

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

Witness: Michael A. Miller/Nick Rowe

1. Refer to Kentucky-American's responses to the Commission Staff's Second Information Request, Item 4(a).
 - a. Kentucky-American states that "The at-risk incentive pay is not just an add-on to base pay, but is in place to drive performance to the benefit of the customers through better service and more efficient costs." Quantify the benefits that Kentucky-American's customers receive from the at-risk incentive pay.
 - b. Kentucky-American states that "if the Company were to limit base pay to the mid-point of the market with no incentive plan at all, the Company would not be competitive in the markets where it must attract highly qualified employees, and certainly would have difficulty in retaining those strong performing employees when other surrounding businesses offer more competitive compensations." Provide documentation to support Kentucky-American's claim.
 - c. Identify instances where the compensation level was the reason given by an employee for leaving Kentucky-American or the American Water Works Service Company.
 - d. According to Kentucky-American, "customer satisfaction, safety and operational performance indicators are very positive and the Company believes these results are directly impacted by the establishment of individual employee performance goals directly tied to the Company's performance in these areas." Identify specific instances to support Kentucky-American's belief.
 - e. Identify instances where the incentive pay plans have resulted in "more efficient operations" or "stronger financial performance."
 - f. Kentucky-American states that, because of the efficiencies in its operations and the strengthening of its financial performance that result from the incentive pay plan, its rate payers directly benefit through lower costs and/or longer periods between general rate filings. Quantify these benefits that have been received by Kentucky-American's rate payers.

Response:

- a. The Company has attached several schedules and graphs that we believe quantify the benefits of having employees who are motivated and evaluated in a culture that rewards performance and not low or non-performance. As stated in several

responses to the second set of Commission Staff discovery requests, it is difficult to quantify the financial impact of each of these metrics on performance, but improved performance in each category does correspond to lower customer costs and/or customer service improvement. The first graph and schedule compare the O&M costs per customer increase since 2004 to the rate of inflation.

The result of this analysis shows that the Company's O&M cost has only slightly exceeded the rate of inflation, even when the Company experienced dramatic increases in: i) its electricity costs from the electric utility providers (55%), ii) chemical costs driven by relationship to petroleum market increases and increased delivery costs due to cost of fuel (82%), iii) a 48% increase in insurance costs due to insurance market conditions, and iv) an increase of over 200% in the cost of gasoline and fuel. The Company believes keeping its O&M cost per customer near the rate of inflation during the troubled financial conditions experienced and quantified above is a direct customer benefit that resulted in large part due to the performance driven culture (of which the AIP is a large part) at KAW and AWWSC. The schedule indicates a number of O&M expenses were not included in the analysis because they were i) one-time non-recurring expenses not recognized for rate recovery, ii) SOX implementation costs prohibited from recovery as part of the 2006 Divestiture Proceeding, iii) pension and OPEB costs predominantly driven by financial market conditions and not related to inflation, and iv) depreciation costs through AWWSC that would have been depreciation costs and return on investment if KAW has purchased those capital assets directly.

The second schedule shows a number of Key Performance Indicators (KPS) that are regularly reviewed to track progress and improvements in customer satisfaction, operational integrity, meter reading accuracy, customer service order execution, effective collections, Non-Revenue Water, and safety. Some of the metrics are shown, but information was not readily available for all three years (2007-2009). The schedule shows the trends, with green indicating improvement, yellow-neutral, and red-needs improvement. The schedule shows improvement in all areas except the recordable injury rate for 2009. The Company provided the KAW performance reviews for 2009 which show a number of KAW supervisory employees were given a "does not meet" for this employee goal, which did impact their overall AIP award negatively. Again the improvements shown in those ratios are driven by the performance based culture of KAW and AWWSC, which is driven by the AIP and meaningful performance goals. While it is difficult to quantify the impact of those improvements in dollars, a more productive workforce, safer workforce, and improved water quality compliance have and continue to benefit KAW's customers in cost savings and improved service.

- b. The Company believes its response to subpart a. above is responsive. In past rate cases the Company has provided studies from Towers Watson that show the prevalence of AIP plans in the majority of large investor owned utilities. In addition to that information, please see the attached article by Mike Schrader and

J. Bret Becton from Auburn University concerning the prevalence of incentive plan compensation.

The Company therefore believes that it offers compensation packages that are competitive in the utility market in which it must compete for employees. That market is dominated by large utilities that also include AIP as part of their overall compensation packages. As indicated in part c. below, this is why the Company's turnover rate is very low. For the Company to change its compensation package to exclude incentive compensation elements that are offered by the majority of other utilities would demonstrate that the Company is no longer competitive in the employee market, which would result in higher turnover rates, be counter productive, lead to inefficiencies and possible degradation of service, and be contrary to the interests of the Company and its customers.

See also the response to PSC-3-2.

- c. The Company has not maintained a data base of exit interviews that would permit the Company to identify why each employee left the business other than retirement. However, the Company's turnover of non-hourly positions is very low, which indicates that the current employee compensation package, including the AIP, is competitive and permits the Company to attract and retain high quality employees.
- d. See the response to subpart a. above.
- e. See the response to subpart a. above.
- f. See the response to subpart a. above.

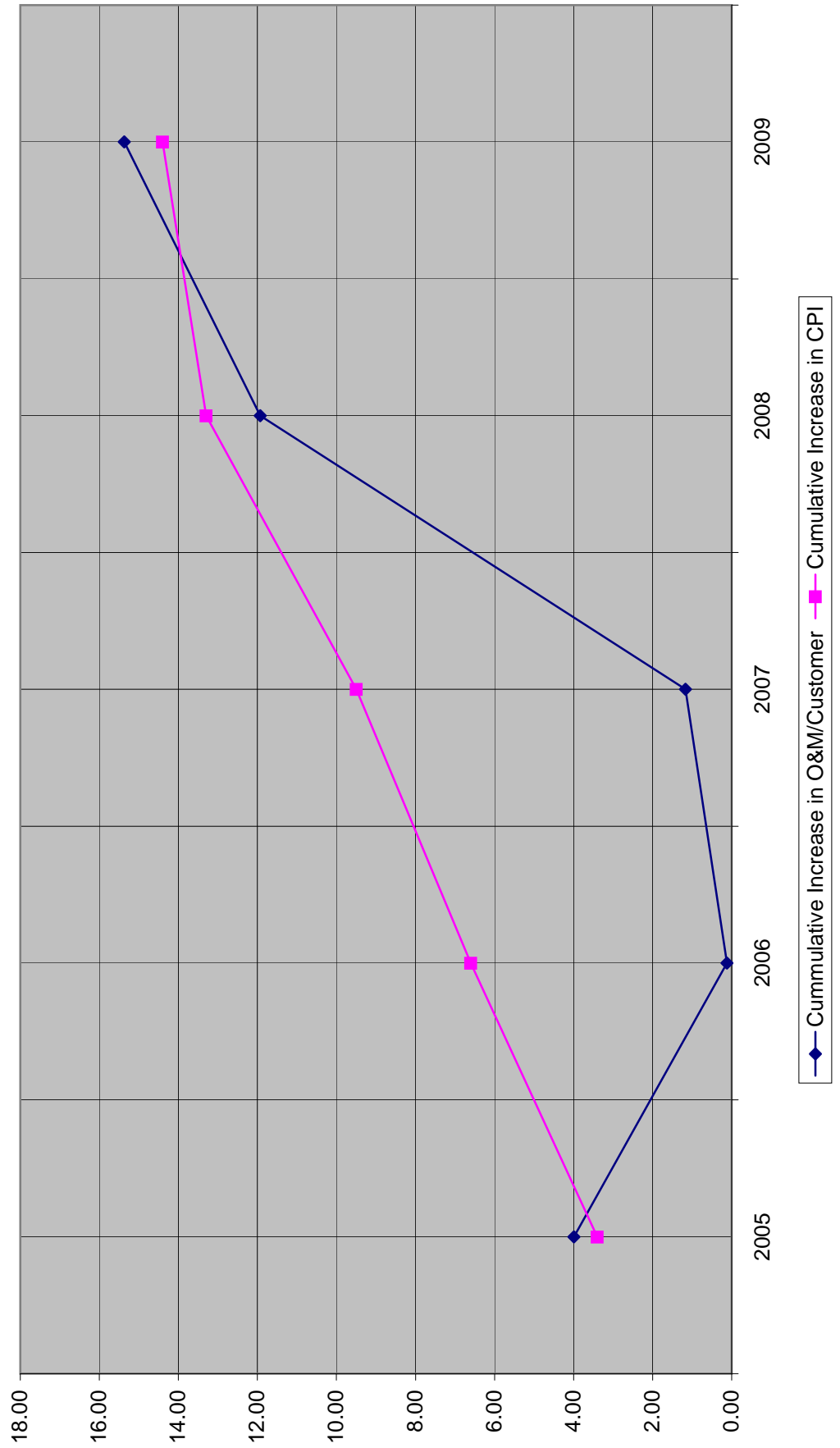
For the electronic version, refer to KAW_R_PSCDR3#1_052810.pdf.

**Kentucky American Water
Detail of O&M Costs
Reponse to PSC-3-1**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Labor	4,930,258	4,665,771	5,170,885	5,896,230	6,585,197	6,848,261
Purchased Water	496,743	481,098	506,626	427,206	125,573	131,328
Fuel & Power	1,946,055	2,462,919	2,638,270	2,827,611	3,244,960	3,014,306
Chemicals	1,228,405	1,212,789	1,495,887	1,691,698	1,749,092	2,234,754
Waste Disposal	160,801	292,070	324,447	260,565	270,251	233,982
Management Fees	6,024,972	5,738,450	5,589,691	5,917,304	6,898,020	6,736,605
Insurance Other	485,732	464,344	649,162	576,700	490,147	719,016
Customer Accounting	1,361,593	1,377,864	1,399,605	1,425,214	1,536,013	1,617,110
Rents	74,599	60,506	52,237	30,452	34,904	31,688
General Office	411,482	440,174	470,171	463,222	566,915	531,596
Miscellaneous	2,958,384	3,991,756	2,933,442	2,245,208	2,712,475	3,141,398
Maintenance	1,239,646	1,285,709	1,058,154	1,014,501	1,263,805	1,249,094
Total O&M Expense (See Note 1)	21,318,670	22,473,450	22,288,577	22,775,911	25,477,352	26,489,138
Customers	110,706	112,229	115,783	117,088	118,246	118,855
O*M Cost per Customer	192.57	200.25	192.50	194.52	215.46	222.87
Annual Increase		3.99%	-3.87%	1.05%	10.77%	3.44%
Cummulative Increase in O&M/Customer		3.99%	0.12%	1.17%	11.93%	15.37%
Consumer Price Index		3.40%	3.20%	2.90%	3.80%	1.10%
Cummulative Increase in CPI		3.40%	6.60%	9.50%	13.30%	14.40%

Note 1: Excludes non-recurring write-offs of reg. assets disallowed for rate recovery, SOX implementation costs, divestiture costs and NNS reclassification.
Also excludes Group Insurance and Pension costs which have been driven by financial market conditions other than inflation, for both AWWSC & KAW
Also excludes depreciation expense at AWWSC due to change of policy in 2007 concerning purchases of IT hardware & software by AWWSC. This change resulted in an at cost recovery through AWWSC vs. historical rate base at KAW which resulted in a return on the investment saving KAW customers the return component.

KENTUCKY AMERICAN WATER COMPANY
Detail of O & M Costs
Response to PSC-3-1



**Kentucky American Water
Key Performance Indicators
Response to PSC-3-1(a)**

	<u>Trends</u> Green - Improved Yellow - Neutral Red - Needs Improvement		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Overall Customer Satisfaction	86.00%	83.00%	89.00%
Service Quality Satisfaction	83.00%	86.00%	88.00%
Customer Complaints	84	91	89
Customer Appointments Met Timely			99.60%
Service Orders Completed as Scheduled			99.30%
Non-Pay Shut-offs Worked			95.90%
O&M Efficiency Rate	53.50%	51.10%	53.40%
Operating Margin	27.80%	33.00%	30.70%
Account Receivable over 90 days		10.40%	8.00%
NRW %	14.30%	14.00%	12.20%
Estimated Meter Reads		1.20%	0.90%
Valve Operations		4,146	5,116
Hydrant Inspections		6,891	7,571
Environmental Notice of Violation (NOV)	5	0	0
OSHA Recordable Injury Rate	6.06	4.18	10.62
Recordable Vehicle Accidents		6	5
General Liability Claims		34	33
Overtime Hours	27,583	27,638	23,460

An Overview of Recent Trends in Incentive Pay Programs

Mike Schraeder, Auburn University
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ABSTRACT

This article examines recent trends and developments in an increasingly popular HR practice--incentive pay programs. In addition to highlighting major developments in recent empirical studies, this article also synthesizes recent research pertaining to general guidelines or strategies for design, implementation, and the utilization of incentive pay programs. Counter arguments pointing out potential pitfalls and precautions will also be discussed. The article concludes by offering some recommendations for future research.

INTRODUCTION

As competitive pressures mount, organizations are compelled to consider strategies that will help them become more innovative, productive, and efficient. It is essential that organizations maximize all resources to optimize the effectiveness of their operations. While many factors impinge upon this effectiveness, labor is an important resource that often represents a significant portion of expenses incurred by organizations. Considering the need to remain competitive, innovative compensation strategies such as incentive programs are often developed in an attempt to align individual motivation and goals with the objectives of the organization.

Considerable research exists on psychological theories explaining how and why incentive pay motivates performance. Likewise, there is considerable research on typologies of incentive pay. Since the research in these areas is rather mature and quite voluminous a complete review of such research is outside the scope of this article. Research related to incentive programs in unionized organizations will also be avoided since these programs are usually a function of labor negotiations and not a result of the organization's desire to tie compensation to organizational performance.

As stated previously, competitive pressures in the domestic and global market are placing demands on organizations to be more productive and efficient than ever. This competitive pressure is evident in human resource strategies utilized by corporations. To some degree, the risk faced by corporations is now being shared with the workers. Tully (1995) pointed out that employees are sensing an increased level of anxiety, since they might not know from one year to the next whether they will receive compensation increases or even have a job. Tully points out that this collective risk is being operationalized in incentive programs that often impact as much as 30% of a manager's income.

PREVALENCE OF INCENTIVE PAY PROGRAMS

It is apparent that the use of incentive programs is becoming more commonplace. The National Association of Manufacturers surveyed 4,500 companies to follow up on prior studies examining skill level of workers and common human resource practices. They found that 54% of these companies offered some type of bonus plan and another 35% offered some type of gain-sharing or pay for performance program (Micco, 1997).

The use of incentive pay is becoming so pervasive that it has been adopted by some of the most respected industries in our nation. For example, Pogo and Williams (1993) utilized the Hay Survey to query pay practices of 1,256 hospitals and 350,000 individuals in the healthcare field. They found that over half the responding hospitals utilized some type of incentive plan for staff and that a growing number of these organizations used contingent pay such as discretionary bonuses, skill based pay, and team based pay. It is also interesting to note that survey results indicated a significant decline in the growth rate for base salaries over the last two years suggesting that incentive pay could be replacing more traditional pay practices. Hagland (1997) also points out that changing pressures in the medical field have resulted in compensation for physicians becoming more incentive based. The author implies that incentive pay is proving to be more effective than paying physicians a salary.

The use of incentive pay is also becoming more pervasive for certain departments within organizations. Avery (1997) attributes much of the growth in HR salaries over recent years to the use of incentive pay. He suggests that this also reflects the growing importance of HR in organizations' overall business strategies.

Considerable research also exists supporting the increased use of incentive pay for groups versus individuals. Wilson (1990) points out that firms utilize this strategy in an attempt to increase teamwork and promote flexibility, while also boosting productivity. He refers to a group incentive plan as any variable pay program where compensation is awarded based on the unit or group to which an individual belongs. This could include team- or project-based incentives. It could also include gain-sharing programs. Wilson cautions that corporate profit-sharing plans, individual incentive plans with group measures, and special recognition awards cannot be classified as group incentives. Despite their obvious benefits, the point is also made that group incentives are not for all organizations.

RESEARCH REGARDING STRUCTURAL ATTRIBUTES OF INCENTIVE PAY PROGRAMS

While there is some variance in specific structural recommendations, research is replete with common structural themes for incentive programs. Successful incentive programs are founded on sound HR practices and strategies. As a part of this comprehensive, well-rounded HR program, an incentive program can play a significant role in motivating staff to achieve organizational goals. While there are seemingly infinite types of programs which work, it should be noted that most successful programs seem to exhibit several consistent traits. One important aspect of a successful

incentive program is a well-founded salary program with appropriate base pay. Another trait often associated with successful programs is a communication plan which adequately conveys the structure and purpose of the program (Britton, 1997). This communication plan is part and parcel of the contingency link between business issues critical to success and specific incentives (Anfuso, 1995).

Letourneau (1997) offered several precursors to the implementation of a successful incentive program. These precursors included knowing why the program was being implemented, acknowledging that there would be some degree of individual failure, involving staff in the development of the program, and having a contingency plan available if the incentive plan does not work.

Similarly, Rubino (1995) discussed 10 strategies identified by Ernst & Young for the development of effective incentive pay programs. They suggest that a successful plan should fit the environment, be fair to all employees and the company, set total cash compensation, yield financial rewards to the workers and the company, involve workers and supervisors, use internal and external data, set clear performance goals, and achieve clarity through communication.

It is also worth noting Romano's (1998) description of the American Compensation Association's attempts to develop the "perfect" incentive program. They proposed achieving this through acknowledging quantitative and qualitative indicators of performance, comparing with other organizations, determining specific incentive pay, developing caps, rewarding employees who come close and rewarding everyone equally. The importance of adequate communication of the plan by company executives is also reinforced.

A Closer Look at the Methods Used in the Development of Incentive Programs

Several authors suggest that the process utilized to develop an incentive program is often as important as the specific elements of the program. The importance of the developmental process is highlighted in research documenting actual industry examples. Heneman, Fox and Eskew (1998) provide an overview of the process a company went through to develop an incentive pay program.

Simcom, a ten year old company that manufactures flight simulators, sought to create an innovative incentive program to assist them in motivating workers to perform proportionate to the tremendous growth they were experiencing. Simcom employed a comprehensive three-phase approach in implementing the program. First, they assessed employee readiness and need. Next, they designed a program based on those needs. After implementing the program, management assessed the effectiveness of the program by comparing post implementation results with results prior to implementation.

The program was operationalized by measuring factors considered to be important to customer service. These included understanding company goals, relationships with peers and supervisors, willingness to take risks, creativity, self-improvement and communication. The plan,

administered by a management-employee committee, sets aside 10% of the companies annual operating profit to fund the profit sharing plan which is paid out twice a year. Preliminary results indicated an increase in worker satisfaction with pay and a decrease in supervisor ratings of employee performance (the article touts this as a positive influence since it is perceived that supervisors take appraisals more seriously as a result of the new incentive program).

Other industry examples not only support the importance of the process, but provide interesting insight into innovative methods used to tie incentive programs to organizational goals. Clark (1995), for example, highlights an innovative program implemented at Virginia Power Company. The Power Company developed a team based incentive plan called Success Sharing. The program was designed to support their business strategies of remaining a low cost producer, achieving excellent operations, encouraging continuous improvement and motivating a productive workforce. This is achieved by closely aligning compensation to organizational performance in these key areas.

A case study of a successful program implemented by a New England jewelry manufacturer is offered by Johnson (1996). This organization relied on a cross-functional team with members from all areas of the organization to design a fully functioning program. Their development included defining eligibility, defining measures, developing a reward formula, developing distribution criteria and deciding on the frequency of payment.

Research Supporting Potential Benefits of Incentive Pay

Utilization of incentive programs in American industry has been so effective that it has caught the attention of government. Leonard (1996) reviewed a report from the Committee for Economic Development (CED) noting that a flexible work force and capital market have given the U.S. a distinct competitive advantage in the global market place. Frank Doyle, chairman of CED contends that pushing organizational rewards (profit) further down into the organization through incentive programs is critical to maintaining this flexibility. He also calls for a more liberal use of stock options as a strategy to maintain our nation's competitive position in the global market.

Incentive pay is also of interest to businesses in the service industry. Research supporting the use of incentive pay in service industry is plentiful, particularly in the area of sales and marketing. Patrick Hughes (1997), Vice President of Sales and Marketing for Blue Cross and Blue Shield of Massachusetts suggests that "firms in the service industries and managed care industries that offer aggressive incentive structures create a hunger in the sales organization, whereas those that proved comfortable base salaries foster complacency."

Productivity Implications

Smoot and Duncan (1997) conducted an experiment looking at the impact of three different incentive programs on worker productivity. They found a systematic relationship between the incentive programs and worker productivity in all of their experiments. Further, they found that

these programs elicited higher productivity than flat pay systems in the experiments. The negatively accelerated program was found to have the most profound impact.

Beyond Productivity

There is some indication that companies utilize incentive programs for more than just increasing productivity. Bencivenga (1997) acknowledges the notion among some experts that incentive programs are also being used to offset wage stagnation and to avoid layoffs during profitable periods.

Ichniowski, Shaw, and Prennushi (1997) expanded the examination of the impact of incentive programs on productivity by looking at productivity in conjunction with other innovative work practices including flexible job assignments, employment security and teams. Their first significant finding was that clusters of complementary HR practices had a positive impact on productivity. They concluded the opposite for individual work practices. Further, they found that work practices such as utilization of problem solving teams had more of an impact on productivity when used in conjunction with such practices as training and incentive pay. They suggest that it is important to take a holistic view of an incentive system utilizing complementary HR strategies instead of examining these practices in isolation. This study also highlighted other HR practices having a positive impact on incentive pay. These included recruiting and team meetings, team based structures, objective performance measures, flexible job design and extensive communication protocol.

Research on complementary HR practices is supported by the work of Chen, Sawyers, and Williams (1997). Chen et al.'s study reveals how several companies align their compensation structures to support ethical business practices. Levi Strauss & Co. for example bases one third of an employee's evaluation on aspirational behaviors including value diversity and ethical management. The authors suggest that these strategies enhance quality as well as ethical behavior throughout the organization.

Creating pay programs that truly reward performance is also one of the six complementary HR practices that entrepreneurial firms utilize (Cantoni, 1997). Abandoning use of performance appraisal systems, discontinuing use of published salary grades and ranges, and injecting flexibility into the pay program are also cited.

The idea of creating a culture of ownership seems to be a common theme in recent research related to incentive programs. Bencivenga (1997) suggests that companies are enhancing performance and becoming more profitable by creating internal cultures of ownership. He sees this transition in culture coupled with sharing more information with employees and giving them input into how the company is managed as linchpins to the success of such programs.

Banker, Lee and Potter (1996) set out to examine the impact that contextual factors such as competitive intensity, customer focused strategy and behavior based control had on an outcome based incentive plan focussing on customer service. They found that sales, customer satisfaction

and profits increased as a result of the outcome based incentive program. It is interesting to note that these same measures decreased with the level of supervisory monitoring.

Other, More Subtle Advantages of Incentive Pay

When considering labor costs, organizations often overlook expenses related to turnover. Gerhart and Trevor (1996) conducted a study examining the strategic compensation practices in 152 organizations. They found that the design of compensation programs in these organizations was related to employment variability in two important ways. First, they concluded that there was less employment variability in organizations relying more heavily on long term incentives. They also concluded that employment variability was lower when incentives were extended to teams or groups. They point out the obvious advantages in reducing employment variability such as lower costs associated with costs of layoffs, severance pay, and lower unemployment insurance taxes.

Incentive compensation is often an integral component of HR practices in entrepreneurial firms. Cantoni (1997) suggests that these companies do this to eliminate weak links and to reward top performers who significantly contribute to the viability of an organization. He supports this notion by contending that true pay for performance occurs in highly competitive, low-margin businesses. The rationale for this contention is that the very survival of these businesses is at stake and that they will do whatever it takes to survive.

One study even suggested that incentive programs can improve the quality of decisions made by individuals. A study of 84 subjects by Stone and Ziebart (1995) suggested that performance based incentives led to changes in information processing behavior and improvements in decision making. Information processing was enhanced by closer examination of alternatives, more liberal use of time in making selections and employment of decision-making strategies which lead to more accurate choices.

Potential Pitfalls and Precautions

Some researchers such as Filipczak (1996) are staunchly opposed to using money as a motivator. Filipczak views this as an extrinsic tool with minimal long-term value. Instead, he suggests that organizations which tap into employees' intrinsic motivation are much more likely to have staff who desire to do a good job, produce quality products, and take pride in their work. Further, he suggests that organizations achieve this through giving employees an opportunity to have input into their jobs, respecting employees and allowing them to do a good job.

For an incentive program to meet the objective of contributing to an organization's success, it is critical that it measure and reward the right things. To the extent that this is achieved, pay serves as an important tool for communicating business priorities. Britton (1997) suggests that incentive programs have a negative impact on motivation when they measure the wrong things. Consequences they can result in destruction of long term motivation, handicapped employee relationships, and an aversion to taking risks. Britton views incentive programs as a carrot and stick approach. He supports this contention by offering Kohn's (1993) conclusion that rewards intended

to motivate certain behavior are actually bribes. The surprising argument is made that employees worth retaining do not truly believe that incentive pay and pay for performance motivate them to achieve objectives, especially when it is seen as the sole motivating factor.

Small businesses face unique challenges when considering strategies for linking pay to performance. One important challenge is a specialized management skill associated with the atypical growth patterns of a small business. In smaller, start up organizations there is the potential that individuals will be required to perform multiple tasks. This could result in highly individualized responsibilities and functions. In addition, organizations experiencing extreme growth could be faced with tumultuous changes to keep pace with demand. This lack of standardization and frequent change can make it difficult to adequately define and measure performance/incentive goals (Fuller-Love & Scrapen 1997).

Anfuso (1995) noted that individual incentive programs were losing their popularity, in part, because they do not promote teamwork, quality improvement, and other important business issues. He further suggests that these programs can work against these objectives. Difficulty in measuring individual performance is offered as a significant causal effect of these results.

Other research not only criticizes the structure of programs, but also the purpose of the programs. Incentive programs utilized by businesses in highly regulated industries have been characterized as highly sophisticated, but lacking effectiveness since these organizations are not driven by business necessity (Cantoni, 1997).

CONCLUDING THOUGHTS: DIRECTIONS FOR FUTURE RESEARCH

Oliver (1996) argued that no one could prove incentive pay improved performance. This argument is heavily challenged by overwhelming case studies citing the positive impact these programs have had on organizational performance. Despite the obvious advantages of incentive pay programs, researchers and organizations have failed to show the impact of these programs over extended periods of time. Since the long-term viability of an organization should be the ultimate objective, longitudinal studies examining the impact of incentive programs over time are needed.

In addition, it would be interesting to examine whether gender differences in pay carry over into the realms of incentive pay programs. Fortune (1992) conducted a survey of 200 salespeople working for organizations with incentive pay programs and found that men were twice as likely to be offered incentives as women.

As global competition intensifies, future research should also consider the need for fundamental changes in incentive programs. It is crucial that our incentive programs remain competitive with those offered internationally for two very important reasons. First, U.S. companies will be competing in the product market and price will continue to be an important determinant of consumer choice. Secondly, the labor market will also become more competitive as organizations seek incumbents with proven track records as entrepreneurs.

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ABOUT THE AUTHORS

Mike Schraeder, Ph.D. is currently a visiting scholar at the Thomas Walter for Technology Management--Auburn University. Mike received his Ph.D. in Management from Auburn University. His research interests are varied, focusing primarily on issues related to organizational change, employee emotions, and organizational analysis. Mike has published numerous management articles in journals such as *Business Horizons*, *The Mid-Atlantic Journal of Business*, and the *Business Process Management Journal*. Prior to pursuing his Ph.D., Mike served over eight years as a senior manager for a large health care provider. Professional

certifications attained by Mike include Certified Hospice and Home Care Executive (1996-2001). In addition to his Ph.D., Mike also has an MS in Human Resource Management, an MBA, and a BA in Education.

Bret Becton is currently pursuing a doctorate in Management at Auburn University. His research interests include employee compensation, procedural justice, assessment centers, structured interviews, servant leadership, and organizational change. In addition to being a graduate student, Bret also works for the Center for Government and Public Affairs at Auburn University Montgomery, where he is an Organizational Scientist. Bret has a MA in Industrial/Organizational Psychology, and a BS in Psychology.

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

Witness: Michael A. Miller/Nick Rowe

2. Refer to Kentucky-American's responses to the Commission Staff's Second Information Request, Item 5. Kentucky-American states that it is unable to perform a study that quantifies the benefits its customers derive from the incentive compensation programs; but Kentucky-American "believes that such plans do in fact generate more efficient, safe and reliable utility infrastructure and service." Given that Kentucky-American is unable to quantify the benefits of its incentive compensation programs and that it can only give general statements regarding the programs, explain why the costs of the plans should be borne by the ratepayers.

Response:

Please see the response to PSC-3-1 for quantifiable improvements in service levels, safety measures, insurance claims activity, water quality, customer satisfaction, cost containment, employee development, and efficiency measures. These are some of the major areas of the AIP Individual Employee Goals and Performance Measurement Process that focus each employee's efforts towards service level improvement, cost containment and customer satisfaction each year. While it is difficult to quantify in dollars those benefits, there should be little doubt that improvements in these areas translate into better service and lower costs to the customers.

These costs should be included in the cost of service because they are part of the overall market based compensation package offered by the Company. The overall compensation package, including the AIP, is designed to pay employees at the market based salary range with a significant portion of that compensation directly tied to performance driven goals and objectives. It is entirely up to the employees and their supervisor to meet or exceed those goals structured to benefit both the Company and its customers with the understanding that strong performance will be rewarded appropriately and lacking performance will not. It is a fact of being a regulated utility that the enhanced performance of Company employees will result in better service and lower costs, which directly benefit the Company's customers. Service improvements driven by the performance based culture, of which the AIP is an integral part, flow to the benefit of the Company's customers immediately.

In addition, because the Company's overall employee compensation is market based, including the at-risk portion of employee compensation in the AIP, the elimination of the AIP would require the Company to increase the base salary to remain competitive in the employee marketplace in order to attract and retain qualified employees. If this hypothetical situation were to become a reality, presumably the Commission would permit the recovery of that compensation if it were base salary/wages instead of the AIP.

The Company believes under that scenario the Company's customers would suffer. An increase in base pay would make it much more difficult to encourage a performance based culture, and would result in compensating low performing employees at a higher level than the current at-risk AIP based performance compensation plan. The Company does not understand or believe the customers would be better off under this type of compensation plan.

For the electronic version of this response, refer to KAW_R_PSCDR3#2_052810.pdf.

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

Witness: Michael A. Miller

3. Refer to Kentucky-American's responses to the Commission Staff's Second Information Request, Item 6. Provide documentation of the following statement: "To be competitive in the job markets where KAW and AWWSC operate, markets where at-risk incentive compensation is common, the Company must provide competitive compensation programs."

Response:

Please see the responses to PSC-3, questions 1 and 2.

