				
	1Q	2Q	3Q	4Q	Total Debt \$109.9 mill.		Due in 5 Yrs. NA		
2006	.213	.213	.215	.215	LT Debt \$92.1 mill.				
2007	.215	.215	.218	.218	Including Cap. Leases NA		(47% of Cap'l)		
2008	.218	.218	.222	.222	Leases, Uncapitalized Annual rentals NA				
2009	.222	.222	.228		Pension Liability \$16.7 mill. in '08 vs. None in '07				
INSTITUTIONAL DECISIONS					Pfd Stock \$.8 mill.		Pfd Div'd Paid NMF		
	4Q'08	1Q'09	2Q'09		Common Stock 8,526,304 shares		(53% of Cap'l)		
to Buy	28	31	29						
to Sell	27	24	23						
Hld's(000)	2677	2678	2776						
					TOTAL SHAREHOLDER RETURN				
					Dividends plus appreciation as of 9/30/2009				
					3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
					4.28%	12.74%	-19.42%	13.44%	1.32%



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SALES PER SH	5.87	5.98	6.12	6.25	6.44	6.16	6.50	6.79	-	
"CASH FLOW" PER SH	1.18	1.20	1.15	1.28	1.33	1.33	1.49	1.53	-	
EARNINGS PER SH	.66	.73	.61	.73	.71	.82	.87	.89	.71 ^{A,B}	.79 ^C /NA
DIV'DS DECL'D PER SH	.62	.63	.65	.66	.67	.68	.69	.70	-	
CAP'L SPENDING PER SH	1.25	1.59	1.87	2.54	2.18	2.31	1.66	2.12	-	
BOOK VALUE PER SH	7.11	7.39	7.60	8.38	8.60	9.82	10.05	10.28	-	
COMMON SHS OUTST'G (MILL)	10.17	10.36	10.48	11.36	11.58	13.17	13.25	13.40	-	
AVG ANN'L P/E RATIO	24.6	23.5	30.0	26.4	27.4	22.7	21.6	19.8	21.2	19.1/NA
RELATIVE P/E RATIO	1.26	1.28	1.71	1.39	1.45	1.23	1.15	1.19	-	
AVG ANN'L DIV'D YIELD	3.8%	3.7%	3.5%	3.4%	3.5%	3.7%	3.7%	4.0%	-	
SALES (\$MILL)	59.6	61.9	64.1	71.0	74.6	81.1	86.1	91.0	-	<i>Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.</i>
OPERATING MARGIN	47.2%	47.1%	44.0%	44.4%	44.4%	47.4%	47.0%	46.9%	-	
DEPRECIATION (\$MILL)	5.3	5.0	5.6	6.4	7.2	7.8	8.2	8.5	-	
NET PROFIT (\$MILL)	7.0	7.8	6.6	8.4	8.5	10.0	11.8	12.2	-	
INCOME TAX RATE	34.8%	33.3%	32.8%	31.1%	27.6%	33.4%	32.6%	33.2%	-	
NET PROFIT MARGIN	11.7%	12.5%	10.3%	11.9%	11.4%	12.4%	13.8%	13.4%	-	
WORKING CAP'L (\$MILL)	d.9	d9.3	d13.3	d11.8	d4.5	2.8	d9.6	d40.9	-	
LONG-TERM DEBT (\$MILL)	88.1	87.5	97.4	115.3	128.2	130.7	131.6	118.2	-	
SHR. EQUITY (\$MILL)	76.4	80.6	83.7	99.2	103.6	133.3	137.1	141.2	-	
RETURN ON TOTAL CAP'L	5.6%	6.0%	5.0%	5.1%	5.0%	5.1%	5.6%	5.8%	-	
RETURN ON SHR. EQUITY	9.1%	9.6%	7.9%	8.5%	8.2%	7.5%	8.6%	8.6%	-	
RETAINED TO COM EQ	.5%	1.3%	NMF	.9%	.5%	1.2%	1.8%	1.9%	-	
ALL DIV'DS TO NET PROF	94%	87%	106%	90%	94%	84%	79%	78%	-	

^ANo. of analysts changing earn. est. in last 10 days: 0 up, 0 down, consensus 5-year earnings growth 7.5% per year. ^BBased upon 3 analysts' estimates. ^CBased upon 3 analysts' estimates.

ANNUAL RATES				ASSETS (\$mill.)		
of change (per share)	5 Yrs.	1 Yr.		2007	2008	6/30/09
Sales	1.5%	4.5%		2.0	3.3	3.5
"Cash Flow"	4.5%	2.5%		12.8	14.3	14.5
Earnings	5.5%	2.5%		1.2	1.5	1.6
Dividends	2.0%	1.5%		1.4	1.5	1.6
Book Value	6.5%	2.5%		17.4	20.6	21.2

Fiscal Year	QUARTERLY SALES (\$mill.)	Full Year
	1Q 2Q 3Q 4Q	Year
12/31/07	19.0 21.8 24.1 21.2	86.1
12/31/08	20.8 23.0 25.7 21.5	91.0
12/31/09	20.6 23.1	

Fiscal Year	EARNINGS PER SHARE	Full Year
	1Q 2Q 3Q 4Q	Year
12/31/06	.15 .25 .28 .14	.82
12/31/07	.13 .24 .31 .19	.87
12/31/08	.15 .26 .35 .13	.89
12/31/09	.10 .21 .30 .10	
12/31/10	.09	

Cal-endar	QUARTERLY DIVIDENDS PAID	Full Year
	1Q 2Q 3Q 4Q	Year
2006	.17 .17 .17 .173	.68
2007	.173 .173 .173 .175	.69
2008	.175 .175 .175 .178	.70
2009	.178 .178 .178	

INSTITUTIONAL DECISIONS			
	4Q'08	1Q'09	2Q'09
to Buy	35	41	41
to Sell	24	27	33
Hld's(000)	4997	4505	4902

LIABILITIES (\$mill.)			
	2007	2008	6/30/09
Acccts Payable	6.5	5.7	4.4
Debt Due	9.0	43.9	42.5
Other	11.5	11.9	12.4
Current Liab	27.0	61.5	59.3

LONG-TERM DEBT AND EQUITY as of 6/30/09	
Total Debt \$171.3 mill.	Due in 5 Yrs. NA
LT Debt \$128.8 mill.	
Including Cap. Leases NA	(48% of Cap'l)
Leases, Uncapitalized Annual rentals NA	
Pension Liability \$25.5 mill. in '08 vs. \$13.3 mill. in '07	
Pfd Stock None	Pfd Div'd Paid None
Common Stock 13,447,000 shares	(52% of Cap'l)

INDUSTRY: Water Utility				
BUSINESS: Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey (NJ) and Delaware, and a regulated wastewater utility in NJ. It offers contract operations services and a service line maintenance program through its nonregulated subsidiary, Utility Service Associates, Inc. Its water utility system treats, stores, and distributes water for residential, commercial, industrial, and fire prevention purposes. It also provides water treatment and pumping services to the Township of East Brunswick. Its other NJ subsidiaries offer water and wastewater services to residents in Southampton Township. Its Delaware subsidiaries provide water services to retail customers in New Castle, Kent, and Sussex counties. In July, the company approved to implement a Purchased Water Adjustment Clause, which is a pass-through charge that enables it to recover the increased unit cost of raw or finished water purchased from external sources. Has 269 employees. Chairman: J. Richard Tompkins. Address: 1500 Ronson Rd, P.O. BOX 1500, Iselin, NJ 08830. Tel.: 732-634-1500. Internet: http://www.middlesexwater.com . <i>W.T.</i>				
October 23, 2009				
TOTAL SHAREHOLDER RETURN				
<i>Dividends plus appreciation as of 9/30/2009</i>				
3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
5.61%	7.40%	-9.48%	-12.26%	1.01%

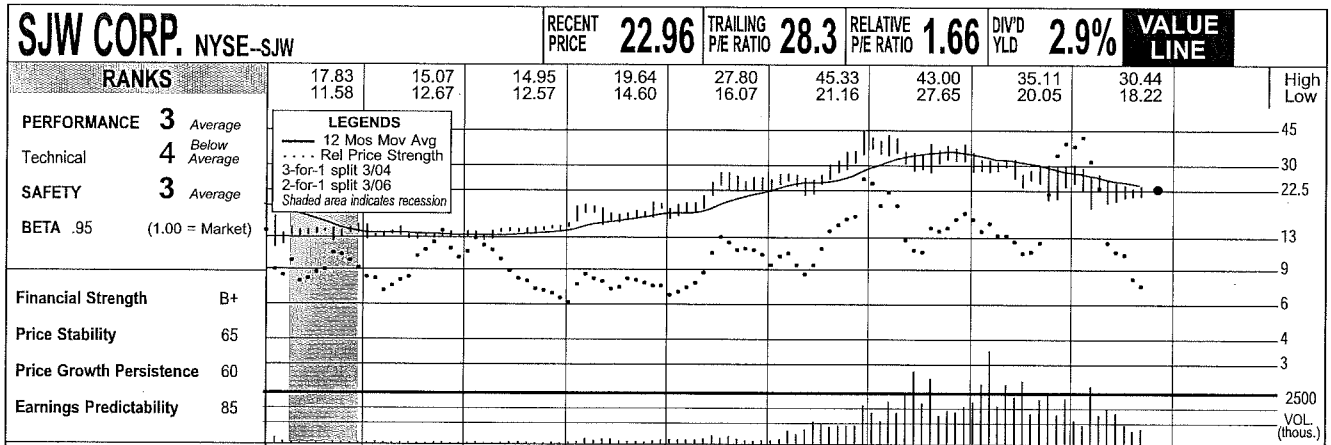
PENNICHUCK CORP NDQ-PNNW		RECENT PRICE	23.69	TRAILING P/E RATIO	48.3	RELATIVE P/E RATIO	2.83	DIVID YLD	3.0%	VALUE LINE	
RANKS	20.25	24.30	26.25	22.34	22.00	25.90	26.92	28.48	24.80	High	
PERFORMANCE	3	Average	14.49	17.63	15.18	17.99	18.10	17.00	20.05	14.75	45
Technical	4	Below Average									30
SAFETY	3	Average									22.5
BETA	.55	(1.00 = Market)									13
Financial Strength	B+										9
Price Stability	90										6
Price Growth Persistence	50										4
Earnings Predictability	30										3
© VALUE LINE PUBLISHING, INC.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011	
SALES PER SH	7.15	7.35	6.69	7.15	5.67	5.81	6.99	7.29	--		
"CASH FLOW" PER SH	2.09	2.00	1.53	1.57	.89	.99	1.77	2.10	--		
EARNINGS PER SH	1.14	1.13	.62	.60	.13	.14	.84	1.11	.60 ^{A,B}	.79 ^C /NA	
DIV'DS DECL'D PER SH	.57	.59	.63	.65	.66	.66	.66	.66	--		
CAP'L SPENDING PER SH	2.58	1.65	2.25	1.69	2.60	5.08	4.25	3.45	--		
BOOK VALUE PER SH	9.61	9.55	9.44	9.37	10.89	10.57	10.78	11.24	--		
COMMON SHS OUTST'G (MILL)	3.18	3.19	3.19	3.22	4.19	4.21	4.23	4.25	--		
AVG ANN'L P/E RATIO	14.5	18.1	30.3	32.7	NMF	NMF	29.1	20.0	39.5	30.0/NA	
RELATIVE P/E RATIO	.74	.99	1.73	1.73	NMF	NMF	1.54	1.20	--		
AVG ANN'L DIV'D YIELD	3.4%	2.9%	3.4%	3.3%	3.3%	3.2%	2.7%	3.0%	--		
SALES (\$MILL)	22.8	23.4	21.4	23.0	23.8	24.5	29.5	31.0	--	Bold figures	
OPERATING MARGIN	51.0%	44.5%	37.9%	40.7%	34.0%	30.7%	39.3%	47.0%	--	are consensus	
DEPRECIATION (\$MILL)	3.0	2.8	2.9	3.1	3.3	3.6	3.9	4.2	--	earnings	
NET PROFIT (\$MILL)	3.6	3.6	2.0	1.9	.5	.6	3.6	4.7	--	estimates	
INCOME TAX RATE	39.1%	37.2%	38.9%	38.4%	38.0%	38.0%	39.2%	36.7%	--	and, using the	
NET PROFIT MARGIN	15.9%	15.4%	9.2%	8.4%	2.0%	2.3%	12.1%	15.2%	--	recent prices,	
WORKING CAP'L (\$MILL)	3.5	4.6	.4	d11.0	19.2	3.2	2.9	d1.9	--	P/E ratios.	
LONG-TERM DEBT (\$MILL)	27.1	26.9	26.9	16.9	41.3	47.7	58.0	59.6	--		
SHR. EQUITY (\$MILL)	30.6	30.4	30.2	30.2	45.6	44.6	45.6	47.8	--		
RETURN ON TOTAL CAP'L	8.0%	8.0%	5.1%	5.9%	1.7%	2.2%	4.8%	6.2%	--		
RETURN ON SHR. EQUITY	11.8%	11.8%	6.5%	6.4%	1.0%	1.3%	7.9%	9.9%	--		
RETAINED TO COM EQ	5.9%	5.5%	NMF	NMF	NMF	NMF	1.7%	4.0%	--		
ALL DIV'DS TO NET PROF	50%	54%	102%	107%	NMF	NMF	78%	59%	--		

^ANo. of analysts changing earn. est. in last 10 days: 0 up, 0 down, consensus 5-year earnings growth not available. ^BBased upon one analyst's estimate. ^CBased upon one analyst's estimate.

ANNUAL RATES		ASSETS (\$mill.)			INDUSTRY: Water Utility					
of change (per share)	5 Yrs.	1 Yr.	2007	2008	6/30/09	<p>BUSINESS: Pennichuck Corporation, through its subsidiaries, engages in the collection, storage, treatment, and distribution of potable water for domestic, industrial, commercial, and fire protection service in southern and central New Hampshire. The company also provides non-regulated water management services, including monitoring, maintenance, testing, and compliance reporting services for water systems of various towns, businesses, and residential communities. In addition, it engages in real estate planning, development, and management of residential, commercial, industrial, and retail properties. The company controls approximately 450 acres of developable land in Nashua and Merrimack, New Hampshire. It serves Nashua, New Hampshire and 10 surrounding municipalities in southern New Hampshire with an estimated total population of 110,000, almost 10% of the population of the state. In July, the company was added to the Russell 2000 Index. Has 102 employees. C.E.O. & President: Duane C. Montopoli. Inc.: NH. Address: 25 Manchester Street, Merrimack, NH 03054. Tel.: (603) 882-5191. Internet: http://www.pennichuck.com. W.T.</p> <p>October 23, 2009</p>				
Sales	-1.0%	4.0%	9.0	1.1	.5					
"Cash Flow"	-3.0%	18.5%	4.7	5.1	4.5					
Earnings	-6.5%	32.0%	1.1	.9	.8					
Dividends	2.0%	--	1.0	1.8	2.1					
Book Value	2.5%	4.0%	15.8	8.9	7.9					
Fiscal Year	QUARTERLY SALES (\$mill.)				LIABILITIES (\$mill.)					
	1Q	2Q	3Q	4Q	Full Year	Accts Payable	Debt Due	Other		
12/31/07	6.0	7.1	9.4	7.0	29.5	1.9	.4	1.3		
12/31/08	6.8	7.9	8.4	7.9	31.0	6.7	6.7	13.9		
12/31/09	7.0	8.5	--	--	--	4.3	3.7	1.9		
12/31/10	--	--	--	--	--	12.9	10.8	17.1		
Fiscal Year	EARNINGS PER SHARE				LONG-TERM DEBT AND EQUITY					
	1Q	2Q	3Q	4Q	Full Year	as of 6/30/09				
12/31/06	d.17	.04	.16	.11	.14	Total Debt \$68.2 mill.	Due in 5 Yrs. NA			
12/31/07	.04	.31	.38	.11	.84	LT Debt \$54.3 mill.				
12/31/08	.59	.19	.21	.12	1.11	Including Cap. Leases NA	(54% of Cap'l)			
12/31/09	d.02	.18	.37	.07	--	Leases, Uncapitalized Annual rentals NA				
12/31/10	.02	--	--	--	--	Pension Liability \$6.4 mill. in '08 vs. \$3.8 mill. in '07				
Cal-endar	QUARTERLY DIVIDENDS PAID				INSTITUTIONAL DECISIONS					
	1Q	2Q	3Q	4Q	Full Year	Pfd Stock None	Pfd Div'd Paid None			
2006	.165	.165	.165	.165	.66	Common Stock 4,255,573 shares	(46% of Cap'l)			
2007	.165	.165	.165	.165	.66					
2008	.165	.165	.165	.165	.66					
2009	.175	.175	.175	--	--					
						TOTAL SHAREHOLDER RETURN				
						Dividends plus appreciation as of 9/30/2009				
						3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
						-3.84%	8.10%	-2.29%	28.78%	4.29%

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© VALUE LINE PUBLISHING, INC.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011
SALES PER SH	7.45	7.97	8.20	9.14	9.86	10.35	11.25	12.12	-	
"CASH FLOW" PER SH	1.49	1.55	1.75	1.89	2.21	2.38	2.30	2.44	-	
EARNINGS PER SH	.77	.78	.91	.87	1.12	1.19	1.04	1.08	.77 ^{A,B}	1.12 ^C /NA
DIV'DS DECL'D PER SH	.43	.46	.49	.51	.53	.57	.61	.65	-	
CAP'L SPENDING PER SH	2.63	2.06	3.41	2.31	2.83	3.87	6.62	3.79	-	
BOOK VALUE PER SH	8.17	8.40	9.11	10.11	10.72	12.48	12.90	13.99	-	
COMMON SHS OUTST'G (MILL)	18.27	18.27	18.27	18.27	18.27	18.28	18.36	18.18	-	
AVG ANN'L P/E RATIO	18.5	17.3	15.4	19.6	19.7	23.5	33.4	26.2	29.8	20.5/NA
RELATIVE P/E RATIO	.95	.94	.88	1.04	1.04	1.27	1.77	1.58	-	
AVG ANN'L DIV'D YIELD	3.0%	3.4%	3.5%	3.0%	2.4%	2.0%	1.7%	2.3%	-	
SALES (\$MILL)	136.1	145.7	149.7	166.9	180.1	189.2	206.6	220.3	-	<i>Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.</i>
OPERATING MARGIN	64.4%	63.7%	56.0%	56.4%	55.9%	57.0%	41.8%	42.4%	-	
DEPRECIATION (\$MILL)	13.2	14.0	15.2	18.5	19.7	21.3	22.9	24.0	-	
NET PROFIT (\$MILL)	14.0	14.2	16.7	16.0	20.7	22.2	19.3	20.2	-	
INCOME TAX RATE	34.5%	40.4%	36.2%	42.1%	41.6%	40.8%	39.4%	39.5%	-	
NET PROFIT MARGIN	10.3%	9.8%	11.2%	9.6%	11.5%	11.7%	9.4%	9.2%	-	
WORKING CAP'L (\$MILL)	d3.8	d4.9	12.0	13.0	10.8	22.2	d1.4	d11.3	-	
LONG-TERM DEBT (\$MILL)	110.0	110.0	139.6	143.6	145.3	163.6	216.3	216.6	-	
SHR. EQUITY (\$MILL)	149.4	153.5	166.4	184.7	195.9	228.2	236.9	254.3	-	
RETURN ON TOTAL CAP'L	6.7%	6.9%	6.9%	6.5%	7.6%	7.0%	5.7%	5.8%	-	
RETURN ON SHR. EQUITY	9.4%	9.3%	10.0%	8.7%	10.6%	9.7%	8.2%	8.0%	-	
RETAINED TO COM EQ	4.1%	3.8%	4.7%	3.6%	5.6%	5.2%	3.5%	3.3%	-	
ALL DIV'DS TO NET PROF	56%	59%	53%	58%	47%	46%	57%	59%	-	

^ANo. of analysts changing earn. est. in last 10 days: 0 up, 0 down, consensus 5-year earnings growth 10.0% per year. ^BBased upon 2 analysts' estimates. ^CBased upon 2 analysts' estimates.

ANNUAL RATES			ASSETS (\$mill.)		
of change (per share)	5 Yrs.	1 Yr.	2007	2008	6/30/09
Sales	7.5%	7.5%	2.4	3.4	4.8
"Cash Flow"	8.5%	6.0%	23.0	24.5	31.2
Earnings	6.0%	4.0%	.8	.9	.9
Dividends	5.5%	6.5%	5.4	3.2	4.6
Book Value	9.0%	8.5%	31.6	32.0	41.5
Fiscal Year	QUARTERLY SALES (\$mill.)		LIABILITIES (\$mill.)		
	1Q	2Q	3Q	4Q	Full Year
12/31/07	39.0	55.1	64.9	47.6	206.6
12/31/08	41.3	60.0	69.5	49.5	220.3
12/31/09	40.0	58.2			
12/31/10					
Fiscal Year	EARNINGS PER SHARE		LONG-TERM DEBT AND EQUITY as of 6/30/09		
	1Q	2Q	3Q	4Q	Full Year
12/31/06	.14	.35	.48	.22	1.19
12/31/07	.12	.29	.43	.20	1.04
12/31/08	.15	.34	.44	.15	1.08
12/31/09	d.01	.23	.38	.16	
12/31/10	.09				
Cal-endar	QUARTERLY DIVIDENDS PAID		Pension Liability \$42.3 mill. in '08 vs. \$23.4 mill. in '07		
	1Q	2Q	3Q	4Q	Full Year
2006	.141	.141	.141	.141	.56
2007	.151	.151	.151	.151	.60
2008	.161	.161	.161	.161	.64
2009	.165	.165	.165		
INSTITUTIONAL DECISIONS			Pfd Stock None		
	4Q'08	1Q'09	2Q'09	Pfd Div'd Paid None	
to Buy	34	45	43		
to Sell	39	32	40		
Hld's(000)	8286	8505	8694	Common Stock 18,484,831 shares (50% of Cap'l)	

INDUSTRY: Water Utility

BUSINESS: SJW Corporation, through its subsidiaries, engages in the production, purchase, storage, purification, distribution, and retail sale of water. The company offers nonregulated water-related services, including water system operations, cash remittances, and maintenance contract services. SJW also owns undeveloped land; a 70% limited partnership interest in 444 West Santa Clara Street, L.P.; and operates commercial buildings in Arizona, California, Connecticut, Florida, Tennessee, and Texas. As of December 31, 2008, SJW provided water service to approximately 226,000 connections that served a population of approximately one million people in the San Jose area. It also provides water service to approximately 8,700 connections that serve approximately 36,000 residents in a service area in the region between San Antonio and Austin, Texas. Has 379 employees. Chairman: Charles J. Toeniskoetter. Inc.: CA. Address: 110 W. Taylor Street, San Jose, CA 95110. Tel.: (408) 279-7800. Internet: <http://www.sjwater.com>.

W.T.

October 23, 2009

TOTAL SHAREHOLDER RETURN
Dividends plus appreciation as of 9/30/2009

3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
1.45%	-8.73%	-21.62%	-18.28%	55.54%

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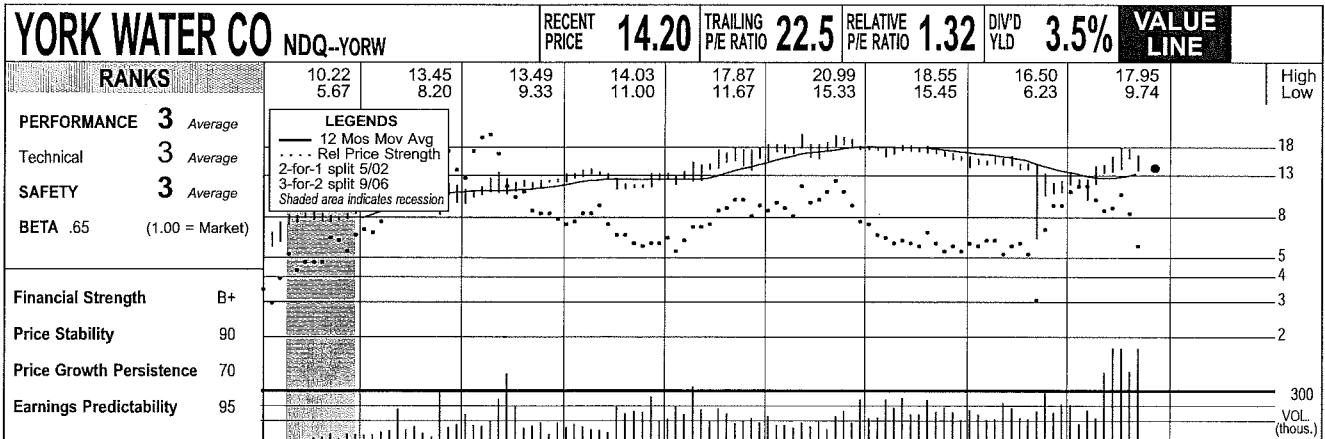
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SOUTHWEST WATER NDQ-SWWC				RECENT PRICE	5.50	P/E RATIO	30.6	(Trailing: 50.0 Median: 29.0)	RELATIVE P/E RATIO	1.76	DIV'D YLD	1.8%	VALUE LINE																																																																																																																																																																																																																												
TIMELINESS 4	New 10/23/09	High: 5.6	9.2	8.3	10.2	12.4	11.2	14.3	15.2	19.1	16.4	13.4	5.9																																																																																																																																																																																																																												
SAFETY 4	New 10/23/09	Low: 3.5	3.6	5.1	6.9	7.6	8.1	10.3	9.0	10.8	11.5	2.7	3.1																																																																																																																																																																																																																												
TECHNICAL 2	Raised 9/25/09	LEGENDS --- 2.50 x Dividends p sh divided by Interest Rate - - - Relative Price Strength 6-for-5 split 12/96 5-for-4 split 10/98 3-for-2 split 10/99 5-for-4 split 1/01 4-for-3 split 1/04 Options: No Shaded area: prior recession Latest recession began 12/07																																																																																																																																																																																																																																							
BETA 1.10	(1.00 = Market)	2012-14 PROJECTIONS <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High 16</td> <td>190%</td> <td>31%</td> </tr> <tr> <td>Low 9</td> <td>65%</td> <td>13%</td> </tr> </table>												Price	Gain	Ann'l Total Return	High 16	190%	31%	Low 9	65%	13%																																																																																																																																																																																																																			
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.08	.09	.12	.15	.21	.25	.31	.38	.42	.39	.44	.23	.34	.40	.31	.04	.15	.30	Earnings per sh ^A	.50																																																																																																																																																																																																																						
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.60	.72	.84	.95	.74	.79	.53	.55	1.06	1.78	1.14	1.26	1.66	1.87	1.70	1.35	1.70	1.75	Cap'l Spending per sh	1.90																																																																																																																																																																																																																						
2.31	2.31	2.45	2.40	2.52	2.70	3.05	3.44	3.84	4.27	4.90	6.17	6.49	6.98	6.54	4.55	4.70	4.70	Book Value per sh ^C	6.05																																																																																																																																																																																																																						
11.97	12.13	11.74	12.45	12.65	12.83	13.12	13.99	14.17	14.35	16.17	20.36	22.33	23.80	24.27	24.90	25.00	25.50	Common Shs Outs't'g ^D	26.50																																																																																																																																																																																																																						
35.8	22.3	14.6	16.5	16.9	17.2	19.6	17.0	19.8	24.8	21.2	51.6	35.5	34.8	42.1	NMF	NMF	NMF	Avg Ann'l P/E Ratio	25.0																																																																																																																																																																																																																						
2.11	1.46	.98	1.03	.97	.89	1.12	1.11	1.01	1.35	1.21	2.73	1.89	1.88	2.23	NMF	NMF	NMF	Relative P/E Ratio	1.65																																																																																																																																																																																																																						
4.7%	4.2%	4.7%	3.4%	2.7%	2.3%	1.8%	2.0%	1.7%	1.5%	1.7%	1.5%	1.6%	1.5%	1.8%	2.4%			Avg Ann'l Div'd Yield	1.2%																																																																																																																																																																																																																						
CAPITAL STRUCTURE as of 6/30/09 Total Debt \$152.0 mill. Due in 5 Yrs \$149.8 mill. LT Debt \$149.8 mill. LT Interest \$6.6 mill. (Total interest coverage: 2.7x) (48% of Cap'l)																																																																																																																																																																																																																																									
Leases, Uncapitalized: Annual rentals \$5.5 mill. Pension Liability None																																																																																																																																																																																																																																									
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BUSINESS: SouthWest Water Company provides a broad range of services including water production, treatment and distribution; wastewater collection and treatment; utility billing and collection; and utility infrastructure. It operates four groups, Utility, 32% of 2008 revenues; Texas Utility, 16%; O&M Services, 18%; Texas MUD Services, 34%. Utility and Texas Utility own and manage rate-regulated public water utilities in California, Alabama, Oklahoma, and Texas. O&M and Texas MUD Services maintain projects on a contract and fee basis. Off./dir. own 6.4% of com. shs.; Stein Roe IC, 9.2% (4/08 proxy). CEO/Chrm: Mark Swatek, Inc.; DE, Addr.: One Wilshire Building, 624 S. Grand Ave. Ste. 2900, Los Angeles, CA 90017. Tel.: 213-929-1800. Internet: www.swwc.com.																																																																																																																																																																																																																																									
SouthWest Water Company finally released its first- and second-quarter 10-Qs for 2009. The company has been delinquent in filing a number of its reports over the past few quarters because of the discovery of mistakes made reporting depreciation rates of assets gained through acquisitions, and accounting issues for revenues and related costs associated with the installation of water and sewer taps. Also, year-over-year revenue and earnings comparisons for the first two quarters are skewed by SouthWest's re-statement of its financial reports for those periods. Meanwhile, the company is poised to have a lackluster year as the slowdown in the economy has impacted business over the past few quarters, and should continue to do so.																																																																																																																																																																																																																																									
SouthWest's future growth will likely be achieved through acquisitions and rate increases. To this extent, the company has put in for a number of rate increase cases in California, Texas, and Alabama. It is also positioning itself to make 2010 a "test year" to establish its position for future petitions. SWWC may look to buy a utility to replace the one lost be-																																																																																																																																																																																																																																									
cause of an eminent domain lawsuit in New Mexico (sold for a net total of nearly \$54 million during the June interim). This stock is untimely. SouthWest will likely be burdened by a number of charges over the next few quarters related to the late filings. Also, the recession has weighed down housing starts and limits potential new customers. The recovery potential for this equity is offset by its risk. While we expect the top and bottom lines to recover out to 2012-2014 as the economy picks up, there is a degree of risk associated with these advances. This is reflected by SWWC's low rank for Financial Strength (C++), as well as mediocre scores for Earnings Predictability and Stock Price Stability. Another mark against the appeal of this equity is the reduced dividend payout, lowered 60% from the prior year. Overall, investors should look elsewhere at this time.																																																																																																																																																																																																																																									
<i>John D. Burke</i> <i>October 23, 2009</i>																																																																																																																																																																																																																																									
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(A) Diluted earnings. Excludes nonrecurring gains (losses): '00, (3¢); '01, (5¢); '02, 1¢; '05, (23¢); '07, (54¢); '08, (\$1.35); '1Q '09 (24¢); 2Q '09, (54¢). Next earnings report late November. (B) Dividends historically paid in late January, April, July, and October. (C) In millions, adjusted for splits. (D) Includes intangibles. In 2008: \$19.3 million, \$0.83/share. (E) Earnings may not add due to rounding.

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© VALUE LINE PUBLISHING, INC.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010/2011
REVENUES PER SH	2.05	2.05	2.17	2.18	2.58	2.56	2.79	2.89	--	
"CASH FLOW" PER SH	.59	.57	.65	.65	.79	.77	.86	.88	--	
EARNINGS PER SH	.43	.40	.47	.49	.56	.58	.57	.57	.67 ^{A,B}	.69 ^C /NA
DIV'D DECL'D PER SH	.34	.35	.37	.39	.42	.45	.48	.49	--	
CAP'L SPENDING PER SH	.75	.66	1.07	2.50	1.69	1.85	1.69	2.17	--	
BOOK VALUE PER SH	3.79	3.90	4.06	4.65	4.85	5.84	5.97	6.14	--	
COMMON SHS OUTST'G (MILL)	9.46	9.55	9.63	10.33	10.40	11.20	11.27	11.37	--	
AVG ANN'L P/E RATIO	17.9	26.9	24.5	25.7	26.3	31.2	30.3	24.6	21.2	20.6/NA
RELATIVE P/E RATIO	.92	1.47	1.40	1.36	1.39	1.68	1.61	1.48	--	
AVG ANN'L DIV'D YIELD	4.3%	3.3%	3.2%	3.1%	2.9%	2.5%	2.8%	3.5%	--	
REVENUES (\$MILL)	19.4	19.6	20.9	22.5	26.8	28.7	31.4	32.8	--	Bold figures are consensus earnings estimates and, using the recent prices, P/E ratios.
NET PROFIT (\$MILL)	4.0	3.8	4.4	4.8	5.8	6.1	6.4	6.4	--	
INCOME TAX RATE	35.8%	34.9%	34.8%	36.7%	36.7%	34.4%	36.5%	36.1%	--	
AFUDC % TO NET PROFIT	2.2%	3.7%	--	--	--	7.2%	3.6%	10.1%	--	
LONG-TERM DEBT RATIO	47.7%	46.7%	43.4%	42.5%	44.1%	48.3%	46.5%	54.5%	--	
COMMON EQUITY RATIO	52.3%	53.3%	56.6%	57.5%	55.9%	51.7%	53.5%	45.5%	--	
TOTAL CAPITAL (\$MILL)	68.6	69.9	69.0	83.6	90.3	126.5	125.7	153.4	--	
NET PLANT (\$MILL)	102.3	106.7	116.5	140.0	155.3	174.4	191.6	211.4	--	
RETURN ON TOTAL CAP'L	7.9%	7.4%	8.5%	7.6%	8.4%	6.2%	6.7%	5.7%	--	
RETURN ON SHR. EQUITY	11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	9.5%	9.2%	--	
RETURN ON COM EQUITY	11.2%	10.2%	11.4%	10.0%	11.6%	9.3%	9.5%	9.2%	--	
RETAINED TO COM EQ	2.5%	1.3%	2.6%	2.1%	3.0%	2.2%	1.7%	1.4%	--	
ALL DIV'DS TO NET PROF	78%	88%	77%	79%	74%	77%	82%	85%	--	

^ANo. of analysts changing earn. est. in last 10 days: 0 up, 0 down, consensus 5-year earnings growth 7.5% per year. ^BBased upon 4 analysts' estimates. ^CBased upon 4 analysts' estimates.

ANNUAL RATES				
of change (per share)	5 Yrs.	1 Yr.		
Revenues	5.5%	3.5%		
"Cash Flow"	7.0%	3.5%		
Earnings	6.0%	--		
Dividends	6.0%	3.0%		
Book Value	9.0%	3.0%		

Fiscal Year	QUARTERLY SALES (\$mill.)				Full Year
	1Q	2Q	3Q	4Q	
12/31/07	7.4	7.9	8.3	7.8	31.4
12/31/08	7.5	7.8	8.6	8.9	32.8
12/31/09	8.8	9.2			
12/31/10					

Fiscal Year	EARNINGS PER SHARE				Full Year
	1Q	2Q	3Q	4Q	
12/31/06	.12	.14	.17	.15	.58
12/31/07	.12	.15	.15	.15	.57
12/31/08	.11	.13	.15	.18	.57
12/31/09	.13	.17	.20	.18	
12/31/10	.14				

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	1Q	2Q	3Q	4Q	
2006	.112	.112	.112	.112	.45
2007	.118	.118	.118	.118	.47
2008	.121	.121	.121	.121	.48
2009	.126	.126	.126	.126	.50

INSTITUTIONAL DECISIONS			
	4Q'08	1Q'09	2Q'09
to Buy	15	17	30
to Sell	8	10	12
Hld's(000)	1979	1958	2477

ASSETS (\$mill.)	2007	2008	6/30/09
Cash Assets	.0	.0	.0
Receivables	5.2	5.9	5.7
Inventory (Avg cost)	.8	.7	.7
Other	.8	.7	1.6
Current Assets	6.8	7.3	8.0

LIABILITIES (\$mill.)	2007	2008	6/30/09
Accts Payable	3.2	2.0	2.3
Debt Due	15.0	8.7	14.3
Other	3.2	3.5	3.7
Current Liab	21.4	14.2	20.3

LONG-TERM DEBT AND EQUITY as of 6/30/09	
Total Debt \$96.5 mill.	Due in 5 Yrs. NA
LT Debt \$82.2 mill.	
Including Cap. Leases NA	(54% of Cap'l)
Leases, Uncapitalized Annual rentals NA	
Pension Liability \$9.8 mill. in '08 vs. \$4.0 mill. in '07	
Pfd Stock None	Pfd Div'd Paid None
Common Stock 11,432,211 shares	(46% of Cap'l)

INDUSTRY: Water Utility

BUSINESS: The York Water Company engages in the impounding, purification, and distribution of water in York County and Adams County, Pennsylvania. The company supplies water for residential, commercial, industrial, and other customers. It has two reservoirs, Lake Williams, which is 700 feet long and 58 feet high, and creates a reservoir covering approximately 165 acres containing about 870 million gallons of water; and Lake Redman, which is 1,000 feet long and 52 feet high and creates a reservoir covering approximately 290 acres containing about 1.3 billion gallons of water. It also has a 15-mile pipeline from the Susquehanna River to Lake Redman that provides access to an additional supply of water. As of December 31, 2008, the company served approximately 176,000 residential, commercial, industrial, and other customers in 39 municipalities in York County and seven municipalities in Adams County. As of June 29, it was added to the broad-market Russell 3000 Index. Has 110 employees. C.E.O. & President: Jeffrey R. Hines. Inc.: PA. Address: 130 East Market Street, York, PA 17401. Tel.: (717) 845-3601. Internet: <http://www.yorkwater.com>. *W.T.*

October 23, 2009

TOTAL SHAREHOLDER RETURN				
Dividends plus appreciation as of 9/30/2009				
3 Mos.	6 Mos.	1 Yr.	3 Yrs.	5 Yrs.
-8.83%	14.04%	16.29%	-19.70%	39.47%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Dr. James H. Vander Weide

54. Refer to Direct Testimony of Dr. James Vander Weide at 24. Dr. Vander Weide indicates that cost of equity estimates based on three or more analysts' estimates are more reliable than cost of equity estimates based on just one or two forecasts. At page 27, footnote 1 of this testimony, Dr. Vander Weide states that in December 2009 there are only five natural gas companies with growth forecasts from at least three analysts. Provide the DCF results for the five natural gas companies referenced in this footnote.

Response:

The requested information is supplied in Dr. Vander Weide's work papers which have been provided electronically in response to KAW_R_AGDR1#3_042610, see the folder J VanderWeide on the CD provided. The information is also shown in the following table.