For the electronic version, refer to KAW_R_PSCDR3#3_052810.pdf.

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

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

4. Refer to Kentucky-American's responses to the Commission Staff's Second Information Request, Item 13(a).
 - a. The average actual capitalization rate for the five-year period is 19.472 percent, which is approximately 2.118 percent greater than the five-year average budgeted capitalization rate of 17.624 percent. Given that, for the five-year period from 2005 through 2009, Kentucky-American under-budgeted its capitalization rate by 2.118 percent, explain why the forecasted capitalization should not be adjusted by this factor.
 - b. Provide the impact that revising the forecasted capitalization rate from 17.624 percent to 18.742 percent would have upon Kentucky-American's revenue requirement. Include copies of all workpapers, assumptions, and calculations used to calculate the revenue requirement impact.

Response:

- a. The response to PSC-2-13, the response that generated the average numbers reflected in this question, was developed using hours (not dollars). The Company's experience in 2009 produced a result much closer to Plan than in prior years and reflects the Company's continuing efforts to improve actual to budget results. Attached to this response is a schedule that calculates the capital payroll ratio based on payroll dollars. This produced a capitalized payroll dollar ratio of 18.65%. On the attached schedule we then reflected the additional payroll dollars for the 6 new employees at the KRS II plant and the KRS superintendant with a capital rate of 5% (a large portion of this time was capitalized in 2009 due to assisting in managing the construction of the new treatment plant). This resulted in a capitalization rate of 17.72% versus the 17.34% used by the Company in its application. The Company believes that after operation of the new plant the 17.34% capitalization rate accurately reflects what will be in place in the forecasted test-year once the KRS II treatment plant is in service.
- b. Revising the forecasted capitalization rate from 17.34% to 18.742% results in a reduction of \$211,276 to the Company's revenue requirement. Please refer to the attached working papers. While the Company has provided the information as requested, the Company continues to believe its 17.34% capitalization rate is appropriate for the forecasted test-year. See the response to part a. above.

For the electronic version, refer to KAW_R_PSCDR3#4_052810.pdf.

Kentucky American Water Company
Actual 2009 labor adjusted for KRS II positions

	<u>Actual 2009</u>	
	a	b
O&M	6,487,914.01	81.35%
6 prod tech O&M	1,486,957.72	18.65%
capital	7,974,871.73	100.00%
total		

<u>Adjusted for 6 tech positions</u>	
c	d
6,487,914.01	
321,844.22	82.08%
1,486,957.72	17.92%
8,296,715.95	100.00%

<u>Act 2009</u>	<u>95% cap</u>	<u>2009 as adj</u>
<u>K Kruchinski</u>	<u>Rev 2009</u>	<u>for KRS II</u>
e	f	c - e + f
50,296.10	63,177.67	6,500,795.58
16,206.71	3,325.14	321,844.22
66,502.81	66,502.81	1,474,076.15
		8,296,715.95
		100.00%

Kentucky American Water Company
PSCDR3#4b
Adjust capitalization percentage to 18.742%
Change in revenue requirement

original revenue requirement	\$25,848,286	
adj capitalized labor-18.742%	\$25,717,308	(\$130,978)
adjust pensions	\$25,695,600	(\$21,708)
adjust OPEB's	\$25,671,566	(\$24,034)
adjust group insurance	\$25,655,965	(\$15,601)
adjust 401K	\$25,653,725	(\$2,240)
adjust DCP-pensions	\$25,651,130	(\$2,595)
adjust DCP-OPEB's	\$25,650,949	(\$181)
adjust worker's compensation	\$25,648,735	(\$2,214)
adjust payroll taxes	\$25,637,017	(\$11,718)
adjust allocations	\$25,637,010	(\$7)
Total reduction in revenue requirement		(\$211,276)

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

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

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

Line No.	Description	Supporting Schedule Reference	Forecast Jurisdictional Rev Req	Base Period Jurisdictional Rev Req
1				
2				
3				
4	RATE BASE	B-1	\$362,672,028	\$345,298,235
5				
6	FORECASTED OPERATING INCOME AT CURRENT RATES	C-1	15,601,136	13,816,302
7				
8	EARNED RATE OF RETURN		4.30%	4.00%
9				
10	RATE OF RETURN	J-1	8.58%	8.01%
11				
12	REQUIRED OPERATING INCOME		31,117,260	27,658,389
13				
14	OPERATING INCOME DEFICIENCY		15,516,124	13,842,087
15				
16	GROSS REVENUE CONVERSION FACTOR	H-1	1,652,2819	1,652,2819
17				
18	REVENUE DEFICIENCY (1)		25,637,010	22,871,029
19				
20	ADJUSTED OPERATING REVENUES	C-1	68,523,626	67,042,231
21				
22	REVENUE REQUIREMENT		\$94,160,636	\$89,913,260
23				
24				
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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
1				
2				
3	Operating Revenues	\$68,523,626	\$25,637,010	\$94,160,636
4	Operating Expenses			
5				
6				
7	Operation and Maintenance	35,261,695	200,889	35,462,584
8	Depreciation and Amortization	11,319,797	0	11,319,797
9	Taxes Other Than Income	5,148,700	41,481	5,190,181
10				
11	State Income Taxes	166,486	1,523,678	1,690,164
12				
13	Federal Income Taxes	1,025,811	8,354,837	9,380,648
14				
15				
16				
17	Total Operating Expenses	52,922,489	10,120,885	63,043,374
18				
19	Utility Operating Income	\$15,601,136	\$15,516,125	\$31,117,261
20				
21				
22	Rate Base	\$362,672,028		\$362,672,028
23				
24				
25	Rate of Return	4.30%		8.58%
26				
27				
28				
29				
30				
31				
32				
33				
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
OVERALL FINANCIAL SUMMARY
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): WP-2,3,4,5 & 6 (TOTAL COMPANY)
SCHEDULE C-2, PAGE 1 OF 1
Witness Responsible: M.A. Miller/S. A. Miller

KAW_R_PSCDR3#4_052810
Page 6 of 71

Line No.	Major Group Classification	Base Year Revenues & Expenses	Adjustments	Schedule Reference	Forecasted Revenues & Expenses
1					
2	Operating Revenues				
3	Water Sales	\$64,254,178	\$499,310	Sch D-1	\$ 64,753,488
4	Other Operating Revenues	2,788,053	982,085	Sch D-1	3,770,138
5		<u>67,042,231</u>	<u>1,481,395</u>		<u>68,523,626</u>
6	Operating Expenses				
7	Labor	7,136,288	773,589	Sch D-1	7,909,877
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	16,697	Sch D-1	2,274,282
14	Pensions	1,262,429	(16,199)	Sch D-1	1,246,230
15	Regulatory Expense	304,841	61,621	Sch D-1	366,462
16	Insurance Other than Group	690,501	49,568	Sch D-1	740,069
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	(94,825)	Sch D-1	3,435,170
21	Maintenance - Other	1,320,342	(48,001)	Sch D-1	1,272,341
22					2,274,282
23	Total O & M Expenses	<u>33,264,400</u>	<u>1,997,295</u>		<u>35,261,695</u>
24					
25	Depreciation	7,867,005	3,219,071	Sch D-1	11,086,076
26	Amortization	516,980	(283,259)	Sch D-1	233,721
27	General Taxes				
28	Property and Capital Stock	3,435,719	993,455	Sch D-1	4,429,174
29	Gross Receipts and Sales	99,219	10,607	Sch D-1	109,826
30	Payroll	545,836	63,864	Sch D-1	609,700
31	Miscellaneous	0	0	Sch D-1	0
32	State Income Taxes				
33	Current	240,355	(392,371)	Sch E-1.5	(152,016)
34	Deferred	937,339	(618,837)	Sch E-1.5	318,502
35					
36	Federal Income Taxes				
37	Current				
38	Deferred	(181,708)	(651,848)	Sch E-1.5	(833,556)
39	Deferred	6,585,582	(4,641,418)	Sch E-1.5	1,944,164
40	Deferred - ITC	(84,798)	1	Sch E-1.5	(84,797)
41					
42					
43					
44	Total Operating Expenses	<u>53,225,929</u>	<u>(303,439)</u>		<u>52,922,489</u>
45					
46	Utility Operating Income	<u>\$13,816,302</u>	<u>\$1,784,834</u>		<u>\$15,601,136</u>
47					
48					
49					
50					

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

DATA: X_ BASE PERIOD FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL_UPDATED REVISED
WORKPAPER REFERENCE NO(S): SCH D-1 (TOTAL COMPANY)

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

Line No.	Major Group Classification	Base Year Revenues & Expenses	Jurisdictional Percent	Base Year Unadjusted Jurisdiction	Jurisdictional Method/Description
1					
2	Operating Revenues				
3	Water Sales	\$64,254,178		\$64,254,178	
4	Other Operating Revenues	2,788,053		2,788,053	
5		<u>67,042,231</u>	100.00%	<u>67,042,231</u>	Not Applicable to Kentucky-American Water Company
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		<u>33,264,400</u>		<u>33,264,400</u>	
23	Total O & M Expenses				
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					

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		<u>Water Revenues</u>					
			\$ 33,748,193	\$ 1,374,387	\$0	\$0	\$1,374,387
3	461100	Residential - Billed		(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	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		<u>Sewer Revenues</u>					
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		<u>OTHER OPERATING REVENUES</u>					
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	5,669	0	5,666	0	5,666
36		AFUDC	0	0	0	646,180	646,180
37		TOTAL OTHER OPERATING REVENUES	2,788,053	0	335,905	646,180	962,085
38							
39		<u>TOTAL OPERATING REVENUES</u>	\$67,042,231	\$499,310	\$335,905	\$646,180	\$1,481,395
40							

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)

[illegible]

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 4 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	Sch D-2.3	Adj D-5	Sch D-2.3	Adj D-6	Sch D-2.3	Adj D-7	Sch D-2.3	Adj D-8	Sch D-2.3	Adj D-9	Sch D-2.3	Adj D-10	Sch D-2.3	Adj D-11	Sch D-2.3	Adj D-12	Sch D-2.3	Total Adjustments
1		PUMPING EXPENSES																			
2	620200	Operation Sup & Eng-Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	620300	Operation Sup & Eng-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	622100	Power Production Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	622200	Power Production Labor	0	92,952	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	92,952
6	623110	Power Purchased for Pumping-Elec	0	0	1,195,685	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,195,685
7	623120	Power Purchased for Pumping-Elec Adj	3,179,899	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	623210	Power Purchased for Pumping-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	624200	Pumping Labor-Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	624300	Pumping Labor-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	624500	Pumping Expenses-Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	624600	Pumping Expenses-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	626200	Misc Pumping Labor-Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	626300	Misc Pumping Labor-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	626500	Misc Pumping Expenses-Electric	2,438	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	626600	Misc Pumping Expenses-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	627200	Rents-Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	627300	Rents-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	630200	Maint Sup & Eng-Electric Ord	80,878	203,502	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	203,502
20	630210	Maint Sup & Eng-Electric Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	630300	Maint Sup & Eng-Other Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	630310	Maint Sup & Eng-Other Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	631100	Maint Pumping Struc & Improv-Material Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	631110	Maint Pumping Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	631200	Maint Pumping Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	631210	Maint Pumping Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	632100	Maint Power Production Equip-Mat Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	632110	Maint Power Production Equip-Mat Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	632200	Maint Power Production Equip-Lab Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	632210	Maint Power Production Equip-Lab Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	633200	Maint Pumping Equip-Material-Electric Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	633210	Maint Pumping Equip-Material-Electric Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	633300	Maint Pumping Equip-Material-Other Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	633310	Maint Pumping Equip-Material-Other Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	633500	Maint Pumping Equip-Labor-Electric Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	633510	Maint Pumping Equip-Labor-Electric Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	633600	Maint Pumping Equip-Labor-Other Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	633610	Maint Pumping Equip-Labor-Other Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39		TOTAL PUMPING EXPENSES	3,263,215	296,454	1,195,685	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,492,139

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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 5 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-4 Sch D-2.3	Adj D-5 Sch D-2.3	Adj D-6 Sch D-2.3	Adj D-7 Sch D-2.3	Adj D-8 Sch D-2.3	Adj D-9 Sch D-2.3	Adj D-10 Sch D-2.3	Adj D-11 Sch D-2.3	Adj D-12 Sch D-2.3	Total Adjustments
1		WATER TREATMENT EXPENSES (WT)											
2	640000	Operation Supervision & Engineering	\$0	\$894,897	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$894,897
3	641110	Chemicals-Carbon	0	0	0	0	0	0	0	0	0	0	0
4	641100	General Chemicals	2,188,604	0	0	(415,874)	0	0	0	0	0	0	(415,874)
5	641200	Softening Chemicals	0	0	0	0	0	0	0	0	0	0	0
6	642100	General WT Labor	1,689,328	(240,521)	0	0	0	0	0	0	0	0	(240,521)
7	642200	Softening Labor	0	0	0	0	0	0	0	0	0	0	0
8	642300	General WT Expenses	152,554	0	0	0	0	0	0	0	0	0	0
9	642390	General WT Administration	0	0	0	0	0	0	0	0	0	0	0
10	642400	Softening Expenses	0	0	0	0	0	0	0	0	0	0	0
11	643100	Misc Expenses	94,975	0	0	0	0	0	0	0	0	0	0
12	643190	Misc Expenses - Service Co	0	0	0	0	0	0	0	0	0	0	0
13	643200	Misc Labor	0	0	0	0	0	0	0	0	0	0	0
14	643300	Waste Disposal Expenses	233,572	0	0	0	4,278	0	0	0	0	0	4,278
15	643310	Amort Waste Disposal Expenses	56,157	0	0	0	46,219	0	0	0	0	0	46,219
16	644000	Rents	0	0	0	0	0	0	0	0	0	0	0
17	650000	Maint Supervision & Engineering Ord	104,427	(104,427)	0	0	0	0	0	0	0	0	(104,427)
18	650010	Maint Supervision & Engineering Prg	0	0	0	0	0	0	0	0	0	0	0
19	651100	Maint WT Struc & Improvements-Mat Ord	193,167	0	0	0	0	0	0	0	0	0	0
20	651110	Maint WT Struc & Improvements-Mat Prg	0	0	0	0	0	0	0	0	0	0	0
21	651120	Amort WT Structures	150,570	0	0	0	0	0	0	0	0	0	0
22	651200	Maint WT Struc & Improvements-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
23	651210	Maint WT Struc & Improvements-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
24	652100	Maint General WT Equipment-Mat Ord	0	0	0	0	0	0	0	0	0	0	0
25	652110	Maint General WT Equipment-Mat Prg	0	0	0	0	0	0	0	0	0	0	0
26	652200	Maint Softening Equipment-Materials	0	0	0	0	0	0	0	0	0	0	0
27	652300	Maint General WT Equipment-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
28	652310	Maint General WT Equipment-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
29		TOTAL WT EXPENSES	4,863,354	549,949	0	(415,874)	50,497	0	0	0	0	0	184,572

TOTAL WT EXPENSES

SCHEDULE D-1
Page 6 of 19
Witness Responsible: M.A. Miller/S. A. Miller

[illegible]

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

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SCHEDULE D-1
Page 8 of 19
Witness Responsible: M.A. Miller/S. A. Miller

Line No.	Account Number	Description	Base Period	Adj D-4 Sch D-2.3	Adj D-5 Sch D-2.3	Adj D-6 Sch D-2.3	Adj D-7 Sch D-2.3	Adj D-8 Sch D-2.3	Adj D-9 Sch D-2.3	Adj D-10 Sch D-2.3	Adj D-11 Sch D-2.3	Adj D-12 Sch D-2.3	Total Adjustments
1	ADMINISTRATIVE & GENERAL EXP(A&G)												
2	920000	Salaries	\$850,340	\$165,911	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$165,911
3	920500	Incentive Plan Expense	347,830	28,927	0	0	0	0	0	0	0	0	28,927
4	921100	Expenses of Employees	170,791	0	0	0	0	0	0	0	0	0	0
5	921130	Dues for Clubs - Ded	29,471	0	0	0	0	0	0	0	0	0	0
6	921200	Misc Office Expenses	419,518	0	0	0	0	0	0	0	0	0	0
7	923100	Service Company Charges	8,485,212	0	0	0	0	542,909	0	0	0	0	542,909
8	923190	Service Company Charges - Out Agency	0	0	0	0	0	0	0	0	0	0	0
9	923200	Auditing Services	146,713	0	0	0	0	0	0	0	0	0	0
10	923300	Legal Services	162,659	0	0	0	0	0	0	0	0	0	0
11	923400	Engineering Services	0	0	0	0	0	0	0	0	0	0	0
12	923500	Other Services - Current	695,338	0	0	0	0	0	0	0	0	0	0
13	924000	Property Insurance	83,499	0	0	0	0	0	0	0	0	0	0
14	925110	Workers Compensation	84,555	0	0	0	0	0	0	0	0	0	0
15	925120	Workers Comp Cap (A&B)	0	0	0	0	0	0	0	0	0	0	0
16	925130	Workers Comp Cap (H)	0	0	0	0	0	0	0	0	0	0	0
17	925140	Workers Comp Cap (C&R)	0	0	0	0	0	0	0	0	0	0	0
18	925200	Injuries and Damages - Salaries	0	0	0	0	0	0	0	0	0	0	0
19	925300	Injuries and Damages - Expenses	(984)	0	0	0	0	0	0	0	0	0	0
20	925310	Injuries and Damages - Expenses	0	0	0	0	0	0	0	0	0	0	0
21	925400	General Liability	522,447	0	0	0	0	0	0	0	0	(102,756)	(102,756)
22	EMPLOYEE PENSIONS & BENEFITS												
23	926100	Accrued OPEB Expense	907,004	0	0	0	0	0	(12,050)	0	0	0	(12,050)
24	926110	Group Insurance Expense	1,350,581	0	0	0	0	0	28,747	0	0	0	28,747
25	926120	Other Grp Insurance Exp	0	0	0	0	0	0	0	0	0	0	0
26	926130	Group Ins Cap (A&B)	0	0	0	0	0	0	0	0	0	0	0
27	926140	Group Ins Cap (H)	0	0	0	0	0	0	0	0	0	0	0
28	926150	Group Ins Reimb	0	0	0	0	0	0	0	0	0	0	0
29	926160	Group Ins Cap (C&R)	0	0	0	0	0	0	0	0	0	0	0
30	926170	Group Ins Pretax Contribution	0	0	0	0	0	0	0	0	0	0	0
31	926200	Other Welfare & Educational Expenses	87,876	0	0	0	0	0	0	0	0	0	0
32	926210	Educational Expenses	0	0	0	0	0	0	0	0	0	0	0
33	926220	ESPP Contribution Expense	2,689	0	0	0	0	0	0	0	0	0	0
34	926250	401-K Contributions Expense	117,841	0	0	0	0	0	0	0	0	0	0
35	926260	401-K Cap (A&B)	0	0	0	0	0	0	0	0	0	0	0
36	926270	401-K Cap (H)	0	0	0	0	0	0	0	0	0	0	0
37	926280	401-K Cap (C&R)	0	0	0	0	0	0	0	0	0	0	0
38	926300	Suppl Pen Pay	0	0	0	0	0	0	0	0	0	0	0
39	926330	OPEB Expense Cap (A&B)	0	0	0	0	0	0	0	0	0	0	0
40	926340	OPEB Expense Cap (H)	0	0	0	0	0	0	0	0	0	0	0
41	926360	OPEB Expense Cap (C&R)	0	0	0	0	0	0	0	0	0	0	0
42	926370	FAS 112 Cost	0	0	0	0	0	0	0	0	0	0	0
43	926400	Pension Plan Payments - Current	1,262,429	0	0	0	0	0	(16,199)	0	0	0	(16,199)
44	926600	Other Pension Plan Expenses	114,130	0	0	0	0	0	0	0	0	0	0
45	926700	Pension Plan Pmts - Union	0	0	0	0	0	0	0	0	0	0	0
46	926800	Pensions - Capitalized - (A&B)	0	0	0	0	0	0	0	0	0	0	0
47	926900	Pensions - Capitalized - (H)	0	0	0	0	0	0	0	0	0	0	0
48	926910	Pensions - Capitalized - (C&R)	0	0	0	0	0	0	0	0	0	0	0
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SCHEDULE D-1
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Witness Responsible: M.A. Miller/S. A. Miller

Line No.	Account Number	Description	Base Period	Adj D-4 Sch D-2.3	Adj D-5 Sch D-2.3	Adj D-6 Sch D-2.3	Adj D-7 Sch D-2.3	Adj D-8 Sch D-2.3	Adj D-9 Sch D-2.3	Adj D-10 Sch D-2.3	Adj D-11 Sch D-2.3	Adj D-12 Sch D-2.3	Total Adjustments
1	ADMINISTRATIVE & GENERAL EXPENSES - CONT												
2	REGULATORY COMMISSION EXPENSES												
3	928100	Amort Expense of Rate Proceedings	\$292,311	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43,160	\$0	\$43,160
4	928110	Amort Serv Study Exp Cost	0	0	0	0	0	0	0	0	0	0	0
5	928200	Tax Savings	0	0	0	0	0	0	0	0	0	0	0
6	928300	Amort of Other Regulatory Expenses	11,145	0	0	0	0	0	0	0	2,355	0	2,355
7	928400	Other Regulatory Expenses - Current	1,385	0	0	0	0	0	0	0	16,106	0	16,106
8	930200	Amort Misc Charges	0	0	0	0	0	0	0	0	0	0	0
9	930210	Misc General Expenses Current	719,660	0	0	0	0	0	0	0	0	0	0
10	930220	Amort Orig Cost Study	0	0	0	0	0	0	0	0	0	0	0
11	930230	Amort Misc General Expenses	31,259	0	0	0	0	0	0	0	0	0	0
12	930240	Misc Gen Exp - Community Relations	0	0	0	0	0	0	0	0	0	0	0
13	930250	Amort Plant Expansion Study	0	0	0	0	0	0	0	0	0	0	0
14	930260	Meals & Travel Expenses - Taxable	16,270	0	0	0	0	0	0	0	0	0	0
15	930270	Donations	20	0	0	0	0	0	0	0	0	0	0
16	930290	Data Processing Communication Exp	0	0	0	0	0	0	0	0	0	0	0
17	930300	Research & Development Expenses	0	0	0	0	0	0	0	0	0	0	0
18	930390	Research & Development Exp - Ser Co	0	0	0	0	0	0	0	0	0	0	0
19	930500	Non-deductible Penalties	0	0	0	0	0	0	0	0	0	0	0
20	930510	Lobbying Expenses	0	0	0	0	0	0	0	0	0	0	0
21	930600	Transportation Expenses	676,812	0	0	0	0	0	0	0	0	0	0
22	930610	Transportation Cap (A&B)	0	0	0	0	0	0	0	0	0	0	0
23	930620	Transportation Cap (C&R)	0	0	0	0	0	0	0	0	0	0	0
24	930630	Transportation Cap (H)	0	0	0	0	0	0	0	0	0	0	0
25	930880	Misc Gen Exp - Company Dues	84,348	0	0	0	0	0	0	0	0	0	0
26	930890	Misc Gen Exp - Other	30,853	0	0	0	0	0	0	0	0	0	0
27	930980	Misc General Exp-Taxable Co Dues	0	0	0	0	0	0	0	0	0	0	0
28	931000	Rents	24,405	0	0	0	0	0	0	0	0	0	0
29	932100	Maint A&G Struc & Improv-Material Ord	154,343	0	0	0	0	0	0	0	0	0	0
30	932110	Maint A&G Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0	0	0
31	932120	Amort A&G Struc & Improv	0	0	0	0	0	0	0	0	0	0	0
32	932200	Maint A&G Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
33	932210	Maint A&G Struc & Improv-Labor Prg	0	0	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	0	0
35	932310	Maint A&G Office Furniture-Material Prg	0	0	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	0	0
37	932410	Maint A&G Office Furniture-Labor Prg	0	0	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	0	0
39	932600	Maint A&G Com Equip-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
40	932610	Maint A&G Com Equip-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
41	932700	Maint A&G Misc Property-Material Ord	39,169	0	0	0	0	0	0	0	0	0	0
42	932710	Maint A&G Misc Property-Material Prg	0	0	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	0	0
44	932810	Maint A&G Misc Property-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
45	Total A & G Expenses		17,921,919	194,838	0	0	0	542,909	16,697	(16,199)	61,621	49,568	849,433
46													
47	Total O & M Expenses		\$33,264,400	\$773,589	\$1,195,685	(\$415,874)	\$50,497	\$542,909	\$16,697	(\$16,199)	\$61,621	\$49,568	\$2,258,149
48													
49													
50													

Line No.	Line Number	Description	Base Period	Adj Sch D-2.3	Adj D-4	Adj D-5 Sch D-2.3	Adj D-6 Sch D-2.3	Adj D-7 Sch D-2.3	Adj D-8 Sch D-2.3	Adj D-9 Sch D-2.3	Adj D-10 Sch D-2.3	Adj D-11 Sch D-2.3	Adj D-12 Sch D-2.3	Total Adjustments
1	2	08	\$7,136,288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$773,589
3	24	Maintenance Labor Expenses	0	0	0	0	0	0	0	0	0	0	0	0
4	5													
5	6													
6	7	Total Labor	\$7,136,288	\$773,589	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$773,589
7														
8		Total Operation Expenses	\$30,863,346	\$276,464	\$1,195,685	(\$415,874)	\$50,497	\$542,909	\$16,697	(\$16,199)	\$61,621	\$49,568	\$1,761,368	
9		Total Maintenance Expenses	2,401,054	497,125	0	0	0	0	0	0	0	0	0	497,125
10														
11		Total O & M Expenses	\$33,264,400	\$773,589	\$1,195,685	(\$415,874)	\$50,497	\$542,909	\$16,697	(\$16,199)	\$61,621	\$49,568	\$2,258,493	
12														
13														
14														
15														
16														
17	08	Labor	\$7,136,288	\$773,589	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$773,589
18	09	Purchased Water	126,828	0	0	0	0	0	0	0	0	0	0	0
19	10	Fuel and Power	3,179,899	0	1,195,685	0	0	0	0	0	0	0	0	1,195,685
20	11	Chemicals	2,188,604	0	0	(415,874)	0	0	0	0	0	0	0	(415,874)
21	12	Waste Disposal	289,729	0	0	0	50,497	0	0	0	0	0	0	50,497
22	13	Management Fees	8,485,212	0	0	0	0	0	542,909	0	0	0	0	542,909
23	14	Group Insurance	2,257,585	0	0	0	0	0	0	16,697	0	0	0	16,697
24	15	Pension	1,262,429	0	0	0	0	0	0	(16,199)	0	0	0	(16,199)
25	16	Regulatory Expense	304,841	0	0	0	0	0	0	0	0	61,621	0	61,621
26	17	Insurance Other than Group	690,501	0	0	0	0	0	0	0	0	49,568	0	49,568
27	18	Customer Accounting	1,823,105	0	0	0	0	0	0	0	0	0	0	0
28	19	Rents	32,992	0	0	0	0	0	0	0	0	0	0	0
29	20	General Office Expense	636,050	0	0	0	0	0	0	0	0	0	0	0
30	21	Miscellaneous	3,529,995	0	0	0	0	0	0	0	0	0	0	0
31														
32	25	Other Maintenance	1,320,342	0	0	0	0	0	0	0	0	0	0	0
33		Total O & M Expenses	\$33,264,400	\$773,589	\$1,195,685	(\$415,874)	\$50,497	\$542,909	\$16,697	(\$16,199)	\$61,621	\$49,568	\$2,258,493	
34														
35		State Income Tax Impact	6.00%	\$46,415	\$71,741	(\$24,952)	\$3,030	\$32,575	\$1,002	(\$972)	\$3,697	\$2,974	\$135,510	
36														
37		Federal Income Tax Impact	35.00%	\$254,511	\$393,380	(\$136,823)	\$16,614	\$178,617	\$5,493	(\$5,330)	\$20,273	\$16,308	\$743,044	
38														
39		Net Operating Income Impact		\$472,663	\$730,564	(\$254,099)	\$30,853	\$331,717	\$10,202	(\$9,897)	\$37,651	\$30,286	\$1,379,939	

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS
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): SCH D-2.3 (TOTAL COMPANY)

SCHEDULE D-1
Page 11 of 19
Witness Responsible: M.A. Miller/S. A. Miller

Line No.	Account Number	Description	Base Period Col1	Adj D-13 Col2	Adj D-14 Col3	Adj D-15 Col4	Adj D-16 Col5	Adj D-17 Col6	Adj D-21 Col7	Total Adjustments	Grand Total
SOURCE OF SUPPLY EXPENSES (SS)											
1	600000	Operation Supervision & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	601000	Operation Expenses	0	0	0	0	0	0	0	0	0
3	601200	Operation Labor	0	0	0	0	0	0	0	0	0
4	602000	Purchased Water	126,828	0	0	0	0	0	0	(6,173)	(6,173)
5	602000	Miscellaneous Expenses	50,693	0	0	0	8,239	0	0	8,239	8,239
6	603100	Amort Misc Expenses	0	0	0	0	0	0	0	0	0
7	603120	Miscellaneous Labor	0	0	0	0	0	0	0	0	0
8	603200	Rents	0	0	0	0	0	0	0	0	0
9	604000	Maint Supervision & Engineering Ord	847	0	0	0	0	0	0	0	(847)
10	610000	Maint Supervision & Engineering Prg	0	0	0	0	0	0	0	0	0
11	610010	Maint Struc & Improv-Materials Ord	0	0	0	0	0	0	0	0	0
12	611100	Maint Struc & Improv-Materials Prg	0	0	0	0	0	0	0	0	0
13	611110	Maint Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0
14	611200	Maint Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0
15	612100	Maint Col & Imp Res-Materials Ord	0	0	0	0	0	0	0	0	0
16	612100	Maint Col & Imp Res-Materials Prg	0	0	0	0	0	0	0	0	0
17	612110	Maint Col & Imp Res	0	0	0	0	0	0	0	0	0
18	612120	Amort Col & Imp Res	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
20	612210	Maint Col & Imp Res-Labor Prg	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
22	613110	Maint Lake, River & Other Intakes-Mat Prg	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
24	613200	Maint Lake, River & Other Intakes-Lab Ord	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
26	614120	Amort Del Exp Wils & Springs	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
28	616200	Maint Supply Mains-Labor Ord	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
30	617100	Maint Misc Water Source Plant-Mat Ord	191,572	0	0	0	0	(29,067)	0	(29,067)	(29,067)
31	617110	Maint Misc Water Source Plant-Mat Prg	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
33	617210	Maint Misc Water Source Plant-Labor Prg	0	0	0	0	0	0	0	0	0
34											
35											
36											
37											
38											
39											
40											
41											
42											
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45											
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48											
49											
50											
TOTAL SS EXPENSES			369,940	0	0	0	8,239	(29,067)	(6,173)	(27,001)	(27,848)

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 12 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-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
1		PUMPING EXPENSES									
2	620200	Operation Sup & Eng-Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	620300	Operation Sup & Eng-Other	0	0	0	0	0	0	0	0	0
4	622100	Power Production Expenses	0	0	0	0	0	0	0	0	0
5	622200	Power Production Labor	0	0	0	0	0	0	0	0	92,952
6	623110	Power Purchased for Pumping-Elec	0	0	0	0	0	0	0	0	1,195,685
7	623120	Power Purchased for Pumping-Elec Adj	3,179,899	0	0	0	0	0	0	0	0
8	623210	Power Purchased for Pumping-Other	0	0	0	0	0	0	0	0	0
9	624200	Pumping Labor-Electric	0	0	0	0	0	0	0	0	0
10	624300	Pumping Labor-Other	0	0	0	0	0	0	0	0	0
11	624500	Pumping Expenses-Electric	0	0	0	0	0	0	0	0	0
12	624600	Pumping Expenses-Other	0	0	0	0	0	0	0	0	0
13	626200	Misc Pumping Labor-Electric	0	0	0	0	0	0	0	0	0
14	626300	Misc Pumping Labor-Other	0	0	0	0	0	0	0	0	0
15	626500	Misc Pumping Expenses-Electric	2,438	0	0	0	(2,438)	0	0	(2,438)	(2,438)
16	626600	Misc Pumping Expenses-Other	0	0	0	0	0	0	0	0	0
17	627200	Rents-Electric	0	0	0	0	0	0	0	0	0
18	627300	Rents-Other	0	0	0	0	0	0	0	0	0
19	630200	Maint Sup & Eng-Electric Ord	80,878	0	0	0	0	0	0	0	203,502
20	630210	Maint Sup & Eng-Electric Prg	0	0	0	0	0	0	0	0	0
21	630300	Maint Sup & Eng-Other Ord	0	0	0	0	0	0	0	0	0
22	630310	Maint Sup & Eng-Other Prg	0	0	0	0	0	0	0	0	0
23	631100	Maint Pumping Struc & Improv-Material Ord	0	0	0	0	0	0	0	0	0
24	631110	Maint Pumping Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0
25	631200	Maint Pumping Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0
26	631210	Maint Pumping Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0
27	632100	Maint Power Production Equip-Mat Ord	0	0	0	0	0	0	0	0	0
28	632110	Maint Power Production Equip-Mat Prg	0	0	0	0	0	0	0	0	0
29	632200	Maint Power Production Equip-Lab Ord	0	0	0	0	0	0	0	0	0
30	632210	Maint Power Production Equip-Lab Prg	0	0	0	0	0	0	0	0	0
31	633200	Maint Pumping Equip-Material-Electric Ord	0	0	0	0	0	0	0	0	0
32	633210	Maint Pumping Equip-Material-Electric Prg	0	0	0	0	0	0	0	0	0
33	633300	Maint Pumping Equip-Material-Other Ord	0	0	0	0	0	0	0	0	0
34	633310	Maint Pumping Equip-Material-Other Prg	0	0	0	0	0	0	0	0	0
35	633500	Maint Pumping Equip-Labor-Electric Ord	0	0	0	0	0	0	0	0	0
36	633510	Maint Pumping Equip-Labor-Electric Prg	0	0	0	0	0	0	0	0	0
37	633600	Maint Pumping Equip-Labor-Other Ord	0	0	0	0	0	0	0	0	0
38	633610	Maint Pumping Equip-Labor-Other Prg	0	0	0	0	0	0	0	0	0
39		TOTAL PUMPING EXPENSES	3,263,215	0	0	0	(2,438)	0	0	(2,438)	1,489,701

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 13 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	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	Total Adjustments	Grand Total
1		WATER TREATMENT EXPENSES (WT)													
2	640000	Operation Supervision & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$894,897
3	641110	Chemicals-Carbon	0	0	0	0	0	0	0	0	0	0	0	0	0
4	641100	General Chemicals	2,188,604	0	0	0	0	0	0	0	0	0	0	0	(415,874)
5	641200	Softening Chemicals	0	0	0	0	0	0	0	0	0	0	0	0	0
6	642100	General WT Labor	1,689,328	0	0	0	0	0	0	0	0	0	0	0	(240,521)
7	642200	Softening Labor	0	0	0	0	0	0	0	0	0	0	0	0	0
8	642300	General WT Expenses	152,554	0	0	0	0	0	27,750	0	0	0	0	27,750	27,750
9	642390	General WT Administration	0	0	0	0	0	0	0	0	0	0	0	0	0
10	642400	Softening Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
11	643100	Misc Expenses	94,975	0	0	0	0	0	24,660	0	0	0	0	24,660	24,660
12	643190	Misc Expenses - Service Co	0	0	0	0	0	0	0	0	0	0	0	0	0
13	643200	Misc Labor	0	0	0	0	0	0	0	0	0	0	0	0	0
14	643300	Waste Disposal Expenses	233,572	0	0	0	0	0	0	0	0	0	0	0	4,278
15	643310	Amort Waste Disposal Expenses	56,157	0	0	0	0	0	0	0	0	0	0	0	46,219
16	644000	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0
17	650000	Maint Supervision & Engineering Ord	104,427	0	0	0	0	0	0	0	0	0	0	0	(104,427)
18	650010	Maint Supervision & Engineering Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
19	651100	Maint WT Struc & Improvements-Mat Ord	193,167	0	0	0	0	0	0	0	(34,877)	0	0	(34,877)	(34,877)
20	651110	Maint WT Struc & Improvements-Mat Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
21	651120	Amort WT Structures	150,570	0	0	0	0	0	0	0	(39,082)	0	0	(39,082)	(39,082)
22	651200	Maint WT Struc & Improvements-Labor Ord	0	0	0	0	0	0	0	0	0	0	0	0	0
23	651210	Maint WT Struc & Improvements-Labor Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
24	652100	Maint General WT Equipment-Mat Ord	0	0	0	0	0	0	0	0	17,813	0	0	17,813	17,813
25	652110	Maint General WT Equipment-Mat Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
26	652200	Maint Softening Equipment-Materials	0	0	0	0	0	0	0	0	0	0	0	0	0
27	652300	Maint General WT Equipment-Labor Ord	0	0	0	0	0	0	0	0	0	0	0	0	0
28	652310	Maint General WT Equipment-Labor Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
29															
30		TOTAL WT EXPENSES	4,863,354	0	0	0	0	0	52,410	(56,146)	0	0	0	(3,736)	180,836

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

Line No.	Account Number	Description	Base Period	Adj D-13 Sch D-2.3	Adj D-14 Sch D-2.3	Adj D-15 Sch D-2.3	Adj D-16 Sch D-2.3	Adj D-17 Sch D-2.3	Adj D-21 Sch D-2.3	Total Adjustments	Grand Total Adjustments
1	TRANS & DIST EXPENSES (T&D)										
2	660000	Operation Supervision & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$711,765
3	661100	Storage Facilities - Expenses	0	0	0	0	0	0	0	0	0
4	661200	Storage Facilities - Labor	0	0	0	0	0	0	0	0	0
5	662100	T&D Lines - Expenses	22,965	0	0	0	8,538	0	0	8,538	8,538
6	662200	T&D Lines - Labor	2,212,714	0	0	0	0	0	0	0	(1,259,564)
7	663100	Meter Expenses-Remove and Reset-Exp	0	0	0	0	0	0	0	0	0
8	663200	Meter Expenses-Remove and Reset-Labor	0	0	0	0	0	0	0	0	0
9	663300	Meter Expenses-Misc Meter Exp	0	0	0	0	0	0	0	0	0
10	663400	Meter Expenses-Misc Meter Labor	0	0	0	0	0	0	0	0	0
11	664100	Customer Installation - Expenses	0	0	0	0	0	0	0	0	0
12	664200	Customer Installation - Labor	0	0	0	0	0	0	0	0	0
13	665100	Maps and Records - Expenses	0	0	0	0	0	0	0	0	0
14	665190	Maps and Records - Expenses Computer	0	0	0	0	0	0	0	0	0
15	665200	Maps and Records - Labor	0	0	0	0	0	0	0	0	0
16	665300	Misc Expenses	337,156	0	0	0	(7,392)	0	0	(7,392)	36,881
17	665400	Misc Labor	0	0	0	0	0	0	0	0	0
18	666000	Rents	8,587	(661)	0	0	0	0	0	(661)	(661)
19	670000	Maint Supervision & Engineering Ord	23,496	0	0	0	0	0	0	0	(23,496)
20	670010	Maint Supervision & Engineering Prtg	0	0	0	0	0	0	0	0	0
21	671100	Maint Struct & Improvements-Materials Ord	0	0	0	0	0	0	0	0	0
22	671110	Maint Struct & Improvements-Materials Prtg	0	0	0	0	0	0	0	0	0
23	671200	Maint Struct & Improvements-Labor Ord	19,643	0	0	0	0	0	0	0	(19,643)
24	671210	Maint Struct & Improvements-Labor Prtg	0	0	0	0	0	0	0	0	0
25	672100	Maint Res & Standpipes - Materials Ord	0	0	0	0	0	0	0	0	0
26	672110	Maint Res & Standpipes - Materials Prtg	0	0	0	0	0	0	0	0	0
27	672120	Amort Res & Standpipes	119,211	0	0	0	0	135,863	0	135,863	135,863
28	672200	Maint Res & Standpipes - Labor Ord	21,812	0	0	0	0	0	0	0	(21,812)
29	672210	Maint Res & Standpipes - Labor Prtg	0	0	0	0	0	0	0	0	0
30	673100	Maint T&D Mains - Materials Ord	223	0	0	0	0	(223)	0	(223)	(223)
31	673110	Maint T&D Mains - Materials Prtg	0	0	0	0	0	0	0	0	0
32	673120	Amort T&D Mains	0	0	0	0	0	0	0	0	0
33	673200	Maint T&D Mains - Labor Ord	281,545	0	0	0	0	0	0	0	591,013
34	673210	Maint T&D Mains - Labor Prtg	0	0	0	0	0	0	0	0	0
35	675100	Maint Services - Materials Ord	0	0	0	0	0	0	0	0	0
36	675110	Maint Services - Materials Prtg	0	0	0	0	0	0	0	0	0
37	675200	Maint Services - Labor Ord	274,626	0	0	0	0	0	0	0	40,797
38	675210	Maint Services - Labor Prtg	0	0	0	0	0	0	0	0	0
39	676100	Maint Meter - Materials Ord	0	0	0	0	0	0	0	0	0
40	676110	Maint Meter - Materials Prtg	0	0	0	0	0	0	0	0	0
41	676200	Maint Meter - Labor Ord	68,840	0	0	0	0	0	0	0	36,636
42	676210	Maint Meter - Labor Prtg	0	0	0	0	0	0	0	0	0
43	676300	Maint Meter Installation - Materials Ord	0	0	0	0	0	0	0	0	0
44	676310	Maint Meter Installation - Materials Prtg	0	0	0	0	0	0	0	0	0
45	676400	Maint Meter Installation - Labor Ord	0	0	0	0	0	0	0	0	0
46	676410	Maint Meter Installation - Labor Prtg	0	0	0	0	0	0	0	0	0
47											
48											
49											
50											

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S): SCH D-2.3 (TOTAL COMPANY)

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

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

[illegible]

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
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Witness Responsible: M.A. Miller/S. A. Miller

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL X_ UPDATED X_ REVISED
WORKPAPER REFERENCE NO(S): SCH D-2.3 (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
1		ADMINISTRATIVE & GENERAL EXP(A&G) - CONT									
2		REGULATORY COMMISSION EXPENSES									
3	928100	Amort Expense of Rate Proceedings	292,311	0	0	0	0	0	0	0	43,160
4	928110	Amort Serv Study Exp Cost	0	0	0	0	0	0	0	0	0
5	928200	Tax Savings	0	0	0	0	0	0	0	0	0
6	928300	Amort of Other Regulatory Expenses	11,145	0	0	0	0	0	0	0	2,355
7	928400	Other Regulatory Expenses - Current	1,385	0	0	0	0	0	0	0	16,106
8	930200	Amort Misc Charges	0	0	0	0	0	0	0	0	0
9	930210	Misc General Expenses Current	719,660	0	0	0	(100,083)	0	0	(100,083)	(100,083)
10	930220	Amort Orig Cost Study	0	0	0	0	0	0	0	0	0
11	930230	Amort Misc General Expenses	31,259	0	0	0	(2,799)	0	0	(2,799)	(2,799)
12	930240	Misc Gen Exp - Community Relations	0	0	0	0	0	0	0	0	0
13	930250	Amort Plant Expansion Study	0	0	0	0	0	0	0	0	0
14	930260	Meals & Travel Expenses - Taxable	16,270	0	0	(1,319)	0	0	0	(1,319)	(1,319)
15	930270	Donations	20	0	0	0	(20)	0	0	(20)	(20)
16	930290	Data Processing Communication Exp	0	0	0	0	0	0	0	0	0
17	930300	Research & Development Expenses	0	0	0	0	0	0	0	0	0
18	930390	Research & Development Exp - Ser Co	0	0	0	0	0	0	0	0	0
19	930500	Non-deductible Penalties	0	0	0	0	0	0	0	0	0
20	930510	Lobbying Expenses	0	0	0	0	0	0	0	0	0
21	930600	Transportation Expenses	676,812	0	0	0	(53,104)	0	0	(53,104)	(53,104)
22	930610	Transportation Cap (A&B)	0	0	0	0	0	0	0	0	0
23	930620	Transportation Cap (C&R)	0	0	0	0	0	0	0	0	0
24	930630	Transportation Cap (H)	0	0	0	0	0	0	0	0	0
25	930880	Misc Gen Exp - Company Dues	84,348	0	0	0	(9,998)	0	0	(9,998)	(9,998)
26	930890	Misc Gen Exp - Other	30,853	0	0	0	(6,817)	0	0	(6,817)	(6,817)
27	930980	Misc General Exp-Taxable Co Dues	0	0	0	0	0	0	0	0	0
28	931000	Rents	24,405	0	(4,677)	0	0	0	0	(4,677)	(4,677)
29	932100	Maint A&G Struc & Improv-Material Ord	154,343	0	0	0	0	(10,633)	0	(10,633)	(10,633)
30	932110	Maint A&G Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0
31	932120	Amort A&G Struc & Improv	0	0	0	0	0	0	0	0	0
32	932200	Maint A&G Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0
33	932210	Maint A&G Struc & Improv-Labor Prg	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	(154,182)	(2,411)	0	(157,543)	691,891
46		Total O & M Expenses	\$33,264,400	(\$110,588)	(\$5,338)	\$3,728	(\$94,825)	(\$48,001)	(\$6,173)	\$0	\$1,997,295

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-2.4	Total Adjustments	Grand Total Adjustments
1											
2	08	Operation Labor Expenses	\$7,136,288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$773,589
3	24	Maintenance Labor Expenses	0	0	0	0	0	0	0	0	0
4											
5											
6		Total Labor	\$7,136,288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$773,589
7											
8		Total Operation Expenses	\$30,863,346	(\$110,588)	(\$5,338)	\$3,728	(\$94,825)	\$0	(\$6,173)	(\$213,197)	\$1,548,171
9		Total Maintenance Expenses	2,401,054	0	0	0	0	(48,001)	0	(48,001)	449,124
10											
11		Total O & M Expenses	\$33,264,400	(\$110,588)	(\$5,338)	\$3,728	(\$94,825)	(\$48,001)	(\$6,173)	(\$261,198)	\$1,997,295
12											
13			0								
14											
15											
16											
17	08	Labor	\$7,136,288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$773,589
18	09	Purchased Water	126,828	0	0	0	0	0	(6,173)	(6,173)	(6,173)
19	10	Fuel and Power	3,179,899	0	0	0	0	0	0	0	1,195,685
20	11	Chemicals	2,188,604	0	0	0	0	0	0	0	(415,874)
21	12	Waste Disposal	289,729	0	0	0	0	0	0	0	50,497
22	13	Management Fees	8,485,212	0	0	0	0	0	0	0	542,909
23	14	Group Insurance	2,257,585	0	0	0	0	0	0	0	16,697
24	15	Pension	1,262,429	0	0	0	0	0	0	0	(16,199)
25	16	Regulatory Expense	304,841	0	0	0	0	0	0	0	61,621
26	17	Insurance Other than Group	690,501	0	0	0	0	0	0	0	49,568
27	18	Customer Accounting	1,823,105	(110,588)	0	0	0	0	0	(110,588)	(110,588)
28	19	Rents	32,992	0	(5,338)	0	0	0	0	(5,338)	(5,338)
29	20	General Office Expense	636,050	0	0	3,728	0	0	0	3,728	3,728
30	21	Miscellaneous	3,529,995	0	0	0	(94,825)	0	0	(94,825)	(94,825)
31		Other Maintenance	1,320,342	0	0	0	0	(48,001)	0	(48,001)	(48,001)
32											
33		Total O & M Expenses	\$33,264,400	(\$110,588)	(\$5,338)	\$3,728	(\$94,825)	(\$48,001)	(\$6,173)	(\$261,198)	\$1,997,295
34											
35		State Income Tax Impact	6.00%	(\$6,635)	(\$320)	\$224	(\$5,690)	(\$2,880)	(\$370)	(\$15,672)	\$119,838
36											
37		Federal Income Tax Impact	35.00%	(\$36,384)	(\$1,756)	\$1,226	(\$31,197)	(\$15,792)	(\$2,031)	(\$85,934)	\$657,110
38											
39		Net Operating Income Impact		(\$67,569)	(\$3,262)	\$2,278	(\$57,938)	(\$29,329)	(\$3,772)	(\$159,592)	\$1,220,347

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 X_ UPDATED X_ 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	\$2,081,595	\$0	\$0	\$2,081,595
2	403100	Depreciation - CIAC	(1,137,476)	1,137,476	\$0	\$0	1,137,476
3			\$7,867,005	\$3,219,071	\$0	\$0	\$3,219,071
4							
5							
6		State Income Tax Impact	6.00%	\$193,144	\$0	\$0	\$193,144
7		Federal Income Tax Impact	35.00%	\$1,059,075	\$0	\$0	\$1,059,075
8		Net Operating Income Impact		\$1,966,852	\$0	\$0	\$1,966,852
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	473,185	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	(\$16,996)
19		Federal Income Tax Impact	35.00%	\$0	(\$93,192)	\$0	(\$93,192)
20		Net Operating Income Impact		\$0	(\$173,071)	\$0	(\$173,071)
21							
22							
23							
24		TAXES, OTHER THAN INCOME					
25	408100	Real & Personal Property Taxes	\$3,435,719	\$0	\$993,455	\$0	\$993,455
26	408110	Gross Income & Receipts Taxes	99,219	0	10,607	0	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	(13,898)	(13,898)
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	(132,920)	(132,920)
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	(8,688)	(8,688)
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	\$1,067,926	\$0
43							\$1,067,926
44		State Income Tax Impact	6.00%	\$0	\$0	\$64,076	\$0
45		Federal Income Tax Impact	35.00%	\$0	\$0	\$351,348	\$0
46		Net Operating Income Impact		\$0	\$0	\$652,502	\$0
47							
48							
49							
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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
1		Billed Revenues, Adjustment D-1	
2	To adjust Residential billed water revenue for the change in billing determinants at present rates for the forecasted test period.	W/P-2	
3		RESIDENTIAL	
4		Forecasted Amount	\$35,122,580
5		Base Period Amount	33,748,193
6		Pro Forma Adjustment	\$1,374,387
7	To adjust Commercial billed water revenue for the change in billing determinants at present rates for the forecasted test period.	W/P-2	
8		COMMERCIAL	
9		Forecasted Amount	\$16,389,110
10		Base Period Amount	16,594,838
11		Pro Forma Adjustment	(\$205,728)
12	To adjust Industrial billed water revenue for the change in billing determinants at present rates for the forecasted test period.	W/P-2	
13		INDUSTRIAL	
14		Forecasted Amount	\$1,533,405
15		Base Period Amount	1,695,732
16		Pro Forma Adjustment	(\$162,327)
17	To adjust Other Public Authority billed water revenue for the change in billing determinants at present rates for the forecasted test period.	W/P-2	
18		OTHER PUBLIC AUTHORITY	
19		Forecasted Amount	\$5,636,110
20		Base Period Amount	5,592,499
21		Pro Forma Adjustment	\$43,611
22	To adjust Sales For Resale (OWU) billed water revenue for the change in billing determinants at present rates for the forecasted test period.	W/P-2	
23		SALES FOR RESALE (OWU)	
24		Forecasted Amount	\$1,588,731
25		Base Period Amount	1,566,056
26		Pro Forma Adjustment	\$22,675
27	To adjust Public Fire Service billed water revenue for the change in billing determinants at present rates for the forecasted test period.	W/P-2	
28		PUBLIC FIRE SERVICE	
29		Forecasted Amount	\$2,747,004
30		Base Period Amount	2,738,833
31		Pro Forma Adjustment	\$8,171
32	To adjust Private Fire Service billed revenue for the change in billing determinants at present rates for the forecasted test period.	W/P-2	
33		PRIVATE FIRE SERVICE	
34		Forecasted Amount	\$1,716,893
35		Base Period Amount	1,639,412
36		Pro Forma Adjustment	\$77,481
37	To adjust Miscellaneous billed water revenue for the change in billing determinants at present rates for the forecasted test period.	W/P-2	
38		MISCELLANEOUS	
39		Forecasted Amount	\$19,655
40		Base Period Amount	7,582
41		Pro Forma Adjustment	\$12,073
42			
43	The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.		\$1,170,343
44			
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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 X UPDATED X 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			
2	To eliminate the net change in Residential water unbilled accrued utility revenues recorded during the base period.		
3			
4			
5			
6			
7	To eliminate the net change in Commercial water unbilled accrued utility revenues recorded during the base period.		
8			
9			
10			
11			
12	To eliminate the net change in Industrial water unbilled accrued utility revenues recorded during the base period.		
13			
14			
15			
16			
17	To eliminate the net change in Other Public Authority water unbilled accrued utility revenues recorded during the base period.		
18			
19			
20			
21			
22	To eliminate the net change in Sales for Resale (OWU) water unbilled accrued utility revenues recorded during the base period.		
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42			
43	The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.		
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Billed Revenues Adjustment D-1

RESIDENTIAL	
Forecasted Amount	\$0
Base Period Amount	221,059
Pro Forma Adjustment	(\$221,059)
COMMERCIAL	
Forecasted Amount	\$0
Base Period Amount	267,890
Pro Forma Adjustment	(\$267,890)
INDUSTRIAL	
Forecasted Amount	\$0
Base Period Amount	35,258
Pro Forma Adjustment	(\$35,258)
OTHER PUBLIC AUTHORITY	
Forecasted Amount	\$0
Base Period Amount	70,626
Pro Forma Adjustment	(\$70,626)
SALES FOR RESALE (OWU)	
Forecasted Amount	\$0
Base Period Amount	76,200
Pro Forma Adjustment	(\$76,200)
PUBLIC FIRE SERVICE	
Forecasted Amount	\$0
Base Period Amount	0
Pro Forma Adjustment	\$0
PRIVATE FIRE SERVICE	
Forecasted Amount	\$0
Base Period Amount	0
Pro Forma Adjustment	\$0
MISCELLANEOUS	
Forecasted Amount	\$0
Base Period Amount	0
Pro Forma Adjustment	\$0
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

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 3 of 3

Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Billed Revenues, Adjustment D-1	Workpaper Reference	Amount
1				
2	To eliminate Residential billed sewer revenue for forecasted test period.	RESIDENTIAL	W/P-2	\$0
3		Forecasted Amount		0
4		Base Period Amount		\$0
5		Pro Forma Adjustment		
6				
7	To eliminate Commercial billed sewer revenue for the forecasted test period.	COMMERCIAL	W/P-2	\$0
8		Forecasted Amount		0
9		Base Period Amount		\$0
10		Pro Forma Adjustment		
11				
12	To eliminate Industrial billed sewer revenue for the forecasted test period.	INDUSTRIAL	W/P-2	\$0
13		Forecasted Amount		0
14		Base Period Amount		\$0
15		Pro Forma Adjustment		
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43	The purpose of each adjustment is to eliminate the sewer revenue for the forecasted test period.	Total Sewer Revenue Adjustment		0
44		Total Revenue Adjustment		\$499,310
45				
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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-2.2
Page 1 of 1
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1		Other Revenues, Adjustment D-2	
2	To adjust Activation Fees and reconnection fees for the forecast period.	RECONNECTION FEES/ACTIVATION FEES	
3		W/P-2-3	\$1,326,780
4		Forecasted Amount	1,403,736
5		Base Period Amount	
6		Pro Forma Adjustment	(\$76,956)
7	To adjust Returned Check Charges for the forecasted test period level of bad checks.	OTHER MISC SERV REVENUES	
8		Forecasted Amount	\$25,128
9		Base Period Amount	23,930
10		Pro Forma Adjustment	\$1,198
11			
12	To adjust for all other revenues for more current information. This includes an adjustment for billing	OTHER REVENUES	
13	and collecting for landfill services and stormwater billing for the Lexington-Fayette Urban County Government	Forecasted Amount	\$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	To reflect AFUDC above the line based on the overall rate of return and qualifying CWIP.	AFUDC, Adjustment D-3	
23	This includes the gross-up of the equity piece of AFUDC per SFAS 109.	AFUDC ABOVE THE LINE	
24		Forecasted Amount	\$646,180
25		Base Period Amount	0
26		Pro Forma Adjustment	\$646,180
27			
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The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 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 1 of 2
Witness Responsible: S.A. Miller

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1			
2	Labor expense is being adjusted to reflect an increase due to union wage contracts and includes the actual wages for	<u>Labor, Adjustment, D-4</u>	
3	non-union employees effective January 1, 2010. Also included is a 3% increase for salary employees effective January 1, 2011	Forecasted Amount	\$7,909,877
4	and a 3.5% increase for non-union hourly employees effective January 1, 2011. Allocations were made to transfer labor costs	Base Period Amount	7,136,288
5	from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass Station O&M Contract.	Pro Forma Adjustment	\$773,589
6			
7	Fuel and Power expense is being adjusted to reflect the forecasted sales.	<u>Fuel & Power, Adjustment D-5</u>	
8		Forecasted Amount	\$4,375,584
9		Base Period Amount	3,179,899
10		Pro Forma Adjustment	\$1,195,685
11			
12	Chemical expense is being adjusted to reflect the level of forecasted sales. Also reflected is the adjustment	<u>Chemicals, Adjustment D-6</u>	
13	for contracted chemical prices made to the forecast.	Forecasted Amount	\$1,772,730
14		Base Period Amount	2,188,604
15		Pro Forma Adjustment	(\$415,874)
16			
17	Waste Disposal expense reflects two year amortization of the lagoon cleaning	<u>Waste Disposal, Adjustment D-7</u>	
18	along with other normal recurring waste disposal expenses.	Forecasted Amount	\$340,226
19		Base Period Amount	289,729
20		Pro Forma Adjustment	\$50,497
21			
22	Management Fees expense reflects the forecasted charges from the Service Company for services rendered during	<u>Management Fees, Adjustment D-8</u>	
23	the forecasted period including costs from the Eastern Region Service Company office, Shared Services Center,	Forecasted Amount	\$9,028,121
24	and the Customer Call Center. Also included are allocations from KAWC to Owenton Sewer, Rockwell Village Sewer, and	Base Period Amount	8,485,212
25	Bluegrass Station O&M Contract.	Pro Forma Adjustment	\$542,909
26			
27	Group Insurance reflects the premium to be paid for insurance coverage for employees plus costs associated with	<u>Group Insurance, Adjustment D-9</u>	
28	FAS 106.	Forecasted Amount	\$2,274,282
29		Base Period Amount	2,257,585
30		Pro Forma Adjustment	\$16,697
31			
32	Pension Expense reflects the forecasted level based on FAS 87 pension costs.	<u>Pensions, Adjustment D-10</u>	
33		Forecasted Amount	\$1,246,230
34		Base Period Amount	1,262,429
35		Pro Forma Adjustment	(\$16,199)
36			
37	Regulatory Expense reflects a three year amortization of the cost of the current filing, as well as a three year amortization	<u>Regulatory Expense, Adjustment D-11</u>	
38	of the cost of service study, and a five year amortization of the depreciation study.	Forecasted Amount	\$366,462
39		Base Period Amount	304,841
40		Pro Forma Adjustment	\$61,621
41			
42			
43			
44			
45	Insurance Other than Group expense reflects the Company's forecasted cost for liability insurance, worker's	<u>Insurance Other than Group, Adjustment D-12</u>	
46	compensation and property insurance based upon the Company's projections for the forecast. Also included are allocations	Forecasted Amount	\$740,069
47	from KAWC to Owenton Sewer, Rockwell Village Sewer, and Bluegrass Station O&M Contract.	Base Period Amount	690,501
48		Pro Forma Adjustment	\$49,568
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	\$3,435,170
18			3,529,995
19			(\$94,825)
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			
27	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
28			126,828
29			(\$6,173)
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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

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 X UPDATED X 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.		
3	Also included is an adjustment for the unrecovered reserve amortization		
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7	Amortization expense reflects the amortization of UPAA, Property Losses and Regulatory Asset on the equity gross-up of AFUDC.		
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12	General Taxes represent Property Taxes, Payroll Taxes, PSC Fees calculated for the forecasted test year.		
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
SUMMARY OF JURISDICTIONAL FACTORS
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): (TOTAL COMPANY)

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

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

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
JURISDICTIONAL STATISTICS
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): (TOTAL COMPANY)

SCHEDULE D-4
Page 1 of 1

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

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
EXPLANATION OF CHANGE IN JURISDICTIONAL PROCEDURES
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):: (TOTAL COMPANY)

SCHEDULE D-5
Page 1 of 1

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%
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)		1,737,538
46				

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	3,007,752	(3,007,752)	0
7		6,585,582	(3,007,752)	3,577,830
8	Amort Deferred ITC	(84,798)	0	(84,798)
9				
10	Total Deferred Federal Income Taxes	\$6,500,784	(\$3,007,752)	\$3,493,032
11				
12	Total Federal Income Taxes	\$6,319,076	(\$3,007,752)	\$5,230,570
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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

SCHEDULE E-1.2
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	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	13,438,092	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): WP-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	\$68,523,626	\$0	\$68,523,626	\$25,637,010	\$94,160,636
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	35,261,695	0	35,261,695	200,889	35,462,584
6	Depreciation & Amortization	11,319,797	0	11,319,797	0	11,319,797
7	Taxes other than Income	5,148,700	0	5,148,700	41,481	5,190,181
8	State Income Taxes - Current	(152,016)	0	(152,016)	1,523,678	1,371,662
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	51,578,176	0	51,578,176	1,766,048	53,344,224
12						
13	Operating Income before Federal Income Taxes	16,945,449	0	16,945,449	23,870,962	40,816,411
14	Reconciling Items;					
15	Interest Charges	(12,294,582)	0	(12,294,582)	0	(12,294,582)
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	11,086,076	0	11,086,076	0	11,086,076
24	Tax Depreciation	(18,246,803)	0	(18,246,803)	0	(18,246,803)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(533,252)	0	(533,252)	0	(533,252)
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	1,263,825	0	1,263,825	0	1,263,825
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	(7,174,405)	0	(7,174,405)	0	(7,174,405)
39						
40	Federal Taxable Income	(2,381,588)	0	(2,381,588)	23,870,962	21,489,374
41						
42	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
43						
44	Federal Income Tax - Current	(833,556)	0	(833,556)	8,354,837	7,521,281
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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	1,854,689	0	1,854,689	0	1,854,689
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		1,944,164	0	1,944,164	0	1,944,164
11	Amort Deferred ITC	(84,797)	0	(84,797)	0	(84,797)
12						
13	Total Deferred Federal Income Taxes	1,859,367	0	1,859,367	0	1,859,367
14						
15	Total Federal Income Taxes	\$1,025,811	\$0	\$1,025,811	\$9,354,837	\$9,380,648
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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	\$ 68,523,626	\$ -	\$ 68,523,626	\$ 25,637,010	\$ 94,160,636
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 35,261,695	\$ -	\$ 35,261,695	\$ 200,889	\$ 35,462,584
6	Depreciation & Amortization	11,319,797	0	11,319,797	0	11,319,797
7	Taxes other than Income	5,148,700	0	5,148,700	41,481	5,190,181
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 51,730,192	\$ -	\$ 51,730,192	\$ 242,370	\$ 51,972,562
12						
13	Operating Income before Federal Income Taxes	\$ 16,793,433	\$ -	\$ 16,793,433	\$ 25,394,640	\$ 42,188,073
14	Reconciling Items;					
15	Interest Charges	(12,294,582)	0	(12,294,582)	0	(12,294,582)
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	11,086,076	0	11,086,076	0	11,086,076
24	Tax Depreciation	(18,246,803)	0	(18,246,803)	0	(18,246,803)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(533,252)	0	(533,252)	0	(533,252)
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	1,263,825	0	1,263,825	0	1,263,825
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	\$ (7,174,405)	\$ -	\$ (7,174,405)	\$ -	\$ (7,174,405)
39						
40	State Taxable Income	\$ (2,533,605)	\$ -	\$ (2,533,605)	\$ 25,394,640	\$ 22,861,035
41						
42	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
43						
44	State Income Tax Liability	\$ (152,016)	\$ -	\$ (152,016)	\$ 1,523,678	\$ 1,371,662
45						
46						
47	State Income Taxes - Current	\$ (152,016)	\$ -	\$ (152,016)	\$ 1,523,678	\$ 1,371,662
48						
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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	Adjusted	Adjusted
1					
2	Deferred Income Taxes:				
3	Def SIT Regulatory Asset/Liability	\$11,460	\$0	\$11,460	\$11,460
4	Def SIT UPIS	338,241	0	338,241	338,241
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		318,502	0	318,502	318,502
11	Amort Deferred ITC	0	0	0	0
12					
13	Total Deferred State Income Taxes	318,502	0	318,502	318,502
14					
15	Total State Income Taxes	\$166,486	\$0	\$166,486	\$1,523,678
16					
17					
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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 __X__ UPDATED __X__ 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
1						
2						
3						
4	Sch E-1.2	State Income Taxes	Sch E-1.4	\$179,432	\$ (152,016)	(\$331,448)
5	Sch E-1.2	Current	Sch E-1.4	331,018	318,502	(12,516)
6		Deferred		0	0	0
7		Reserved		0	0	0
8		Reserved				
9		Total State Income Taxes		\$ 510,450	\$ 166,486	\$ (343,964)
10						
11						
12						
13	Sch E-1.1	Federal Income Taxes	Sch E-1.3	1,737,538	\$ (833,556)	(\$2,571,094)
14	Sch E-1.1	Current	Sch E-1.3	3,577,830	1,944,164	(1,633,666)
15	Sch E-1.1	Deferred - ITC	Sch E-1.3	(84,798)	(84,797)	1
16		Reserved		0	0	0
17		Reserved		0	0	0
18						
19		Total Federal Income Taxes		\$ 5,230,570	\$ 1,025,811	\$ (4,204,759)
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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.