Line No.	Company	DCF Result	No. of I/B/E/S Estimates
1	EQT Corp.	14.2%	3
2	NiSource Inc.	10.3%	4
3	ONEOK Inc.	14.1%	3
4	Piedmont Natural Gas	13.2%	3
5	Questar Corp.	10.5%	3

For the electronic version of this response, refer to KAW_R_PSCDR2#54_043010.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Dr. James H. Vander Weide

55. Refer to Direct Testimony of Dr. James Vander Weide at 26 - 29 and Exhibit_JVW-1 Schedule 2. The companies in the LDC proxy group have aspects of their businesses that include electric generation, transmission and distribution; natural gas exploration and transmission and storage that are wholly unrelated to Kentucky American's business activities.
- a. Provide a discussion of the business risks faced by each of the companies in the LDC proxy group.
 - b. Explain why the different business risks that the LDC proxy group companies face do not disqualify them as proxies for Kentucky American.
 - c. Provide the Value Line company profile sheets from which the data was taken to conduct the analysis.
 - d. Value Line lists EQT Corporation and Oneok Inc. as Natural Gas Diversified companies, not Natural Gas Utilities. Explain why it is appropriate for these companies to be in the proxy group for a regulated water utility.
 - e. Provide a side-by-side comparison of the 2009 number of customers and the various sources of revenues, including but not limited to, state regulated revenues, federal regulated revenues and all other sources of revenues in absolute terms and as a percent of total revenues for Kentucky American and for the natural gas companies.
 - f. Provide the spreadsheets in Microsoft Excel format with the underlying data and formulas intact that support Schedule 2.
 - g. Provide in Microsoft Excel format with the underlying formulas intact the DCF calculations without the flotation cost adjustment in a format similar to Schedule 1-1.

Response:

- a. Dr. Vander Weide did not examine the business risks of each of the companies in the natural gas group. Rather, he considers the average business risk of the group as a whole compared to the average risk of the water company group. As discussed in his testimony, Dr. Vander Weide's proxy group of natural gas distribution companies is comparable in risk to KAWC because they: (1) invest primarily in a capital intensive physical network that connects the customer to the source of supply; (2) sell their products and services at regulated rates to

customers whose demand is primarily dependent on weather and the state of the economy; and (3) have somewhat more safe Value Line Safety Ranks than the publicly-traded water companies.

In addition, gas distribution companies are appropriate for use as a proxy group for a water company because there are few publicly-traded water companies with sufficient data to estimate the cost of equity, and the publicly-traded gas distribution companies are similar in risk to the publicly-traded water companies. The *Hope* and *Bluefield* standards require that proxy companies be similar in risk to the target company; these standards do not require that the proxy companies be in the same business as the target company.

- b. Please see response to subpart a.
- c. The Value Line report for each natural gas company is attached.
- d. It is appropriate to use EQT and ONEOK because, as explained in their Value Line reports, these companies have significant investments in natural gas utility operations; and the natural gas proxy group including these companies has a higher average Value Line Safety Rank than the water companies.
- e. Dr. Vander Weide's cost of equity recommendation is not based on a side-by-side comparison of the number of customers and various sources of revenues for the natural gas distribution companies compared to Kentucky-American Water Company. Dr. Vander Weide recognizes that the natural gas distribution companies have different numbers of customers and different sources of revenues than Kentucky-American Water Company. However, as noted in response to subpart (a.) above, the financial and regulatory principles enunciated in the *Hope* and *Bluefield* decisions do not require that proxy companies have the same number of customers and revenue sources as the target company. Rather, *Hope* and *Bluefield* require that the proxy companies be similar in risk to the target company.
- f. The requested information is supplied with Dr. Vander Weide's work papers, which were provided in response to KAW_R_AGDR1#2, under folder J VanderWeide on the CD provided.
- g. The requested information is supplied in Excel format. Please refer to the document titled KAW_R_PSCDR2#55g_043010.xls.

For electronic version of this response, refer to KAW_R_PSCDR2#55_043010.pdf.

AGL RESOURCES NYSE-AGL				RECENT PRICE	P/E RATIO	Trailing: 12.0 Median: 14.0	RELATIVE P/E RATIO	DIV'D YLD	5.0%	VALUE LINE															
TIMELINESS 4 Lowered 11/13/09	High: 23.4	23.4	23.2	24.5	25.0	29.3	33.7	39.3	40.1	44.7	39.1	37.5	Target Price Range 2012 2013 2014												
SAFETY 2 New 7/27/90	Low: 17.7	15.6	15.5	19.0	17.3	21.9	26.5	32.0	34.4	35.2	24.0	24.0													
TECHNICAL 3 Raised 10/9/09	LEGENDS --- 1.10 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07																								
BETA .75 (1.00 = Market)	2012-14 PROJECTIONS Price Gain Ann'l Total High 55 (+15%) 15% Low 40 (+15%) 8%																								
Insider Decisions J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 0 Options 0 2 0 0 1 0 0 0 0 to Sell 0 1 0 0 2 0 0 0 0																									
Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 107 110 124 to Sell 111 107 96 Hid's(000) 46113 45714 45662																									
Percent shares traded 18 12 6																									
% TOT. RETURN 11/09 THIS STOCK VS. ARITH. INDEX 1 yr. 20.9 60.4 3 yr. 3.9 -4.1 5 yr. 30.0 22.3																									
© VALUE LINE PUB., INC. 12-14																									
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Revenues per sh ^A	38.75						
22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	15.32	15.25	23.89	34.98	33.73	32.64	36.41	29.70	31.85	"Cash Flow" per sh	5.70						
2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.39	3.47	3.29	4.20	4.50	4.65	4.68	4.80	5.05	Earnings per sh ^{A,B}	3.30						
1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.82	2.08	2.28	2.48	2.72	2.72	2.71	2.75	2.90	Div'ds Decl'd per sh ^C	1.88						
1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	1.08	1.11	1.15	1.30	1.48	1.64	1.68	1.72	1.76	Cap'l Spending per sh	5.65						
2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	3.30	2.46	3.44	3.44	3.26	3.39	4.84	5.15	5.30	Book Value per sh ^D	25.00						
9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	12.52	14.66	18.06	19.29	20.71	21.74	21.48	22.45	22.95	Common Shs Outst'g ^E	80.00						
49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	56.70	64.50	76.70	77.70	77.70	76.40	76.90	77.50	78.50	Avg Ann'l P/E Ratio	15.0						
17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	12.5	12.5	13.1	14.3	13.5	14.7	12.3	12.3	12.3	Relative P/E Ratio	1.00						
1.06	.99	.84	.86	.85	.72	1.22	.88	.75	.68	.71	.69	.76	.73	.78	.74	.74	.74	Avg Ann'l Div'd Yield	3.8%						
5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.7%	4.3%	3.9%	3.7%	4.0%	4.1%	5.0%	5.0%	5.0%	Bold figures are Value Line estimates							
CAPITAL STRUCTURE as of 9/30/09 Total Debt \$2285.0 mill. Due in 5 Yrs \$853.0 mill. LT Debt \$1975.0 mill. LT Interest \$90.0 mill. (Total interest coverage: 4.5x)												1068.6	607.4	1049.3	868.9	983.7	1832.0	2718.0	2621.0	2494.0	2800.0	2300	2500	Revenues (\$mill) ^A	3100
Leases, Uncapitalized Annual rentals \$30.0 mill. Pension Assets-12/08 \$242.0 mill. Oblig. \$442.0 mill.												52.1	71.1	82.3	103.0	132.4	153.0	193.0	212.0	211.0	207.6	212	225	Net Profit (\$mill)	265
Pfd Stock None												33.1%	34.3%	40.7%	36.0%	35.9%	37.0%	37.7%	37.8%	37.6%	40.5%	35.0%	38.0%	Income Tax Rate	38.0%
Common Stock 77,398,732 shs. as of 10/22/09 MARKET CAP: \$2.7 billion (Mid Cap)												4.9%	11.7%	7.8%	11.9%	13.5%	8.4%	7.1%	8.1%	8.5%	7.4%	9.2%	9.0%	Net Profit Margin	8.5%
CURRENT POSITION 2007 2008 9/30/09 (\$MILL.)												45.3%	45.9%	61.3%	58.3%	50.3%	54.0%	51.9%	50.2%	50.2%	50.3%	53.5%	52.5%	Long-Term Debt Ratio	51.0%
Cash Assets	21.0	16.0	21.0	1345.8	1286.2	1736.3	1704.3	1901.4	3008.0	3114.0	3231.0	3335.0	3327.0	3740	3800	4100	Total Capital (\$mill)	4100							
Other	1790.0	2026.0	1297.0	1598.9	1637.5	2058.9	2194.2	2352.4	3178.0	3271.0	3436.0	3566.0	3816.0	4060	4150	4400	Net Plant (\$mill)	4400							
Current Assets	1811.0	2042.0	1318.0	5.7%	7.4%	6.5%	8.1%	8.9%	6.3%	7.9%	8.0%	7.7%	7.4%	7.0%	7.4%	7.5%	Return on Total Cap'l	7.5%							
Accts Payable	172.0	202.0	155.0	7.1%	10.2%	12.3%	14.5%	14.0%	11.0%	12.9%	13.2%	12.7%	12.6%	12.0%	12.5%	12.5%	Return on Shr. Equity	13.0%							
Debt Due	580.0	866.0	310.0	7.9%	11.5%	12.3%	14.5%	14.0%	11.0%	12.9%	13.2%	12.7%	12.6%	12.0%	12.5%	12.5%	Return on Com Equity	13.0%							
Other	893.0	915.0	579.0	NMF	3.2%	4.2%	7.0%	6.6%	5.6%	6.2%	6.3%	5.3%	5.1%	4.5%	5.0%	5.0%	Retained to Com Eq	5.5%							
Current Liab.	1645.0	1983.0	1044.0	101%	72%	65%	52%	53%	49%	52%	52%	58%	60%	63%	61%	61%	All Div'ds to Net Prof	57%							
Fix. Chg. Cov.	391%	416%	463%	BUSINESS: AGL Resources Inc. is a public utility holding company. Its distribution subsidiaries include Atlanta Gas Light, Chattanooga Gas, Elizabethtown Gas and Virginia Natural Gas. The utilities have more than 2.2 million customers in Georgia, Virginia, Tennessee, New Jersey, Florida, and Maryland. Engaged in non-regulated natural gas marketing and other allied services. Deregulated subsidiaries: Georgia Natural Gas markets natural gas at retail. Sold Utilpro, 3/01. Acquired Compass Energy Services, 10/07. Franklin Resources owns 7.7% of common stock; off./dir., less than 1.0% (3/09 Proxy). Pres. & CEO: John W. Somerhalder II. Inc.: GA. Addr.: Ten Peachtree Place N.E., Atlanta, GA 30309. Telephone: 404-584-4000. Internet: www.aglresources.com.																					
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 to '12-'14 of change (per sh) Revenues 4.0% 15.5% 2.0% "Cash Flow" 6.0% 6.5% 3.5% Earnings 7.0% 8.5% 3.5% Dividends 4.0% 8.0% 2.5% Book Value 7.0% 10.0% 2.5%												AGL Resources reported lower revenues and share earnings for the third quarter. The natural gas distribution business experienced higher pension, depreciation, and payroll and benefits costs. This was partially offset by higher fees charged to marketers and greater pipeline replacement revenues at Atlanta Gas Light. Meanwhile, the company's retail energy and wholesale services businesses posted modest operating losses for the period. Elsewhere, energy investments contributed operating earnings of \$3 million, flat with the prior-year period. An increase in revenue at AGL Networks was offset by higher outside services expenses at Jefferson Island Storage & Hub and an increase in depreciation at Golden Triangle Storage. Looking forward, we anticipate an unfavorable comparison for the fourth quarter, as well. Even so, the bottom line may well inch higher for full-year 2009, thanks to strong results in the first quarter.													
Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year	Chattanooga Gas Company has filed a rate case with the Tennessee Regulatory Authority. The company is seeking an increase of \$2.6 million, citing higher operating expenses and the need for greater capital expenditures as reasons for the request. It has also proposed an energy-efficiency program, based on a proven rate design model known as decoupling. This would help customers save money, promoting conservation and energy efficiency.																			
2006	1044	436	434	707	2621	The company has completed its Magnolia Pipeline Project. This pipeline connects AGL's Georgia service territory to liquefied natural gas (LNG) imports arriving at the Elba Island terminal near Savannah. The project should position AGL to meet future increases in natural gas demand when the economy recovers.																			
2007	973	467	369	685	2494	These shares are ranked to lag the broader market for the coming six to 12 months. However, the stock may interest patient, income-oriented investors. This issue offers worthwhile risk-adjusted total return potential, considering its healthy dividend yield. Growth in the payout is likely to rise in conjunction with earnings, too. Moreover, AGL earns superior scores for Safety, Price Stability, and Earnings Predictability.																			
2008	1012	444	539	805	2800	Michael Napoli, CPA December 11, 2009																			
2009	995	377	307	621	2300	Company's Financial Strength B++ Stock's Price Stability 100 Price Growth Persistence 75 Earnings Predictability 90																			
2010	950	400	425	725	2500	To subscribe call 1-800-833-0046.																			
Cal-endar	EARNINGS PER SHARE ^B				Full Year																				
2006	1.41	.25	.46	.60	2.72																				
2007	1.29	.40	.17	.86	2.72																				
2008	1.16	.30	.28	.97	2.71																				
2009	1.55	.26	.16	.78	2.75																				
2010	1.45	.30	.25	.90	2.90																				
Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year																				
2005	.31	.31	.31	.37	1.30																				
2006	.37	.37	.37	.37	1.48																				
2007	.41	.41	.41	.41	1.64																				
2008	.42	.42	.42	.42	1.68																				
2009	.43	.43	.43	.43																					

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002. (B) Diluted earnings per share. Excl. nonrecurring gains (losses): '95, (\$0.83); '99, \$0.39; '00, \$0.13; '01, \$0.13; '03, (\$0.07); '08, \$0.13. Next earnings report due in February. (C) Dividends historically paid early March, June, Sept., and Dec. Div'd reinvest. plan available. (D) Includes intangibles. In 2008: \$418 million, \$5.44/share. (E) In millions.

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ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE 27.53 **P/E RATIO** 13.5 (Trailing: 14.0 Median: 16.0) **RELATIVE P/E RATIO** 0.82 **DIV'D YLD** 4.9% **VALUE LINE**

TIMELINESS 3 Lowered 9/11/09	High: 32.3 33.0 26.3 25.8 24.5 25.5 27.6 30.0 33.1 33.5 29.3 29.5	Low: 24.8 19.6 14.3 19.5 17.6 20.8 23.4 25.0 25.5 23.9 19.7 20.1	SAFETY 2 Raised 12/16/05	TECHNICAL 3 Raised 10/16/09	BETA .65 (1.00 = Market)	2012-14 PROJECTIONS	Insider Decisions	Institutional Decisions	Percent shares traded	Target Price Range																																						
	<p>LEGENDS</p> <ul style="list-style-type: none"> — 1.00 x Dividends p sh divided by Interest Rate ... Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07 																																															
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total</th> <th>Return</th> </tr> <tr> <td>High 40</td> <td>(+45%)</td> <td>13%</td> <td></td> </tr> <tr> <td>Low 30</td> <td>(+10%)</td> <td>6%</td> <td></td> </tr> </table>				Price	Gain	Ann'l Total	Return	High 40	(+45%)	13%		Low 30	(+10%)	6%																																	
Price	Gain	Ann'l Total	Return																																													
High 40	(+45%)	13%																																														
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	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th>J</th><th>F</th><th>M</th><th>A</th><th>M</th><th>J</th><th>J</th><th>A</th><th>S</th> </tr> <tr> <td>to Buy</td><td>0</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td> </tr> <tr> <td>Options</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1</td> </tr> <tr> <td>to Sell</td><td>0</td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td> </tr> </table>				J	F	M	A	M	J	J	A	S	to Buy	0	0	1	0	0	0	0	0	Options	0	1	0	0	0	0	0	1	to Sell	0	1	0	0	0	0	0	0								
J	F	M	A	M	J	J	A	S																																								
to Buy	0	0	1	0	0	0	0	0																																								
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4Q2008	1Q2009	2Q2009																																														
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Atmos Energy's history dates back to 1906 in the Texas Panhandle. Over the years, through various mergers, it became part of Pioneer Corporation, and, in 1981, Pioneer named its gas distribution division Energas. In 1983, Pioneer organized Energas as a separate subsidiary and distributed the outstanding shares of Energas to Pioneer shareholders. Energas changed its name to Atmos in 1988. Atmos acquired Trans Louisiana Gas in 1986, Western Kentucky Gas Utility in 1987, Greeley Gas in 1993, United Cities Gas in 1997, and others.

CAPITAL STRUCTURE as of 6/30/09
 Total Debt \$2169.5 mill. Due in 5 Yrs \$1360.0 mill.
 LT Debt \$2169.4 mill. LT Interest \$115.0 mill.
 (LT interest earned: 2.9%; total interest coverage: 2.8x)
 Leases, Uncapitalized Annual rentals \$18.4 mill.
 Pfd Stock None
 Pension Assets-9/08 \$341.4 mill. Oblig. \$337.6 mill.
 Common Stock 92,272,478 shs. as of 7/31/09
MARKET CAP: \$2.5 billion (Mid Cap)

CURRENT POSITION	2007	2008	6/30/09
(\$MILL.)			
Cash Assets	60.7	46.7	125.7
Other	1008.2	1238.4	670.3
Current Assets	1068.9	1285.1	796.0
Accts Payable	355.3	395.4	222.0
Debt Due	154.4	351.3	1.1
Other	410.0	460.4	422.2
Current Liab.	919.7	1207.1	644.3
Fix. Chg. Cov.	405%	450%	446%

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '06-'08 to '12-'14
Revenues	9.5%	14.5%	1.0%
"Cash Flow"	3.5%	5.5%	2.5%
Earnings	2.5%	5.0%	4.0%
Dividends	2.5%	1.5%	1.5%
Book Value	6.5%	7.5%	4.0%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
2006	2283.8	2033.8	863.2	971.6	6152.4
2007	1602.6	2075.6	1218.2	1002.0	5898.4
2008	1657.5	2484.0	1639.1	1440.7	7221.3
2009	1716.3	1821.4	780.8	650.6	4969.1
2010	1465	2435	1345	1155	6400

Fiscal Year Ends	EARNINGS PER SHARE ^{A B E}				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
2006	.88	1.10	d.22	.25	2.00
2007	.97	1.20	d.15	d.05	1.94
2008	.82	1.24	d.07	.02	2.00
2009	.83	1.29	.02	d.17	1.97
2010	.90	1.35	d.04	d.01	2.20

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2005	.31	.31	.31	.315	1.25
2006	.315	.315	.315	.32	1.27
2007	.32	.32	.32	.325	1.29
2008	.325	.325	.325	.33	1.31
2009	.33	.33	.33	.335	

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to 3.2 million customers via six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Combined 2008 gas volumes: 293 MMcf. Breakdown: 56%, residential; 32%, commercial; 7%, industrial; and 5% other. 2008 depreciation rate 3.5%. Has around 4,560 employees. Officers and directors own approximately 1.9% of common stock (12/08 Proxy). Chairman and Chief Executive Officer: Robert W. Best. Incorporated: Texas. Address: P.O. Box 650205, Dallas, Texas 75265. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

Atmos Energy should generate healthy results in fiscal 2010, which began on October 1st. The natural gas utility stands to benefit from a rise in throughput, reflecting a pickup in consumption from residential, commercial, and industrial customers (assuming a better economic environment). Weather-normalized rates across much of the service territory are a big plus. Meanwhile, margins for the pipeline and storage segment may be boosted by gains from the settlement of financial positions associated with storage and trading activities. Finally, the regulated transmission and storage operation should enjoy higher transportation fees on through-system deliveries, if market conditions are generally favorable.