Adjusted Labor

Sorted labor:
Hourly
Salary

Adjusted labor summary by account

As Adjusted PSC#4b
1,737,502
92,952
284,380
894,897
1,448,807
711,765
953,150
36,881
872,558
315,423
105,476
61,060
670,754
68,766
1,016,257
376,757
9,647,385

As adjusted PSCDR3#4b[illegible]

FICA Excess

50085740 VP Operations (Large)
12000101 Mgr Human Resources
12000128 Mgr Engrg - Project Delivery
12000120 Mgr Field Operations
50491468 Manager Finance / Financial Analyst II
12000120 Mgr Production

Kentucky American Water Company
Union hired after 1/1/01 and non union hired after 1/1/06
DCP - Based on water labor only-base pay only

Date Hired	10/20/10 \$	11/20/10 \$	12/20/10 \$	1/20/11 \$	2/20/11 \$	3/20/11 \$	4/20/11 \$
9/23/2002 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
12/20/2002 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
1/6/2003 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
2/10/2003 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
9/22/2003 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
7/17/2004 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
11/1/2004 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
11/15/2004 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
1/17/2005 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
1/18/2005 \$	3,929.52	4,240.14	4,432.87	4,047.41	3,854.67	4,432.87	4,047.41
1/20/2005 \$	3,923.87	4,234.05	4,426.50	4,041.59	3,849.13	4,426.50	4,041.59
2/14/2005 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
2/15/2005 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
3/14/2005 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
5/2/2005 \$	3,499.44	4,636.02	4,846.74	4,575.58	4,357.69	5,011.35	4,575.58
1/16/2006 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
3/8/2006 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
3/27/2006 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
3/28/2006 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
4/13/2006 \$	7,196.18	7,538.85	7,881.53	7,440.57	7,086.26	8,149.20	7,440.57
4/24/2006 \$	5,471.26	5,731.80	5,992.34	5,657.08	5,387.69	6,195.85	5,657.08
6/26/2006 \$	5,763.18	6,037.61	6,312.05	5,958.90	5,675.15	6,526.42	5,958.90
8/26/2006 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
9/25/2006 \$	5,209.67	5,457.75	5,705.83	5,366.60	5,130.10	5,899.61	5,366.60
10/2/2006 \$	3,960.64	4,165.81	4,355.17	3,976.46	3,787.10	4,355.17	3,976.46
1/1/2007 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
1/26/2007 \$	3,499.44	4,025.86	4,208.85	3,992.66	3,802.53	4,372.91	3,992.66
1/29/2007 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
1/30/2007 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
4/23/2007 \$	3,141.60	3,291.20	3,440.80	3,251.56	3,066.72	3,561.23	3,251.56
5/14/2007 \$	4,104.24	4,428.67	4,629.97	4,227.37	4,026.06	4,629.97	4,227.37
12/17/2007 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
3/24/2008 \$	3,689.28	3,980.91	4,161.86	3,799.96	3,619.01	4,161.86	3,799.96
5/5/2008 \$	9,739.68	4,035.29	4,218.72	3,851.87	3,668.45	4,218.72	3,851.87
6/9/2008 \$	9,343.99	7,788.95	10,233.90	9,661.33	9,201.27	10,581.46	9,661.33
6/30/2008 \$	9,816.37	10,283.82	10,751.27	10,149.75	9,666.43	11,116.40	10,149.75
8/11/2008 \$	4,104.24	4,428.67	4,629.97	4,227.37	4,026.06	4,629.97	4,227.37
10/20/2008 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
10/21/2008 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
10/22/2008 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
10/23/2008 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
12/8/2008 \$	4,427.42	4,638.25	4,849.08	4,600.01	4,380.96	5,038.11	4,600.01
12/29/2008 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
6/15/2009 \$	3,491.04	3,657.28	3,823.52	3,613.23	3,441.17	3,957.34	3,613.23
6/29/2009 \$	3,237.36	3,391.52	3,545.68	3,350.67	3,191.11	3,669.78	3,350.67
7/16/2009 \$	2,919.84	3,058.88	3,197.92	3,022.03	2,878.13	3,309.85	3,022.03
7/16/2009 \$	2,688.00	2,816.00	2,944.00	2,782.08	2,649.60	3,047.04	2,782.08
7/20/2009 \$	2,688.00	2,816.00	2,944.00	2,782.08	2,649.60	3,047.04	2,782.08
8/31/2009 \$	7,724.14	8,091.95	8,459.77	7,986.46	7,606.15	8,747.08	7,986.46
11/10/2009 \$	3,248.18	3,402.85	3,557.53	3,361.87	3,201.78	3,682.04	3,361.87
5/18/2009 \$	3,929.52	4,240.14	4,432.87	4,047.41	3,854.67	4,432.87	4,047.41
3/8/2010 \$	3,811.92	4,113.24	4,300.21	3,926.28	3,739.31	4,300.21	3,926.28
3/8/2010 \$	3,499.44	3,776.06	3,947.70	3,604.42	3,432.78	3,947.70	3,604.42
3/8/2010 \$	4,827.59	5,057.47	5,287.36	4,991.54	4,753.85	5,466.92	4,991.54
3/22/2010 \$	8,884.93	9,308.02	9,731.11	9,186.68	8,749.22	10,061.60	9,186.68
3/22/2010 \$	5,712.64	5,984.67	6,256.70	5,906.65	5,625.38	6,469.19	5,906.65
3/22/2010 \$	3,761.82	3,940.96	4,120.09	3,893.49	3,708.08	4,264.30	3,893.49
3/22/2010 \$	3,761.82	3,940.96	4,120.09	3,893.49	3,708.08	4,264.30	3,893.49
3/22/2010 \$	3,761.82	3,940.96	4,120.09	3,893.49	3,708.08	4,264.30	3,893.49
3/22/2010 \$	3,761.82	3,940.96	4,120.09	3,893.49	3,708.08	4,264.30	3,893.49
1/11/2020 \$	5,538.45	5,802.18	6,065.92	5,726.54	5,453.85	6,271.93	5,726.54
2/22/2010 \$	3,796.66	4,101.37	4,292.18	3,910.56	3,719.76	4,292.18	3,910.56
DCP 5.25%	\$ 273,822.35	\$ 291,221.55	\$ 304,463.27	\$ 282,663.16	\$ 269,198.42	\$ 309,592.63	\$ 282,663.16
O&M	14,376	15,289	15,984	14,840	14,133	16,254	14,840
Capital	11,883	12,638	13,212	12,267	11,682	13,436	12,267
	2,493	2,651	2,772	2,573	2,451	2,818	2,573
O&M	11,682	12,424	12,988	12,059	11,484	13,208	12,059
18.742% Capital	2,694	2,865	2,996	2,781	2,649	3,046	2,781

As adjusted per PSCDR3#4b

Kentucky American Water Company
Union hired after 1/1/01 and non union hired after 1/1/06
DCP - Based on water labor only-base pay only

Title	Date Hired	Total TY \$									
		5/2011 \$	6/2011 \$	7/2011 \$	8/2011 \$	9/2011 \$	9/2011 \$	9/2011 \$	9/2011 \$	9/2011 \$	9/2011 \$
CREW LEADER	9/23/2002	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
CREW LEADER 7:30A-4P MON - FRI	12/20/2002	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
METER READER (AFTER 11-1-98)	1/6/2003	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
METER READER (AFTER 11-1-98)	2/10/2003	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
CREW LEADER (MON-FRI 730A-4P)	9/22/2003	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
CREW LEADER MON-FRI 730A-4P	7/17/2004	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
METER READER (AFTER 11-1-98)	1/1/2004	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
CREW LEADER (7:30A - 4P MON-FRI)	1/15/2004	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
METER READER (AFTER 11-1-98)	1/17/2005	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
TREATMENT PLANT OP-RRS-DAYS	1/18/2005	\$ 4,240.14	\$ 4,240.14	\$ 4,047.41	\$ 4,432.87	\$ 4,240.14	\$ 4,240.14	\$ 4,240.14	\$ 4,240.14	\$ 4,240.14	\$ 50,185.58
MAINTENANCE TECH II	1/20/2005	\$ 4,234.05	\$ 4,234.05	\$ 4,041.59	\$ 4,426.50	\$ 4,234.05	\$ 4,234.05	\$ 4,234.05	\$ 4,234.05	\$ 4,234.05	\$ 50,113.48
CREW LEADER (SUN-TH 730-4)	2/14/2005	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
METER READER (AFTER 11-1-98)	2/15/2005	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
MAINTENANCE TECH II	3/14/2005	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
METER READER (AFTER 11-1-98)	5/2/2005	\$ 4,793.46	\$ 4,793.46	\$ 4,575.58	\$ 5,011.35	\$ 4,793.46	\$ 4,793.46	\$ 4,793.46	\$ 4,793.46	\$ 4,793.46	\$ 56,395.55
CREW LEADER	1/16/2006	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
UTILITY	3/8/2006	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
CREW LEADER	3/27/2006	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
CREW LEADER - SUN - THUR	3/28/2006	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
SENIOR ENGINEER	4/10/2006	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
SUPERVISOR PRODUCTION	4/13/2006	\$ 7,794.88	\$ 7,794.88	\$ 7,440.57	\$ 8,149.20	\$ 7,794.88	\$ 7,794.88	\$ 7,794.88	\$ 7,794.88	\$ 7,794.88	\$ 91,707.58
PROJECT MANAGER	4/24/2006	\$ 5,926.46	\$ 5,926.46	\$ 5,657.08	\$ 6,195.85	\$ 5,926.46	\$ 5,926.46	\$ 5,926.46	\$ 5,926.46	\$ 5,926.46	\$ 69,725.40
METER READER (AFTER 11-1-98)	6/26/2006	\$ 6,242.66	\$ 6,242.66	\$ 5,958.90	\$ 6,526.42	\$ 6,242.66	\$ 6,242.66	\$ 6,242.66	\$ 6,242.66	\$ 6,242.66	\$ 73,445.51
SUPERVISOR, STOREROOM	8/28/2006	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
TREATMENT PLANT OPERATOR-FIXED RELIEF	9/25/2006	\$ 5,643.11	\$ 5,643.11	\$ 5,386.60	\$ 5,899.61	\$ 5,643.11	\$ 5,643.11	\$ 5,643.11	\$ 5,643.11	\$ 5,643.11	\$ 66,391.70
UTILITY	10/2/2006	\$ 4,165.81	\$ 4,165.81	\$ 3,976.46	\$ 4,355.17	\$ 4,165.81	\$ 4,165.81	\$ 4,165.81	\$ 4,165.81	\$ 4,165.81	\$ 49,305.89
SPECIALIST OPERATIONS	1/1/2007	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
UTILITY	1/26/2007	\$ 4,182.79	\$ 4,182.79	\$ 3,992.66	\$ 4,372.91	\$ 4,182.79	\$ 4,182.79	\$ 4,182.79	\$ 4,182.79	\$ 4,182.79	\$ 49,152.27
UTILITY	1/29/2007	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
CLERK, OPERATIONS	1/30/2007	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
TREATMENT PLANT OPERATOR-KRS 12A-8A	4/23/2007	\$ 3,406.39	\$ 3,406.39	\$ 3,251.56	\$ 3,561.23	\$ 3,406.39	\$ 3,406.39	\$ 3,406.39	\$ 3,406.39	\$ 3,406.39	\$ 40,066.62
UTILITY	5/14/2007	\$ 4,428.67	\$ 4,428.67	\$ 4,227.37	\$ 4,629.97	\$ 4,428.67	\$ 4,428.67	\$ 4,428.67	\$ 4,428.67	\$ 4,428.67	\$ 52,417.01
CREW LEADER (T - SAT)	12/17/2007	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
TREATMENT PLANT OPERATOR-UTILITY	3/24/2008	\$ 3,980.91	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 3,980.91	\$ 47,117.38
DIRECTOR GOVERNMENTAL AFFAIRS	5/5/2008	\$ 4,035.29	\$ 4,035.29	\$ 3,851.87	\$ 4,218.72	\$ 4,035.29	\$ 4,035.29	\$ 4,035.29	\$ 4,035.29	\$ 4,035.29	\$ 47,761.06
DIRECTOR ENGINEERING	6/9/2008	\$ 10,121.39	\$ 10,121.39	\$ 9,661.33	\$ 10,581.46	\$ 10,121.39	\$ 10,121.39	\$ 10,121.39	\$ 10,121.39	\$ 10,121.39	\$ 119,079.20
TREATMENT PLANT OPERATOR-RRS-12A-8A	6/30/2008	\$ 10,633.07	\$ 10,633.07	\$ 10,149.75	\$ 11,116.40	\$ 10,633.07	\$ 10,633.07	\$ 10,633.07	\$ 10,633.07	\$ 10,633.07	\$ 125,099.16
UTILITY	8/11/2008	\$ 4,428.67	\$ 4,428.67	\$ 4,227.37	\$ 4,629.97	\$ 4,428.67	\$ 4,428.67	\$ 4,428.67	\$ 4,428.67	\$ 4,428.67	\$ 52,417.01
METER READER	10/20/2008	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
UTILITY	10/21/2008	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
UTILITY	10/22/2008	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
UTILITY	10/23/2008	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
SPECIALIST OPERATIONS	12/8/2008	\$ 4,819.06	\$ 4,819.06	\$ 4,600.01	\$ 5,038.11	\$ 4,819.06	\$ 4,819.06	\$ 4,819.06	\$ 4,819.06	\$ 4,819.06	\$ 56,629.14
ADMINISTRATIVE ASSISTANT	12/29/2008	\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
ADMINISTRATIVE ASSISTANT	6/15/2009	\$ 3,785.28	\$ 3,785.28	\$ 3,613.23	\$ 3,957.34	\$ 3,785.28	\$ 3,785.28	\$ 3,785.28	\$ 3,785.28	\$ 3,785.28	\$ 44,523.23
CLERK OPERATIONS	6/29/2009	\$ 3,510.22	\$ 3,510.22	\$ 3,350.67	\$ 3,669.78	\$ 3,510.22	\$ 3,510.22	\$ 3,510.22	\$ 3,510.22	\$ 3,510.22	\$ 41,287.90
CLERK OPERATIONS	7/16/2009	\$ 3,165.94	\$ 3,165.94	\$ 3,022.03	\$ 3,309.85	\$ 3,165.94	\$ 3,165.94	\$ 3,165.94	\$ 3,165.94	\$ 3,165.94	\$ 37,238.39
CLERK OPERATIONS	7/16/2009	\$ 2,914.56	\$ 2,914.56	\$ 2,782.08	\$ 3,047.04	\$ 2,914.56	\$ 2,914.56	\$ 2,914.56	\$ 2,914.56	\$ 2,914.56	\$ 34,281.60
CLERK OPERATIONS	7/20/2009	\$ 2,914.56	\$ 2,914.56	\$ 2,782.08	\$ 3,047.04	\$ 2,914.56	\$ 2,914.56	\$ 2,914.56	\$ 2,914.56	\$ 2,914.56	\$ 34,281.60
MANAGER FINANCE KY	8/31/2009	\$ 8,366.77	\$ 8,366.77	\$ 7,986.46	\$ 8,747.08	\$ 8,366.77	\$ 8,366.77	\$ 8,366.77	\$ 8,366.77	\$ 8,366.77	\$ 98,435.86
SPECIALIST MAINTENANCE SERVICE	11/10/2009	\$ 3,329.78	\$ 3,329.78	\$ 3,178.43	\$ 3,481.14	\$ 3,329.78	\$ 3,329.78	\$ 3,329.78	\$ 3,329.78	\$ 3,329.78	\$ 39,165.52
PRODUCTION TECH	5/18/2009	\$ 3,521.95	\$ 3,521.95	\$ 3,361.87	\$ 3,682.04	\$ 3,521.95	\$ 3,521.95	\$ 3,521.95	\$ 3,521.95	\$ 3,521.95	\$ 41,425.89
Maintenance Technician I	3/8/2010	\$ 4,240.14	\$ 4,240.14	\$ 4,047.41	\$ 4,432.87	\$ 4,240.14	\$ 4,240.14	\$ 4,240.14	\$ 4,240.14	\$ 4,240.14	\$ 50,185.58
Treatment Plant Op/Util-2ndShift		\$ 4,113.24	\$ 4,113.24	\$ 3,926.28	\$ 4,300.21	\$ 4,113.24	\$ 4,113.24	\$ 4,113.24	\$ 4,113.24	\$ 4,113.24	\$ 48,683.66
Utility		\$ 3,776.06	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 3,776.06	\$ 44,692.85
Engineer		\$ 5,229.23	\$ 5,229.23	\$ 4,991.54	\$ 5,466.92	\$ 5,229.23	\$ 5,229.23	\$ 5,229.23	\$ 5,229.23	\$ 5,229.23	\$ 61,522.41
Mgr Production		\$ 9,624.14	\$ 9,624.14	\$ 9,186.68	\$ 10,061.60	\$ 9,624.14	\$ 9,624.14	\$ 9,624.14	\$ 9,624.14	\$ 9,624.14	\$ 113,228.93
Planning Engineer		\$ 6,187.92	\$ 6,187.92	\$ 5,906.65	\$ 6,469.19	\$ 6,187.92	\$ 6,187.92	\$ 6,187.92	\$ 6,187.92	\$ 6,187.92	\$ 72,801.52
Production Technician	3/22/2010	\$ 4,078.89	\$ 4,078.89	\$ 3,893.49	\$ 4,264.30	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 47,976.69
Production Technician		\$ 4,078.89	\$ 4,078.89	\$ 3,893.49	\$ 4,264.30	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 47,976.69
Production Technician		\$ 4,078.89	\$ 4,078.89	\$ 3,893.49	\$ 4,264.30	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 47,976.69
Production Technician		\$ 4,078.89	\$ 4,078.89	\$ 3,893.49	\$ 4,264.30	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 47,976.69
Production Technician		\$ 4,078.89	\$ 4,078.89	\$ 3,893.49	\$ 4,264.30	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 4,078.89	\$ 47,976.69
Supvr Field Operations	1/11/2020	\$ 5,999.24	\$ 5,999.24	\$ 5,726.54	\$ 6,271.93	\$ 5,999.24	\$ 5,999.24	\$ 5,999.24	\$ 5,999.24	\$ 5,999.24	\$ 70,581.59
Maintenance Technician I	2/22/2010	\$ 4,101.37	\$ 4,101.37	\$ 3,910.56	\$ 4,292.18	\$ 4,101.37	\$ 4,101.37	\$ 4,101.37	\$ 4,101.37	\$ 4,101.37	\$ 48,530.13
DCP 5.25%		\$ 296,127.89	\$ 296,127.89	\$ 282,663.16	\$ 309,592.63	\$ 296,127.89	\$ 296,127.89	\$ 296,127.89	\$ 296,127.89	\$ 296,127.89	\$ 3,494,264.00
O&M		\$ 15,547	\$ 15,547	\$ 14,840	\$ 16,254	\$ 15,547	\$ 15,547	\$ 15,547	\$ 15,547	\$ 15,547	\$ 183,449
Capital		\$ 2,696	\$ 2,696	\$ 2,573	\$ 2,818	\$ 2,696	\$ 2,696	\$ 2,696	\$ 2,696	\$ 2,696	\$ 31,810
As adjusted per PSCDR3#4b		\$ 18,742%	\$ 18,742%	\$ 18,742%	\$ 18,742%	\$ 18,742%	\$ 18,742%	\$ 18,742%	\$ 18,742%	\$ 18,742%	\$ 18,742%
O&M		\$ 12,633	\$ 12,633	\$ 12,059	\$ 13,208	\$ 12,633	\$ 12,633	\$ 12,633	\$ 12,633	\$ 12,633	\$ 149,070
Capital		\$ 2,914	\$ 2,914	\$ 2,781	\$ 3,046	\$ 2,914					

**Kentucky American Water Company
Union hired after 1/1/06**

Title	Date Hired	
METER READER (AFTER 11-1-98)	1/16/2006	500
CREW LEADER	3/8/2006	500
UTILITY	3/27/2006	500
CREW LEADER	3/28/2006	500
CREW LEADER - SUN - THUR	4/10/2006	500
METER READER (AFTER 11-1-98)	8/28/2006	500
TREATMENT PLANT OPERATOR-FIXED RELIEF	10/2/2006	500
UTILITY	1/1/2007	500
UTILITY	1/29/2007	500
METER READER (AFTER 11-1-98)	1/30/2007	500
TREATMENT PLANT OPERATOR-KRS 12A-8A	5/14/2007	500
UTILITY	12/17/2007	500
CREW LEADER (T - SAT)	3/24/2008	500
TREATMENT PLANT OPERATOR-UTILITY	5/5/2008	500
TREATMENT PLANT OPERATOR-RRS-12A-8A	8/11/2008	500
UTILITY	10/20/2008	500
METER READER	10/21/2008	500
UTILITY	10/22/2008	500
UTILITY	10/23/2008	500
SPECIALIST OPERATIONS	12/8/2008	480 portion to Boonesboro
UTILITY	12/29/2008	500
Maintenance Technician I	2/22/2010	498 portion to sewer
Treatment Plant OpUtil-2ndShift	3/8/2010	500
Utility		500
Maintenance Technician I		500
		As adjusted
		PSCDR3#4b
Total		12,478
O&M		10,314
Capital		2,164
		12,478
		10,139
		2,339

Kentucky American Water
401 K Percentage Deductions
Group-Rates12 Report-401K%
Based on water labor only
Non union hired after 1/1/06 include OT and incentive in base pay for 401K calculation

Union	Non union	Orig	PDBA Code	DBA Desc	Amount or Rate	Company Match	Base Salary 10/10	Base Salary 11/10	Base Salary 12/10	Base Salary 1/11	Base Salary 2/11	Base Salary 3/11	Base Salary 4/11	Base Salary 5/11
	N	6/7/1970	3020 401K 0-5%bas	Mgr Field Operations	5	2.5	9,195.90	9,633.80	10,071.70	9,698.21	9,055.44	10,413.75	9,509.21	9,960.98
	N	7/30/1973	3020 401K 0-5%bas	Oper clerk	3	1.5	3,190.32	3,242.24	3,941.16	3,391.98	3,144.74	3,616.46	3,301.98	3,459.22
	N	10/8/1973	3020 401K 0-5%bas	Supervisor Field Operations	3	2.5	6,167.36	6,461.06	6,754.75	6,376.83	6,073.17	6,984.15	6,376.83	6,880.49
	N	2/14/1974	3020 401K 0-5%bas	Oper clerk	2	1	3,616.33	3,768.53	3,960.74	3,742.90	3,564.66	4,094.36	3,742.90	3,821.13
	N	9/4/1974	3020 401K 0-5%bas	Engineering Specialist	5	2.5	5,228.43	5,477.40	5,726.38	5,406.00	5,148.57	5,920.85	5,406.00	5,683.42
	N	11/1/1974	3020 401K 0-5%bas	Supvr Oper I	5	2.5	6,442.64	6,735.49	7,028.43	6,359.65	6,055.86	6,964.23	6,359.65	6,681.44
	N	5/9/1975	3020 401K 0-5%bas	Production Technician	5	2.5	3,427.20	3,590.40	3,753.60	3,442.73	3,278.24	3,884.98	3,442.73	3,716.06
	N	5/18/1976	3020 401K 0-5%bas	Sr Specialist Cross Connect(N)	5	2.5	4,240.32	4,442.24	4,644.16	4,388.73	4,179.74	4,806.71	4,388.73	4,597.72
	N	1/15/1979	3020 401K 0-5%bas	Supvr Field Operations	5	2.5	6,427.78	6,733.87	7,039.95	6,466.08	6,329.60	7,279.04	6,466.08	6,862.56
	N	4/18/1979	3020 401K 0-5%bas	Production Technician	5	2.5	3,435.60	3,599.20	3,762.80	3,555.85	3,386.52	3,894.50	3,555.85	3,725.17
	N	1/1/1980	3020 401K 0-5%bas	Specialist Service Delivery	5	2.5	4,242.71	4,444.74	4,646.78	4,386.80	4,177.90	4,804.59	4,386.80	4,595.70
	N	6/26/1980	3020 401K 0-5%bas	Production Technician	5	2.5	3,372.99	3,533.61	3,694.23	3,491.04	3,324.80	3,823.52	3,491.04	3,657.28
	N	1/17/1980	3020 401K 0-5%bas	Mgr Human Resources	5	2.5	7,724.67	8,092.51	8,460.35	7,987.01	7,606.68	8,747.68	7,987.01	8,367.34
	N	3/8/1982	3020 401K 0-5%bas	Supvr Field Operations	5	2.5	4,728.97	4,954.16	5,179.35	4,889.58	4,656.74	5,355.25	4,889.58	5,122.41
	N	5/22/1985	3020 401K 0-5%bas	Supr Production	5	2.5	6,784.76	7,107.84	7,430.92	7,015.18	6,681.12	7,683.29	7,015.18	7,349.23
	N	5/4/1987	3020 401K 0-5%bas	Mgr Engng - Project Delivery	5	2.5	5,784.04	5,980.47	6,184.04	5,980.47	5,695.69	6,550.04	5,980.47	6,265.26
	N	7/13/1987	3020 401K 0-5%bas	Specialist Engng (N)	5	2.5	4,325.17	4,531.13	4,737.09	4,472.06	4,259.11	4,897.97	4,472.06	4,685.02
	N	9/30/1988	3020 401K 0-5%bas	Admin Asst - Staff Supp (N)	5	2.5	3,852.24	3,935.68	4,019.12	3,987.07	3,797.21	4,366.79	3,987.07	4,176.93
	N	5/15/1989	3020 401K 0-5%bas	Mgr Engng - Project Delivery	5	2.5	3,472.77	3,638.14	3,803.51	3,608.13	3,436.32	3,951.77	3,608.13	3,779.95
	N	10/30/1989	3020 401K 0-5%bas	Operations Generalist II (N)	5	2.5	8,541.04	8,947.75	9,354.47	8,831.10	8,410.57	9,672.16	8,831.10	9,251.63
	N	5/21/1989	3020 401K 0-5%bas	Supr Production	5	2.5	3,319.83	3,478.02	3,636.11	3,449.34	3,285.09	3,777.85	3,449.34	3,613.59
	N	9/9/1991	3020 401K 0-5%bas	Clerk Ops (N)	5	2.5	3,161.76	3,312.32	3,462.88	3,272.42	3,116.59	3,586.10	3,272.42	3,428.25
	N	11/22/1993	3020 401K 0-5%bas	Exec Asst (N)	5	2.5	4,733.23	4,958.63	5,184.02	4,917.75	4,683.57	5,386.10	4,917.75	5,151.92
	N	4/8/1996	3020 401K 0-5%bas	Supvr Business Process	5	2.5	6,022.43	6,309.21	6,595.99	6,226.96	5,930.44	6,820.00	6,226.96	6,523.48
	N	11/25/1996	3020 401K 0-5%bas	Specialist Water Quality	5	2.5	4,550.11	4,772.29	4,994.48	4,704.64	4,474.91	5,164.10	4,704.64	4,934.37
	N	12/16/1996	3020 401K 0-5%bas	Clerk Ops (N)	5	2.5	2,760.51	2,891.86	3,023.41	2,856.85	2,720.81	3,128.93	2,856.85	2,982.89
	N	2/12/1997	3020 401K 0-5%bas	Specialist Engng (N)	5	2.5	4,160.92	4,359.05	4,557.19	4,302.23	4,097.36	4,711.86	4,302.23	4,507.09
	N	6/1/1996	3020 401K 0-5%bas	Specialist Operations (N)	5	2.5	4,331.54	4,537.61	4,744.07	4,500.39	4,286.06	4,923.00	4,500.39	4,714.69
	N	4/1/1996	3020 401K 0-5%bas	Clerk Ops (N)	5	2.5	5,339.04	5,593.28	5,847.52	5,525.91	5,262.77	6,062.18	5,525.91	5,785.94
	N	11/10/1999	3020 401K 0-5%bas	Supvr Wtr Qty Envm Cmpl	5	2.5	2,616.66	2,741.26	2,865.87	2,708.24	2,579.28	2,966.17	2,708.24	2,837.21
	N	6/1/2001	3020 401K 0-5%bas	Engineering Project Manager	5	2.5	5,902.83	6,183.92	6,465.01	6,103.30	5,812.67	6,664.57	6,103.30	6,393.94
	N	1/24/2003	3020 401K 0-5%bas	Supvr Field Operations	5	2.5	3,814.81	3,986.47	4,178.12	3,963.50	3,774.77	4,340.98	3,963.50	4,152.24
	N	6/26/2006	3087 401K 1-3%BAS	Engineering Project Manager	2	1	6,461.61	6,641.61	6,843.05	6,554.90	6,243.15	7,179.42	6,554.90	6,866.66
	N	4/23/2007	3087 401K 1-3%BAS	Specialist Operations (N)	3	3	3,469.18	3,529.37	3,634.57	3,491.71	3,369.62	3,782.87	3,491.71	3,617.88
	N	1/29/2004	3020 401K 0-5%bas	Drifter CAD (N)	1	0.5	3,377.02	3,537.83	3,698.64	3,491.71	3,325.43	3,824.25	3,491.71	3,657.99
	N	4/13/2006	3087 401K 1-3%BAS	Sr Project Eng	3	3	3,288.88	3,458.16	3,628.44	3,379.90	3,186.88	3,886.88	3,379.90	3,548.89
	N	4/13/2006	3087 401K 1-3%BAS	Supervisor Production WTP	2	1	8,275.18	8,669.85	9,063.53	8,556.57	8,149.26	9,371.20	8,556.57	8,963.88
	N	4/24/2006	3087 401K 1-3%BAS	Supervisor Production WTP	3	3	6,018.26	6,304.80	6,591.34	6,223.08	5,926.69	6,815.85	6,223.08	6,519.46
	N	6/26/2006	3087 401K 1-3%BAS	Engineering Project Manager	2	1	6,339.18	6,641.61	6,943.05	6,554.90	6,243.15	7,179.42	6,554.90	6,866.66
	N	4/23/2007	3087 401K 1-3%BAS	Specialist Operations (N)	3	3	3,469.18	3,529.37	3,634.57	3,491.71	3,369.62	3,782.87	3,491.71	3,617.88
	N	1/29/2004	3020 401K 0-5%bas	Drifter CAD (N)	1	0.5	3,377.02	3,537.83	3,698.64	3,491.71	3,325.43	3,824.25	3,491.71	3,657.99
	N	4/13/2006	3087 401K 1-3%BAS	Sr Project Eng	3	3	3,288.88	3,458.16	3,628.44	3,379.90	3,186.88	3,886.88	3,379.90	3,548.89
	N	4/13/2006	3087 401K 1-3%BAS	Supervisor Production WTP	2	1	8,275.18	8,669.85	9,063.53	8,556.57	8,149.26	9,371.20	8,556.57	8,963.88
	N	4/24/2006	3087 401K 1-3%BAS	Supervisor Production WTP	3	3	6,018.26	6,304.80	6,591.34	6,223.08	5,926.69	6,815.85	6,223.08	6,519.46
	N	6/26/2006	3087 401K 1-3%BAS	Engineering Project Manager	2	1	6,339.18	6,641.61	6,943.05	6,554.90	6,243.15	7,179.42	6,554.90	6,866.66
	N	4/23/2007	3087 401K 1-3%BAS	Specialist Operations (N)	3	3	3,469.18	3,529.37	3,634.57	3,491.71	3,369.62	3,782.87	3,491.71	3,617.88
	N	1/29/2004	3020 401K 0-5%bas	Drifter CAD (N)	1	0.5	3,377.02	3,537.83	3,698.64	3,491.71	3,325.43	3,824.25	3,491.71	3,657.99
	N	4/13/2006	3087 401K 1-3%BAS	Sr Project Eng	3	3	3,288.88	3,458.16	3,628.44	3,379.90	3,186.88	3,886.88	3,379.90	3,548.89
	N	4/13/2006	3087 401K 1-3%BAS	Supervisor Production WTP	2	1	8,275.18	8,669.85	9,063.53	8,556.57	8,149.26	9,371.20	8,556.57	8,963.88
	N	4/24/2006	3087 401K 1-3%BAS	Supervisor Production WTP	3	3	6,018.26	6,304.80	6,591.34	6,223.08	5,926.69	6,815.85	6,223.08	6,519.46
	N	6/26/2006	3087 401K 1-3%BAS	Engineering Project Manager	2	1	6,339.18	6,641.61	6,943.05	6,554.90	6,243.15	7,179.42	6,554.90	6,866.66
	N	4/23/2007	3087 401K 1-3%BAS	Specialist Operations (N)	3	3	3,469.18	3,529.37	3,634.57	3,491.71	3,369.62	3,782.87	3,491.71	3,617.88
	N	1/29/2004	3020 401K 0-5%bas	Drifter CAD (N)	1	0.5	3,377.02	3,537.83	3,698.64	3,491.71	3,325.43	3,824.25	3,491.71	3,657.99
	N	4/13/2006	3087 401K 1-3%BAS	Sr Project Eng	3	3	3,288.88	3,458.16	3,628.44	3,379.90	3,186.88	3,886.88	3,379.90	3,548.89
	N	4/13/2006	3087 401K 1-3%BAS	Supervisor Production WTP	2	1	8,275.18	8,669.85	9,063.53	8,556.57	8,149.26	9,371.20	8,556.57	8,963.88
	N	4/24/2006	3087 401K 1-3%BAS	Supervisor Production WTP	3	3	6,018.26	6,304.80	6,591.34	6,223.08	5,926.69	6,815.85	6,223.08	6,519.46
	N	6/26/2006	3087 401K 1-3%BAS	Engineering Project Manager	2	1	6,339.18	6,641.61	6,943.05	6,554.90	6,243.15	7,179.42	6,554.90	6,866.66
	N	4/23/2007	3087 401K 1-3%BAS	Specialist Operations (N)	3	3	3,469.18	3,529.37	3,634.57	3,491.71	3,369.62	3,782.87	3,491.71	3,617.88
	N	1/29/2004	3020 401K 0-5%bas	Drifter CAD (N)	1	0.5	3,377.02	3,537.83	3,698.64	3,491.71	3,325.43	3,824.25	3,491.71	3,657.99
	N	4/13/2006	3087 401K 1-3%BAS	Sr Project Eng	3	3	3,288.88	3,458.16	3,628.44	3,379.90	3,186.88	3,886.88	3,379.90	3,548.89
	N	4/13/2006	3087 401K 1-3%BAS	Supervisor Production WTP	2	1	8,275.18	8,669.85	9,063.53	8,556.57	8,149.26	9,371.20	8,556.57	8,963.88
	N	4/24/2006	3087 401K 1-3%BAS	Supervisor Production WTP	3	3	6,018.26	6,304.80	6,591.34	6,223.08	5,926.69	6,815.85	6,223.08	6,519.46
	N	6/26/2006	3087 401K 1-3%BAS	Engineering Project Manager	2	1	6,339.18	6,641.61	6,943.05	6,554.90	6,243.15	7,179.42	6,554.90	6,866.66
	N	4/23/2007	3087 401K 1-3%BAS	Specialist Operations (N)	3	3	3,469.18	3,529.37	3,634.57	3,491.71	3,369.62	3,782.87	3,491.71	3,617.88
	N	1/29/2004	3020 401K 0-5%bas	Drifter CAD (N)	1	0.5	3,377.02	3,537.83	3,698.64	3,491.71	3,325.43	3,824.25	3,491.71	3,657.99
	N	4/13/2006	3087 401K 1-3%BAS	Sr Project Eng	3	3	3,288.88	3,458.16	3,628.44	3,379.90	3,186.88	3,886.88	3,379.90	3,548.89
	N	4/13/2006	3087 401K 1-3%BAS	Supervisor Production WTP	2	1	8,275.18	8,669.85	9,063.53	8,556.57	8,149.26	9,371.20	8,556.57	8,963.88
	N	4/24/2006	3087 401K 1-3%BAS	Supervisor Production WTP	3	3	6,018.26	6,304.80	6,591.34	6,223.08	5,926.69	6,815.85	6,223.08	6,519.46
	N	6/26/2006	3087 401K 1-3%BAS	Engineering Project Manager	2	1	6,339.18	6,641.61	6,943.05	6,554.90	6,243.15	7,179.42	6,554.90	6,866.66
	N	4/23/2007	3087 401K 1-3%BAS	Specialist Operations (N)	3	3	3,469.18	3,529.37</						

Kentucky American Water
401 K Percentage Deductions
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Based on water labor only
Non union hired after 1/1/06 include OT and incentive in base pay for 401K calculation

Non union										Union										Non union										Union																																																																																																																																	
Orig										PDBA Code										DBA Desc										Amount or Rate										Company Match										Base Salary 6/11										Base Salary 7/11										Base Salary 8/11										Base Salary 9/11										Total Base Period										401 K-\$										401 K-\$										401 K-\$										401 K-\$																													
Start										Code										3020 401K 0.5%BAS										5										2.5										9,960.98										9,508.21										10,413.75										9,960.98										117,191.94										229.90										240.85										251.79										237.71										226.39																			
Mgr Field Operations										N										6/7/1970										3020 401K 0.5%BAS										5										2.5										9,960.98										9,508.21										10,413.75										9,960.98										117,191.94										229.90										240.85										251.79										237.71										226.39									
Super clerk										N										7/30/1973										3020 401K 0.5%BAS										3										1.5										3,459.22										3,301.98										3,616.46										3,459.22										40,687.97										47.85										50.13										52.41										49.53										47.17									
Supervisor Field Operations										N										10/8/1973										3020 401K 0.5%BAS										3										2.5										6,680.49										6,376.83										6,984.15										6,680.49										76,596.64										154.16										161.53										168.87										159.42										151.83									
Oper clerk										N										2/14/1974										3020 401K 0.5%BAS										2										1										3,921.13										3,742.90										3,984.36										3,921.13										46,121.07										36.16										37.89										37.89										37.43										35.65									
Engineering Specialist										N										9/4/1974										3020 401K 0.5%BAS										2										2.5										5,663.42										5,406.00										5,920.85										5,663.42										66,630.74										130.71										136.94										143.16										135.15										128.71									
Supr Oper I										N										11/11/1974										3020 401K 0.5%BAS										5										2.5										6,661.44										6,358.05										6,964.23										6,661.44										73,722.52										153.74										161.07										168.39										158.97										151.40									
Production Technician										N										5/9/1975										3020 401K 0.5%BAS										5										2.5										3,716.06										3,547.15										3,884.98										3,716.06										43,709.04										85.68										89.76										93.84										88.68										84.46									
SR Specialist Cross Connect(N)										N										5/18/1976										3020 401K 0.5%BAS										5										2.5										4,597.72										4,388.73										4,806.71										4,597.72										54,079.22										106.01										111.06										116.10										109.72										104.49									
Supr Field Operations										N										1/15/1979										3020 401K 0.5%BAS										5										2.5										6,962.56										6,646.08										7,279.04										6,962.56										81,915.20										160.69										168.35										176.00										166.15										158.24									
Production Technician										N										4/18/1979										3020 401K 0.5%BAS										5										2.5										3,725.17										3,555.85										3,894.50										3,725.17										43,816.17										85.89										89.98										94.07										88.50										84.66									
Specialist Service Delivery										N										1/1/1980										3020 401K 0.5%BAS										5										2.5										4,595.70										4,386.80										4,804.59										4,595.70										54,068.81										106.07										111.12										116.17										109.67										104.45									
Production Technician										N										6/26/1980										3020 401K 0.5%BAS										5										2.5										8,367.34										7,987.01										8,747.68										8,367.34										98,442.63										193.12										202.31										211.51										199.68										190.17									
Mgr Human Resources										N										7/17/1980										3020 401K 0.5%BAS										5										2.5										5,122.41										4,888.58										5,355.25										5,122.41										60,265.70										118.22										123.85										129.48										122.24										116.42									
Supr Field Operations										N										3/8/1982										3020 401K 0.5%BAS										5										2.5										7,349.23										7,015.18										7,683.29										7,349.23										86,464.45										169.62										177.70										185.77										175.38										167.03									
Supr Production										N										5/22/1985										3020 401K 0.5%BAS										5										2.5										6,265.26										5,980.47										6,550.04										6,265.26										73,711.39										144.60										151.49										158.37										149.51										142.39									
Specialist's Engng (N)										N										7/13/1987										3020 401K 0.5%BAS										5										2.5										4,685.02										4,472.06										4,897.97										4,685.02										55,119.69										96.31										100.89										105.48										99.68										94.93									
Specialist's Operations (N)										N										8/31/1987										3020 401K 0.5%BAS										5										2.5										4,176.93										3,987.07										4,366.79										4,176.93										49,129.82										96.31										100.89										105.48										99.68										94.93									
Admin Asst - Staff Supp (N)										N										9/30/1988										3020 401K 0.5%BAS										5										2.5										3,779.95										3,608.13										3,951.77										3,779.95										44,418.52										96.82										99.95										103.99										99.20										85.91									
Mgr Engng - Project Delivery										N										5/15/1989										3020 401K 0.5%BAS										5										2.5										9,251.63										8,831.10										9,672.16										9,251.63										108,846.36										213.53										223.69										233.86										220.78										210.26									
Operations Generalist II (N)										N										10/30/1989										3020 401K 0.5%BAS										5										2.5										3,613.59										3,449.34										3,777.85										3,613.59										42,463.63										83.00										86.95										90.90										86.23										82.13									
Supr Production										N										12/11/1989										3020 401K 0.5%BAS										5										2.5										4,828.13										4,580.53										5,075.72										4,828.13										56,718.96										110.75										116.74										122.73										114.51										108.32									
Clerk Ops (N)										N										5/21/1990										3020 401K 0.5%BAS										5										2.5										3,428.25										3,272.42										3,584.08										3,428.25										40,323.73										79.04										82.81										86.57										81.81										77.91									
Exec Asst (N)										N										9/9/1991										3020 401K 0.5%BAS										5										2.5										5,151.92										4,917.75										5,386.10										5,151.92										60,540.66										118.33										123.97										129.60										122.94										117.09									
Supr Business Process										N										11/22/1993										3020 401K 0.5%BAS										5										2.5										6,523.48										6,226.96										6,820.00										6,523.48										76,749.38										150.56										157.73										164.90										155.67										148.26									
Specialist Water Quality										N										4/8/1996										3020 401K 0.5%BAS										5										2.5										4,934.37										4,704.64										5,164.10										4,934.37										58,037.01										113.75										119.31										124.86										117.62										111.87									
Clerk Ops (N)										N										12/16/1996										3020 401K 0.5%BAS										5										2.5										2,992.89										2,856.85										3,128.93										2,992.89										35,203.76										69.01										72.30										75.59										71.42										68.02									
Specialist Operations (N)										N										11/25/1996										3020 401K 0.5%BAS										5										2.5										4,507.09										4,302.23										4,711.96										4,507.09										53,026.41										104.02										108.98										113.93										107.56										102.43									
Specialist Engng (N)										N										2/12/1997										3020 401K 0.5%BAS										5										2.5										4,714.69										4,500.39										4,920.00										4,714.69										55,402.73										108.29										113.45										118.60										112.51										107.15									
Specialist Operations (N)										N										6/1/1998										3020 401K 0.5%BAS										5										2.5										5,789.04										5,525.91										6,052.18										5,789.04										68,091.63										133.48										139.83										146.19										137.15										131.57									
Clerk Ops (N)										N										1/18/1999										3020 401K 0.5%BAS										5										2.5										2,837.21										2,708.24										2,966.17										2,837.21										33,371.77										65.42										68.53										71.65										67.15										64.48									
Supr Wtr Qty Envrn Cmpl										N										8/1/1999										3020 401K 0.5%BAS										5										2.5										6,393.94										6,103.30										6,684.57										6,393.94										75,225.29										147.57										154.60										161.63										152.58										145.32									
Engineering Tech (N)										N										1/10/2000										3020 401K 0.5%BAS										5										2.5										4,152.24										3,963.50										4,340.98										4,152.24										48,793.37										95.37										99.91										104.45										99.09										94.37									
Engineering Project Manager										N										6/1/2001										3020 401K 0.5%BAS										5										2.5										6,436.15										6,143.60										6,728.70										6,436.15										75,721.91										148.55										155.62										162.69										153.59										146.28									
Supr Field Operations										N										1/24/2003										3020 401K 0.5%BAS										2										1										4,373.55										4,163.64										4,583.46										4,373.55										52,431.92										40.27										42.30										44.33										41.64										39.54									
VP Operations (Large)										N										6/2/2003										3020 401K 0.5%BAS										2										1										12,506.58										11,938.10										13,075.06										12,506.58										147,141.11										288.65										302.39										316.14										298.45										284.24									
Drafter CAD (N)										N										10/4/2004										3020 401K 0.5%BAS										1										0.5										3,657.98										3,491.71										3,824.25										3,657.98										43,036.47										85.72										89.80										93.89										88.72										84.50									
Clerk Ops (N)										N										11/29/2004										3020 401K 0.5%BAS										3										2.5										3,717.89										3,548.89										3,886.88										3,717.89										43,730.47										86.89										89.80										93.89										88.72										84.50									
Sr Project Engr										N										4/3/2006										3087 401K 1-3%BAS										2										1										8,963.88										8,556.57										9,371.20										8,963.88										105,461.58										248.26										260.10										271.91										256.70										244.48									
Supervisor Production WTP										N										4/13/2006										3087 401K4-5%BAS										3										1										8,963.88										8,556.57										9,371.20										8,963.88										105,461.58										248.26										260.10										271.91										256.70										244.48									
Supervisor Production WTP										N										4/24/2006																																																																																																																																											

Kentucky American Water
401 K Percentage deductions
Group-Rates 12 Report-401K%
Based on water labor only

Non Union hired after 1/1/06 include OT and incentive in base pay for 401K calculation											
Orig	PDBA Code	DBA Desc	Amount or Rate	Company Match	401 K-\$ 3/11	401 K-\$ 4/11	401 K-\$ 5/11	401 K-\$ 6/11	401 K-\$ 7/11	401 K-\$ 8/11	Total Company Contribution
N	6/71/970	3020 401K 0-5%bas	5	2.5	\$ 260.34	\$ 237.71	\$ 249.02	\$ 249.02	\$ 237.71	\$ 260.34	\$ 249.02
N	7/30/1973	3020 401K 0-5%bas	3	1.5	\$ 54.25	\$ 49.53	\$ 51.89	\$ 51.89	\$ 49.53	\$ 54.25	\$ 51.89
N	10/81/973	3020 401K 0-5%bas	3	2.5	\$ 174.60	\$ 159.42	\$ 167.01	\$ 167.01	\$ 159.42	\$ 174.60	\$ 167.01
N	2/14/1974	3020 401K 0-5%bas	2	1	\$ 40.99	\$ 37.43	\$ 39.21	\$ 39.21	\$ 37.43	\$ 40.99	\$ 37.43
N	9/41/1974	3020 401K 0-5%bas	5	2.5	\$ 148.02	\$ 135.15	\$ 141.59	\$ 141.59	\$ 135.15	\$ 148.02	\$ 141.59
N	11/11/1974	3020 401K 0-5%bas	5	2.5	\$ 174.11	\$ 158.97	\$ 166.54	\$ 166.54	\$ 158.97	\$ 174.11	\$ 166.54
N	5/91/1975	3020 401K 0-5%bas	5	2.5	\$ 97.12	\$ 88.68	\$ 92.90	\$ 92.90	\$ 88.68	\$ 97.12	\$ 92.90
N	5/181/976	3020 401K 0-5%bas	5	2.5	\$ 120.17	\$ 109.72	\$ 114.94	\$ 114.94	\$ 109.72	\$ 120.17	\$ 114.94
N	1/151/979	3020 401K 0-5%bas	5	2.5	\$ 181.98	\$ 166.15	\$ 174.06	\$ 174.06	\$ 166.15	\$ 181.98	\$ 174.06
N	4/181/979	3020 401K 0-5%bas	5	2.5	\$ 97.36	\$ 88.90	\$ 93.13	\$ 93.13	\$ 88.90	\$ 97.36	\$ 93.13
N	1/11/1980	3020 401K 0-5%bas	5	2.5	\$ 120.11	\$ 109.67	\$ 114.89	\$ 114.89	\$ 109.67	\$ 120.11	\$ 114.89
N	6/261/980	3020 401K 0-5%bas	5	2.5	\$ 95.59	\$ 87.28	\$ 91.43	\$ 91.43	\$ 87.28	\$ 95.59	\$ 91.43
N	7/171/980	3020 401K 0-5%bas	5	2.5	\$ 138.68	\$ 122.24	\$ 128.06	\$ 128.06	\$ 122.24	\$ 138.68	\$ 128.06
N	3/81/982	3020 401K 0-5%bas	5	2.5	\$ 182.08	\$ 175.36	\$ 183.73	\$ 183.73	\$ 175.36	\$ 182.08	\$ 183.73
N	5/221/985	3020 401K 0-5%bas	5	2.5	\$ 163.75	\$ 149.51	\$ 156.63	\$ 156.63	\$ 149.51	\$ 163.75	\$ 156.63
N	5/41/987	3020 401K 0-5%bas	5	2.5	\$ 122.45	\$ 111.80	\$ 117.13	\$ 117.13	\$ 111.80	\$ 122.45	\$ 117.13
N	7/31/987	3020 401K 0-5%bas	5	2.5	\$ 109.17	\$ 99.68	\$ 104.42	\$ 104.42	\$ 99.68	\$ 109.17	\$ 104.42
N	8/31/987	3020 401K 0-5%bas	5	2.5	\$ 198.79	\$ 202.78	\$ 231.29	\$ 231.29	\$ 202.78	\$ 198.79	\$ 231.29
N	9/301/988	3020 401K 0-5%bas	5	2.5	\$ 241.80	\$ 220.78	\$ 231.29	\$ 231.29	\$ 220.78	\$ 241.80	\$ 231.29
N	5/151/989	3020 401K 0-5%bas	5	2.5	\$ 94.45	\$ 86.23	\$ 90.34	\$ 90.34	\$ 86.23	\$ 94.45	\$ 90.34
N	10/301/989	3020 401K 0-5%bas	5	2.5	\$ 126.89	\$ 114.51	\$ 120.70	\$ 120.70	\$ 114.51	\$ 126.89	\$ 120.70
N	5/21/1990	3020 401K 0-5%bas	5	2.5	\$ 89.60	\$ 81.81	\$ 85.71	\$ 85.71	\$ 81.81	\$ 89.60	\$ 85.71
N	9/91/1991	3020 401K 0-5%bas	5	2.5	\$ 134.65	\$ 122.94	\$ 128.80	\$ 128.80	\$ 122.94	\$ 134.65	\$ 128.80
N	11/21/1993	3020 401K 0-5%bas	5	2.5	\$ 170.50	\$ 155.67	\$ 163.09	\$ 163.09	\$ 155.67	\$ 170.50	\$ 163.09
N	4/81/996	3020 401K 0-5%bas	5	2.5	\$ 129.10	\$ 117.62	\$ 123.36	\$ 123.36	\$ 117.62	\$ 129.10	\$ 123.36
N	11/261/996	3020 401K 0-5%bas	5	2.5	\$ 78.22	\$ 71.42	\$ 74.82	\$ 74.82	\$ 71.42	\$ 78.22	\$ 74.82
N	12/161/996	3020 401K 0-5%bas	5	2.5	\$ 117.80	\$ 107.56	\$ 112.68	\$ 112.68	\$ 107.56	\$ 117.80	\$ 112.68
N	2/121/997	3020 401K 0-5%bas	5	2.5	\$ 153.22	\$ 138.15	\$ 144.73	\$ 144.73	\$ 138.15	\$ 153.22	\$ 144.73
N	6/11/998	3020 401K									

Kentucky American Water
401 K Percentage Deductions
Group-Rates12 Report-401K%
Based on water labor only
Non union hired after 1/1/06 include OT and incentive in base pay for 401K calculation

	Union	Non union	Orig	PDBA	DBA Desc	Amount or Rate	Company Match	Base Salary 10/10	Base Salary 11/10	Base Salary 12/10	Base Salary 1/11	Base Salary 2/11	Base Salary 3/11	Base Salary 4/11	Base Salary 5/11
Treatment Plant Op-2nd Shift	U	U	6/27/1988	3020	401K 0.5%BAS	5	2.5	\$ 4,050.48	\$ 4,370.66	\$ 4,569.33	\$ 4,711.99	\$ 3,973.33	\$ 4,569.33	\$ 4,171.99	\$ 4,370.66
Field Services Representative	U	U	9/23/1988	3020	401K 0.5%BAS	5	2.5	\$ 3,864.00	\$ 4,169.44	\$ 4,358.86	\$ 3,793.92	\$ 3,700.40	\$ 4,358.86	\$ 3,979.82	\$ 4,169.44
Backhoe Operator	U	U	1/27/1992	3020	401K 0.5%BAS	3	1.5	\$ 3,689.28	\$ 4,169.44	\$ 4,358.86	\$ 3,793.92	\$ 3,700.40	\$ 4,358.86	\$ 3,979.82	\$ 4,169.44
Meter Reader (11/2/88-11/1/98)	U	U	3/17/1992	3020	401K 0.5%BAS	4	1.2	\$ 3,689.28	\$ 3,960.91	\$ 4,161.86	\$ 3,793.96	\$ 3,619.01	\$ 4,161.86	\$ 3,793.96	\$ 3,960.91
Treatment Plant Op-Swing Shift	U	U	10/1/1992	3020	401K 0.5%BAS	5	2.5	\$ 4,067.28	\$ 4,388.79	\$ 4,588.28	\$ 4,169.30	\$ 3,969.81	\$ 4,588.28	\$ 4,169.30	\$ 4,388.79
Meter Reader	U	U	6/14/1996	3020	401K 0.5%BAS	5	2.5	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Treatment Plant Op-2nd Shift	U	U	11/1/1996	3020	401K 0.5%BAS	4	2	\$ 4,050.48	\$ 4,370.66	\$ 4,569.33	\$ 4,711.99	\$ 3,973.33	\$ 4,569.33	\$ 4,171.99	\$ 4,370.66
Treatment Plant Op-2nd Shift	U	U	11/1/1996	3084	401K 1-3%BAS	3	1.5	\$ 3,739.68	\$ 4,035.29	\$ 4,218.72	\$ 3,851.87	\$ 3,668.45	\$ 4,218.72	\$ 3,851.87	\$ 4,035.29
TREATMENT PLT OPER RELIEF	U	U	11/18/1996	3089	401K4-5%BAS	4	2	\$ 3,739.68	\$ 4,035.29	\$ 4,218.72	\$ 3,851.87	\$ 3,668.45	\$ 4,218.72	\$ 3,851.87	\$ 4,035.29
TREATMENT PLT OPER RELIEF	U	U	11/18/1996	3089	401K4-5%BAS	5	2.5	\$ 3,689.28	\$ 3,980.91	\$ 4,161.86	\$ 3,793.96	\$ 3,619.01	\$ 4,161.86	\$ 3,793.96	\$ 3,980.91
Treatment Plant Opr Utility	U	U	3/24/1997	3020	401K 0.5%BAS	5	2.5	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Meter Reader	U	U	2/25/2000	3020	401K 0.5%BAS	5	2.5	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Utility	U	U	11/28/2000	3020	401K 0.5%BAS	5	2.5	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
JR BACKHOE/CREW LEADER	U	U	11/29/2000	3020	401K 0.5%BAS	4	2	\$ 3,767.64	\$ 4,075.17	\$ 4,260.41	\$ 3,889.94	\$ 3,704.70	\$ 4,260.41	\$ 3,889.94	\$ 4,075.17
Treatment Plant Op-Swing Shift	U	U	11/30/2000	3020	401K 0.5%BAS	4	2	\$ 4,067.28	\$ 4,388.79	\$ 4,588.28	\$ 4,169.30	\$ 3,969.81	\$ 4,588.28	\$ 4,169.30	\$ 4,388.79
Meter Reader	U	U	2/10/2003	3084	401K 1-3%BAS	3	3	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Meter Reader	U	U	2/10/2003	3089	401K4-5%BAS	2	1	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
CREW LEADER	U	U	7/19/2004	3084	401K 1-3%BAS	3	3	\$ 3,689.28	\$ 3,980.91	\$ 4,161.86	\$ 3,793.96	\$ 3,619.01	\$ 4,161.86	\$ 3,793.96	\$ 3,980.91
CREW LEADER	U	U	7/19/2004	3089	401K4-5%BAS	2	1	\$ 3,689.28	\$ 3,980.91	\$ 4,161.86	\$ 3,793.96	\$ 3,619.01	\$ 4,161.86	\$ 3,793.96	\$ 3,980.91
Meter Reader	U	U	11/1/2004	3084	401K 1-3%BAS	3	3	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Meter Reader	U	U	11/1/2004	3089	401K4-5%BAS	2	1	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Meter Reader	U	U	11/7/2005	3084	401K 1-3%BAS	3	3	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Meter Reader	U	U	11/7/2005	3089	401K4-5%BAS	2	1	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Treatment Plant Op	U	U	1/18/2005	3084	401K 1-3%BAS	3	3	\$ 3,929.52	\$ 4,240.14	\$ 4,432.87	\$ 4,047.41	\$ 3,854.67	\$ 4,432.87	\$ 4,047.41	\$ 4,240.14
Treatment Plant Op	U	U	1/18/2005	3089	401K4-5%BAS	2	1	\$ 3,929.52	\$ 4,240.14	\$ 4,432.87	\$ 4,047.41	\$ 3,854.67	\$ 4,432.87	\$ 4,047.41	\$ 4,240.14
Maintenance Technician II	U	U	1/20/2005	3084	401K 1-3%BAS	3	3	\$ 3,923.87	\$ 4,234.05	\$ 4,426.50	\$ 4,041.59	\$ 3,849.13	\$ 4,426.50	\$ 4,041.59	\$ 4,234.05
Maintenance Technician II	U	U	1/20/2005	3089	401K4-5%BAS	2	1	\$ 3,923.87	\$ 4,234.05	\$ 4,426.50	\$ 4,041.59	\$ 3,849.13	\$ 4,426.50	\$ 4,041.59	\$ 4,234.05
Specialist Maint. Svcs. (was SCAI	U	U	5/2/2005	3084	401K 1-3%BAS	2	3	\$ 4,435.29	\$ 4,636.02	\$ 4,846.74	\$ 4,575.58	\$ 4,357.69	\$ 5,011.35	\$ 4,575.58	\$ 4,793.46
Specialist Maint. Svcs. (was SCAI	U	U	5/2/2005	3089	401K4-5%BAS	2	1	\$ 4,435.29	\$ 4,636.02	\$ 4,846.74	\$ 4,575.58	\$ 4,357.69	\$ 5,011.35	\$ 4,575.58	\$ 4,793.46
Utility	U	U	3/27/2006	3084	401K 1-3%BAS	3	3	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Utility	U	U	3/27/2006	3089	401K4-5%BAS	2	1	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
CREW LEADER	U	U	3/28/2006	3084	401K 1-3%BAS	3	3	\$ 3,689.28	\$ 3,980.91	\$ 4,161.86	\$ 3,793.96	\$ 3,619.01	\$ 4,161.86	\$ 3,793.96	\$ 3,980.91
CREW LEADER	U	U	3/28/2006	3089	401K4-5%BAS	2	1	\$ 3,689.28	\$ 3,980.91	\$ 4,161.86	\$ 3,793.96	\$ 3,619.01	\$ 4,161.86	\$ 3,793.96	\$ 3,980.91
TREATMENT PLT OPR FIXED RE	U	U	10/2/2006	3084	401K 1-3%BAS	3	3	\$ 3,860.64	\$ 4,165.81	\$ 4,355.17	\$ 3,976.46	\$ 3,787.10	\$ 4,355.17	\$ 3,976.46	\$ 4,165.81
TREATMENT PLT OPR FIXED RE	U	U	10/2/2006	3089	401K4-5%BAS	2	1	\$ 3,860.64	\$ 4,165.81	\$ 4,355.17	\$ 3,976.46	\$ 3,787.10	\$ 4,355.17	\$ 3,976.46	\$ 4,165.81
Utility	U	U	1/1/2007	3084	401K 1-3%BAS	3	3	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Utility	U	U	1/1/2007	3089	401K4-5%BAS	2	1	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Treatment Plant Op-3rd Shift	U	U	5/14/2007	3084	401K 1-3%BAS	3	3	\$ 4,104.24	\$ 4,428.67	\$ 4,629.97	\$ 4,227.37	\$ 4,026.06	\$ 4,629.97	\$ 4,227.37	\$ 4,428.67
Treatment Plant Op-3rd Shift	U	U	5/14/2007	3089	401K4-5%BAS	2	1	\$ 4,104.24	\$ 4,428.67	\$ 4,629.97	\$ 4,227.37	\$ 4,026.06	\$ 4,629.97	\$ 4,227.37	\$ 4,428.67
Utility	U	U	12/17/2007	3084	401K 1-3%BAS	3	3	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
Utility	U	U	12/17/2007	3089	401K4-5%BAS	2	1	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06
CREW LEADER	U	U	3/24/2008	3084	401K 1-3%BAS	3	3	\$ 3,689.28	\$ 3,980.91	\$ 4,161.86	\$ 3,793.96	\$ 3,619.01	\$ 4,161.86	\$ 3,793.96	\$ 3,980.91
CREW LEADER	U	U	3/24/2008	3089	401K4-5%BAS	2	1	\$ 3,689.28	\$ 3,980.91	\$ 4,161.86	\$ 3,793.96	\$ 3,619.01	\$ 4,161.86	\$ 3,793.96	\$ 3,980.91
Treatment Plant Op-3rd Shift	U	U	8/1/2008	3084	401K 1-3%BAS	3	3	\$ 4,104.24	\$ 4,428.67	\$ 4,629.97	\$ 4,227.37	\$ 4,026.06	\$ 4,629.97	\$ 4,227.37	\$ 4,428.67
Treatment Plant Op-3rd Shift	U	U	8/1/2008	3089	401K4-5%BAS	2	1	\$ 4,104.24	\$ 4,428.67	\$ 4,629.97	\$ 4,227.37	\$ 4,026.06	\$ 4,629.97	\$ 4,227.37	\$ 4,428.67
Utility	U	U	10/23/2008	3084	401K 1-3%BAS	3	3	\$ 3,499.44	\$ 3,776.06	\$ 3,947.70	\$ 3,604.42	\$ 3,432.78	\$ 3,947.70	\$ 3,604.42	\$ 3,776.06