We believe that consolidated share net will increase more than 10%, to \$2.20, this fiscal year. Assuming additional expansion in operating margins, the bottom line may reach \$2.30 a share in fiscal 2011.

There are several rate cases pending. One of them is in Kentucky, where the company is seeking an increase in annual operating income of \$9.5 million. Requests

have also been filed in Georgia (\$3.8 million) and Virginia (\$1.7 million). Our presentation will include those amounts upon approval.

Steady, though unspectacular, earnings growth seems likely for the company out to 2012-2014. The utility is one of the country's biggest natural gas-only distributors, currently serving more than three million customers across 12 states. What is more, the unregulated segments, especially pipelines, possess healthy overall prospects. These factors ought to enable annual share-net gains to be in the mid-single-digit range over the 3- to 5-year horizon. It should be noted that future business combinations could render our projections conservative.

This good-quality stock offers a generous amount of current dividend income. Further increases in the payout, though moderate, seem likely. Earnings coverage should remain adequate.

Total return possibilities are decent, on a risk-adjusted basis. Meanwhile, these shares are ranked 3 (Average) for Timeliness.

Frederick L. Harris, III December 11, 2009

(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '99, d23¢; '00, 12¢; '03, d17¢; '06, d18¢; '07, d2¢; Q2 '09, 12¢. Next eggs. rpt. due early Feb. (C) Dividends historically paid in early March, June, Sept., and Dec. (D) In millions. (E) Qtrs may not add due to change in shrs outstanding.	Company's Financial Strength B+ Stock's Price Stability 100 Price Growth Persistence 50 Earnings Predictability 90
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ENERGEN CORP. NYSE-EGN										RECENT PRICE	44.15	P/E RATIO	11.6 (Trailing: 12.2 Median: 13.0)	RELATIVE P/E RATIO	0.70	DIV'D YLD	1.2%	VALUE LINE																																																																																																																																																																																																																																											
TIMELINESS	3	Raised 2/20/09	High: 11.3	10.6	16.8	20.1	15.0	21.0	30.0	44.3	47.6	70.4	79.6	48.9	Target Price Range 2012 2013 2014																																																																																																																																																																																																																																														
SAFETY	2	Raised 9/15/06	Low: 7.6	6.6	7.3	10.8	10.8	14.0	19.9	27.1	32.2	43.8	23.0	23.2																																																																																																																																																																																																																																															
TECHNICAL	3	Lowered 9/4/09	LEGENDS 1.40 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 3/98 2-for-1 split 6/05 Options: Yes Shaded area: prior recession Latest recession began 12/07																																																																																																																																																																																																																																																										
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CAPITAL STRUCTURE as of 9/30/09																																																																																																																																																																																																																																																													
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Other	440.3	629.8	407.1																																																																																																																																																																																																																																																										
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Revenues	9.5%	12.5%	6.5%																																																																																																																																																																																																																																																										
"Cash Flow"	14.5%	18.5%	3.0%																																																																																																																																																																																																																																																										
Earnings	21.5%	26.5%	NMF																																																																																																																																																																																																																																																										
Dividends	4.5%	5.5%	4.5%																																																																																																																																																																																																																																																										
Book Value	15.5%	19.5%	12.5%																																																																																																																																																																																																																																																										
<table border="1"> <tr><th colspan="6">QUARTERLY REVENUES (\$ mill.)^A</th><th>Full Year</th></tr> <tr><th>Cal-endar</th><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th></th><th></th></tr> <tr><td>2006</td><td>488.1</td><td>282.4</td><td>242.7</td><td>380.8</td><td></td><td>1394.0</td></tr> <tr><td>2007</td><td>492.7</td><td>314.9</td><td>276.0</td><td>351.5</td><td></td><td>1435.1</td></tr> <tr><td>2008</td><td>521.6</td><td>341.3</td><td>330.2</td><td>375.8</td><td></td><td>1568.9</td></tr> <tr><td>2009</td><td>484.1</td><td>306.2</td><td>287.3</td><td>352.4</td><td></td><td>1430</td></tr> <tr><td>2010</td><td>405</td><td>385</td><td>375</td><td>395</td><td></td><td>1560</td></tr> </table>																	QUARTERLY REVENUES (\$ mill.) ^A						Full Year	Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31			2006	488.1	282.4	242.7	380.8		1394.0	2007	492.7	314.9	276.0	351.5		1435.1	2008	521.6	341.3	330.2	375.8		1568.9	2009	484.1	306.2	287.3	352.4		1430	2010	405	385	375	395		1560																																																																																																																																																																																												
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<p>BUSINESS: Energen Corporation is a holding company. Alabama Gas Corporation (Alagasco), a subsidiary, sells to around 450,000 customers in central and northern Alabama, including Birmingham and Montgomery. 2008 utility revenues: residential, 62.4%; commercial and industrial, 27.1%; transportation and other, 10.5%. 2008 deliveries: 79.4 MMcf. Energen Resources, a subsidiary, engages primarily in exploration and production of natural gas. 2008 proved reserves: gas, 1,038.5 MMcf; oil, 62.0 MBBbl; NGL, 29.0 MBBbl. Estimated pretax present value of 2008 reserves: \$1.9 billion. Has around 1,530 employees. CEO: James McManus, Inc.: Alabama. Address: 2101 Sixth Avenue North, Birmingham, Alabama 35203-2784. Tel.: 205-326-2700. Web: www.energen.com.</p>																																																																																																																																																																																																																																																													
<p>Energen Corporation's share net through the first nine months of 2009 was sharply lower than the year-earlier tally. That was attributed primarily to Energen Resources, the exploration and production (E&P) unit, which suffered from a substantial drop in price realizations on its unhedged volumes (roughly 25% of output at present). On a positive note, production rose 10%, due to further drilling activity in the bread-and-butter San Juan and Permian basins. What is more, Alagasco, the Alabama-based natural gas utility, performed well during the period, reflecting its ability to earn on a higher level of equity. Still . . .</p> <p>The bottom line stands to plummet around 20%, to \$3.50, for full-year 2009. But share net could recover in 2010, perhaps to \$4.15 a share. Indeed, oil and natural gas prices have bounced back some lately. (At present, about 43% of next year's projected output is unhedged.) Moreover, we expect production to rise once again, aided by ongoing drilling efforts in the core areas. Alagasco stands to generate decent results, as well. Note that our presentation does not take into ac-</p> <p>count any potential benefits from the Alabama shales exploration project. We are constructive about the company's performance out to 2012-2014. Energen Resources should be the growth driver, as management continues to implement an aggressive acquisition strategy. The drilling business will mainly target wells in the reliable Permian Basin in Texas. Shale operations could pick up if promise appears. Meanwhile, Alagasco ought to remain a steady contributor to profits, made possible by a favorable regulatory environment in Alabama.</p> <p>The good-quality stock continues to strengthen in price (although it remains substantially below the 2008 peak of \$79.60). We attribute the movement, in part, to optimism about the Alabama shale project. In fact, the company is awaiting the results of a well recently constructed in Tuscaloosa County.</p> <p>But price-recovery potential is unexciting at the present quotation. Furthermore, the equity is not a standout for relative price action over the next six to 12 months.</p> <p>Frederick L. Harris, III December 11, 2009</p>																																																																																																																																																																																																																																																													
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<p>(A) Fiscal year end 9/30 thru '01, 12/31 after. Three-month stub end 12/31/01: Revenues, \$147.3 mill. EPS, 15¢ (excl. nonrec. charge of 9¢). (B) Primary eggs thru '96, then diluted. Excl. nonrec. items: '94, 5¢; '99, 3¢; '00, d4¢; '01, d2¢; '02, 5¢; '06, 5¢; '08, 9¢; Q3 '09, 4¢. Excl. disc. ops.: '02, 1¢; '03, 1¢. Next eggs. rpt. late Jan. (C) Div'd historically paid in early March, June, Sept., Dec. ■ Div'd reinvest. plan avail. (D) Incl. intang. assets. In '08: \$264.7 mill., \$3.69/sh. (E) In mill., adjusted for stock splits.</p>																																																																																																																																																																																																																																																													
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To subscribe call 1-800-833-0046.																																																																																																																																																																																																																																																													

EQT CORP. NYSE-EQT					RECENT PRICE	P/E RATIO	(Trailing: 33.8)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE							
TIMELINESS 4 Lowered 12/11/09 SAFETY 3 Lowered 12/12/08 TECHNICAL 4 Lowered 12/4/09 BETA 1.15 (1.00 = Market)					41.63	32.0	(Trailing: 33.8)	1.94	2.1%								
2012-14 PROJECTIONS Price Gain Ann'l Total High 70 (+70%) 15% Low 45 (+10%) 4%					8.8 5.1	9.8 5.8	16.7 8.1	20.2 13.0	18.8 14.3	21.7 17.2	30.6 21.0	41.2 27.9	44.5 31.6	56.8 39.3	76.1 20.7	46.8 27.4	Target Price Range 2012 2013 2014
Insider Decisions J F M A M J J A S to Buy 0 0 0 0 4 0 0 3 0 to Sell 0 0 1 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0					LEGENDS — 13.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 6/01 2-for-1 split 9/05 Options: Yes Shaded area: prior recession Latest recession began 12/07										% TOT. RETURN 11/09 THIS STOCK VS. ARITH. INDEX 1 yr. 26.2 60.4 3 yr. 0.6 -4.1 5 yr. 54.0 22.3		
Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 174 154 165 to Sell 160 158 153 Hid's(000) 105421 103348 105692															© VALUE LINE PUB., INC. 12-14		
CAPITAL STRUCTURE as of 9/30/09 Total Debt \$1951.5 mill. Due in 5 Yrs \$239.6 mill.					REVENUES 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010										REVENUES (\$mill) 1930		
LT Debt \$1949.2 mill. LT Interest \$50.0 mill. (Total interest coverage: 7.7x) (41% of Cap'l)					PROFIT MARGINS 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010										PROFIT MARGINS 39.5%		
Leases, Uncapitalized None					OPERATING MARGINS 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010										OPERATING MARGINS 39.5%		
Pension Assets-12/08 \$41 mill. Oblig. \$72 mill. Pfd Stock None					NET PROFIT 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010										NET PROFIT (\$mill) 395		
Common Stock 130,919,247 shares					RETURN ON EQUITY 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010										RETURN ON EQUITY 14.5%		
MARKET CAP: \$5.5 billion (Large Cap)					RETAINED TO COM EQ 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010										RETAINED TO COM EQ 10.0%		
CURRENT POSITION (\$MILL)					ALL DIVIDENDS TO NET PROF 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010										ALL DIVIDENDS TO NET PROF 32%		
Business Description: EQT Corporation, Inc. markets natural gas products and energy services. Distributes natural gas to 275,000 customers, mainly residential, in parts of PA, WV, and KY. EQT Production has 3.4 million acres, 13,000 productive wells, with total proved reserves of 3,110 Bcfe (in the Appalachia Basin). The Midstream segment has 10,450 miles of gathering and transmission pipeline.					Business Description (cont.): (in parts of WV, KY, VA, and PA) and 63 bcf of storage capacity. '08 dep. rate: 2.5%. About 1,680 employees. Off.d/r. own 2.0% of common stock; Wellington Management, 7.7%, George P. Sakellaris, 5.0% (3/09 proxy). Chairman, President & CEO: Murry S. Gerber, Inc.: PA. Address: 225 North Shore Drive, Pittsburgh, PA 15212. Tel.: 412-553-5700. Internet: www.eqt.com.										Business Description (cont.):		
Annual Rates of Change (per sh)					Business Description (cont.): EQT has drilled 15 of these multilateral wells. Results have shown an increase in estimated recoveries and a decrease in finding and development costs. Thus, management intends to continue experimenting with multilateral and single-lateral wells.										Business Description (cont.):		
Annual Rates of Change (per sh) Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 to '12-'14 Revenues -- 2.0% 6.0% "Cash Flow" 11.5% 7.5% 11.0% Earnings 18.0% 7.5% 9.5% Dividends 11.5% 18.5% 3.0% Book Value 7.5% 9.5% 13.0%					Business Description (cont.): The company's business strategy includes an emphasis on expanding its infrastructure in the Appalachian Basin. More so, as EQT's Production unit and other producers expand the development of their reserves, the challenge for the Midstream business will be to provide the necessary pipelines to get the natural gas to the market. In order to optimize capacity, the Midstream segment is building smaller gathering lines to tie in wells. This facilitates the delivery of gas from wells drilled by EQT Production and increases the flexibility and reliability of the company's gathering systems.										Business Description (cont.):		
Quarterly Revenues (\$ mill.)					Business Description (cont.): This issue is an unappealing choice for the short and long term. However, investors may take solace in the fact that shares of EQT offer a decent yield. A rise in gas prices could spark a rally.										Business Description (cont.):		
Quarterly Earnings per Share					Business Description (cont.):										Business Description (cont.):		
Quarterly Dividends Paid					Business Description (cont.):										Business Description (cont.):		
Financial Strength					Business Description (cont.):										Business Description (cont.):		

(A) Based on diluted shares. Excludes net non-recurring gain/(loss): '95, (\$1.29); '96, 13¢; '97, 3¢; '98, (\$1.73); '00, (12¢); '02, 4¢; '03, (6¢); '05, \$0.34; '06, (\$0.6); '07, \$0.61. Excludes results of disc. ops.: '98, (24¢); '05, 1¢. Includes accelerated collection of prior years' gas costs: '95, 19¢; '96, 13¢; '97, 13¢; '98, 5¢. Next ex. rpt. due late January. (B) Dividends historically paid in early March, June, Sept., and Dec. Div. reinvestment plan available. (C) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	70
Price Growth Persistence	100
Earnings Predictability	80

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MDU RESOURCES NYSE-MDU				RECENT PRICE	P/E RATIO	Trailing: 16.3 Median: 14.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE							
TIMELINESS 4 Raised 11/13/09 SAFETY 1 Raised 8/17/01 TECHNICAL 3 Raised 8/7/09 BETA 1.05 (1.00 = Market)				High: 12.8 Low: 8.4	12.1 8.4	14.7 7.8	17.9 9.9	14.9 8.0	16.2 10.9	18.5 14.6	24.8 17.0	27.0 21.8	31.8 24.4	35.3 15.5	23.0 12.8	Target Price Range 2012 2013 2014
2012-14 PROJECTIONS Price High 35 (+50%) Price Low 30 (+30%) Gain Ann'l Total Return 13% 9%																64 48 40 32 24 20 16 12 8 6
Insider Decisions J F M A M J J A S to Buy 0 4 0 0 4 0 0 0 0 to Sell 0 0 0 0 1 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0				Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 147 140 149 to Sell 170 149 138 Hld's(000) 87620 87439 87545												Percent shares traded 12 8 4
CAPITAL STRUCTURE as of 9/30/09 Total Debt \$1499.6 mill. Due in 5 Yrs \$624.4 mill. LT Debt \$1471.8 mill. LT Interest \$85.0 mill. (LT interest earned: 5.5x) (37% of Cap'l) Leases, Uncapitalized Annual rentals \$22.2 mill. Pension Assets-12/08 \$226.2 mill. Oblig. \$358.5 mill.				MARKET CAP: \$4.3 billion (Mid Cap)												Revenues per sh 32.20 "Cash Flow" per sh 5.00 Earnings per sh A 2.55 Div'ds Decl'd per sh B + 7.2 Cap'l Spending per sh 3.60 Book Value per sh C 21.60 Common Shs Outst'g D 194.00 Avg Ann'l P/E Ratio 12.5 Relative P/E Ratio .85 Avg Ann'l Div'd Yield 2.6%
Pfd Stock \$15.0 mill. 50,000 shs. 4.7% cum. (\$100 par), call. at \$102; 100,000 shs. 4.5% (\$100 par), call. at \$105. Common Stock 187,749,266 shs.				MARKET CAP: \$4.3 billion (Mid Cap)												Revenues (\$mill) 6250 Operating Margin 20.0% Depreciation (\$mill) 465 Net Profit (\$mill) 500 Income Tax Rate 35.0% Net Profit Margin 8.0% Working Cap'l (\$mill) 475 Long-Term Debt (\$mill) 1550 Shr. Equity (\$mill) 4200 Return on Total Cap'l 9.5% Return on Shr. Equity 12.0% Retained to Com Eq 8.5% All Div'ds to Net Prof 28%
CURRENT POSITION (Mid Cap) Cash Assets 105.8 Receivables 715.5 Inventory (Avg. Cst) 229.3 Other 163.8 Current Assets 1214.4 Accts Payable 369.2 Debt Due 161.7 Other 318.9 Current Liab. 849.8				Business: MDU Resources Group, Inc. is a diversified energy company. Segments, regulated: electric (4% '08 revs), natural gas distribution (21%), pipeline and energy services (9%); unregulated: construction services (25%), natural gas and oil production (8.5%), and construction materials and contracting (32.5%). Utility segments sell gas & electricity to customers in northwest and upper												Revenues (\$mill) 6250 Operating Margin 20.0% Depreciation (\$mill) 465 Net Profit (\$mill) 500 Income Tax Rate 35.0% Net Profit Margin 8.0% Working Cap'l (\$mill) 475 Long-Term Debt (\$mill) 1550 Shr. Equity (\$mill) 4200 Return on Total Cap'l 9.5% Return on Shr. Equity 12.0% Retained to Com Eq 8.5% All Div'ds to Net Prof 28%
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 of change (per sh) 10 Yrs. 5 Yrs. to '12-'14 Revenues 14.0% 13.0% 5.0% "Cash Flow" 11.5% 13.0% 6.0% Earnings 13.0% 14.0% 5.5% Dividends 5.5% 6.0% 4.5% Book Value 12.5% 12.0% 8.0%				MDU Resources' profits will likely fall more than 25% in 2009. Weak earnings in the pipeline and construction services units account for the bulk of the third-quarter drop. Still, MDU's operating margin this quarter nearly matched the year-ago period's, resulting in a less severe year-over-year profit decline. The commodity-price recovery benefited the exploration and production (E&P) business, which posted its third consecutive top- and bottom-line advances. Stimulus-related transportation spending boosted higher-margin material sales (e.g., asphalt and liquid asphalt oil) in the third quarter and widened margins on construction aggregates, both in the construction-materials unit, which accounted for about 50% of MDU's third-quarter profits.												Revenues (\$mill) 6250 Operating Margin 20.0% Depreciation (\$mill) 465 Net Profit (\$mill) 500 Income Tax Rate 35.0% Net Profit Margin 8.0% Working Cap'l (\$mill) 475 Long-Term Debt (\$mill) 1550 Shr. Equity (\$mill) 4200 Return on Total Cap'l 9.5% Return on Shr. Equity 12.0% Retained to Com Eq 8.5% All Div'ds to Net Prof 28%
QUARTERLY REVENUES (\$ mill.) Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 814.8 973.2 1190.6 1092.1 4070.7 2007 787.5 982.4 1245.3 1232.7 4247.9 2008 1122.0 1252.0 1333.8 1295.5 5003.3 2009 1094.0 958.0 1107.9 1190.1 4350 2010 1100 1175 1275 1200 4750				third-quarter 2009 lease operating costs fell compared to the prior quarter and year-ago period. The sale of 45,000 net acres of undeveloped Bakken leases in North Dakota, which MDU was unlikely to develop before expiry, should concentrate its investments in its already proven and productive Bakken acreage. Construction materials should continue to do well from public sector work; management estimates that 25%-30% of the unit's backlog now comes from stimulus projects.												Revenues (\$mill) 6250 Operating Margin 20.0% Depreciation (\$mill) 465 Net Profit (\$mill) 500 Income Tax Rate 35.0% Net Profit Margin 8.0% Working Cap'l (\$mill) 475 Long-Term Debt (\$mill) 1550 Shr. Equity (\$mill) 4200 Return on Total Cap'l 9.5% Return on Shr. Equity 12.0% Retained to Com Eq 8.5% All Div'ds to Net Prof 28%
EARNINGS PER SHARE A Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 .29 .39 .61 .45 1.75 2007 .23 .45 .57 .52 1.76 2008 .39 .63 .64 .39 2.05 2009 .22 .30 .50 .38 1.40 2010 .30 .40 .55 .40 1.65				MDU's regulated units provide an earnings base, and its unregulated ventures offer good upside for the pull to 2012-2014. Despite the cancellation of the Big Stone II plant, the company has plans for capacity growth for its utilities, including a gas-fired plant, which would present an opportunity for vertical integration. Economic recovery in 3 to 5 years is likely, which should boost the construction services and E&P units.												Revenues (\$mill) 6250 Operating Margin 20.0% Depreciation (\$mill) 465 Net Profit (\$mill) 500 Income Tax Rate 35.0% Net Profit Margin 8.0% Working Cap'l (\$mill) 475 Long-Term Debt (\$mill) 1550 Shr. Equity (\$mill) 4200 Return on Total Cap'l 9.5% Return on Shr. Equity 12.0% Retained to Com Eq 8.5% All Div'ds to Net Prof 28%
QUARTERLY DIVIDENDS PAID B + Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 .127 .127 .127 .135 .52 2007 .135 .135 .135 .145 .55 2008 .145 .145 .145 .155 .59 2009 .155 .155 .155 .155 .59 2010 .1575				The company faces considerably easier comparisons going forward. Last year's steep fourth-quarter dropoff should benefit the E&P unit especially. A better commodity price outlook prompted an 18% increase in the segment's capital budget for 2009, but production is unlikely to return to 2008 levels until 2011. However, operating performance is improving;												Revenues (\$mill) 6250 Operating Margin 20.0% Depreciation (\$mill) 465 Net Profit (\$mill) 500 Income Tax Rate 35.0% Net Profit Margin 8.0% Working Cap'l (\$mill) 475 Long-Term Debt (\$mill) 1550 Shr. Equity (\$mill) 4200 Return on Total Cap'l 9.5% Return on Shr. Equity 12.0% Retained to Com Eq 8.5% All Div'ds to Net Prof 28%
Shareholder investment plan available. (C) Includes intangibles: In 2008: \$3.52/sh. (D) In millions, adj. for splits.				Company's Financial Strength A+ Stock's Price Stability 85 Price Growth Persistence 95 Earnings Predictability 80												Revenues (\$mill) 6250 Operating Margin 20.0% Depreciation (\$mill) 465 Net Profit (\$mill) 500 Income Tax Rate 35.0% Net Profit Margin 8.0% Working Cap'l (\$mill) 475 Long-Term Debt (\$mill) 1550 Shr. Equity (\$mill) 4200 Return on Total Cap'l 9.5% Return on Shr. Equity 12.0% Retained to Com Eq 8.5% All Div'ds to Net Prof 28%