618,195.77

590,126.54

646,142.50

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632,946.22

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Kentucky American Water
401 K Percentage Deductions
Group-Rates12 Report-401K%
Based on water labor only
Non union hired after 1/1/06 include OT and incentive in base pay for 401K calculation

Non Union	Union	Orig	PDBA Code	DBA Desc	Amount or Rate	Company Match	Total Base Period										401 K-\$		401 K-\$		401 K-\$	
							Base Salary 6/1/	Base Salary 7/1/	Base Salary 8/1/	Base Salary 9/1/	Salary	10/10	11/10	12/10	1/11	2/11	10/11	11/11	12/11	1/12	2/12	
	U	6/27/1988	3020 401K 0-5%BAS		5	2.5	\$ 4,370.66	\$ 4,171.99	\$ 4,569.33	\$ 4,370.66	\$ 51,730.42	\$ 101.26	\$ 109.27	\$ 114.23	\$ 104.30	\$ 99.33						
Treatment Plant Op-2nd Shift	U	9/23/1988	3020 401K 0-5%BAS		5	2.5	\$ 4,169.44	\$ 3,979.92	\$ 4,358.96	\$ 4,169.44	\$ 49,348.80	\$ 96.60	\$ 104.24	\$ 108.97	\$ 99.50	\$ 94.76						
Field Services Representative	U	1/27/1992	3020 401K 0-5%BAS		3	1.5	\$ 4,169.44	\$ 3,979.92	\$ 4,358.96	\$ 4,169.44	\$ 49,348.80	\$ 96.60	\$ 104.24	\$ 108.97	\$ 99.50	\$ 94.76						
Backhoe Operator	U	3/17/1992	3020 401K 0-5%BAS		4	2	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 51,944.96	\$ 73.79	\$ 79.62	\$ 83.24	\$ 76.00	\$ 72.38						
Treatment Plant Op-Swing Shift	U	10/1/1992	3020 401K 0-5%BAS		3	1.5	\$ 4,388.79	\$ 4,169.30	\$ 4,588.28	\$ 4,388.79	\$ 51,944.96	\$ 73.79	\$ 79.62	\$ 83.24	\$ 76.00	\$ 72.38						
Meter Reader	U	6/14/1996	3020 401K 0-5%BAS		5	2.5	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 61.01	\$ 65.83	\$ 68.82	\$ 62.84	\$ 58.85						
Treatment Plant Op-2nd Shift	U	11/1/1996	3020 401K 0-5%BAS		4	2	\$ 4,370.66	\$ 4,171.99	\$ 4,569.33	\$ 4,370.66	\$ 51,730.42	\$ 81.01	\$ 87.41	\$ 91.39	\$ 83.44	\$ 79.47						
TREATMENT PLT OPR RELIEF	U	11/8/1996	3089 401K4-5%BAS		3	1.5	\$ 4,035.29	\$ 3,851.87	\$ 4,218.72	\$ 4,035.29	\$ 51,730.42	\$ 56.10	\$ 60.53	\$ 63.28	\$ 57.78	\$ 55.03						
TREATMENT PLT OPR RELIEF	U	11/8/1996	3089 401K4-5%BAS		2	1	\$ 4,035.29	\$ 3,851.87	\$ 4,218.72	\$ 4,035.29	\$ 51,730.42	\$ 56.10	\$ 60.53	\$ 63.28	\$ 57.78	\$ 55.03						
Treatment Plant Opr Utility	U	3/24/1997	3020 401K 0-5%BAS		5	2.5	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 47,117.38	\$ 92.23	\$ 99.52	\$ 104.05	\$ 95.00	\$ 90.48						
Meter Reader	U	2/25/2000	3020 401K 0-5%BAS		5	2.5	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 61.01	\$ 65.83	\$ 68.82	\$ 60.11	\$ 55.82						
Utility	U	11/28/2000	3020 401K 0-5%BAS		4	2	\$ 4,075.17	\$ 3,889.94	\$ 4,260.41	\$ 4,075.17	\$ 48,233.09	\$ 75.53	\$ 81.50	\$ 85.21	\$ 77.80	\$ 74.09						
JR BACKHOE/CREW LEADER	U	11/29/2000	3020 401K 0-5%BAS		4	2	\$ 4,388.79	\$ 4,169.30	\$ 4,588.28	\$ 4,388.79	\$ 51,944.96	\$ 73.79	\$ 79.62	\$ 83.24	\$ 76.00	\$ 74.09						
Treatment Plant Op-Swing Shift	U	11/30/2000	3020 401K 0-5%BAS		3	2	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 61.01	\$ 65.83	\$ 68.82	\$ 60.11	\$ 55.82						
Meter Reader	U	2/10/2003	3089 401K4-5%BAS		2	1	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 34.99	\$ 37.76	\$ 39.48	\$ 36.04	\$ 34.03						
CREW LEADER	U	7/19/2004	3084 401K 1-3%BAS		3	3	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 47,117.38	\$ 110.68	\$ 119.43	\$ 124.86	\$ 114.00	\$ 108.57						
CREW LEADER	U	3089 401K4-5%BAS		2	1	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 47,117.38	\$ 36.89	\$ 39.81	\$ 41.62	\$ 38.00	\$ 36.19							
Meter Reader	U	11/1/2004	3084 401K 1-3%BAS		3	3	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 104.98	\$ 113.28	\$ 118.43	\$ 108.13	\$ 102.98						
Meter Reader	U	11/1/2004	3084 401K 1-3%BAS		2	1	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 34.99	\$ 37.76	\$ 39.48	\$ 36.04	\$ 34.03						
Meter Reader	U	1/17/2005	3084 401K4-5%BAS		2	1	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 104.98	\$ 113.28	\$ 118.43	\$ 108.13	\$ 102.98						
Meter Reader	U	1/17/2005	3084 401K4-5%BAS		3	3	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 34.99	\$ 37.76	\$ 39.48	\$ 36.04	\$ 34.03						
Treatment Plant Op	U	1/18/2005	3084 401K 1-3%BAS		2	1	\$ 4,240.14	\$ 4,047.41	\$ 4,432.87	\$ 4,240.14	\$ 50,185.58	\$ 117.89	\$ 127.20	\$ 132.99	\$ 121.42	\$ 115.64						
Treatment Plant Op	U	1/18/2005	3084 401K4-5%BAS		2	3	\$ 4,240.14	\$ 4,047.41	\$ 4,432.87	\$ 4,240.14	\$ 50,185.58	\$ 39.30	\$ 42.40	\$ 44.33	\$ 40.47	\$ 38.55						
Maintenance Technician II	U	1/20/2005	3089 401K 1-3%BAS		2	1	\$ 4,234.05	\$ 4,041.59	\$ 4,426.50	\$ 4,234.05	\$ 50,113.48	\$ 117.72	\$ 127.02	\$ 132.80	\$ 121.25	\$ 115.47						
Maintenance Technician II	U	1/20/2005	3089 401K4-5%BAS		2	3	\$ 4,234.05	\$ 4,041.59	\$ 4,426.50	\$ 4,234.05	\$ 50,113.48	\$ 39.24	\$ 42.34	\$ 44.27	\$ 40.42	\$ 38.49						
Specialist Maint. Svcs. (was SCAI	U	5/2/2005	3084 401K 1-3%BAS		3	3	\$ 4,793.46	\$ 4,575.58	\$ 5,011.35	\$ 4,793.46	\$ 56,395.55	\$ 132.76	\$ 139.08	\$ 145.40	\$ 137.27	\$ 130.73						
Specialist Maint. Svcs. (was SCAI	U	5/2/2005	3089 401K4-5%BAS		2	3	\$ 4,793.46	\$ 4,575.58	\$ 5,011.35	\$ 4,793.46	\$ 56,395.55	\$ 44.25	\$ 48.36	\$ 49.47	\$ 45.76	\$ 43.58						
Utility	U	3/27/2006	3089 401K4-5%BAS		3	3	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 104.98	\$ 113.28	\$ 118.43	\$ 108.13	\$ 102.98						
CREW LEADER	U	3/27/2006	3089 401K4-5%BAS		2	3	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 34.99	\$ 37.76	\$ 39.48	\$ 36.04	\$ 34.03						
CREW LEADER	U	3/28/2006	3084 401K 1-3%BAS		2	3	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 47,117.38	\$ 92.23	\$ 99.52	\$ 104.05	\$ 95.00	\$ 90.48						
TREATMENT PLT OPR FIXED RE	U	10/2/2006	3084 401K4-5%BAS		3	3	\$ 4,165.81	\$ 3,976.46	\$ 4,355.17	\$ 4,165.81	\$ 49,305.89	\$ 115.82	\$ 124.97	\$ 130.66	\$ 119.29	\$ 113.61						
TREATMENT PLT OPR FIXED RE	U	10/2/2006	3089 401K4-5%BAS		2	1	\$ 4,165.81	\$ 3,976.46	\$ 4,355.17	\$ 4,165.81	\$ 49,305.89	\$ 38.61	\$ 41.66	\$ 43.55	\$ 39.76	\$ 37.87						
Utility	U	1/1/2007	3084 401K 1-3%BAS		3	3	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 104.98	\$ 113.28	\$ 118.43	\$ 108.13	\$ 102.98						
Utility	U	1/1/2007	3089 401K4-5%BAS		2	1	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 34.99	\$ 37.76	\$ 39.48	\$ 36.04	\$ 34.03						
Treatment Plant Op-3rd Shift	U	5/14/2007	3089 401K4-5%BAS		3	3	\$ 4,428.67	\$ 4,227.37	\$ 4,629.97	\$ 4,428.67	\$ 52,417.01	\$ 123.13	\$ 132.86	\$ 138.90	\$ 126.82	\$ 120.78						
Treatment Plant Op-3rd Shift	U	12/17/2007	3084 401K 1-3%BAS		2	1	\$ 4,428.67	\$ 4,227.37	\$ 4,629.97	\$ 4,428.67	\$ 52,417.01	\$ 41.04	\$ 44.29	\$ 46.30	\$ 42.27	\$ 40.26						
CREW LEADER	U	3/24/2008	3084 401K 1-3%BAS		3	3	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 110.68	\$ 119.43	\$ 124.86	\$ 114.00	\$ 108.57						
CREW LEADER	U	3/24/2008	3089 401K4-5%BAS		2	3	\$ 3,980.91	\$ 3,799.96	\$ 4,161.86	\$ 3,980.91	\$ 47,117.38	\$ 36.89	\$ 39.81	\$ 41.62	\$ 38.00	\$ 36.19						
Treatment Plant Op-3rd Shift	U	8/11/2008	3089 401K 1-3%BAS		3	3	\$ 4,428.67	\$ 4,227.37	\$ 4,629.97	\$ 4,428.67	\$ 52,417.01	\$ 123.13	\$ 132.86	\$ 138.90	\$ 126.82	\$ 120.78						
Treatment Plant Op-3rd Shift	U	8/11/2008	3089 401K4-5%BAS		2	1	\$ 4,428.67	\$ 4,227.37	\$ 4,629.97	\$ 4,428.67	\$ 52,417.01	\$ 41.04	\$ 44.29	\$ 46.30	\$ 42.27	\$ 40.26						
Utility	U	10/23/2008	3084 401K 1-3%BAS		3	3	\$ 3,776.06	\$ 3,604.42	\$ 3,947.70	\$ 3,776.06	\$ 44,692.85	\$ 104.98	\$ 113.28	\$ 118.43	\$ 108.13	\$ 102.98						
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O/M Capital

As Adjusted PSCDR3#4b

O/M	\$ 10,266.72	\$ 10,865.45	\$ 11,356.77	\$ 10,603.93	\$ 10,084.10
Capital	\$ 2,153.70	\$ 2,279.30	\$ 2,382.37	\$ 2,224.44	\$ 2,115.39
As Adjusted PSCDR3#4b	\$ 10,093	\$ 10,681	\$ 11,164	\$ 10,424	\$ 9,913
O/M 81.258%	\$ 2,327	\$ 2,464	\$ 2,575	\$ 2,404	\$ 2,286
Capital 18.742%					

Non Union	Orig	PDBA	Code	DBA Desc	Amount or Rate	Company Match	401 K-\$ 3/11	401 K-\$ 4/11	401 K-\$ 5/11	401 K-\$ 6/11	401 K-\$ 7/11	401 K-\$ 8/11	401 K-\$ 9/11	Total Company Contribution
U	627/1988		3020	401K 0-5%BAS	5	2.5	\$ 114.23	\$ 104.30	\$ 109.27	\$ 109.27	\$ 104.30	\$ 114.23	\$ 109.27	\$ 1,293.26
U	923/1988		3020	401K 0-5%BAS	5	2.5	\$ 108.97	\$ 99.50	\$ 104.24	\$ 104.24	\$ 99.50	\$ 108.97	\$ 104.24	\$ 1,233.72
U	127/1992		3020	401K 0-5%BAS	3	1.5	\$ 65.38	\$ 59.70	\$ 62.54	\$ 62.54	\$ 59.70	\$ 65.38	\$ 62.54	\$ 740.23
U	30/1/1992		3020	401K 0-5%BAS	4	2	\$ 83.24	\$ 76.00	\$ 79.62	\$ 79.62	\$ 76.00	\$ 83.24	\$ 79.62	\$ 942.35
U	10/1/1992		3020	401K 0-5%BAS	3	1.5	\$ 68.82	\$ 62.84	\$ 65.83	\$ 65.83	\$ 62.84	\$ 68.82	\$ 65.83	\$ 779.17
U	6/14/1996		3020	401K 0-5%BAS	5	2.5	\$ 98.69	\$ 90.11	\$ 94.40	\$ 94.40	\$ 90.11	\$ 98.69	\$ 94.40	\$ 1,117.32
U	11/1/1996		3020	401K 0-5%BAS	4	2	\$ 91.39	\$ 83.44	\$ 87.41	\$ 87.41	\$ 83.44	\$ 91.39	\$ 87.41	\$ 1,034.61
U	11/18/1996		3084	401K 1-3%BAS	3	1.5	\$ 63.28	\$ 57.78	\$ 60.53	\$ 60.53	\$ 57.78	\$ 63.28	\$ 60.53	\$ 716.42
U	11/18/1996		3089	401K 4-5%BAS	2	1	\$ 42.19	\$ 38.52	\$ 40.35	\$ 40.35	\$ 38.52	\$ 42.19	\$ 40.35	\$ 477.61
U	3/24/1997		3020	401K 0-5%BAS	5	2.5	\$ 106.05	\$ 95.00	\$ 99.52	\$ 99.52	\$ 95.00	\$ 106.05	\$ 99.52	\$ 1,177.93
U	2/25/2000		3020	401K 0-5%BAS	5	2.5	\$ 98.69	\$ 90.11	\$ 94.40	\$ 94.40	\$ 90.11	\$ 98.69	\$ 94.40	\$ 1,117.32
U	11/29/2000		3020	401K 0-5%BAS	4	2	\$ 85.21	\$ 77.80	\$ 81.50	\$ 81.50	\$ 77.80	\$ 85.21	\$ 81.50	\$ 964.66
U	2/10/2003		3020	401K 0-5%BAS	4	2	\$ 91.77	\$ 83.79	\$ 87.78	\$ 87.78	\$ 83.79	\$ 91.77	\$ 87.78	\$ 1,038.90
U	7/19/2004		3089	401K 1-3%BAS	2	1	\$ 39.48	\$ 36.04	\$ 37.76	\$ 37.76	\$ 36.04	\$ 39.48	\$ 37.76	\$ 446.93
U	7/19/2004		3084	401K 4-5%BAS	3	3	\$ 124.86	\$ 114.00	\$ 119.43	\$ 119.43	\$ 114.00	\$ 124.86	\$ 119.43	\$ 1,413.52
U	11/1/2004		3084	401K 1-3%BAS	2	1	\$ 41.62	\$ 38.00	\$ 39.81	\$ 39.81	\$ 38.00	\$ 41.62	\$ 39.81	\$ 471.17
U	11/1/2004		3089	401K 4-5%BAS	2	1	\$ 39.48	\$ 36.04	\$ 37.76	\$ 37.76	\$ 36.04	\$ 39.48	\$ 37.76	\$ 446.93
U	1/17/2005		3084	401K 1-3%BAS	2	1	\$ 39.48	\$ 36.04	\$ 37.76	\$ 37.76	\$ 36.04	\$ 39.48	\$ 37.76	\$ 446.93
U	1/17/2005		3089	401K 4-5%BAS	2	1	\$ 39.48	\$ 36.04	\$ 37.76	\$ 37.76	\$ 36.04	\$ 39.48	\$ 37.76	\$ 446.93
U	1/18/2005		3084	401K 1-3%BAS	2	3	\$ 132.80	\$ 121.42	\$ 127.00	\$ 127.00	\$ 121.42	\$ 132.80	\$ 127.00	\$ 1,505.87
U	1/20/2005		3084	401K 4-5%BAS	2	1	\$ 44.33	\$ 40.47	\$ 42.40	\$ 42.40	\$ 40.47	\$ 44.33	\$ 42.40	\$ 501.86
U	1/20/2005		3084	401K 1-3%BAS	2	3	\$ 132.80	\$ 121.25	\$ 127.02	\$ 127.02	\$ 121.25	\$ 132.80	\$ 127.02	\$ 1,503.40
U	5/2/2005		3089	401K 4-5%BAS	2	1	\$ 44.27	\$ 40.42	\$ 42.34	\$ 42.34	\$ 40.42	\$ 44.27	\$ 42.34	\$ 501.13
U	5/2/2005		3084	401K 1-3%BAS	2	3	\$ 150.34	\$ 137.27	\$ 143.80	\$ 143.80	\$ 137.27	\$ 150.34	\$ 143.80	\$ 1,691.87
U	5/2/2005		3089	401K 4-5%BAS	2	1	\$ 50.11	\$ 45.76	\$ 47.93	\$ 47.93	\$ 45.76	\$ 50.11	\$ 47.93	\$ 565.96
U	3/27/2006		3084	401K 1-3%BAS	3	3	\$ 118.43	\$ 108.13	\$ 113.28	\$ 113.28	\$ 108.13	\$ 118.43	\$ 113.28	\$ 1,340.79
U	3/27/2006		3089	401K 4-5%BAS	2	1	\$ 39.48	\$ 36.04	\$ 37.76	\$ 37.76	\$ 36.04	\$ 39.48	\$ 37.76	\$ 446.93
U	3/28/2006		3084	401K 1-3%BAS	2	1	\$ 41.62	\$ 38.00	\$ 39.81	\$ 39.81	\$ 38.00	\$ 41.62	\$ 39.81	\$ 471.17
U	3/28/2006		3089	401K 4-5%BAS	3	3	\$ 130.66	\$ 119.29	\$ 124.97	\$ 124.97	\$ 119.29	\$ 130.66	\$ 124.97	\$ 1,479.18
U	10/22/2006		3089	401K 4-5%BAS	2	1	\$ 43.55	\$ 39.76	\$ 41.66	\$ 41.66	\$ 39.76	\$ 43.55	\$ 41.66	\$ 493.06
U	1/12/2007		3084	401K 1-3%BAS	3	3	\$ 118.43	\$ 108.13	\$ 113.28	\$ 113.28	\$ 108.13	\$ 118.43	\$ 113.28	\$ 1,340.79
U	1/12/2007		3089	401K 4-5%BAS	2	1	\$ 39.48	\$ 36.04	\$ 37.76	\$ 37.76	\$ 36.04	\$ 39.48	\$ 37.76	\$ 446.93
U	5/14/2007		3084	401K 1-3%BAS	3	3	\$ 118.43	\$ 108.13	\$ 113.28	\$ 113.28	\$ 108.13	\$ 118.43	\$ 113.28	\$ 1,340.79
U	5/14/2007		3089	401K 4-5%BAS	2	1	\$ 46.30	\$ 42.27	\$ 44.29	\$ 44.29	\$ 42.27	\$ 46.30	\$ 44.29	\$ 524.17
U	12/17/2007		3084	401K 1-3%BAS	3	3	\$ 124.86	\$ 114.00	\$ 119.43	\$ 119.43	\$ 114.00	\$ 124.86	\$ 119.43	\$ 1,413.52
U	3/24/2008		3089	401K 4-5%BAS	2	1	\$ 41.62	\$ 38.00	\$ 39.81	\$ 39.81	\$ 38.00	\$ 41.62	\$ 39.81	\$ 471.17
U	3/24/2008		3084	401K 1-3%BAS	2	3	\$ 136.90	\$ 126.82	\$ 132.86	\$ 132.86	\$ 126.82	\$ 136.90	\$ 132.86	\$ 1,572.51
U	8/11/2008		3089	401K 4-5%BAS	3	3	\$ 136.90	\$ 126.82	\$ 132.86	\$ 132.86	\$ 126.82	\$ 136.90	\$ 132.86	\$ 1,572.51
U	8/11/2008		3084	401K 1-3%BAS	2	1	\$ 46.30	\$ 42.27	\$ 44.29	\$ 44.29	\$ 42.27	\$ 46.30	\$ 44.29	\$ 524.17
U	10/23/2008		3089	401K 4-5%BAS	3	3	\$ 118.43	\$ 108.13	\$ 113.28	\$ 113.28	\$ 108.13	\$ 118.43	\$ 113.28	\$ 1,340.79
U	10/23/2008		3084	401K 1-3%BAS	2	3	\$ 118.43	\$ 108.13	\$ 113.28	\$ 113.28	\$ 108.13	\$ 118.43	\$ 113.28	\$ 1,340.79
U							\$ 14,032.00	\$ 12,817.09	\$ 13,420.25	\$ 13,406.99	\$ 12,808.10	\$ 14,035.44	\$ 13,424.01	\$ 158,275.05
U							\$ 11,598.85	\$ 10,594.61	\$ 11,093.17	\$ 11,081.39	\$ 10,587.17	\$ 11,601.69	\$ 11,096.29	\$ 130,830.15
U							\$ 2,433.15	\$ 2,222.48	\$ 2,321.07	\$ 2,324.60	\$ 2,220.92	\$ 2,433.75	\$ 2,327.72	\$ 27,444.89
U							\$ 11,402	\$ 10,415	\$ 10,905	\$ 10,893	\$ 10,408	\$ 11,405	\$ 10,908	\$ 128,611
U							\$ 2,630	\$ 2,402	\$ 2,545	\$ 2,513	\$ 2,400	\$ 2,630	\$ 2,516	\$ 29,662

Information Leaving this File

PENSIONS

<u>Account</u>	<u>Forecasted Amount</u>	
926400	1,246,230	Going out to K_cos10
926800	0	

Check Total	Check Total	Check Total
Per Col C	Per Pivot	Per Database
1,246,230	1,246,230	1,246,230

Kentucky American Water

		<u>2010</u>	<u>2011</u>	
Pension Expense		1,586,200	1,516,160	
O & M %	81.26%	<u>81.26%</u>	<u>81.26%</u>	
		1,288,914	1,232,001	
		107,410	102,667	
		322,229	924,001	1,246,230

Information Leaving this File

GROUP INSURANCE

Forecasted				
Account	Amount			
926110	1,379,328	Going out to K_cos10		
926100	894,954			
926360	0	Check Total	Check Total	Check Total
926160	0	Per Col C	Per Pivot	Per Database
		2,274,282	2,274,282	2,274,282

Kentucky American Water Company
GROUP INSURANCE-ATTRITION YEAR
Attrition year September 2011
estimated increase 0.00%

ACTIVE EMPLOYEES**LIFE INSURANCE**

	BILLING DETERMINANT COVERAGE	RATES EFFECTIVE 1/1/2010	PREMIUM
(1) LIFE - BASIC (NON-BARGAINING)	7,559,400	\$0.153	\$1,157
(2) LIFE - BASIC (BARGAINING)	4,244,553	0.153	\$649
(3) A.D. & D. (\$10,000 COVERAGE PER EMPLOYEE)	760,000	0.020	\$15
(4) A.D. & D. (NON-BARGAINING)	7,559,400	0.020	\$151
(5) LIFE - VOLUNTARY UNDER 30		0.063	
(6) LIFE - VOLUNTARY UNDER 30-34		0.084	
(7) LIFE - VOLUNTARY UNDER 35-39		0.105	
(8) LIFE - VOLUNTARY UNDER 40-44		0.126	
(9) LIFE - VOLUNTARY UNDER 45-49		0.200	
(10) LIFE - VOLUNTARY UNDER 50-54		0.336	
(11) LIFE - VOLUNTARY UNDER 55-59		0.620	
(12) LIFE - VOLUNTARY UNDER 60-64		0.788	
(13) LIFE - VOLUNTARY UNDER 65-69		1.439	
(14) LIFE - VOLUNTARY UNDER 70 AND OVER		2.321	
(15) LIFE - DEPENDENT SPOUSE		5.000	
(16) LIFE - DEPENDENT CHILDREN		1.200	
(17) LIFE - SUPPLEMENTAL		0.298	
(18) LIFE - OPTIONAL		0.298	

DISABILITY

(19) LONG TERM DISABILITY (NON UNION ONLY)	419,967	0.40	\$1,680
(20) SHORT TERM MANAGED	152	2.66	\$404
(21) A & S - COVERAGE FOR NEW JERSEY ONLY			

MEDICAL, DENTAL & PRESCRIPTION COVERAGE

(22) EMPLOYEES WITHOUT DEPENDENT COVERAGE. (UNION & NON-UNION)	33	419.00	\$13,827
(23) EMPLOYEES WITH FAMILY COVERAGE (UNION)	62	1,198.00	\$74,276
(24) EMPLOYEE AND FAMILY DENTAL (UNION)	1	70.00	\$70
(25) EMPLOYEE AND SPOUSE COVERAGE (NON-UNION)	15	960.00	\$14,400
(26) EMPLOYEE AND CHILDREN (NON-UNION)	6	888.00	\$5,328
(27) EMPLOYEE AND FAMILY (NON-UNION)	34	1,433.00	\$48,722
(28) EMPLOYEE AND SPOUSE COVERAGE DENTAL (NON-UNION)	1	45.00	\$45

ACTIVES SUBTOTAL :

\$160,725

CONTINUATION OF COVERAGE**MEDICAL, DENTAL & PRESCRIPTION COVERAGE**

(29) SINGLE-UNION	1	419.00	419
(30) INDIVIDUAL (FORMER EMPLOYEE, SPOUSE OR DEPENDENT)		482.00	0
(31) FAMILY (2 OR MORE INDIVIDUALS)		1,188.00	0
(32) UNDER AGE 65 DEPENDENT (1) OF A DECEASED RETIREE		38.76	0
(33) UNDER AGE 65 DEPENDENTS (>1) OF A DECEASED RETIREE		92.82	0

CONTINUATION OF COVERAGE SUBTOTAL :

419

TOTAL MONTHLY PREMIUM

161,144

161,144

REIMBURSEMENTS

EMPLOYEES WITHOUT DEPENDENT COVERAGE.(union & non union)	(2,209)
EMPLOYEES WITH FAMILY COVERAGE (UNION)	(8,866)
EMPLOYEE AND SPOUSE COVERAGE (NON-UNION)	(2,243)
EMPLOYEE AND CHILDREN (NON-UNION)	(828)
EMPLOYEE AND FAMILY (NON-UNION)	(5,542)

NET COMPANY PREMIUM COST

141,456

PERCENTAGE TO OPERATIONS

81.26% 114,944

TO ANNUALIZE

1,379,328

EMPLOYEES "OPTING OUT" OF MEDICAL COVERAGE (ANNUALIZE 0 X \$100/MO.)

0

TOTAL ANNUAL COST

\$1,379,328

Kentucky American Water
OPEB expense

	2010	2011	
	1,122,000	1,094,500	
O&M percentage	81.26%	81.26%	
	911,715	889,369	
	75,976	74,114	
	227,928	667,026	894,954

MISCELLANEOUS EXP

3,440,139

Kentucky American Water
Miscellaneous Expense Forecast

Object Sub	BU	JDE Object Description	Qing Out to	Qing Out to	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	Total
504500.16	120118 Other Well Oper AG	926200	4,000	1,500	2,060	11,330	1,030								4,120	1,030	25,070
504500.16	120118 Other Well Oper AG-alloc to OW, BS	926200	-22	-22	-22	-22	-22								-20	-20	-150
504610.16	120118 Employee Awards AG	926200	500	500	3,090	515	1,030								1,545	515	15,682
504610.16	120118 Employee Awards AG-alloc to OW, BS	926200	-8	-8	-8	-8	-8								-7	-7	-94
504610.16	120217 Employee Awards AG	926200	550	550													550
504620.16	120118 Employee Physical Exam	926200	300	300	309	309	309	309	309	309	309	309	309	309	309	309	3,681
504620.16	120118 Employee Physical Exam-alloc to OW, BS	926200	-3	-2	-3	-2	-2	-3	-1	-1	-1	-1	-1	-1	-1	-1	-22
504620.16	120118 Employee Physical Exam	926200	182	2,000	187	187	187	187	187	187	187	187	187	187	187	187	4,047
504660.16	120118 Tuition Aid AG	926200	-2	-2	-3	-2	-2	-3	-2	-2	-2	-2	-2	-2	-2	-2	-24
504660.16	120118 Tuition Aid AG-alloc to OW, BS	926200	1,000	900	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	26,675
504670.16	120118 Training AG	926200	-14	-14	-14	-14	-14	-14	-14	-14	-14	-13	-12	-12	-12	-12	-159
504670.16	120118 Training AG-alloc to OW, BS	926200															7,725
504670.16	120201 Training AG	926200															-46
504670.16	120201 Training AG	926200	735	4,055													4,055
507100.16	120105 401K Oper AG	926250	10,093	11,164	10,424	9,913	11,402	10,415	10,905	10,893	10,408	11,405	10,808	11,405	10,808	11,405	128,611
508100.16	120105 DCP Oper AG	926250	11,682	12,988	12,059	11,484	13,208	12,633	12,633	12,633	12,059	13,208	12,633	13,208	12,633	13,208	149,070
508102.16	120105 Retiree Med Reimbursement	926200	845	845	845	845	845	845	845	845	845	845	845	845	844	844	10,139
508200.16	120105 ESPR expense	926220	610	610	610	610	610	610	610	610	611	611	611	611	611	611	7,323
520100.12	120201 M & S Oper P	603100	263	263	276	276	276	276	276	276	276	276	276	276	276	276	3,273
520100.12	120201 M & S Oper WT	642300	116	116	121	121	121	121	121	121	121	121	121	121	121	121	1,437
520100.13	120217 M & S Oper WT	642300	1,400	1,400	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	17,178
520100.13	120250 M & S Oper WT	642300	306	612	312	312	312	312	312	312	312	312	312	312	312	312	4,760
520100.13	120251 M & S Oper WT	642300	725	725	761	761	761	761	761	761	761	761	761	761	761	761	9,024
520100.13	120252 M & S Oper WT	642300	500	500	510	510	510	510	510	510	510	510	510	510	510	510	6,090
520100.13	1203017 M & S Oper WT	642300	100	100	100	100	100	100	100	100	100	100	100	100	100	100	1,200
520100.14	120206 M & S Oper TD	665300	2,500	2,500	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	2,575	30,675
520100.14	120206 M & S Oper TD	665300	5,583	5,583	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	68,050
520100.14	120251 M & S Oper TD	665300	500	500	510	510	510	510	510	510	510	510	510	510	510	510	6,090
520100.14	120251 M & S Oper TD	665300	250	250	255	255	255	255	255	255	255	255	255	255	255	255	3,045
520100.14	120252 M & S Oper TD	665300	100	100	357	357	102	102	102	102	102	102	102	102	102	102	1,978
520100.14	120252 M & S Oper TD	665300	1,575	1,575	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	1,607	19,188
520200.16	120105 Cont Svc-Acctg Oper AG	923200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
532000.16	120205 Cont Svc-Acctg Oper AG	923200	9,095	9,095	9,209	9,209	9,209	9,209	9,209	9,209	9,209	9,209	9,209	9,209	9,209	9,209	110,166
533000.16	120115 Cont Svc-Legal Oper AG	923300	14,859	14,859	14,859	14,859	14,859	14,859	14,859	14,859	14,859	14,859	14,859	14,859	14,860	14,860	178,311
533000.16	120201 Cont Svc-Legal Oper AG	923300	-88	-88	-88	-88	-88	-88	-88	-88	-88	-88	-88	-88	-90	-90	-1,063
535000.13	120201 Cont Svc-Other Oper WT	923500	3,000	1,000	1,200	1,200	1,200	2,200	11,000	11,000	4,100	4,100	4,100	4,100	4,100	4,100	46,100
535000.13	120217 Cont Svc-Other Oper WT	923500	5,800	5,400	5,974	5,974	5,974	5,974	5,562	5,562	6,489	5,562	6,489	5,562	14,008	14,008	84,477
535000.13	120250 Cont Svc-Other Oper WT	923500	1,050	1,050	1,103	1,103	1,103	1,103	3,859	3,859	1,103	1,103	3,859	1,103	3,859	1,103	21,179
535000.13	120251 Cont Svc-Other Oper WT	923500	4,000	4,000	4,000	4,000	4,000	4,000	15,200	15,200	4,000	4,000	15,200	4,000	4,000	4,000	82,600
535000.13	120252 Cont Svc-Other Oper WT	923500	1,000	1,000	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	12,270
535000.13	120217 Cont Svc-Other Oper WT	923500	923	923	951	951	951	951	951	951	951	951	951	951	951	951	11,688
535000.13	120217 Cont Svc-Other Oper WT-lab	643100	900						1,000	824							5,578
535000.13	120252 Cont Svc-Other Oper WT-lab	643100	500	500	500	500	500	500	500	500	500	500	500	500	500	500	3,665
535000.13	1203017 Cont Svc-Other Oper WT-lab	643100															1,059
535000.14	120206 Cont Svc-Other Oper TD	923500	7,167	7,167	7,382	7,382	7,382	7,382	7,382	7,382	7,382	7,382	7,382	7,382	7,382	7,382	87,939
535000.14	120252 Cont Svc-Other Oper TD	923500	1,500	1,500	1,530	1,530	1,530	2,040	2,040	2,040	2,040	2,040	2,040	2,040	2,040	2,040	21,840
535000.14	123201 Cont Svc-Other Oper TD	923500	500	500	510	510	510	510	510	510	510	510	510	510	510	510	6,090
535000.14	123206 Cont Svc-Other Oper TD	923500	2,000	2,000	2,000	2,000	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550	21,590
535000.15	120205 Cont Svc-Other Oper CA	923500	9,787	9,787	9,940	9,940	9,940	9,940	9,940	9,940	9,940	9,940	9,940	9,940	9,940	9,940	118,821
535000.15	120206 Cont Svc-Other Oper CA	923500	4,417	4,417	4,417	4,417	4,417	4,417	4,549	4,549	4,549	4,549	4,549	4,549	4,549	4,549	54,192
535000.16	120105 Cont Svc-Other Oper AG	923500	8,000	8,000	8,240	8,240	8,240	8,240	10,300	10,300	1,030	1,030	10,300	1,030	1,030	1,030	54,900
535000.16	120113 Cont Svc-Other Oper AG	923500	600	600	618	618	618	618	618	618	618	618	618	618	618	618	7,362
535000.16	120113 Cont Svc-Other Oper AG-alloc to OW, BS	923500	-4	-3	-3	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4	-4	-46
535000.16	120114 Cont Svc-Other Oper AG	923500	833	833	858	858	858	858	858	858	858	858	858	858	858	858	10,221
535000.16	120118 Cont Svc-Other Oper AG-alloc to OW, BS	923500															4,635
535000.16	120119 Cont Svc-Other Oper AG	923500	1,925	1,925	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	1,971	23,514
535000.16	120205 Cont Svc-Other Oper AG	923500	100	350	357	357	357	102	102	102	102	102	102	102	102	102	2,233
535000.16	123205 Cont Svc-Other Oper AG	923500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
550000.001	120105 Trans - Cap Credits	930600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
550002.16	120114 Transportation Oper AG	930600	49,112	49,112	49,112	49,112	49,112	49,112	49,112	49,112	49,112	49,112	49,112	49,112	49,112	49,112	589,349
550002.16	120114 Transportation Oper AG - alloc to OW, BS	930600	-293	-293	-293	-293	-293	-293	-293	-293	-293	-293	-293	-293	-293	-293	-3,513
556000.16	120119 Ins Vehicle AG	930600	2,937	2,937	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	3,229	37,872
556000.16	120121 Advertising AG	930890	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
556030.16	120121 Advertising AG-alloc to OW, BS	930890	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-37
575000.11	120252 Misc Oper SS	603100	500	500	510	510	510	510	510	510	510	510	510	510	510	510	6,090
575000.11	123201 Misc Oper SS	603100	250	250	255	255	255	255	255	255	255	255	255	255	255	255	3,045
575780.11	120250 Trash removal SS	603100	370	370	370	370	370	370	370	370	370	370	370	370	370	370	4,440
575780.11	120251 Trash removal SS	603100	364	364	364	364	373	373	373	373	373	373	373	373	373	373	4,440
575780.11	120252 Trash removal SS	603100	420	420	441	441	441	441	441	441	441	441	441	441	441	441	5,229
575780.11	120251 Vnr & Wastewtr exp	603100	100	100	102	102	102	102	102	102	102	102	102	102	102	102	1,218
575830.11	120251 Vnr & Wastewtr exp	603100	2,415	2,415	2,536	2,536	2,536	2,536	2,536	2,536	2,536	2,536	2,536	2,536	2,536	2,536	30,069
575830.13	120201 Misc Oper WT	643100	510	510	525	525	525	525	525	525	525	525	525	525	525	525	6,255
575830.13	120217 Misc Oper WT	643100	103	103	103	103	106	106	106	106	106	106					

Kentucky American Water
Miscellaneous Expense Forecast

Object Sub	BU	JDE Object Description	Aug 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	March 2011	April 2011	May 2011	June 2011	July 2011	Aug 2011	Sept 2011	Total
575320.13	120250	Electricity WT	643100	1,867	1,888	1,847	1,943	1,954	1,957	1,933	1,917	1,939	1,925	1,932	1,932	23,034
575320.13	120251	Electricity WT	643100	840	840	840	882	882	882	882	882	882	882	882	882	10,458
575320.13	120252	Electricity WT	643100	50	50	50	51	51	51	51	51	51	51	51	51	609
575500.13	120201	Janitorial WT	642300	300	300	300	300	300	300	300	300	300	300	300	300	3,600
575500.13	120250	Janitorial WT	642300	360	360	360	371	371	371	371	371	371	371	371	371	4,419
575500.13	120251	Janitorial WT	642300	1,455	1,455	1,455	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	17,865
575545.13	120217	Lab Supplies WT	642300	8,000	5,000	6,000	9,064	5,150	5,459	9,064	6,386	4,635	9,167	4,635	4,635	77,195
575545.13	120252	Lab Supplies WT	642300	600	600	600	618	618	618	618	618	618	618	618	618	7,362
575545.13	123017	Lab Supplies WT	642300	1,800	400	400	2,137	412	412	1,854	412	1,854	412	412	412	10,917
575620.13	120201	Office and Admin Supplies WT	642300	368	368	368	386	386	386	386	386	386	386	386	386	4,578
575620.13	120251	Office and Admin Supplies WT	642300	221	221	221	228	228	228	228	228	228	228	228	228	2,715
575620.13	120250	Office and Admin Supplies WT	642300	53	53	53	79	79	82	54	54	54	54	54	54	723
575620.13	120251	Office and Admin Supplies WT	642300	347	347	347	364	364	364	364	364	364	364	364	364	4,317
575625.13	120317	Overtime Shipping WT	643100	206	206	206	212	800	212	212	212	212	800	212	212	3,702
575741.13	120217	Cell Phone WT	642300	90	90	90	93	93	93	93	93	93	93	93	93	1,107
575741.13	120250	Cell Phone WT	642300	236	236	236	208	241	199	242	242	242	242	242	242	2,808
575741.13	120251	Cell Phone WT	642300	200	200	200	200	200	200	200	200	200	200	200	200	2,400
575741.13	120251	Uniforms WT	643100	250	250	258	258	299	299	299	299	299	299	299	299	508
575820.13	120250	Uniforms WT	643100	292	292	292	299	299	299	299	299	299	299	299	299	3,567
575820.13	120251	Uniforms WT	643100	420	420	420	441	441	441	441	441	441	441	441	441	5,229
575820.13	120251	Uniforms WT	643100	417	417	417	429	429	429	429	429	429	429	429	429	5,112
575820.13	120251	Uniforms WT	643100	5,000	5,000	5,000	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	61,350
575820.13	120251	Uniforms WT	643100	475	475	475	485	485	485	485	485	485	485	485	485	5,790
575820.13	120251	Uniforms WT	643100	374	4,620	5,688	4,626	4,941	3,779	5,792	2,565	2,565	2,565	347	541	38,403
575820.13	123201	Electricity TD	665300	7	7	7	7	7	7	7	7	7	7	7	7	84
575820.13	123201	Electricity TD	665300	500	500	500	510	510	510	510	510	510	510	510	510	6,090
575820.13	123201	Electricity TD	665300	10	10	10	10	10	10	10	10	10	10	10	10	120
575820.13	123201	Electricity TD	665300	374	4,620	5,688	4,626	4,941	3,779	5,792	2,565	2,565	2,565	347	541	30,705
575840.14	123206	Heat - Oil/Gas TD	665300	50	50	500	510	510	510	510	510	510	510	510	510	2,436
575840.14	123206	Heat - Oil/Gas TD	665300	417	417	417	429	429	429	429	429	429	429	429	429	5,112
575840.14	120252	Janitorial TD	665300	500	500	500	510	510	510	510	510	510	510	510	510	6,090
575840.14	120252	Janitorial TD	665300	2,232	2,232	2,232	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	2,299	27,387
575840.14	120252	Janitorial TD	665300	50	50	50	50	50	50	50	50	50	50	50	50	600
575840.14	123201	Electricity TD	665300	200	200	200	204	204	204	204	204	204	204	204	204	2,436
575840.14	123206	Office & Admin Supplies TD	665300	25	25	25	25	25	25	25	25	25	25	25	25	300
575840.14	120252	Office & Admin Supplies TD	642300	594	594	594	612	612	612	612	612	612	612	612	612	7,290
575840.14	120252	Office & Admin Supplies TD	665300	80	80	80	82	82	82	82	82	82	82	82	82	978
575840.14	120252	Office & Admin Supplies TD	665300	2,083	2,083	2,083	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	25,563
575840.14	120252	Office & Admin Supplies TD	665300	150	150	150	150	150	150	150	150	150	150	150	150	1,800
575840.14	120252	Office & Admin Supplies TD	665300	100	100	100	100	100	100	100	100	100	100	100	100	1,200
575840.14	120252	Office & Admin Supplies TD	665300	245	245	245	245	245	245	245	245	245	245	245	245	2,940
575840.14	120252	Office & Admin Supplies TD	665300	6,200	6,200	6,200	10,506	29,046	10,506	6,386	10,506	23,896	23,896	23,896	25,956	186,684
575840.14	120212	Water Res Conservation	930210	-93	-93	-93	-93	-93	-93	-93	-93	-93	-93	-93	-93	-1,113
575840.14	120121	Water Res Conservation	930210	7,067	7,067	7,067	7,067	7,067	7,067	7,067	7,067	7,067	7,067	7,067	7,067	84,804
575840.14	120105	Misc Oper AG	930210	1,500	500	500	1,545	2,575	1,339	1,030	1,751	824	515	515	824	13,418
575840.14	120118	Misc Oper AG	930210	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-7	-80
575840.14	120118	Misc Oper AG	930210	4,167	4,167	4,167	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	50,129
575840.14	120205	Misc Oper AG	930210	100	100	100	102	102	102	102	102	102	102	102	102	1,218
575840.14	120205	Misc Oper AG	930210	592	592	592	592	592	592	592	592	592	592	592	592	7,104
575840.14	120212	Water Res Conservation	930210	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-348
575840.14	120121	Water Res Conservation	930210	0	0	0	0	0	0	0	0	0	0	0	0	0
575840.14	120121	Water Res Conservation	930210	-12	-12	-12	-12	-12	-12	-12	-12	-12	-12	-12	-12	-144
575840.14	120105	Misc Oper AG	930880	300	300	300	180	180	140	300	300	300	300	300	300	3,600
575840.14	120105	Misc Oper AG	930880	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-36
575840.14	120105	Misc Oper AG	930880	2,312	2,312	2,312	2,428	2,428	2,428	2,428	2,428	2,428	2,428	2,428	2,428	28,788
575840.14	120105	Misc Oper AG	930880	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-172
575840.14	120105	Misc Oper AG	930880	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	54,000
575840.14	120105	Misc Oper AG	930880	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26	-312
575840.14	120105	Misc Oper AG	930880	-1,333	-1,333	-1,333	-1,333	-1,333	-1,333	-1,333	-1,333	-1,333	-1,333	-1,333	-1,333	-16,000
575840.14	120105	Misc Oper AG	930880	1,000	1,000	1,000	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	12,360
575840.14	120105	Misc Oper AG	930880	50	50	50	50	50	50	50	50	50	50	50	50	600
575840.14	120105	Misc Oper AG	930880	500	500	500	515	515	515	515	515	515	515	515	515	6,180
575840.14	120105	Misc Oper AG	930880	75	75	75	77	77	77	77	77	77	77	77	77	924
575840.14	120105	Misc Oper AG	930880	16,917	16,917	16,917	17,424	17,424	17,424	17,424	17,424	17,424	17,424	17,424	17,424	209,160
575840.14	120113	Software Licenses & Sup	930230	2,340	2,340	2,340	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401	2,401	28,812
575840.14	120113	Software Licenses & Sup	930230	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-14	-168
575840.14	120113	Software Licenses & Sup	930230	278,895	280,361	285,765	285,384	309,214	327,148	275,785	297,106	276,659	287,783	272,888	298,356	3,435,170

Object.Sub	BU	JDE Object Description	AWA Act to	2010	F1	F2	F3	F4	2011	F5	F6	F7	F8	F9	F10	F11	2011	F12	2011	Total
Opening Bal to			AWA Act to																	
575240.16	120105	Co Dues/Memberships-alloc from Lex	930880	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	29
575242.16	120105	Co Dues Deductible AWWA-alloc from Lex	930880	12	12	12	12	12	12	12	12	13	13	13	13	13	13	13	13	156
575244.16	120105	Co Dues Deductible NAWC-alloc from Lex	930880								208									208
575270.16	120105	Directors Fees-alloc from Lexington	930890	23				23				24								94
535000.16	120105	Contract Svc-AG-alloc from Lexington	923500	3	3	3	3	3	3	3		3	3	3	3	4	4	4	4	38
575715.16	120113	Software License-allocate from Lexington	930230	12	12	12	12	12	12	12	12	13	13	13	13	13	13	13	13	149
533000.16	120115	Contract Svc-legal-allocate from Lexington	923300	77	77	77	77	77	77	77	77	77	78	78	78	78	78	78	78	929
504500.16	120118	Other welfare exp-alloc from Lexington	926200	19	19	19	19	19	19	19	19	19	18	18	18	18	18	18	18	131
504610.16	120118	Employee Awards-alloc from Lexington	926200	7	7	7	7	7	7	7	7	7	7	7	7	6	6	6	6	82
504620.16	120118	Employee Physicals-alloc from Lexington	926200	2	2	2	2	2	2	2	2	2	1	1	1	1	1	1	1	19
504670.16	120118	Tuition Aid-alloc from Lexington	926200	12	12	12	12	12	12	12	12	11	11	11	11	11	11	11	11	139
535000.16	120118	Contract Svc-AG-alloc from Lexington	923500								10	10	10	10	10	10	10	10	10	24
575000.16	120118	Misc Oper AG-alloc from Lexington	930210	6	6	6	6	6	6	6		6	6	6	5	5	5	5	5	24
504620.16	120119	Employee Physicals-alloc from Lexington	926200	2	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	21
575490.16	120119	Injuries and Damages-alloc from Lexington	925300			6								5						11
568010.16	120121	Water Res Cons.-alloc from Lexington	930210	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	973
575030.16	120121	Advertising AG-alloc from Lexington	930690	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	32
575130.16	120121	Brochures & handouts-alloc from Lexington	930210	25	25	25	25	25	25	25	25	25	25	25	23	23	23	23	23	148
575220.16	120121	Community Relations-alloc from Lexington	930210	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	122
550000.16	120119	Transportation Oper-alloc from Lexington	930600	256	256	256	256	256	256	256	256	256	256	256	256	256	256	256	256	3072
Boonesboro Sewer																				
575240.16	120105	Co Dues/Memberships-alloc from Lex	930880	1				1				1			1					4
575242.16	120105	Co Dues Deductible AWWA-alloc from Lex	930880	2	2	2	2	2	2	2	2	2	2	2	2	1		1		22
575244.16	120105	Co Dues Deductible NAWC-alloc from Lex	930880								30									30
575270.16	120105	Directors Fees-alloc from Lexington	930890	3				3				3			4					13
535000.16	120105	Contract Svc-AG-alloc from Lexington	923500	1	1	1	1	1	1	1		1			1	1				6
575715.16	120113	Software License-allocate from Lexington	930230	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	21
533000.16	120115	Contract Svc-legal-allocate from Lexington	923300	11	11	11	11	11	11	11	11	11	11	11	11	12	12	12	12	134
504500.16	120118	Other welfare exp-alloc from Lexington	926200	3	3	3	3	3	3	3	3	3	2	2	2	2	2	2	2	19
504810.16	120118	Employee Awards-alloc from Lexington	926200	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12
504620.16	120118	Employee Physicals-alloc from Lexington	926200	1	1	1	1	1	1	1	1	1	1	1	1	3	3	3	3	20
504660.16	120118	Tuition Aid-alloc from Lexington	926200	2	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	20
504670.16	120118	Training-alloc from Lexington	926200								2	2	2	2	1	1	1	1	1	6
535000.16	120118	Contract Svc-AG-alloc from Lexington	923500											2	2					3
575000.16	120118	Misc Oper AG-alloc from Lexington	930210	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	10
504620.16	120119	Employee Physicals-alloc from Lexington	926200																	3
575490.16	120119	Injuries and Damages-alloc from Lexington	925300																	2
568010.16	120121	Water Res Cons.-alloc from Lexington	930210	12	12	12	12	12	12	12	12	12	12	11	11	11	11	11	11	140
575030.16	120121	Advertising AG-alloc from Lexington	930210	1	1	1	1	1	1	1	1	0	0	0	1	1	1	1	1	5
575130.16	120121	Brochures & handouts-alloc from Lexington	930890	1	1	1	1	1	1	1	1	4	4	4	4	1	1	1	1	21
575220.16	120121	Community Relations-alloc from Lexington	930210	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	1	18
550000.16	120119	Transportation Oper-alloc from Lexington	930600	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	442

KENTUCKY-AMERICAN WATER COMPANY
FOR THE TWELVE MONTHS ENDED: May 2010
INSURANCE OTHER THAN GROUP
LINE 17, 168A
CASE NO: 2010-00036

ACCOUNT	Oct-2010	Nov-2010	Dec-2010	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011	Aug-2011	Sep-2011	TOTAL
REAL & PERSONAL PROPERTY FIDUCIARY LIABILITY DIRECTORS & OFFICERS LIABILITY OUTSIDE DIRECTORS & OFFICERS LIABILITY EXCESS FIDUCIARY KIDNAP & RANSOM LAWYERS LIABILITY EMPLOYMENT PRACTICES CRIME AUTO SURETY MISC BONDS BUSINESS TRAVEL INFORMATION TECHNOLOGY EXECUTIVE RISK ALL RISK PROPERTY INS. PREMIUMS RETRO ADJUSTMENT (ALL RISK) TOTAL ALL RISK PROPERTY INSURANCE	\$ 10,421 137 1,165 - 69 8 165 198 59 2,918 63 3 377 748 \$ 16,331	\$ 10,421 137 1,165 - 69 8 165 198 59 2,918 63 3 377 748 \$ 16,331	\$ 10,421 137 1,165 - 69 8 165 198 59 2,918 63 3 377 748 \$ 16,331	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 13,657 137 1,223 - 76 8 173 198 59 3,210 63 8 823 \$ 20,031	\$ 154,176 1,644 14,502 - 890 96 2,052 2,376 708 37,644 756 CHECK "0" to line 21
559000.16	\$ 16,331	\$ 16,331	\$ 16,331	\$ 20,031	\$ 20,031	\$ 20,031	\$ 20,031	\$ 20,031	\$ 20,031	\$ 20,031	\$ 20,031	\$ 20,031	\$ 229,269
WORKERS' COMP. RATE O&M LABOR CAPITAL LABOR GRAND TOTAL	0.0169 583,903 134,676 \$ 718,579	0.0169 641,828 148,036 \$ 789,864	0.0169 685,635 153,528 \$ 819,163	0.0169 616,253 142,138 \$ 758,391	0.0169 559,837 129,125 \$ 688,962	0.0169 658,802 151,951 \$ 810,753	0.0169 602,758 139,025 \$ 741,783	0.0169 637,424 147,020 \$ 784,444	0.0169 628,345 144,927 \$ 773,272	0.0169 667,217 153,892 \$ 821,109	0.0169 667,217 153,892 \$ 821,109	0.0169 642,742 148,247 \$ 790,989	\$ 9,270,635
558000.16	\$ 12,608	\$ 12,608	\$ 12,608	\$ 13,239	\$ 13,239	\$ 13,239	\$ 13,239	\$ 13,239	\$ 13,239	\$ 13,239	\$ 13,239	\$ 13,239	\$ 156,975
WORKERS' COMP. PREMIUM RETRO ADJUSTMENT WORKERS' COMP. WORKERS' COMP. CR (CAP) TOTAL CREDITS-WORKERS' COMP. NET WORKERS' COMP. PREMIUM	0 \$ 12,608 \$ 12,608 \$ (2,276) \$ (2,276) \$ 10,332	0 \$ 12,608 \$ 12,608 \$ (2,502) \$ (2,502) \$ 10,106	0 \$ 12,608 \$ 12,608 \$ (2,595) \$ (2,595) \$ 10,013	0 \$ 13,239 \$ 13,239 \$ (2,402) \$ (2,402) \$ 10,837	0 \$ 13,239 \$ 13,239 \$ (2,182) \$ (2,182) \$ 11,057	0 \$ 13,239 \$ 13,239 \$ (2,568) \$ (2,568) \$ 10,671	0 \$ 13,239 \$ 13,239 \$ (2,350) \$ (2,350) \$ 10,889	0 \$ 13,239 \$ 13,239 \$ (2,485) \$ (2,485) \$ 10,754	0 \$ 13,239 \$ 13,239 \$ (2,449) \$ (2,449) \$ 10,790	0 \$ 13,239 \$ 13,239 \$ (2,449) \$ (2,449) \$ 10,790	0 \$ 13,239 \$ 13,239 \$ (2,601) \$ (2,601) \$ 10,638	0 \$ 13,239 \$ 13,239 \$ (2,505) \$ (2,505) \$ 10,734	\$ 0.0903
557000.16	\$ 22,348 7,175 449 \$ 29,972 2,437 \$ 32,408	\$ 22,348 7,175 449 \$ 29,972 2,437 \$ 32,408	\$ 22,348 7,175 449 \$ 29,972 2,437 \$ 32,408	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 24,583 8,072 462 \$ 33,117 2,437 \$ 35,553	\$ 288,286 94,173 5,505 \$ 387,964 29,240 \$ 417,204
TOTAL LINE 17, 168A	\$ 59,071	\$ 58,845	\$ 58,752	\$ 66,421	\$ 66,641	\$ 66,255	\$ 66,473	\$ 66,338	\$ 66,374	\$ 66,374	\$ 66,222	\$ 66,318	\$ 774,083

	2010	2011
Summary of percentage changes		
Property Insurance	1.15	1.08
Worker's Comp	1.05	1.05
General Liability	1.10	1.10
Auto Liability	1.10	1.10
Excess Liability	0.93	1.13
Executive Risk coverage	1.10	1.10
D & O Liability	1.05	1.05
Errors & Omissions Liability	1.12	1.12
Marsh Consultation Fee	1.03	1.03
Pollution Liability	1.10	1.10
Employed Lawyers Liability	1.05	1.05
Information Technology	1.05	1.05