(A) Diluted EPS. Excl. nonrecr. gains/losses: '93, 6¢; '98, (34¢); '01, 4¢; '02, 10¢; '03, (5¢); '04, (3¢); '08, (46¢); Q1 '09, (\$2.09); gain (loss) on disc. ops.: '06, (1¢); '07, 60¢; '08

& '07 EPS don't add due to rounding. Next eqs. report due late February.
 (B) Div'ds historically paid in early Jan., Apr., July, and Oct. = Div'd reinvest. plan avail. †

Shareholder investment plan available.
 (C) Includes intangibles: In 2008: \$3.52/sh.
 (D) In millions, adj. for splits.

Company's Financial Strength A+
 Stock's Price Stability 85
 Price Growth Persistence 95
 Earnings Predictability 80

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NICOR INC. NYSE-GAS		RECENT PRICE	P/E RATIO	Trailing: 14.1 Median: 15.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																																																																																																																																																								
TIMELINESS 3	Raised 11/13/09	High: 44.4	42.9	43.9	42.4	49.0	39.3	39.7	43.0	49.9	53.7	52.0	40.2	Target Price	Range																																																																																																																																																
SAFETY 3	Lowered 6/17/05	Low: 37.1	31.2	29.4	34.0	17.3	23.7	32.0	35.5	38.7	37.8	32.3	27.5	2012	2013	2014																																																																																																																																															
TECHNICAL 3	Lowered 11/20/09	LEGENDS --- 1.30 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07																																																																																																																																																													
BETA .75	(1.00 = Market)	2012-14 PROJECTIONS Price Gain Ann'l Total High 60 (+50%) 14% Low 40 (Nil) 5%																																																																																																																																																													
Insider Decisions		<table border="1"> <tr> <td></td> <td>J</td> <td>F</td> <td>M</td> <td>A</td> <td>M</td> <td>J</td> <td>J</td> <td>A</td> <td>S</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>to Buy</td> <td>0</td> <td>1</td> <td>2</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Options</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>to Sell</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </table>															J	F	M	A	M	J	J	A	S							to Buy	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	Options	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	to Sell	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																																																																																
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2009	.465	.465	.465	.465	1.86																																																																																																																																																										

(A) Based on primary earnings thru '96, then diluted. Excl. nonrecurring gains/(loss): '97, 6¢; '98, 11¢; '99, 5¢; '00, (\$1.96); '01, 16¢; '03, (27¢); '04, (52¢); '05, 80¢; '06, (17¢); '07 (13¢). Excl. items from discontinued ops.: '93, 4¢; '96, 30¢. Next egs. report due mid February. (B) Dividends historically paid mid February, May, August, November. ■ Dividend reinvestment plan available. (C) In millions. © 2009, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product. **To subscribe call 1-800-833-0046.**

BUSINESS: Nicor Inc. is a holding company with gas distribution as its primary business. Serves over 2.2 million customers in northern and western Illinois. 2008 gas delivered: 498.1 Bcf, incl. 222.6 Bcf from transportation. 2008 gas sales (275.5 bcf): residential, 93%; commercial, 6%; industrial, 1%. Principal supplying pipelines: Natural Gas Pipeline, Horizon Pipeline, and TGPC. Current operations include Tropical Shipping subsidiary and several energy related ventures. Divested oil and gas E&P, 6/93. Has about 3,900 employees. Officers/directors own about 2.2% of common stock (3/09 proxy). Chairman and Chief Executive Officer: Russ Strobel. Incorporated: Illinois. Address: 1844 Ferry Road, Naperville, Illinois 60563. Telephone: 630-305-9500. Internet: www.nicor.com.

Nicor posted better-than-expected third-quarter share net. Indeed, earnings of \$0.30 a share easily topped our estimate by a quarter. Lower expenses were the primary reason for the strong showing. Moreover, the Gas Distribution business turned in a solid quarter, which also contributed to the performance. However, **The Shipping segment continues to struggle.** Income in this division fell short of the prior year's mark yet again. The weak economy has pressured volume in this business in recent months. Also, of note, the company recently acquired Deluxe Freight, a non vessel operation common carrier. This acquisition should help Nicor expand its position in the Caribbean shipping market. **The company received its rehearing decision for its rate case.** Earlier this year, Nicor was approved for a \$69 million increase in base rates. The company appealed the decision and requested greater relief. In October, the Illinois Commerce Commission approved an additional \$11 million increase to an \$80 million base, which reflects an 8.09% return on rate base. This change went into effect on October 15th.

Earnings will likely be somewhat flat, year over year. Low usage and the aforementioned problems in the shipping business should weigh on the bottom line in the months ahead. Therefore, we look for earnings to decline slightly to \$0.99 a share in the December period. For 2010, we estimate share net will advance modestly to \$2.85.

This stock is ranked to perform in line with the market in the year ahead. Nicor has uninspiring near-term prospects. Despite the positive September-quarter results, we look for sales to continue to fall and earnings to change little in the near term. Looking further out, this issue has below-average total return potential over the 2012-2014 time frame. All told, we recommend most investors look elsewhere. However, **Income-oriented accounts may want to consider this issue.** Shares of GAS offer a yield well above the average for a natural gas utility. Accordingly, the steady payout here may be of interest to investors seeking current income.

Richard Gallagher December 11, 2009

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	45
Earnings Predictability	80

NISOURCE INC. NYSE-NI				RECENT PRICE 14.47	P/E RATIO 13.4 (Trailing: 14.2, Median: 16.0)	RELATIVE P/E RATIO 0.81	DIV'D YLD 6.4%	VALUE LINE													
TIMELINESS 4 Lowered 11/13/09	SAFETY 3 Lowered 1/14/02	TECHNICAL 3 Lowered 4/17/09	BETA .85 (1.00 = Market)					Target Price Range 2012 2013 2014		64 48 40 32 24 20 16 12 8 6											
2012-14 PROJECTIONS Price Gain Ann'l Total High 25 (+75%) 20% Low 15 (+5%) 8%				Insider Decisions J F M A M J J A S to Buy 0 2 5 0 1 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 5 0 0 0 1 0 0 1 0				Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 154 151 147 to Sell 153 154 131 Hd's(000) 202113 207947 217730				Percent shares traded 12 8 4		% TOT. RETURN 11/09 THIS STOCK VL. ARITH. INDEX 1 yr. 27.8 60.4 3 yr. -31.1 -4.1 5 yr. -15.4 22.3							
NiSource acquired Columbia Energy on November 1, 2000, paying approximately \$6 billion in cash and stock. Columbia shareholders who chose cash received \$70 a share, plus a security with a face value of \$2.60. Those who chose stock received \$74 a share in NiSource common stock. Shareholders' selections were prorated to reflect a 30% stock portion of the transaction. In 2003, NiSource sold Columbia's exploration and production business.				1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC. 12-14					
CAPITAL STRUCTURE as of 9/30/09 Total Debt \$7194.5 mill. Due in 5 Yrs \$3598.0 mill. LT Debt \$6560.7 mill. LT Interest \$380 mill. (LT interest earned: 2.5x)				25.33	29.34	45.59	26.09	23.78	24.63	28.97	27.37	28.96	32.36	23.60	26.45	23.60	26.45	Revenues per sh	34.05		
Leases, Uncapitalized Annual rentals \$45.3 mill. Pension Assets-12/08 \$1.44 bill. Oblig. \$2.15 bill.				3.80	2.74	4.23	3.94	3.47	3.47	3.14	3.18	3.20	3.32	2.65	3.00	2.65	3.00	"Cash Flow" per sh	3.70		
Pfd Stock None				1.27	1.39	1.13	1.91	1.59	1.62	1.08	1.14	1.14	1.34	1.00	1.15	1.15	Earnings per sh A	1.35			
Common Stock 275,754,599 shs. as of 9/30/09				1.04	.81	1.16	1.16	1.10	.92	.92	.92	.92	.92	.92	.92	.92	.92	Div'd Decl'd per sh B	.92		
MARKET CAP: \$4.0 billion (Mid Cap)				2.75	1.80	3.22	2.50	2.19	1.91	2.17	2.33	2.88	3.54	2.90	3.00	2.90	3.00	Cap'l Spending per sh	3.95		
CURRENT POSITION 2007 2008 9/30/09 (\$MILL.)				10.90	16.61	16.72	16.78	16.81	17.69	18.09	18.32	18.52	17.24	17.30	17.50	17.30	17.50	Book Value per sh C	18.55		
Cash Assets 36.0 20.6 83.8 Other 2418.9 3390.2 2479.4 Current Assets 2454.9 3410.8 2563.2 Accts Payable 719.9 693.3 214.0 Debt Due 1094.9 1632.8 633.8 Other 1577.8 2257.3 2061.9 Current Liab. 3392.6 4583.4 2909.7 Fix. Chg. Cov. 221% 245% 95%				124.14	205.55	207.49	248.86	262.63	270.63	272.62	273.85	274.18	274.26	275.5	276.0	275.5	276.0	Common Shs Outst'g D	279.0		
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 of change (per sh) to '12-'14				19.6	14.9	23.4	10.8	12.2	13.0	21.4	19.2	18.8	12.1	12.1	12.1	12.1	12.1	12.1	Avg Ann'l P/E Ratio	14.0	
Revenues 4.0% -1.5% 2.5% "Cash Flow" -1.0% -3.5% 2.5% Earnings -2.5% -5.0% 2.0% Dividends -- -4.0% Nil Book Value 6.5% 1.5% .5%				1.12	.97	1.20	.59	.70	.69	1.14	1.04	1.00	.73	.73	.73	.73	.73	.73	Relative P/E Ratio	.95	
BUSINESS: NiSource Inc. is a holding company for Northern Indiana Public Service Company (NIPSCO), which supplies electricity and gas to the northern third of Indiana. Customers: 457,000 electric in Indiana, 3.3 million gas in IN, OH, PA, KY, VA, MD, MA. Acquired IWC Resources 3/97; Bay State Gas 2/99; Columbia Energy 11/00. Electric revenue breakdown, '08: residential, 27%; commercial, 27%; industrial, 39%; other, 7%. Generating sources, '08: coal, 82%; purchased & other, 18%. '08 reported deprec. rates: 2.9% electric, 2.8% gas. Has 7,981 employees. Chairman: Ian M. Roland. President & CEO: Robert C. Skaggs, Jr. Inc.: Indiana. Address: 801 East 86th Ave., Merrillville, Indiana 46410. Tel.: 877-647-5990. Internet: www.nisource.com.				4.2%	3.9%	4.4%	5.6%	5.7%	4.4%	4.0%	4.2%	4.3%	5.7%	5.7%	5.7%	5.7%	5.7%	Avg Ann'l Div'd Yield	5.1%		
Business at NiSource will likely continue to be challenging. The weak economic environment has placed pressure on profitability. Most notably, a sizable exposure to the industrial market has been the primary reason for the company's disappointing results of late. Looking ahead, we expect the unevenness in the economy and NI's heavy debt load to weigh on share net.				3144.6	6030.7	9458.7	6492.3	6246.6	6666.2	7899.1	7488.0	7939.0	8872.0	6500	7300	7300	7300	Revenues (\$mill)	9500		
The company has a key rate case pending. NiSource awaits a decision for an increase in its rate base for its Northern Indiana Public Service Company business. This operation has struggled due to rising expenses. As a result, relief here remains a focus for the company. The decision was expected to come in the first quarter of 2010, but is now estimated to be in the second quarter.				168.7	196.9	243.5	412.5	419.4	434.6	298.7	314.6	312.0	369.8	312.0	369.8	312.0	369.8	312.0	Net Profit (\$mill)	380	
NiSource is working to improve its liquidity. Management took steps to meet its financing needs for this year and 2010. Indeed, the company had debt maturities coming due that raised investor concerns. However, a tax refund of roughly \$295 million strengthened the balance sheet. This, coupled with a \$120 million debt offering, will likely take care of NI's financing needs in the near term.				34.9%	33.3%	44.7%	35.5%	35.3%	35.7%	33.3%	35.2%	35.6%	33.4%	36.5%	36.5%	36.5%	36.5%	36.5%	Income Tax Rate	36.5%	
Earnings should improve next year. Effective cost management and improved market conditions should help share net bounce back in 2010. Therefore, we estimate a 15% recovery on the bottom line to \$1.15 a share.				3.4%	2.0%	1.8%	.6%	.6%	1.1%	2.1%	4.2%	6.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	AFUDC % to Net Profit	2.0%	
The long-term picture is unclear. The pending rate case, along with management's turnaround efforts, make long-term prospects uncertain. Therefore, we suggest patient investors take a wait-and-see approach given these challenges.				51.8%	63.4%	63.3%	55.7%	57.1%	49.8%	51.2%	50.7%	52.4%	55.7%	56.0%	56.0%	56.0%	56.0%	56.0%	Long-Term Debt Ratio	57.0%	
We have lowered this stock's Timeliness rank one notch to 4 (Below Average). Indeed, earnings visibility is limited. Income-oriented accounts may be interested in this equity's above-average yield of 6.4% (compared to its peers), though. However, a heavy debt load and tough market conditions will probably continue to weigh on this issue over the coming months. Accordingly, we recommend most investors avoid these shares until the aforementioned challenges are behind NiSource.				35.5%	35.2%	35.8%	43.4%	42.1%	49.3%	48.0%	49.3%	47.6%	44.3%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	Common Equity Ratio	43.0%
Richard Gallagher December 11, 2009				3813.3	9695.6	9683.8	9622.8	10490	9704.1	10285	10160	10671	10673	10850	11100	11100	11100	11100	Total Capital (\$mill)	12175	
Return on Total Cap'l 5.0%				5230.4	9546.7	9554.7	10068	9304.9	9384.7	9554.3	9694.5	10032	10276	10900	11300	11300	11300	11300	Net Plant (\$mill)	12800	
Return on Shr. Equity 7.5%				6.0%	2.7%	4.7%	6.7%	6.0%	6.4%	4.8%	4.8%	4.6%	5.2%	4.0%	4.5%	4.5%	4.5%	4.5%	Return on Total Cap'l	5.0%	
Return on Com Equity 7.5%				9.2%	5.5%	6.8%	9.7%	9.3%	8.9%	6.0%	6.3%	6.1%	7.8%	6.0%	7.0%	7.0%	7.0%	7.0%	Return on Shr. Equity	7.5%	
Retained to Com Eq 2.5%				11.9%	5.5%	6.8%	9.7%	9.4%	9.0%	6.0%	6.3%	6.1%	7.8%	6.0%	6.5%	6.5%	6.5%	6.5%	Return on Com Equity E	7.5%	
All Div'ds to Net Prof 67%				2.6%	1.7%	NMF	3.9%	3.0%	3.9%	.9%	1.2%	1.2%	2.5%	.5%	1.5%	1.5%	1.5%	1.5%	Retained to Com Eq	2.5%	
Cal-endar				79%	71%	101%	60%	69%	57%	85%	80%	81%	68%	91%	79%	79%	79%	79%	All Div'ds to Net Prof	67%	
QUARTERLY REVENUES (\$ mill.)				BUSINESS: NiSource Inc. is a holding company for Northern Indiana Public Service Company (NIPSCO), which supplies electricity and gas to the northern third of Indiana. Customers: 457,000 electric in Indiana, 3.3 million gas in IN, OH, PA, KY, VA, MD, MA. Acquired IWC Resources 3/97; Bay State Gas 2/99; Columbia Energy 11/00. Electric revenue breakdown, '08: residential, 27%; commercial, 27%; industrial, 39%; other, 7%. Generating sources, '08: coal, 82%; purchased & other, 18%. '08 reported deprec. rates: 2.9% electric, 2.8% gas. Has 7,981 employees. Chairman: Ian M. Roland. President & CEO: Robert C. Skaggs, Jr. Inc.: Indiana. Address: 801 East 86th Ave., Merrillville, Indiana 46410. Tel.: 877-647-5990. Internet: www.nisource.com.																	
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QUARTERLY EARNINGS PER SHARE A				The company has a key rate case pending. NiSource awaits a decision for an increase in its rate base for its Northern Indiana Public Service Company business. This operation has struggled due to rising expenses. As a result, relief here remains a focus for the company. The decision was expected to come in the first quarter of 2010, but is now estimated to be in the second quarter.																	
QUARTERLY DIVIDENDS PAID B				NiSource is working to improve its liquidity. Management took steps to meet its financing needs for this year and 2010. Indeed, the company had debt maturities coming due that raised investor concerns. However, a tax refund of roughly \$295 million strengthened the balance sheet. This, coupled with a \$120 million debt offering, will likely take care of NI's financing needs in the near term.																	
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QUARTERLY DIVIDENDS PAID B				The long-term picture is unclear. The pending rate case, along with management's turnaround efforts, make long-term prospects uncertain. Therefore, we suggest patient investors take a wait-and-see approach given these challenges.																	
QUARTERLY EARNINGS PER SHARE A				We have lowered this stock's Timeliness rank one notch to 4 (Below Average). Indeed, earnings visibility is limited. Income-oriented accounts may be interested in this equity's above-average yield of 6.4% (compared to its peers), though. However, a heavy debt load and tough market conditions will probably continue to weigh on this issue over the coming months. Accordingly, we recommend most investors avoid these shares until the aforementioned challenges are behind NiSource.																	
QUARTERLY DIVIDENDS PAID B				Richard Gallagher December 11, 2009																	

(A) Dil. EPS. Excl. nonrec. gains (losses): '00, 24¢; '01, (10¢); '02, 9¢; '03, 1¢; '05, (4¢); gains (losses) on disc. ops.: '00, 7¢; '02, (2¢); '03, (\$1.27); '04, 2¢; '05, 10¢; '06, (11¢); '07, 3¢; '08, (\$1.14). Next eqs. due late January. (B) Div'ds historically paid in mid-Feb., May, Aug., Nov. There were only 3 declarations in '00. ■ Div'd reinv. avail. (C) Incl. intang. in '08; \$14.63/sh. (D) In mill., adj. for split. (E) Rate base: Fair val. Rate all'd on com. eq. in '87: 13.5%; earned on avg. com. eq., '08: 7.8%.
 Company's Financial Strength B
 Stock's Price Stability 95
 Price Growth Persistence 10
 Earnings Predictability 80
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N.W. NAT'L GAS NYSE: NWN		RECENT PRICE	P/E RATIO	Trailing: 15.2 Median: 16.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
TIMELINESS 3 Lowered 7/24/09 SAFETY 1 Raised 3/18/05 TECHNICAL 3 Raised 10/23/09 BETA .60 (1.00 = Market)		High: 30.8 Low: 24.3	27.5 26.8 30.7 31.3 34.1 39.6 43.7 52.8 55.2 46.1	26.8 21.7 23.5 24.0 27.5 32.4 32.8 39.8 37.7	39.6 43.7 52.8 55.2 46.1	3.9%	Target Price Range 2012 2013 2014 48 64 80 100 120
2012-14 PROJECTIONS Price Gain Ann'l Total High 70 (+60%) 16% Low 55 (+30%) 10%							% TOT. RETURN 11/09 THIS STOCK VS. ARITH. INDEX 1 yr. -10.9 60.4 3 yr. 15.2 -4.1 5 yr. 51.2 22.3
Insider Decisions J F M A M J J A S to Buy 0 0 2 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 1 0 0 0 1 1 1 2 0							© VALUE LINE PUB., INC. 12-14
Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 82 67 78 to Sell 83 93 69 Hd's(000) 14907 15126 15387		Percent shares traded 15 10 5					Revenues per sh 48.20 "Cash Flow" per sh 6.75 Earnings per sh ^A 3.45 Div'ds Decl'd per sh ^B 2.12 Cap'l Spending per sh 4.50 Book Value per sh 30.50 Common Shs Outst'g ^C 28.00
CAPITAL STRUCTURE as of 9/30/09 Total Debt \$708.9 mill. Due in 5 Yrs \$173.8 mill. LT Debt \$637.0 mill. LT Interest \$37.0 mill. (Total interest coverage: 4.0x)		455.8 532.1 650.3 641.4 611.3 707.6 910.5 1013.2 1033.2 1037.9 1025 950 44.9 47.8 50.2 43.8 46.0 50.6 58.1 65.2 74.5 68.5 75.5 75.5					Revenues per sh 48.20 "Cash Flow" per sh 6.75 Earnings per sh ^A 3.45 Div'ds Decl'd per sh ^B 2.12 Cap'l Spending per sh 4.50 Book Value per sh 30.50 Common Shs Outst'g ^C 28.00
Pension Assets-12/08 \$163 mill. Oblig. \$281 mill. Pfd Stock None		35.4% 35.9% 35.4% 34.9% 33.7% 34.4% 36.0% 36.3% 37.2% 36.9% 37.0% 37.0% 9.9% 9.0% 7.7% 6.8% 7.5% 7.1% 6.4% 6.4% 7.2% 6.6% 7.4% 7.9%					Income Tax Rate 37.0% Net Profit Margin 7.2% Long-Term Debt Ratio 47% Common Equity Ratio 53%
Common Stock 26,517,363 shares as of 10/31/09 MARKET CAP \$1.2 billion (Mid Cap)		861.5 887.8 880.5 937.3 1006.6 1052.5 1108.4 1116.5 1106.8 1140.4 1275 1300 895.9 934.0 965.0 995.6 1205.9 1318.4 1373.4 1425.1 1495.9 1549.1 1625 1675					Total Capital (\$mill) 1400 Net Plant (\$mill) 1900 Return on Total Cap'l 8.0% Return on Shr. Equity 11.0% Return on Com Equity 11.0% Retained to Com Eq 4.5% All Div'ds to Net Prof 61%
CURRENT POSITION (\$MILL.) Cash Assets 6.1 6.9 13.7 Other 268.8 474.1 277.9 Current Assets 274.9 481.0 291.6 Accts Payable 119.7 94.4 61.8 Debt Due 148.1 248.0 71.9 Other 122.1 208.9 149.0 Current Liab. 389.9 551.3 282.7 Fx. Chg. Cov. 408% 393% NMF		BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 660,000 customers, in Oregon (90% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system.					Owns local underground storage. Rev. breakdown: residential, 55%; commercial, 28%; industrial, gas transportation, and other, 17%. Employs 1,106. Barclays Global owns 6.6% of shares; officers and directors, 1.4% (4/09 proxy). CEO: Gregg S. Kantor, Inc.: Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Telephone: 503-226-4211. Internet: www.nwnatural.com.
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. to '12-'14 of change (per sh) Revenues 9.0% 9.0% 4.0% "Cash Flow" 3.5% 6.5% 4.5% Earnings 5.0% 8.0% 5.0% Dividends 2.0% 3.0% 6.5% Book Value 3.5% 3.5% 5.0%		Northwest Natural continues to benefit from its gas cost-sharing arrangement. In Oregon (90% of customers), the company retains part of the difference between forecast and actual gas costs; this system was the main reason for the relatively large earnings swings between 2006 and 2009, though Northwest's customer roster grew at a better-than-2% annual rate until the recession. The gas cost-sharing rule accounted for most of the earnings growth in 2009 as the company added just 0.7% to its customer list in the last 12 months.					Steady growth from present operations is likely out to 2012-2014... Northwest Natural had above-average customer growth for years before the recent crisis, and we think customer growth, from both new construction and conversions from oil and electricity, will resume next year. Toward the end of our horizon, an extension of high-density zoning southeast of Portland could add many thousands of new customers.
QUARTERLY REVENUES (\$mill.) Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 390.4 171.0 114.9 336.9 1013.2 2007 394.1 183.2 124.2 331.7 1033.2 2008 387.7 191.3 109.7 349.2 1037.9 2009 437.4 149.4 116.9 321.3 1025 2010 375 125 100 350 950		Lower rates will probably help garner new customers in 2010. Thanks to the plunge in natural gas costs over the past 15 months, Northwest has received approval to drop its rates about 16% in Oregon and 22% in Washington. Results in 2010 should also benefit from a new five-year union contract signed in July 2009, under which the company has more flexibility and the employees received a reasonable 2.3% more in 2009 plus a guaranteed 1% increase in each of the coming years. Moreover, Northwest is paring a further 50 to 100 positions, and a new automated meter-reading system should help keep costs down.					... and two large projects could add materially to our forecast. Northwest will soon start construction of the Gill Ranch gas storage project in California, investing around \$160 million in the first stage, which could come on stream next August. And the Palomar pipeline, a planned joint venture with Trans Canada Gas, could start up by 2013. The full 800-mile pipeline would constitute a \$400 million investment for Northwest's share.
EARNINGS PER SHARE ^A Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2006 1.48 .07 d.35 1.15 2.35 2007 1.77 .10 d.22 1.11 2.76 2008 1.62 .08 d.38 1.25 2.57 2009 1.72 .12 d.25 1.26 2.85 2010 1.72 .11 d.30 1.32 2.85		These high-quality shares have worthwhile long-term risk-adjusted total return potential.					Sigourney B. Romaine December 11, 2009
QUARTERLY DIVIDENDS PAID ^B Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2005 .325 .325 .325 .345 1.32 2006 .345 .345 .345 .355 1.39 2007 .355 .355 .355 .375 1.44 2008 .375 .375 .375 .395 1.52 2009 .395 .395 .395 .415		total return potential.					Company's Financial Strength A Stock's Price Stability 100 Price Growth Persistence 70 Earnings Predictability 90

(A) Diluted earnings per share. Excludes non-recurring items: '98, \$0.15; '00, \$0.11; '06, (\$0.06); '08, (\$0.03); '10 '09, 6¢. Next earnings report due early February. (B) Dividends historically paid in mid-February, May, August, and November. (C) In millions, adjusted for stock split. Dividend reinvestment plan available.

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ONEOK, INC. NYSE-OKE					RECENT PRICE	P/E RATIO	Trailing: 15.2 Median: 14.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE									
TIMELINESS 2	Raised 12/11/09	High: 22.1	18.6	25.3	24.3	23.1	22.4	29.0	35.8	44.5	55.3	51.3	40.4	Target Price Range 2012 2013 2014 120 100 80 64 48 32 24 20 16 12 8					
SAFETY 3	New 7/27/90	Low: 14.9	12.3	10.9	14.2	14.6	16.0	19.7	26.3	26.3	39.3	21.6	18.1						
TECHNICAL 3	Raised 9/11/09	LEGENDS —— 8.0 x "Cash Flow" p sh Relative Price Strength - - - - 2-for-1 split 6/01 Options: Yes Shaded area: prior recession Latest recession began 12/07			2-for-1														
BETA .95	(1.00 = Market)	2012-14 PROJECTIONS			Price	Gain	Ann'l Total Return												
High	70	(+75%)	18%																
Low	45	(+10%)	7%																
Insider Decisions					Percent shares traded														
J	F	M	A	M	J	J	A	S	15 10 5							% TOT. RETURN 11/09 THIS STOCK VS. ARITH. INDEX 1 yr. 43.8 60.4 3 yr. 4.4 -4.1 5 yr. 73.8 22.3			
to Buy	0	0	1	0	0	0	0	0											
Options	5	0	0	1	0	0	1	1											
to Sell	0	0	0	1	0	0	2	1											
Institutional Decisions																			
4Q2008	1Q2009	2Q2009																	
to Buy	148	141	148																
to Sell	137	131	121																
Hld's(000)	71651	67756	68801																
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC. 12-14	
14.81	14.84	17.58	22.46	20.69	29.06	29.83	112.38	113.38	34.63	31.50	57.47	130.56	107.42	129.71	154.11	99.05	120.95	Revenues per sh ^A	151.80
1.61	1.62	1.72	2.30	2.38	2.79	3.22	4.26	4.33	3.78	3.86	4.14	4.70	4.64	5.12	5.30	5.45	5.70	"Cash Flow" per sh	6.90
.72	.67	.79	.97	1.07	1.12	1.03	1.48	1.23	1.29	2.13	2.30	2.55	2.43	2.79	2.95	2.75	2.95	Earnings per sh ^{A B}	3.80
.53	.56	.56	.59	.60	.60	.62	.62	.62	.62	.69	.88	1.09	1.22	1.40	1.56	1.64	1.72	Div'ds Decl'd per sh ^C	1.96
1.62	1.39	--	1.64	1.61	4.77	3.40	5.27	5.69	3.47	2.26	2.53	2.57	3.40	8.50	14.05	7.80	9.30	Cap'l Spending per sh	11.15
6.82	6.94	7.19	7.61	8.24	9.51	9.81	11.11	21.08	22.47	13.04	15.41	18.38	20.02	18.94	19.92	21.25	23.25	Book Value per sh ^E	26.80
53.27	53.38	54.04	54.52	56.16	63.15	61.77	59.11	60.00	60.76	95.19	104.20	97.65	110.68	103.99	104.85	106.00	107.50	Common Shs Outst'g ^D	112.00
14.3	14.0	11.9	12.5	13.8	16.4	15.2	10.5	15.9	15.0	9.2	10.3	11.9	14.6	16.9	14.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
.84	.92	.80	.78	.80	.85	.87	.68	.81	.82	.52	.54	.63	.79	.90	.85			Relative P/E Ratio	1.00
5.2%	5.9%	5.9%	4.9%	4.1%	3.3%	4.0%	4.0%	3.2%	3.2%	3.5%	3.7%	3.6%	3.4%	3.0%	3.7%			Avg Ann'l Div'd Yield	3.4%
CAPITAL STRUCTURE as of 9/30/09																			
Total Debt \$5432.4 mill. Due in 5 Yrs \$2250.0 mill.																			
LT Debt \$4340.2 mill. LT Interest \$275.0 mill.																			
(Total interest coverage: 2.2x)																			
Leases, Uncapitalized: Annual rentals \$88.8 mill.																			
Pension Assets-12/08 \$601.9 mill. Oblig. \$887.6 mill.																			
Pfd Stock None																			
Common Stock 105,490,566 shs. as of 10/30/09																			
MARKET CAP: \$4.2 billion (Mid Cap)																			
CURRENT POSITION (\$MILL)																			
Cash Assets	19.1	510.1	52.2																
Receivables	1723.2	1265.3	726.7																
Inventory (Avg Cst)	841.4	859.0	657.4																
Other	367.8	743.2	420.7																
Current Assets	2951.5	3377.6	1857.0																
Accts Payable	1436.0	1122.8	766.6																
Debt Due	623.1	2388.2	1092.2																
Other	822.6	682.8	785.7																
Current Liab.	2881.7	4193.8	2644.5																
ANNUAL RATES																			
of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14																
Revenues	18.5%	17.0%	2.5%																
"Cash Flow"	7.5%	4.5%	5.5%																
Earnings	10.0%	12.0%	5.5%																
Dividends	9.0%	16.5%	6.0%																
Book Value	9.0%	1.0%	5.5%																
Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year														
	Mar.31	Jun.30	Sep.30	Dec.31															
2006	3748.3	2427.8	2649.3	3063.9	11889.3														
2007	3797.7	2885.2	2806.8	3998.3	13488.0														
2008	4902.1	4172.9	4239.2	2843.2	16157.4														
2009	2789.8	2227.6	2364.7	3117.9	10500														
2010	3600	2750	3250	3400	13000														
Cal-endar	EARNINGS PER SHARE ^B				Full Year														
	Mar.31	Jun.30	Sep.30	Dec.31															
2006	1.17	.39	.21	.66	2.43														
2007	1.36	.31	.13	.98	2.79														
2008	1.36	.39	.55	.65	2.95														
2009	1.16	.39	.45	.75	2.75														
2010	1.25	.45	.45	.80	2.95														
Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year														
	Mar.31	Jun.30	Sep.30	Dec.31															
2005	.25	.28	.28	.28	1.09														
2006	.28	.30	.32	.32	1.22														
2007	.34	.34	.36	.36	1.40														
2008	.38	.38	.40	.40	1.56														
2009	.40	.40	.42	.42															
(A) Fiscal year ended August 31st through 1999, December 31st thereafter. (B) Diluted earnings. Excl. nonrecr. items: '02, 9¢; '03, (91¢); '05, \$2.51; '06, 25¢. Totals may not sum due to rounding. Next egs. report due in February. (C) Dividends historically paid mid-Feb., May, Aug., and Nov. ■ Div'd reinvest. plan avail. (D) In mill., adj. for split.					(E) Includes intangibles. In 2008: \$1.04 bill., \$9.90/sh.					Company's Financial Strength B+ Stock's Price Stability 85 Price Growth Persistence 95 Earnings Predictability 85									

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BUSINESS: ONEOK, Inc. is a diversified energy company that purchases, transports, and distributes natural gas. ONEOK has over 2 million distribution customers in Oklahoma, Kansas, and Texas. Sold production segment, 9/05. Sold gathering and processing, natural gas liquids, and pipelines and storage assets to ONEOK Partners, 4/06. Sold Spring Creek power plant, 10/06. Currently has

45.3% ownership interest in ONEOK Partners. Has 4,742 employees. Barclays Global Investors owns 6.4% of common stock; officers and directors, less than 1.0% (3/09 Proxy). Chairman: David L. Kyle. CEO: John W. Gibson. President: James C. Kneale. Incorporated: Oklahoma. Address: 100 West Fifth Street, Tulsa, Oklahoma 74103. Telephone: 918-588-7000. Internet: www.oneok.com.

ONEOK reported solid results for the third quarter, in light of a challenging environment. The top line declined significantly, owing to lower realized commodity prices and narrower natural gas liquids (NGL) product price differentials in the ONEOK Partners segment. This weakness was partially offset by higher NGL volumes associated with the addition of the Overland Pass Pipeline and the Arbuckle Pipeline, along with greater natural gas volumes processed and sold. Moreover, the company's energy services business benefited from higher transportation margins, while the implementation of new rate mechanisms boosted performance at the distribution segment. Share earnings for the period came in at \$0.45, above our estimate though still somewhat below the prior-year tally. Looking forward, **We anticipate favorable comparisons for the fourth quarter.** The Distribution segment ought to benefit from a \$17.3 million capital investment recovery mechanism in Oklahoma, assuming approval by the Oklahoma Corporation Commission. This should be partially offset by greater employee-related costs. Meanwhile, the Energy Services business will likely experience higher premium service margins. The company should also benefit from pipelines recently placed into service. The 150-mile Piceance Lateral Pipeline connects the Piceance Basin with the Overland Pass Pipeline. In addition, ONEOK Partners has completed an expansion of the Fargo Lateral segment of the Viking natural gas pipeline. Overall, revenues and share earnings will probably decline for full-year 2009, owing to difficult comparisons in the first three quarters of the year. Still, we look for a bottom-line recovery for 2010, assuming greater revenue in a more favorable operating environment.

Shares of ONEOK are ranked to outpace the broader market for the coming six to 12 months. Looking further out, we anticipate higher revenues and share earnings at the company by 2012-2014. From the present quotation, this issue has decent total return potential for the coming years, given its healthy dividend yield. This issue may appeal to patient, income-oriented investors.

Michael Napoli, CPA December 11, 2009

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PIEDMONT NAT'L GAS NYSE-PNY										RECENT PRICE	P/E RATIO				RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE		
										23.93	13.4 (Trailing: 15.4 Median: 18.0)				0.81	4.5%			
TIMELINESS 3 Raised 6/15/07	High: 18.1	18.3	19.7	19.0	19.0	22.0	24.3	25.8	28.4	28.0	35.3	32.0	Target Price Range 2012 2013 2014						
SAFETY 2 New 7/27/90	Low: 13.9	14.3	11.8	14.6	13.7	16.6	19.2	21.3	23.2	22.0	21.7	20.7							
TECHNICAL 2 Raised 11/13/09	LEGENDS ■ 1.40 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 11/04 Options: Yes Shaded area: prior recession Latest recession began 12/07																		
BETA .65 (1.00 = Market)	2012-14 PROJECTIONS Price Gain Ann'l Total High Low 30 (+25%) 20% Return 10%																		
Insider Decisions J F M A M J J A S to Buy 1 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 1 0 0 0 0 0 0 0 0																			
Institutional Decisions 4Q2008 1Q2009 2Q2009 to Buy 112 75 78 to Sell 93 123 96 Hld's(000) 33160 34611 33567																			
© VALUE LINE PUB., INC. 12-14 % TOT. RETURN 11/09 THIS STOCK VL ARITH. INDEX 1 yr. -26.5 60.4 3 yr. -4.6 -4.1 5 yr. 22.2 22.3																			
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Revenues per sh ^A	31.20
10.57	10.82	8.76	11.59	12.84	12.45	10.97	13.01	17.06	12.57	18.14	19.95	22.96	25.80	23.37	28.52	22.80	27.80	"Cash Flow" per sh	3.45
1.14	1.13	1.25	1.49	1.62	1.72	1.70	1.77	1.81	1.81	2.04	2.31	2.43	2.51	2.64	2.77	2.85	3.10	Earnings per sh ^B	2.10
.73	.68	.73	.84	.93	.98	.93	1.01	1.01	.95	1.11	1.27	1.32	1.27	1.40	1.49	1.60	1.85	Div'ds Decl'd per sh ^C	1.23
.48	.51	.54	.57	.61	.64	.64	.72	.76	.80	.82	.85	.91	.95	.99	1.03	1.07	1.11	Cap'l Spending per sh	2.35
1.58	1.95	1.72	1.64	1.52	1.48	1.58	1.65	1.29	1.21	1.16	1.85	2.50	2.74	1.85	2.47	2.40	2.75	Book Value per sh ^D	15.15
5.45	5.68	6.16	6.53	6.95	7.45	7.86	8.26	8.63	8.91	9.36	11.15	11.53	11.83	11.99	12.11	12.60	13.15	Common Shs Outstg ^E	70.00
52.30	53.15	57.67	59.10	60.39	61.48	62.59	63.83	64.93	66.18	67.31	76.67	76.70	74.61	73.23	73.26	73.00	72.00	Avg Ann'l P/E Ratio	18.0
15.4	15.7	13.8	13.9	13.6	16.3	17.7	14.3	16.7	18.4	16.7	16.6	17.9	19.2	18.7	18.2	18.2	18.2	Relative P/E Ratio	1.50
.91	1.03	.92	.87	.78	.85	1.01	.93	.86	1.01	.95	.88	.95	1.04	.99	1.15	1.15	1.15	Avg Ann'l Div'd Yield	3.3%
4.3%	4.8%	5.4%	4.9%	4.8%	4.0%	4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%	3.9%	3.8%	3.8%	3.8%	3.8%		
CAPITAL STRUCTURE as of 7/31/09 Total Debt \$1080.3 mill. Due in 5 Yrs \$150.0 mill. LT Debt \$792.8 mill. LT Interest \$55.5 mill. (LT interest earned: 4.0%; total interest coverage: 3.7x)						686.5	830.4	1107.9	832.0	1220.8	1529.7	1761.1	1924.7	1711.3	2089.1	1665	2000	Revenues (\$mill) ^A	2185
Pension Assets-10/08 \$150.3 mill. Oblig. \$143.5 mill.						58.2	64.0	65.5	62.2	74.4	95.2	101.3	97.2	104.4	110.0	115	135	Net Profit (\$mill)	150
Pfd Stock None						39.7%	34.7%	34.6%	33.1%	34.8%	35.1%	33.7%	34.2%	33.0%	36.4%	35.0%	35.0%	Income Tax Rate	35.0%
Common Stock 73,110,548 shs. as of 10/31/09 MARKET CAP: \$1.8 billion (Mid Cap)						8.5%	7.7%	5.9%	7.5%	6.1%	6.2%	5.8%	5.0%	6.1%	5.3%	7.0%	6.7%	Net Profit Margin	6.8%
CURRENT POSITION 2007 2008 7/31/09 (\$MILL.)						46.2%	46.1%	47.6%	43.9%	42.2%	43.6%	41.4%	48.3%	48.4%	47.2%	48.0%	48.7%	Long-Term Debt Ratio	48.0%
Cash Assets 7.5 7.0 13.2						53.8%	53.9%	52.4%	56.1%	57.8%	56.4%	58.6%	51.7%	51.6%	52.8%	52.0%	51.3%	Common Equity Ratio	52.0%
Other 427.8 593.8 481.2						914.7	978.4	1069.4	1051.6	1090.2	1514.9	1509.2	1707.9	1703.3	1681.5	1765	1845	Total Capital (\$mill)	2035
Current Assets 435.3 600.8 494.4						1047.0	1072.0	1114.7	1158.5	1812.3	1849.8	1939.1	2075.3	2141.5	2240.8	2250	2300	Net Plant (\$mill)	2450
Accts Payable 143.6 132.3 77.7						8.1%	8.3%	7.9%	7.8%	8.6%	7.8%	8.2%	7.2%	7.8%	8.2%	8.0%	8.5%	Return on Total Cap'l	8.5%
Debt Due 195.0 436.5 287.5						11.8%	12.1%	11.7%	10.6%	11.8%	11.1%	11.5%	11.0%	11.9%	12.4%	12.5%	14.0%	Return on Shr. Equity	14.0%
Other 85.9 112.7 136.4						11.8%	12.1%	11.7%	10.6%	11.8%	11.1%	11.5%	11.0%	11.9%	12.4%	12.5%	14.0%	Return on Com Equity	14.0%
Current Liab. 424.5 681.5 501.6						3.3%	3.5%	3.0%	1.7%	3.1%	3.7%	3.6%	2.8%	3.5%	3.9%	4.0%	5.5%	Retained to Com Eq	6.0%
Fix. Chg. Cov. 309% 341% 350%						72%	71%	75%	83%	74%	66%	68%	74%	70%	69%	67%	60%	All Div'ds to Net Prof	58%
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 to '12-'14						BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 935,724 customers in North Carolina, South Carolina, and Tennessee. 2008 revenue mix: residential (39%), commercial (24%), industrial (12%), other (25%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 73.5% of revenues. '08 deprec. rate: 3.2%. Estimated plant age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 1,833 employees. Officers & directors own about 1.1% of common stock (1/09 proxy). Chairman, CEO, & President: Thomas E. Skains, Inc.: NC. Address: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-364-3120. Internet: www.piedmonting.com.													
Revenues 7.5% 3.0% 3.0%						Piedmont Natural Gas posted mixed operating results for most of fiscal 2009 (ended October 31). Top-line volumes were on the decline as a result of lower commodity pricing, customer conservation efforts, and economic headwinds. However, tight cost controls, last year's rate case increase in North Carolina, and continued customer additions have helped to widen margins and boost the bottom line by 3% for the first nine months of 2009.													
"Cash Flow" 5.0% 7.0% 4.5%						Meantime, the company plans to restructure its Southstar Energy unit. Piedmont currently owns a 30% stake in Southstar. The plan is to sell off 50% of that stake to AGL Resources for about \$57.5 million. Thus, this would free up some cash for PNY to pump into its regulated business operations. At this point, the deal is expected to close sometime in the first quarter of fiscal 2010.													
Earnings 4.5% 6.5% 8.0%						Piedmont's overall financial position appears to be improving. Its cash account rose about 89% compared to last year. That, coupled with the sale of a partial stake in Southstar, should leave it well funded to maintain its capital expansion agenda. Meantime, plans to repurchase one million shares of common stock in 2010 should also help boost share net.													
Dividends 5.0% 4.5% 3.5%						We look for an almost 7.5% advance in the fiscal 2009 bottom line. At last tally, the company had added more than 9,000 new customer accounts this year. Coupling that with higher utility margins due to price hikes associated with the relatively recent rate-case approval should more than offset the lower volumes, and equate to the aforesaid earnings boost.													
Book Value 5.5% 6.0% 4.0%						Fiscal 2010 prospects appear a bit rosier than previously expected. Higher-than-expected guidance has prompted us to lift our 2010 earnings estimate accordingly. We have raised that figure by 9%, to \$1.85 a share.													
Fiscal Year Ends						QUARTERLY REVENUES (\$ mill.)^A						Full Fiscal Year						All told, these shares have appeal as an income vehicle, as they offer a slightly higher dividend yield compared to the rest of the utilities covered in the Value Line universe. Furthermore, the stock's Above-Average Safety rank (2), and top mark for Price Stability should be comforting to conservative accounts. Meanwhile, PNY is ranked to keep pace with the broader market in the coming year.	
2006						921.4	483.2	237.9	282.2	1924.7							Bryan J. Fong December 11, 2009		
2007						677.2	531.5	224.4	278.2	1711.3							Company's Financial Strength B++		
2008						788.5	634.2	354.7	311.7	2089.1							Stock's Price Stability 100		
2009						779.6	455.4	180.2	249.8	1665							Price Growth Persistence 60		
2010						840	535	275	350	2000							Earnings Predictability 95		
Fiscal Year Ends						EARNINGS PER SHARE^{A B}						Full Fiscal Year						To subscribe call 1-800-833-0046.	
2006						.94	.57	d.16	d.08	1.27									
2007						.94	.69	d.12	d.11	1.40									
2008						1.12	.66	d.10	d.18	1.49									
2009						1.10	.73	d.10	d.13	1.60									
2010						1.17	.80	d.05	d.07	1.85									
Cal-endar						QUARTERLY DIVIDENDS PAID^C						Full Year							
2005						.215	.23	.23	.23	.91									
2006						.23	.24	.24	.24	.95									
2007						.24	.25	.25	.25	.99									
2008						.25	.26	.26	.26	1.03									
2009						.26	.27	.27	.27										

(A) Fiscal year ends October 31st. (B) Diluted earnings, Excl. extraordinary item: '00, 8¢. Excl. nonrecurring charge: '97, 2¢. Next earnings report due early Feb. Quarters may not add to total due to change in shares outstanding. (C) Dividends historically paid mid-January, April, July, October. (D) Includes deferred charges. In 2008: \$16.3 million, 22¢/share. (E) In millions, adjusted for stock split.

QUESTAR CORP. NYSE-STR

RECENT PRICE **40.50** P/E RATIO **15.3** (Trailing: 13.5 Median: 15.0) RELATIVE P/E RATIO **0.93** DIV'D YLD **1.3%** VALUE LINE

TIMELINESS 3 Raised 11/6/09
SAFETY 3 Lowered 6/16/06
TECHNICAL 3 Raised 10/9/09
BETA 1.20 (1.00 = Market)

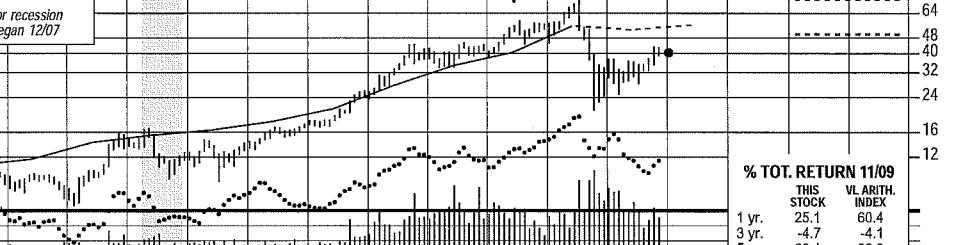
High: 11.2 10.0 15.9 16.9 14.7 17.8 26.1 44.8 45.5 58.8 74.9 43.5
Low: 7.9 7.4 6.8 9.3 9.0 13.0 16.9 23.4 33.7 38.0 20.7 24.8

LEGENDS
--- 8.0 x "Cash Flow" p sh
... Relative Price Strength
2-for-1 split 6/98
2-for-1 split 6/07
Options: Yes
Shaded areas: prior recession
Latest recession began 12/07

2012-14 PROJECTIONS
Price Gain Ann'l Total
High 75 (+85%) 17%
Low 50 (+25%) 6%

Insider Decisions
J F M A M J J A S
to Buy 0 0 0 0 0 0 0 0 1 0
Options 0 0 1 1 0 0 0 1 0 0
to Sell 0 0 0 0 1 0 0 1 0

Institutional Decisions
4Q2008 1Q2009 2Q2009
to Buy 190 188 190
to Sell 189 181 176
Hld's(000) 128090 130476 131834



Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC. 12-14	
Revenues per sh	4.11	4.15	3.99	4.98	5.68	5.48	5.68	7.83	8.83	7.32	8.75	11.22	15.97	16.51	15.78	19.96	16.35	17.70	Revenues per sh	22.20
"Cash Flow" per sh	1.09	1.11	1.11	1.27	1.42	1.37	1.47	1.78	1.95	2.06	2.28	2.63	3.44	4.35	5.09	6.86	6.60	7.00	"Cash Flow" per sh	8.90
Earnings per sh ^A	.53	.54	.49	.60	.63	.59	.58	.87	.97	.87	1.07	1.34	1.93	2.47	2.86	3.96	2.65	2.80	Earnings per sh ^A	3.80
Div'ds Decl'd per sh ^B	.27	.28	.29	.30	.31	.33	.34	.34	.35	.36	.39	.43	.45	.47	.49	.49	.51	.52	Div'ds Decl'd per sh ^B	.60
Cap'l Spending per sh	1.00	1.71	.71	1.75	1.22	2.59	1.36	2.00	5.34	2.04	1.91	2.61	4.20	5.30	8.01	14.32	7.80	8.70	Cap'l Spending per sh	11.10
Book Value per sh	3.75	4.04	4.38	4.71	5.15	5.31	5.69	6.13	6.63	6.94	7.54	8.50	9.08	12.84	14.92	19.69	19.20	20.55	Book Value per sh	23.35
Common Shs Outst'g ^C	160.68	161.72	162.79	164.10	164.28	165.26	162.84	161.64	163.05	164.11	167.26	169.40	170.64	171.80	172.80	173.60	174.50	175.00	Common Shs Outst'g ^C	180.00
Avg Ann'l P/E Ratio	16.0	14.3	15.3	14.4	15.6	16.8	15.7	12.2	13.3	14.4	14.8	15.2	17.3	16.1	17.3	12.74	12.74	12.74	Avg Ann'l P/E Ratio	16.0
Relative P/E Ratio	.95	.94	1.02	.90	.90	.87	.89	.79	.68	.79	.84	.80	.92	.87	.92	.79	.92	.79	Relative P/E Ratio	1.05
Avg Ann'l Div'd Yield	3.3%	3.7%	3.9%	3.5%	3.1%	3.3%	3.7%	3.2%	2.7%	2.9%	2.5%	2.1%	1.3%	1.2%	1.0%	1.0%	1.0%	1.0%	Avg Ann'l Div'd Yield	1.0%

CAPITAL STRUCTURE as of 9/30/09
Total Debt \$2185.4 mill. Due in 5 Yrs \$996 mill.
LT Debt \$2104.9 mill. LT Interest \$120.0 mill.
(LT Interest earned: 5.6x; Total interest coverage: 5.4x)
Leases, Uncapitalized Annual Rentals \$7.2 mill.
Pension Assets-12/08 \$248.2 mill. Oblig. \$456.2 mill.

Pfd Stock None
Common Stock 174,366,995 shares as of 10/31/09
MARKET CAP: \$7.1 billion (Large Cap)

CURRENT POSITION	2007	2008	9/30/09
Cash Assets	14.2	23.9	--
Other	644.7	1161.1	691.4
Current Assets	658.9	1185.0	691.4
Accts Payable	549.3	681.6	449.9
Debt Due	361.9	273.1	80.5
Other	87.5	176.9	196.0
Current Liab.	998.7	1131.6	726.4
Fix. Chg. Cov.	1165%	1038%	741%

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 of change (per sh)	'06-'08 to '12-'14
Revenues	12.5%	15.0%	4.0%	
"Cash Flow"	13.0%	17.5%	8.5%	
Earnings	15.5%	22.0%	3.5%	
Dividends	4.5%	6.0%	3.5%	
Book Value	10.0%	13.5%	6.5%	

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2006	911.4	596.2	555.1	772.9	2835.6
2007	872.1	556.7	497.4	800.4	2726.6
2008	1000.5	825.8	760.0	878.8	3465.1
2009	919.1	613.1	599.8	718	2850
2010	900	680	660	860	3100

Cal-endar	EARNINGS PER SHARE ^A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2006	.79	.52	.47	.69	2.47
2007	.82	.66	.61	.77	2.86
2008	1.01	.93	1.03	.99	3.96
2009	.86	.54	.60	.65	2.65
2010	.75	.65	.65	.75	2.80

Cal-endar	QUARTERLY DIVIDENDS PAID ^B	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2005	.108	.113	.113	.113	.45
2006	.113	.118	.118	.118	.47
2007	.118	.123	.123	.123	.49
2008	.123	.123	.123	.123	.49
2009	.125	.125	.125	.130	.45

BUSINESS: Questar Corp. is a diversified natural gas holding company. Major subsidiaries include Questar Gas, a natural gas utility in Utah, Wyoming, and Idaho, serving over 885,000 customers; Questar Pipeline, owns storage facilities and over 2,500 miles of transmission lines serving Rocky Mountain producing basins; and Exploration & Production ('08 non-utility production: 171.4 bcfe; reserves at 12/31/08: 2218.1 bcf). Est'd pretax present value of reserves: \$2.6 bill. Employs 2,457. Officers & directors own 2.4% of stock (4/09 Proxy). Chairman, President & Chief Executive Officer: Keith O. Rattie. Incorporated: UT. Address: 180 East 100 South Street, P.O. Box 45433, Salt Lake City, UT 84145-0433. Telephone: (801) 324-5699. Internet: www.questar.com

Questar turned in an unimpressive performance for the third quarter. The top line declined roughly 21% for the recent interim. Results at the Exploration and Production segment were hurt by a 15% decline in natural gas prices and a 40% decrease in oil and natural gas liquids realizations. Pricing weakness also hurt performance at Questar Pipeline and at subsidiary Wexpro, although Wexpro benefited from solid growth in its investment base. Meanwhile, the Gas Management unit experienced lower processing margins and higher depreciation expense. Overall, share net came in at \$0.60, well below the prior-year tally. Looking forward, we anticipate an unfavorable comparison for the fourth quarter, and lower revenues and share earnings for full-year 2009. However, **We expect continued production growth going forward.** E&P production should range between 183 billion and 186 billion cubic feet equivalent (bcfe) for 2009, an increase of about 7%-9%. Questar is looking to ramp up production, in anticipation of a more favorable pricing environment in 2010. Overall, the company is targeting total output of 210-215 bcfe, an advance of around 15%. Production growth may continue at this rate in the years beyond, as Questar has a large development-drilling inventory in the Haynesville Shale and the Pinedale Anticline. STR has increased its net acreage position in the Haynesville Shale by 39% with recent acquisitions, to 43,000 net acres. Overall, we anticipate a rebound in revenues and share earnings for 2010. **Questar's sizable hedging program puts a floor under earnings.** The company has locked in prices on over 70% of its estimated 2010 production, ensuring a certain level of cash flow. The risk of missing out on a spike in natural gas prices seems lower these days, too. **These shares have improved a notch in Timeliness since our September review,** and are now neutrally ranked for year-ahead performance. Looking further out, we anticipate a bottom-line rebound over the pull to 2012-2014. However, this appears to be partly reflected in the present quotation, and appreciation potential for the coming years is just about average. *Michael Napoli, CPA December 11, 2009*

(A) Based on average shares outstanding through '96, then diluted. Excludes net non-recurring items: '95, 3¢; '97, 1¢; '98, 13¢; '99, d20¢; '02, 7¢; '05, d6¢; '06, 7¢; '07, 2¢; '08, (8)¢. Excludes gains/losses from sale of investments: '99, 23¢; '00, 10¢; '03, d4¢. Next earnings report due in February.
(B) Dividends historically paid in March, June, September, and December.
(C) In millions, and adjusted for splits.

Company's Financial Strength B++
Stock's Price Stability 60
Price Growth Persistence 95
Earnings Predictability 85

To subscribe call 1-800-833-0046.

SOUTHWEST GAS NYSE-SWX

RECENT PRICE **26.73**
P/E RATIO **13.4** (Trailing: 16.0 Median: 19.0)
RELATIVE P/E RATIO **0.81**
DIV'D YLD **3.7%**
VALUE LINE

TIMELINESS 3 Raised 5/23/08		High: 26.9	29.5	23.0	24.7	25.3	23.6	26.2	28.1	39.4	39.9	33.3	27.4	Target Price Range 2012 2013 2014																																																												
SAFETY 3 Lowered 1/14/91		Low: 17.3	20.4	16.9	18.6	18.1	19.3	21.5	23.5	26.0	26.5	21.1	17.1																																																													
TECHNICAL 3 Raised 9/18/09		LEGENDS 1.50 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area: prior recession Latest recession began 12/07																																																																								
BETA .75 (1.00 = Market)																																																																										
2012-14 PROJECTIONS		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total</th> <th>Return</th> </tr> <tr> <td>High 45</td> <td>(+70%)</td> <td></td> <td>16%</td> </tr> <tr> <td>Low 30</td> <td>(+10%)</td> <td></td> <td>6%</td> </tr> </table>														Price	Gain	Ann'l Total	Return	High 45	(+70%)		16%	Low 30	(+10%)		6%																																															
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	J	F	M	A	M	J	J	A	S																																																																	
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Options	0	0	0	0	0	0	0	0	0																																																																	
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<p>© VALUE LINE PUB., INC. 12-14</p>																			
1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Revenues per sh 54.00 "Cash Flow" per sh 7.50 Earnings per sh ^A 2.50 Div'ds Decl'd per sh ^{B=†} 1.15 Cap'l Spending per sh 8.50 Book Value per sh 29.00 Common Shs Outst'g ^c 50.00 Avg Ann'l P/E Ratio 15.0 Relative P/E Ratio 1.00 Avg Ann'l Div'd Yield 3.1%	
25.68	28.16	23.03	24.09	26.73	30.17	30.24	32.61	42.98	39.68	35.96	40.14	43.59	48.47	50.28	48.53	40.65	42.15		
3.24	5.09	2.65	3.00	3.85	4.48	4.45	4.57	4.79	5.07	5.11	5.57	5.20	5.97	6.21	5.76	6.05	6.30		
.63	1.22	.10	.25	.77	1.65	1.27	1.21	1.15	1.16	1.13	1.66	1.25	1.98	1.95	1.39	1.90	2.05		
.74	.80	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.86	.90	.95	1.00		
5.43	6.64	6.79	8.19	6.19	6.40	7.41	7.04	8.17	8.50	7.03	8.23	7.49	8.27	7.96	6.79	6.60	6.90		
15.96	16.38	14.55	14.20	14.09	15.67	16.31	16.82	17.27	17.91	18.42	19.18	19.10	21.58	22.98	23.49	25.95	26.05		
21.00	21.28	24.47	26.73	27.39	30.41	30.99	31.71	32.49	33.29	34.23	36.79	39.33	41.77	42.81	44.19	45.50	47.00		
26.5	14.0	NMF	69.3	24.1	13.2	21.1	16.0	19.0	19.9	19.2	14.3	20.6	15.9	17.3	20.3	<i>Bold figures are Value Line estimates</i>			
1.57	.92	NMF	4.34	1.39	.69	1.20	1.04	.97	1.09	1.09	.76	1.10	.86	.92	1.22				
4.4%	4.7%	5.4%	4.7%	4.4%	3.8%	3.1%	4.2%	3.8%	3.6%	3.8%	3.5%	3.2%	2.6%	2.6%	3.2%				

CAPITAL STRUCTURE as of 9/30/09

Total Debt \$1227.9 mill. Due in 5 Yrs \$562.3 mill.
 LT Debt \$1226.6 mill. LT Interest \$85.0 mill.
 (Total Interest coverage: 2.3x)

Leases, Uncapitalized Annual rentals \$6.0 mill.
 Pension Assets-12/08 \$342.9 mill. Oblig. \$558.9 mill.

Pfd Stock None

Common Stock 44,955,318 shs.
 as of 11/2/09

MARKET CAP: \$1.2 billion (Mid Cap)

CURRENT POSITION (\$MILL.)

	2007	2008	9/30/09
Cash Assets	32.0	26.4	32.8
Other	470.5	411.7	246.4
Current Assets	502.5	438.1	279.2
Accts Payable	220.7	191.4	66.8
Debt Due	47.1	62.8	1.3
Other	260.1	255.7	319.7
Current Liab.	527.9	509.9	387.8
Fix. Chg. Cov.	229%	224%	235%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '06-'08 of change (per sh) to '12-'14

Revenues	6.0%	4.5%	1.5%
"Cash Flow"	4.5%	3.5%	4.0%
Earnings	7.0%	9.0%	6.0%
Dividends	0.5%	1.0%	5.0%
Book Value	4.5%	5.0%	4.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	676.9	430.9	351.8	565.1	2024.7
2007	793.7	426.6	371.5	560.3	2152.1
2008	813.6	447.3	374.4	509.4	2144.7
2009	689.9	387.6	317.5	455	1850
2010	730	415	335	500	1980

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2006	1.11	.02	d.26	1.11	1.98
2007	1.17	d.01	d.22	1.01	1.95
2008	1.14	d.06	d.38	.71	1.39
2009	1.12	d.01	d.18	.97	1.90
2010	1.20	NH	d.20	1.05	2.05

Cal-endar	QUARTERLY DIVIDENDS PAID ^{B=}				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2005	.205	.205	.205	.205	.82
2006	.205	.205	.205	.205	.82
2007	.205	.215	.215	.215	.85
2008	.215	.225	.225	.225	.89
2009	.225	.238	.238	.238	.89

BUSINESS: Southwest Gas Corporation is a regulated gas distributor serving approximately 1.8 million customers in sections of Arizona, Nevada, and California. Comprised of two business segments: natural gas operations and construction services. 2008 margin mix: residential and small commercial, 86%; large commercial and industrial, 5%; transportation, 9%. Total throughput: 2.4 billion

Southwest Gas reported lower revenues for the third quarter. The company has been operating in an unfavorable environment in recent periods, characterized by anemic customer growth. That said, expenses also fell in the interim, thanks to the lower cost of gas sold, a decline in construction expenses, reduced depreciation expense, and the effective use of technology. Southwest Gas posted a share loss of \$0.18, much improved from the prior-year tally. Due to the seasonal nature of the business, losses are common during the second and third quarters. Looking forward, we anticipate lower revenue but higher share earnings for the fourth quarter and full-year 2009. Moderate share-earnings growth will probably continue in 2010. The company has reduced its capital expenditures, given the current low-growth environment. Still, Southwest continues to upgrade and expand its distribution system.

The company recently received a \$17.1 million annualized general rate increase in Nevada, effective in November. It also received authorization to establish a margin tracking (decoupling) me-

chanism. This is designed to encourage conservation efforts while insulating Southwest from the impact of lower customer usage. This follows prior rate case settlements in California and Arizona. The company's focus on procuring rate relief and improving rate design is important, as such approved revenue increases help it cope with higher operating expenses.

Investors should be aware of several caveats. Warmer-than-normal temperatures during the winter can hurt profitability at the company. Moreover, Southwest will probably incur greater operating costs as it continues to expand. In addition, insufficient, or lagging, rate relief may hurt performance.

These shares are ranked to track the broader market for the coming six to 12 months. Income-seeking investors may find this stock's prospects for dividend growth attractive. However, its total return potential is somewhat below average, for a utility. It may take a while for the overbuilding that occurred in the company's operating territory around mid-decade to be absorbed.

Michael Napoli, CPA December 11, 2009

(A) Based on avg. shares outstand. thru '96, then diluted. Excl. nonrec. gains (losses): '93, '86, '97, '16; '02, (10); '05, (11); '06, '76. Incl. asset writedown: '93, 44¢. Excl. loss from disc. ops.: '95, 75¢. Totals may not sum due to rounding. Next egs. report due in February. (B) Dividends historically paid early March, June, September, December. † Div'd reinvestment and stock purchase plan avail. (C) In millions.

Company's Financial Strength	B
Stock's Price Stability	100
Growth Persistence	65
Earnings Predictability	70

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KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Dr. James H. Vander Weide

56. At pages 30 and 31 of his direct testimony, Dr. Vander Weide discusses use of gas companies as opposed to water companies in applying the ex ante risk premium study. Provide ex ante risk premium results for the “relatively few” companies followed by one or more analyst, for which consistent data extends back for a reasonably long study period.

Response:

Dr. Vander Weide’s ex ante risk premium study includes DCF calculations for each month over a period of 139 months, a period of nearly 12 years, and his study has been developed over a period of many years. While Dr. Vander Weide clearly has sufficient data in his possession to perform DCF calculations for natural gas companies over the last 139 months, he does not have sufficient data in his possession to calculate DCF results for a proxy group of water companies going back 12 years. It would be extremely time consuming and burdensome to attempt to prepare an entirely new ex ante risk premium study using a proxy group of water companies, and the average ex ante risk premium for the water companies would very likely approximate the ex ante risk premium results for the natural gas risk premium study. Furthermore, it is unclear if the necessary historical data on water companies extending back over such a long time period are even available. Given the difficulties in gathering the required data and in performing the required calculations, Dr. Vander Weide does not believe the requested information could be provided in a timely manner and is uncertain to what extent the requested information could be provided.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2010-00036
COMMISSION STAFF'S SECOND SET OF INFORMATION REQUESTS

Witness: Dr. James H. Vander Weide

57. Refer to Direct Testimony of Dr. James Vander Weide at 38-41 and Exhibit_JVW-1 Schedules 7 and 8.
- a. Explain why DCF calculations using the LDC proxy group companies are relevant in this case but CAPM calculations are not appropriate. Provide a copy of the relevant pages from the Value Line Selection & Opinion, November 27, 2009, which were in part the basis for the calculations in Schedules 7 and 8.
 - b. Provide a copy of the relevant pages from the Ibbotson SBBI 2009 Yearbook which discuss the use of the risk premium and from which the long horizon SBBI risk premium may be found.

Response:

- a. As Dr. Vander Weide discusses in his direct testimony at pp. 26 - 29, calculations using the LDC proxy group are relevant in this case because: (1) the companies in the water company group are generally followed by only one or two analysts; (2) the LDCs are a conservative proxy for the risk of investing in water companies; and (3) it is useful to examine the cost of equity results for a larger group of companies of similar risk that have a wider following in the investment community in order to test the reasonableness of the results obtained by applying cost of equity methodologies to the small group of publicly-traded water companies. As Dr. Vander Weide notes, financial theory does not require that companies be in exactly the same industry to be comparable in risk. In addition, like KAWC, the LDCs are regulated public utilities that: (1) invest primarily in a capital-intensive physical network that connects the customer to the source of supply; and (2) sell their products and services at regulated rates to customers whose demand is primarily dependent on weather and the state of the economy. Dr. Vander Weide's LDC proxy group meets the standards of the *Hope* and *Bluefield* cases, which state that a public utility should be allowed to earn a return on its investment that is commensurate with the returns investors are able to earn on investments having similar risk. The LDCs are a group of companies that meet the standards of the *Hope* and *Bluefield* cases because they are a conservative proxy for the risk of investing in KAWC; as Dr. Vander Weide notes, the average Value Line Safety Rank for Dr. Vander Weide's proxy group of LDCs is approximately 2, on a scale where 1 is the most safe and 5 is the least safe, whereas the water companies have an average Value Line Safety Rank of 3. Dr. Vander Weide also notes that his use of the average of the DCF results for water companies and LDCs is conservative, because his average DCF result for the LDCs is less than his average DCF result for the water companies.

Although Dr. Vander Weide reports CAPM results for his proxy group of water companies in his testimony at pp. 40 - 41, Dr. Vander Weide dismisses his CAPM results in forming his cost of equity recommendations because, as discussed in Dr. Vander Weide's testimony pp. 42 - 45, the CAPM has been shown to underestimate the cost of equity for companies such as the water companies with betas significantly less than 1.0 and for small market capitalization companies such as the water companies. Although Dr. Vander Weide recognizes that he could apply a CAPM to a proxy group of LDCs, the LDCs, like the water companies, also have average betas less than 1.0 and small market capitalization.

A copy of the requested page from Value Line Selection & Opinion, November 27, 2009, is attached.

- b. The requested data are attached.

Value Line Forecast for the U.S. Economy

	ACTUAL			ESTIMATED				
	2009:2	2009:3	2009:4	2010:1	2010:2	2010:3	2010:4	2011:1
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS (2005 CHAIN WEIGHTED \$) BILLIONS OF DOLLARS								
Final Sales	13049	13133	13166	13182	13231	13297	13362	13446
Total Consumption	9181	9258	9211	9302	9405	9513	9625	9732
Nonresidential Fixed Investment	1291	1282	1289	1292	1295	1305	1327	1365
Structures	410	400	390	375	356	342	338	342
Equipment & Software	867	869	896	912	940	973	1008	1044
Residential Fixed Investment	337	321	312	321	333	339	351	368
Exports	1409	1458	1480	1509	1535	1556	1580	1606
Imports	1750	1817	1894	1952	1986	2013	2040	2066
Federal Government	1024	1043	1047	1057	1069	1063	1051	1038
State & Local Governments	1548	1544	1545	1545	1546	1545	1548	1546
Gross Domestic Product	14153	14304	14425	14540	14670	14816	14978	15160
Real GDP (2005 Chain Weighted \$)	12902	13014	13091	13156	13228	13307	13395	13495
PRICES AND WAGES-ANNUAL RATES OF CHANGE								
GDP Deflator	0.0	0.8	1.0	1.2	1.4	1.6	1.7	1.9
CPI-All Urban Consumers	1.3	3.0	2.5	1.7	1.7	1.8	2.0	2.2
PPI-Finished Goods	1.7	4.9	2.5	1.5	1.5	1.7	2.0	2.3
Employment Cost Index—Total Comp.	0.7	1.8	1.5	1.7	1.8	1.9	2.0	2.0
Productivity	6.6	7.0	3.5	2.5	2.0	2.0	2.0	2.2
PRODUCTION AND OTHER KEY MEASURES								
Industrial Prod. (% Change, Annualized)	-10.3	5.2	4.5	4.0	3.8	3.5	3.7	4.0
Factory Operating Rate (%)	65.4	66.8	68.3	69.0	70.0	71.0	71.5	72.0
Nonfarm Inven. Change (2005 Chain Weighted \$)	-163.1	-134.4	-60.0	10.0	25.0	25.0	25.0	25.0
Housing Starts (Mill. Units)	0.34	0.59	0.58	0.70	0.80	0.87	0.95	1.00
Existing House Sales (Mill. Units)	4.76	5.30	5.80	5.70	5.50	5.50	5.60	5.70
Total Light Vehicle Sales (Mill. Units)	9.6	11.5	10.5	10.5	10.7	11.0	11.5	12.0
National Unemployment Rate (%)	9.3	9.6	10.2	10.3	10.1	10.0	9.9	9.7
Federal Budget Surplus (Unified, FY, \$Bill)	-304.9	-330.8	-400.0	-475.0	-150.0	-350.0	-370.0	-380.0
Price of Oil (\$Bbl., U.S. Refiners' Cost)	57.36	64.39	72.00	67.00	70.00	71.00	72.00	70.00
MONEY AND INTEREST RATES								
3-Month Treasury Bill Rate (%)	0.2	0.2	0.1	0.2	0.4	0.6	1.0	1.4
Federal Funds Rate (%)	0.2	0.2	0.1	0.1	0.2	0.5	0.8	1.0
10-Year Treasury Note Rate (%)	3.3	3.5	3.4	3.5	3.6	3.7	3.8	4.0
Long-Term Treasury Bond Rate (%)	4.2	4.3	4.3	4.3	4.4	4.5	4.6	4.9
AAA Corporate Bond Rate (%)	5.5	5.3	5.5	5.6	5.7	5.8	6.0	6.1
Prime Rate (%)	3.3	3.3	3.3	3.3	3.5	3.7	4.0	4.3
INCOMES								
Personal Income (Annualized % Change)	0.6	-0.5	2.0	3.0	3.5	3.6	3.8	4.0
Real Disp. Inc. (Annualized % Change)	3.8	-3.4	-1.0	1.0	2.0	2.5	1.5	1.0
Personal Savings Rate (%)	4.9	3.4	3.0	2.8	3.0	3.0	2.7	2.5
After-Tax Profits (Annualized \$Bill)	1084	1192	946	1200	1301	1287	1012	1272
Yr-to-Yr % Change	-19.2	-6.3	10.0	23.0	20.0	8.0	7.0	6.0
COMPOSITION OF REAL GDP-ANNUAL RATES OF CHANGE								
Gross Domestic Product	-0.7	3.5	2.4	2.0	2.2	2.4	2.7	3.0
Final Sales	0.7	2.6	1.0	0.5	1.5	2.0	2.0	2.5
Total Consumption	-0.9	3.4	-2.0	4.0	4.5	4.7	4.8	4.5
Nonresidential Fixed Investment	-9.6	-2.5	2.0	1.0	1.0	3.0	7.0	12.0
Structures	-17.3	-9.0	-10.0	-15.0	-18.0	-15.0	-5.0	5.0
Equipment & Software	-4.9	1.1	8.0	12.0	13.0	15.0	15.0	15.0
Residential Fixed Investment	-23.2	-18.0	-10.0	12.0	15.0	8.0	15.0	20.0
Exports	-4.1	14.7	6.0	8.2	7.0	5.7	6.2	6.8
Imports	-14.7	16.3	18.0	12.8	7.2	5.5	5.5	5.2
Federal Government	11.4	7.9	1.5	3.7	4.6	-1.9	-4.5	-5.0
State & Local Governments	3.9	-1.1	0.4	0.0	0.1	-0.1	0.6	-0.4

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Market Results for
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Key Variables in Estimating the Cost of Capital

				Value
Yields (Riskless Rates)¹				
Long-term (20-year) U.S. Treasury Coupon Bond Yield				3.0%
Equity Risk Premium²				
Long-horizon expected equity risk premium (historical): large company stock total returns minus long-term government bond income returns				6.5
Long-horizon expected equity risk premium (supply side): historical equity risk premium minus price-to-earnings ratio calculated using three-year average earnings				5.7
Size Premium³				
Decile	Market Capitalization of Smallest Company (in millions)		Market Capitalization of Largest Company (in millions)	Size Premium (Return in Excess of CAPM)
Mid-Cap, 3-5	\$1,849,950	-	\$7,360,271	0.94%
Low-Cap, 6-8	453,398	-	1,848,961	1.74
Micro-Cap, 9-10	1,575	-	453,254	3.74
Breakdown of Deciles 1-10				
1-Largest	18,627,540	-	465,651,938	-0.36
2	7,434,806	-	18,503,467	0.62
3	4,229,323	-	7,360,271	0.74
4	2,785,698	-	4,225,152	0.97
5	1,849,950	-	2,785,538	1.54
6	1,196,013	-	1,848,961	1.63
7	753,676	-	1,197,133	1.62
8	453,398	-	753,448	2.35
9	218,743	-	453,254	2.71
10-Smallest	1,575	-	218,533	5.81
Breakdown of the 10th Decile				
10a	136,599	-	218,533	4.11
10b	1,575	-	136,500	9.53

¹ As of December 31, 2008. Maturity is approximate.

² See chapter 5 for complete methodology.

³ See chapter 7 for complete methodology.

Note: Examples on how these variables can be used are found in Chapters 3 and 4.