KENTUCKY-AMERICAN WATER COMPANY
FORECASTED TEST YEAR PAYROLL TAXES
CASE NO: 2010-00036
LINE 39-169A
KAWC

DESCRIPTION	Oct-2010	Nov-2010	Dec-2010	Jan-2011	Feb-2011	Mar-2011	Apr-2011	May-2011	Jun-2011	Jul-2011	Aug-2011	Sep-2011	TOTAL
TOTAL O & M LABOR	672,800	698,020	646,819	588,945	692,284	633,324	669,447	660,368	658,955	700,699	674,765	613,464	7,909,890
TOTAL CAPITAL	148,036	153,528	142,138	129,125	151,951	139,025	147,020	144,927	144,937	153,892	148,247	134,676	1,737,502
	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL COMPANY LABOR	820,836	851,548	788,957	718,070	844,235	772,349	816,467	805,295	803,892	854,591	823,012	748,140	9,647,392
PAYROLL SUBJECT TO FUTA (BASE \$7,000)	814,269	822,595	624,065	273,585	84,424	40,162	35,108	20,938	3,698	3,675	2,551	0	2,725,070
FUT @ .8%	6,514	6,581	4,993	2,189	675	321	281	188	30	29	20	0	21,801
TOTAL CAPITAL	(1,184)	(1,228)	(1,137)	(1,033)	(1,216)	(1,112)	(1,176)	(1,159)	(1,159)	(1,231)	(1,186)	(1,077)	(13,898)
	0	0	0	0	0	0	0	0	0	0	0	0	0
NET FUTA	5,330	5,353	3,856	1,156	(541)	(791)	(895)	(991)	(1,129)	(1,202)	(1,166)	(1,077)	7,903
PAYROLL SUBJECT TO FICA	820,836	851,548	788,957	718,070	844,235	772,349	816,467	805,295	798,354	825,351	762,177	681,086	9,484,724
Social Security @ 6.2% (Base \$110485) est	50,892	52,796	48,915	44,520	52,343	47,886	50,621	49,928	49,498	51,172	47,255	42,227	588,053
Medicare Tax @ 1.45%	11,902	12,347	11,440	10,412	12,241	11,199	11,839	11,677	11,656	12,392	11,934	10,848	139,887
FICA	62,794	65,143	60,355	54,932	64,584	59,085	62,460	61,605	61,154	63,564	59,189	53,075	727,940
TOTAL CAPITAL	(11,325)	(11,745)	(10,874)	(9,878)	(11,624)	(10,635)	(11,247)	(11,087)	(11,088)	(11,773)	(11,341)	(10,303)	(132,920)
	0	0	0	0	0	0	0	0	0	0	0	0	0
NET FICA	51,469	53,398	49,481	45,054	52,960	48,450	51,213	50,518	50,066	51,791	47,848	42,772	595,020
PAYROLL SUBJECT TO SUTA (BASE \$8,000)	816,732	847,290	694,282	436,587	138,455	78,007	37,557	24,964	4,582	7,520	3,621	3,441	3,093,038
SUT @ .5%	4,084	4,236	3,471	2,183	692	390	188	125	23	38	18	17	15,465
TOTAL CAPITAL	(740)	(768)	(711)	(646)	(760)	(695)	(735)	(725)	(725)	(769)	(741)	(673)	(8,688)
	0	0	0	0	0	0	0	0	0	0	0	0	0
NET SUTA	3,344	3,468	2,760	1,537	(68)	(305)	(547)	(600)	(702)	(731)	(723)	(656)	6,777
TOTAL P/R TAXES, LINE 39-169A	60,143	62,219	56,097	47,747	52,351	47,354	49,771	48,927	48,235	49,858	45,959	41,039	609,700

**Kentucky American Water
Distribution of Costs**

Number of Customers (average)			
Water	Owenton Sewer	Rockwell	BGS
118,681	622	90	75
			Total
			119,467

OPERATIONS AND MAINTENANCE LABOR:

Name/account	Title	Office Cost	O&M Labor	Pension Grp Insurance & Payroll taxes 57.34%	Incentive	Test Year Amount	AMOUNT ALLOCATED			
							Owenton Sewer	Rockwell	BGS	Total
Peggy Slone - 120105.501200	Executive Assistant to the President	3,471	63,803	36,585	-	103,859	-	-	-	-
Keith Cartier - 120205.501200	VP of Operations	3,636	125,070	71,715	37,524	237,945	541	78	65	103,859
Paula Squires - 120121.501200	Administrative Assistant	1,219	46,922	26,905	-	75,046	1,239	178	149	237,945
Ray Golden - 120121.501200	Mgr External Affairs	2,169	92,284	52,915	13,844	161,212	391	56	-	75,046
John Mark Hack - 120122.501200	Manager of Governmental & Regulatory Affairs	3,037	119,079	68,280	23,814	214,210	840	121	101	161,212
Mary Money - 120105.501200	Manager Finance	2,603	98,436	56,443	14,766	172,248	1,116	160	134	214,210
Rachel Cole - 120105.501200	Supervisor Business Process	3,120	76,749	44,008	7,675	131,552	898	129	-	172,248
David Shehee - 120217.501200	Supervisor Water Quality	2,603	75,225	43,134	7,519	128,481	685	99	83	131,552
Shana Carr - 120217.501200	Lab Analyst	2,603	56,244	32,250	2,812	93,909	669	96	81	128,481
Vacant- 120201.501200	Production Manager	3,264	113,229	64,925	22,645	204,063	489	70	59	93,909
Kenny Roney - 120201.501200	Specialist Water Quality/Cross Connections	2,603	56,410	32,346	-	91,359	202,719	153	128	204,063
Mary Ellen Pugh - 120201.501200	Administrative Assistant	2,169	52,078	29,861	-	84,108	476	68	-	91,359
Pamela Buehler - 120118.501200	Specialist Human Resources	2,169	52,730	30,235	-	85,134	438	63	53	84,108
Donna Braxton	Mgr Human Resources	2,872	98,443	56,447	14,766	172,528	443	64	53	85,134
Michael Shryock	Sr Specialist IT	2,603	80,658	46,249	-	129,510	899	129	108	172,528
Total to be distributed							675	97	81	129,510
							10,862	1,562	1,096	2,085,164
							2,071,643			

OPERATIONS AND MAINTENANCE EXPENSE:

120105 CORP - Admin & Gen

Customer Accounting:

Account/Description	
570100.15 Uncollectib	507,403
575100.15 Bank Serv	213,000
575200.15 Collection	71,502
575420.15 Forms CA	217,371
575660.15 Postage CA	597,072
Total	1,624,520
	1,596,772
	8,372
	1,204
	-
	1,606,348

120105 CORP - Admin & Gen

Management Fees:

Contract Svc-Mgmt Fe	
534600.16 Belleville Lab	209,499
534600.16 Call Center	1,804,958
534600.16 Corporate	3,548,417
534600.16 ITS	1,662,733
534600.16 Shared Services	849,414
534700.16 Eastern Division	1,007,908
Total	9,082,929
	9,028,121
	47,335
	6,808
	665
	9,082,929

General Office:

520100.16 M&S Oper	17,439
575620.16 Office & Admin Supp	14,724
575741.16 Cell phone	0
575350.16 Meals & Tra	877
575351.16 Meals & Tra	804
Total	33,844
	33,621
	176
	25
	21
	33,844

Miscellaneous:

575240.16 Co Dues/Mem	5,500
575242.16 Co Dues Ded	28,788
575244.16 Co Dues Ded	40,000
575270.16 Directors Fees	18,000
Total	92,288
	91,736
	461
	69
	-
	92,288

120113 CORP-Info System

Customer Accounting:

575740.15	Telephone C	98,160	97,575	512	74	-	98,160
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Miscellaneous:

535000.16	Contr Svc-O	7,362	7,318	38	6	-	7,362
575715.16	Software Li	28,630	28,459	149	21	-	28,630
		35,992	35,777	188	27	-	35,992

Maintenance Expense:

620000.26	Mat and Sup	26,994	26,833	141	20	-	26,994
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120115 CORP - Legal

General Office:

575002.16	Misc Genera	1,570	1,561	8	1	-	1,570
575340.16	Empl Exp	1,483	1,474	8	1	-	1,483
575342.16	Empl Exp Conf	927	921	5	1	-	927
575350.16	Meals & Tra	93	92	1	0	-	94
575620.16	Office & Ad	88	87	1	0	-	89
		4,254	4,136	23	3	-	4,162

Miscellaneous:

533000.16	Contr Svc-L	178,311	177,248	929	134	-	178,311
575240.16	Co Dues/Mem	-	-	-	-	-	-
Total		178,311	177,248	929	134	-	178,311

120118 CORP-Human Resou

General Office:

575280.16	Dues/Member	299	297	2	0	-	299
575340.16	Employee Ex	2,766	2,750	14	2	-	2,766
575242.16	Empl Exp Co	1,854	1,843	10	1	-	1,854
575350.16	Meals & Tra	920	915	5	1	-	920
575351.16	Meals & Tra	920	915	5	1	-	920
Total		6,759	6,719	35	5	-	6,759

Miscellaneous:

504500.16	Other Welfare	25,070	24,921	131	19	-	25,070
504610.16	Employee Aw	15,682	15,589	82	12	-	15,682
504620.16	Employee Physicals	3,681	3,659	19	3	-	3,681
504660.16	Tuition Aid	26,675	26,516	139	20	-	26,675
504670.16	Training AG	7,725	7,679	40	6	-	7,725
535000.16	Contr Svc-O	4,635	4,607	24	3	-	4,635
575000.16	Misc Oper A	13,418	13,338	70	10	-	13,418
575030.16	Advertising	-	-	-	-	-	-
Total		96,886	96,308	505	73	-	96,886

120119 CORP-Loss Control

Ins Other Than Group:

557000.16	Ins Gen Lia	417,204	414,716	2,174	313	-	417,204
556000.16	Ins Vehicle	37,644	37,420	196	28	-	37,644
559000.16	Ins Other O	191,625	190,482	999	144	-	191,625
Total		646,472	642,618	3,369	485	-	646,472

Miscellaneous:

504620.16	Employee Ph	4,047	4,023	21	3	-	4,047
575490.16	Injuries an	2,030	2,018	11	2	-	2,030
Total		10,132	6,041	32	5	-	6,077

120121 CORP-Communiati

General Office:

575280.16	Dues/Member	13,593	13,512	71	10	-	13,593
575340.16	Employee Ex	12,270	12,197	64	9	-	12,270
575342.16	Empl Exp Co	3,726	3,704	19	3	-	3,726

575350.16	Meals & Tra	2,251	2,238	12	2	-	2,251
575351.16	Meals & Tra	543	540	3	0	-	543
	Total	32,383	32,190	169	24	-	32,383
568010.16	Water Res C	186,684	185,571	973	140	-	186,684
575030.16	Advertising	6,180	6,143	32	5	-	6,180
575130.16	Brochures a	28,315	28,146	148	21	-	28,315
575220.16	Community R	23,411	23,271	122	18	-	23,411
	Total	244,590	243,132	1,275	183	-	244,590
550000	Transportation	589,349	585,836	3,072	442	-	589,349
Total		\$ 14,889,029	\$ 14,798,495	\$ 77,591	\$ 11,160	\$ 1,782	\$ 14,889,029
			99.4%	0.5%	0.1%	0.0%	100.0%

For allocations file:		
In filing		%
Group Insurance	1,379,328	17.44%
OPEB	894,954	11.31%
Pensions	1,246,230	15.76%
Workers Comp	127,611	1.61%
FICA/FUTA/SUTA	609,700	7.71%
401K	128,611	1.63%
DCP	149,070	1.88%
O&M Labor	7,909,890	57.34%

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

Witness: Michael A. Miller

5. Refer to Kentucky-American's responses to the Commission Staff's Second Information Request, Item 20.
- a. The American Water Works Service Company ("Service Company") pension costs increased from \$1.4 million in 2004 to \$20.8 million in 2009, which is an increase of \$19.4 million or 1,385.71 percent. Provide a detailed analysis to explain why the Service Company pension cost increased by 1,385.71 percent during this period.
 - b. The Service Company group insurance/OPEB costs increased from \$11 million in 2004 to \$19 million in 2009, which is an increase of \$8 million or 72.73 percent. Provide a detailed analysis to explain why the Service Company group insurance/OPEB costs increased by 72.73 percent during this period.
 - c. Kentucky-American states that, from 2004 to 2009, its customer growth has outpaced the "growth of American Water System." Provide a study that shows the direct correlation of the cost of the services provided to Kentucky-American by the Service Company to the number of Kentucky-American's customers.
 - d. Provide a list of the "technological improvements" that were implemented at the call center prior to 2006 and the costs incurred to implement the improvements.
 - e. In several categories, Kentucky-American references costs that increased due to American Water Works becoming a publicly traded company. Provide a schedule listing the service company expenses that are a result of American Water Works becoming a publicly traded company and includes the amounts that are allocated to Kentucky-American.
 - f. Given that 100 percent of the Service Company costs are allocated to the operating subsidiaries, explain incentives that the Service Company has to maintain the costs.

Response:

- a. The increase in Service Company pension costs between 2004 and 2009 was caused by several factors. Please see attachment for a breakdown of pension costs by year.

The Service Company originally recorded pension expense using the ERISA method until December 2006, recording the company's funding to the pension fund as expense and billing that amount to the operating utilities. Since then the Service Company has recorded pension expense equal to the amount accrued under FAS 87. The FAS 87 pension cost in 2004 was 6,675,903. When compared to the FAS 87 pension cost in 2009 of \$18,912,298, the increase is 183.29 percent.

The number of service company participants in the plan grew 41.5% from 766 in 2004 to 1,084 in 2009. This increase in service company employees was primarily attributable to the transfer of functions previously performed by employees at the regulated subsidiary level, and to staff the call center to address increased call volume and customer service requests. Please see the testimony of Michael Miller (Exhibit MAM-7) for a discussion and supporting schedule addressing the shift in costs from KAW to AWWSC. The total cost per participant in 2004 was \$8,715. In 2008, the total cost per participant was \$8,906 which is only a 2.19 percent increase. The cost per participant rose to \$17,447 in 2009 which is a 100.19 percent increase when compared to 2004. The rise in pension costs in 2009 was primarily due to an increase in the amortization of actuarial losses attributable to lower than expected returns (or losses) on plan assets in 2008 as a result of the decline in the economic environment and financial markets. Please see the response to KAW_R_AGDR1#49_CONF_042610, pages 52-54 (MS 2-4) for explanations.

- b. Please see attachment. The increase in Service Company group insurance costs was mainly due to rising health care costs and an increase in Service Company employees. The number of full time equivalents (FTE's) grew from 1,140 in 2004 to 1,668 in 2009 which is a 46.31 percent increase. Please see the response to part a. above concerning the shift of employees from KAW to AWWSC. The cost per FTE rose 21.48 percent from \$7,404 in 2004 to \$8,995 in 2009.

The market conditions noted in part A were the primary reason for the increase in Service Company OPEB costs. The cost per participant in 2004 was \$2,609. When compared to the cost of \$2,808 in 2008, there is only a 7.64 percent increase. In 2009, the cost per participant rose to \$4,382 which is a 67.97 percent increase when compared to 2004. Please see the response to KAW_R_AGDR1#50_CONF_042610, page 39 (MS 7) for explanations.

- c. See the attached schedules. As shown on those schedules KAW's allocation of costs based on its ratio of customers to the total customers of AWW increased from 3.47% in 2004 to 3.59% in 2009. As stated in the 1989 Service Company Agreement, AWW each year shall update the customers and recalculate the customer allocation formulas based on the most recent actual data to allocate costs in the upcoming year. As provided in the response to PSC-2-20, KAW's customer growth rate from 2004-2009 exceeded the growth rate for the remaining

AWW regulated subsidiaries leading to the increase of \$154,000 related to changes in customer allocation formulas.

- d. Prior to 2006, the company implemented an Interactive Voice Recognition (IVR) System and also a Mobile Workforce Management System, which included laptops in the field service representative vehicles that allowed them to place and receive work-order communications directly to/from the call center representatives, and a scheduling module that allows service orders to be scheduled at the convenience of the customers. The cost to KAWC for the two projects was \$110,824 and 537,611, respectively.
- e. The Service Company did experience some increase in on-going costs due to being a publicly traded company, but it is not possible to fully quantify those costs. The Company is now required to file quarterly and annual reports with the SEC (10-q and 10-k, shelf registrations, etc.) and this has added a level of incremental increase in the AWWSC accounting function costs. The Company does now have to provide management representations concerning internal controls and the external auditors have to provide an opinion on management's representations about internal controls (Sec. 303 and Sec. 404 certifications). In addition the Company has created an investor relations functional area to address stock analyst activities, and address activities driven by potential investors and bond rating agencies as required of a public traded company. The internal control and compliance functional area has been centralized to address all areas of internal control development and assurance testing required to address the SOX 303 certification process. However, a large portion of the compliance function activities surrounding developing and testing internal controls was previously performed by regional accounting/finance prior to becoming a publicly traded company, a process that any well-run utility would perform whether publicly traded or not. Please see the cost of those two business units below. While we have listed the entire cost of those centralized functional areas it is not possible to quantify the exact amount that has been added due to becoming a publicly traded company, but some portion of those costs have increased due to becoming a publicly traded company. The other functional areas that were impacted are legal and internal audit. Again there has been an increase in activities surrounding internal control evaluation and SEC filings. The company cannot quantify the costs for these business units due to the integration of different types of work being performed by the same business unit. For example, the Accounting Department performs monthly accounting and financial reporting, but they also own and maintain certain internal controls that are required by the Sarbanes Oxley Act.

Cost for Corporate Finance-Reporting and Compliance Bus Unit for 2009:

Total = \$3,066,183 Billed to KAWC = \$100,612

Cost for Investor Relations Business Unit for 2009:

Total = \$999,434 Billed to KAWC = \$19,518

- f. The service company bills out 100% of its costs to operating subsidiaries and other affiliates as well as American Water itself. It should also be noted that the service company is an “at cost” enterprise. Being an at-cost enterprise, the service company does not and cannot generate earnings above its level of expenses. By design the service company cannot produce more net income for any affiliate. Being that AWWSC produces no profit for AWW, there is no incentive to inflate the costs of AWWSC beyond the level necessary to meet the services required by the AWW subsidiaries as outlined in the 1989 Service Company Agreement, particularly if such cost increases were not needed and resulted in under recovery of those costs in rate proceedings. The Company believes this a strong incentive for AWW and KAW to utilize AWWSC to provide water service at the most reasonable cost possible, while maintaining a high level of service. The Company believes the use of AWWSC to take advantage of the economies of scale of the AWW system through cost sharing and expertise sharing with the other subsidiaries has resulted in reasonable costs for the customers of KAW. See the direct testimony of Michael Miller, Exhibit MAM-7. Additionally, individual AWWSC employees are incentivized under the Annual Incentive Plan to find means to reduce costs without sacrificing quality of service.

For the electronic version of this response, refer to KAW_R_PSCDR3#5_052810.pdf.

Kentucky -American Water Company
Commission Staff's Third Set of Information Requests
Question #5 part a

Pension

Account Description	2004	2005	2006	2007	2008	2009
Pension	1,442,658	2,591,138	30,315,971	10,986,815	10,936,775	18,912,298
DCP*			311,306	996,256	1,480,277	1,868,700
Total Pension Expense	1,442,658	2,591,138	30,627,276	11,983,070	12,417,052	20,780,998

	2004	2005	2006	2007	2008	2009
FAS 87 Pension Cost**	6,675,903	6,506,947	11,420,879	10,957,999	10,936,775	18,912,298
# of participants	766	851	1,091	1,234	1,228	1,084
Cost per participant	8,715	7,646	10,468	8,880	8,906	17,447

FAS 87 Cost per participant	
Increase from 2004 to 2008	2.19%
Increase from 2004 to 2009	100.19%

*DCP - Defined Contribution Plan - Service Company employees hired after 1/1/06 do not participate in the AWW Defined Benefit Pension Plan. Instead, those employees participate in a Defined Contribution Plan where each employee manages the investment options of their account.

**AWWSC recorded pension expense using the ERISA method until December 2006.

Kentucky -American Water Company
Commission Staff's Third Set of Information Requests
Question #5 part b

<u>Group Insurance</u>	2004	2005	2006	2007	2008	2009		
Group Insurance Expense	8,440,413	12,129,044	13,958,244	15,750,384	15,180,542	15,001,396		
Full-Time Equivalents	1,140	1,472	1,614	1,726	1,707	1,668		
Cost per FTE	7,404	8,239	8,650	9,125	8,894	8,995		
Increase from 2004 to 2009								
FTE's	46.31%							
Cost per FTE	21.48%							
Annual Group Insurance Costs per Employee			2004	2009	Increase			
Employees without dependent coverage			\$4,236.00	\$5,784.00	36.54%			
Employees with dependent coverage			\$10,440.00	\$14,256.00	36.55%			
Employees with single dental coverage only			\$300.00	\$432.00	44.00%			
Employees with dependent dental coverage only			\$732.00	\$1,020.00	39.34%			
<u>OPEB</u>			2004	2005	2006	2007	2008	2009
OPEB Expense	2,613,934	2,795,605	3,597,224	2,795,675	3,049,636	4,057,680		
# of participants	1,002	945	1,226	1,023	1,086	926		
Cost per participant	2,609	2,958	2,934	2,451	2,808	4,382		
Cost per participant								
Increase from 2004 to 2008	7.64%							
Increase from 2004 to 2009	67.97%							

Kentucky American 2004 Allocation on Total Customer Count
Reponse to PSC-3-5©

100001 CP-ALL REGULATED CO'S (W & WW)			
05	CALIFORNIA-AMERICAN	171,783	5.38%
09	ILLINOIS-AMERICAN	290,409	9.09%
10	INDIANA-AMERICAN	276,611	8.66%
11	IOWA-AMERICAN	59,002	1.85%
12	KENTUCKY-AMERICAN	110,790	3.47%
13	MARYLAND-AMERICAN	4,766	0.15%
16	MICHIGAN-AMERICAN	3,820	0.12%
17	MISSOURI-AMERICAN	454,506	14.23%
18	NEW JERSEY-AMERICAN	387,703	12.14%
19	NEW MEXICO-AMERICAN	16,145	0.51%
22	OHIO-AMERICAN	58,129	1.82%
23	ARIZONA-AMERICAN	131,241	4.11%
24	PENNSYLVANIA-AMERICAN	627,403	19.64%
26	TENNESSEE-AMERICAN	72,013	2.25%
27	VIRGINIA-AMERICAN	53,642	1.68%
28	WEST VIRGINIA-AMERICAN	165,857	5.19%
30	HAWAII-AMERICAN	10,393	0.33%
38	LONG ISLAND-AMERICAN	73,754	2.31%
42	UNITED WATER VIRGINIA	2,209	0.07%
50	TEXAS-AMERICAN	5,190	0.16%
52	ELIZABETHTOWN WATER Co	203,130	6.36%
53	Mt HOLLY WATER Co	15,185	0.48%
Total		0	0
		3,193,681	100.00%

Kentucky American
Response to PSC-3-5©

AMERICAN WATER WORKS SERVICE COMP
CUSTOMER COUNT
12/31/2009

		Hyperion System 9			
CO #	COMPANY NAME	WATER	WASTEWATER	TOTAL	%
05	CALIFORNIA-AMERICAN	169,342	2,512	171,854	5.17%
09	ILLINOIS-AMERICAN	276,871	31,605	308,476	9.27%
10	INDIANA-AMERICAN	282,625	463	283,088	8.51%
11	IOWA-AMERICAN	60,853		60,853	1.83%
12	KENTUCKY-AMERICAN	118,855	718	119,573	3.59%
13	MARYLAND-AMERICAN	4,875		4,875	0.15%
16	MICHIGAN-AMERICAN	3,679		3,679	0.11%
17	MISSOURI-AMERICAN	456,404	1,092	457,496	13.75%
18	NEW JERSEY-AMERICAN	610,192	29,278	639,470	19.22%
19	NEW MEXICO-AMERICAN	17,195		17,195	0.52%
22	OHIO-AMERICAN	50,578	6,563	57,141	1.72%
23	ARIZONA-AMERICAN	106,365	51,408	157,773	4.74%
24	PENNSYLVANIA-AMERICAN	634,977	17,300	652,277	19.61%
26	TENNESSEE-AMERICAN	74,475		74,475	2.24%
27	VIRGINIA-AMERICAN	54,898		54,898	1.65%
28	WEST VIRGINIA-AMERICAN	170,912	1,094	172,006	5.17%
30	HAWAII-AMERICAN		9,904	9,904	0.30%
38	LONG ISLAND-AMERICAN	73,966		73,966	2.22%
42	UNITED WATER VIRGINIA	2,594		2,594	0.08%
50	TEXAS-AMERICAN	4,170	1,081	5,251	0.16%
Total		3,173,826	153,018	3,326,844	100.00%

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

Witness: John Spanos/Sheila Miller

6. Refer to Kentucky-American's response to the Commission Staff's Second Information Request, Item 43.
- a. Kentucky-American recalculated its depreciation rates for all of the plant in service as of December 31, 2010 and the Kentucky River Station 2 costs of \$163,891,660. Provide a revised schedule "Estimated Survivor Curve, Original Cost, Book Depreciation Reserve and Calculated Annual Depreciation Accruals Related to Utility Plant at December 31, 2010," pages 6 through 9, using the 13-month utility plant balances that are included in the forecasted rate base. In the revised schedule, itemize the costs of the Kentucky River Station 2 facilities, the accrual rates and the composite remaining life.
 - b. Recalculate Kentucky-American's forecasted revenue requirement, rate base, and cost-of-service study to take into account the revised accrual rates.
 - c. Provide all documents, state assumptions, and show all calculations used to determine the effect revised accrual rates will have on each forecasted element of revenue requirement, rate base, and cost-of-service study.
 - d. Provide a reconciliation of the Kentucky River Station 2 balances used in the depreciation schedule to the Kentucky River Station 2 costs that Kentucky-American provided in its response to the Commission Staff's Second Information Request, Item 44.

Response:

- a. Please see the attached schedule.
- b.

	<u>Original</u>	<u>Revised</u>	<u>Variance</u>
Revenue Requirement	\$25,848,286	\$25,694,081	(\$154,205)
Rate Base	\$362,672,028	\$362,709,889	\$37,861
Depreciation Expense	\$11,522,568	\$11,171,488	(\$351,080)
Property Tax	\$4,429,174	\$4,429,581	\$407
- c. See attached.
- d. The attached schedule sets forth reconciliation of the \$163,891,660 of forecasted plant utilization in response to Commission Staff Item 43 versus Item 44. The information used by Mr. Spanos in responding to PSC-2-43 utilized the utility plant balances by 300 account while the information utilized in the response to PSC-2-44 was broken down by the various contracts and not by 300 utility plant account.

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED
ANNUAL DEPRECIATION ACCRUALS RELATED TO AVERAGE UTILITY PLANT BALANCES AS OF SEPTEMBER 30, 2011

	DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT AVERAGE UP BAL FORECASTED TEST YR (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)
							ACCRUAL AMOUNT (7)	ACCURAL RATE (8)	
304.10 304.20	STRUCTURES AND IMPROVEMENTS								
	SOURCE OF SUPPLY	35-S1.5	(5)	16,443,840.78	494,619	16,771,415	504,364	3.07	33.3
	POWER AND PUMPING STRUCTURES								
	KENTUCKY RIVER STATION	60-R2.5 *	(20)	3,312,283.48	1,141,107	2,833,634	118,005	3.56	24.0
	KENTUCKY TREATMENT PLANT	60-R2.5 *	(20)	5,139,330.77	73,076	6,094,121	135,095	2.63	45.1
304.30	OTHER STRUCTURES	60-R2.5	(20)	1,903,638.58	448,172	1,836,193	42,531	2.23	43.2
	TOTAL ACCOUNT 304.20			10,355,252.83	1,662,355	10,763,948	295,631	2.85	36.4
	WATER TREATMENT								
	KENTUCKY RIVER STATION	60-R2.5 *	(20)	4,737,792.59	769,219	4,916,132	201,491	4.25	24.4
	RICHMOND ROAD STATION TREATMENT PLANT	60-R2.5 *	(20)	3,155,429.37	549,147	3,237,368	130,356	4.13	24.8
304.40 304.60	KENTUCKY TREATMENT PLANT	60-R2.5 *	(20)	27,784,018.75	198,738	33,142,084	734,693	2.64	45.1
	OTHER STRUCTURES	60-R2.5	(20)	2,003,710.24	137,054	2,267,398	44,745	2.23	50.7
	TOTAL ACCOUNT 304.30			37,680,950.95	1,654,158	43,562,982	1,111,285	2.95	39.2
	TRANSMISSION AND DISTRIBUTION								
	OFFICE BUILDINGS	30-S2	(5)	1,029,339.68	525,563	555,244	27,092	2.63	20.5
304.70 304.80	MAIN OFFICE	55-R2.5 *	(5)	3,023,405.01	679,812	2,494,763	89,374	2.96	27.9
	OTHER STRUCTURES	55-R2.5	(5)	3,173,087.62	515,312	2,816,430	63,735	2.01	44.2
	TOTAL ACCOUNT 304.60			6,196,492.63	1,195,124	5,311,193	153,109	2.47	34.7
	STORE, SHOP AND GARAGE STRUCTURES	50-R2.5	0	3,267,613.50	322,353	2,945,259	66,302	2.03	44.4
	MISCELLANEOUS STRUCTURES	25-R2	(10)	1,923,367.34	405,492	1,710,213	95,767	4.98	17.9
305.00 306.00 309.00 310.10	TOTAL ACCOUNT 304			76,896,857.71	6,259,664	81,620,254	2,253,550	2.93	36.2
	COLLECTING AND IMPOUNDING RESERVOIRS								
	LAKE, RIVER AND OTHER INTAKES	75-R4	0	1,005,085.91	364,919	640,167	13,417	1.33	47.7
	SUPPLY MAINS	50-S1	0	6,166,198.04	139,473	6,026,725	126,480	2.05	47.6
	OTHER POWER GENERATION EQUIPMENT	65-S2.5	(10)	5,798,648.61	1,276,425	5,102,092	127,474	2.20	40.0
311.20 311.30 311.40 311.52 311.54	OTHER POWER GENERATION EQUIPMENT	35-S2.5	0	3,038,304.20	332,225	2,706,079	89,069	2.93	30.4
	PUMPING EQUIPMENT								
	ELECTRIC	50-R3	(20)	19,587,272.32	5,049,194	18,455,538	441,653	2.25	41.8
	DIESEL	50-R3	(20)	718,476.09	349,534	512,639	16,209	2.26	31.6
	HYDRAULIC	50-R3	(20)	8,405.01	1,748	8,338	192	2.28	43.4
320.10	SOURCE OF SUPPLY	50-R3	(20)	8,386,157.45	347,110	9,716,280	204,004	2.43	47.6
	TRANS. AND DISTR. PUMPING EQUIPMENT	50-R3	(20)	176,341.11	13,247	198,362	4,286	2.43	46.3
	TOTAL ACCOUNT 311			28,876,651.98	5,760,833	28,891,157	666,344	2.31	43.4
320.10	PURIFICATION SYSTEM - STRUCTURES								
	KENTUCKY RIVER STATION	60-R3 *	(20)	8,568,723.98	6,324,936	3,957,535	187,043	2.18	21.2
	RICHMOND ROAD STATION TREATMENT PLANT	60-R3 *	(20)	7,492,819.99	3,223,637	5,767,752	223,817	2.99	25.8
	KENTUCKY TREATMENT PLANT	60-R3 *	(20)	6,729,788.40	133,882	7,941,864	172,349	2.56	46.1

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED
ANNUAL DEPRECIATION ACCRUALS RELATED TO AVERAGE UTILITY PLANT BALANCES AS OF SEPTEMBER 30, 2011

	DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT AVERAGE UP BAL FORECASTED TEST YR (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)
							ACCRUAL AMOUNT (7)	ACCURAL RATE (8)	
	OTHER STRUCTURES	60-R3	(20)	2,286,435.90	677,825	2,065,898	45,034	1.97	45.9
	TOTAL ACCOUNT 320.10			25,077,768.27	10,360,280	19,733,049	628,243	2.51	31.4
320.11	PURIFICATION SYSTEM - EQUIPMENT	45-R2.5	(20)	30,362,579.18	5,019,886	31,415,211	805,570	2.65	39.0
320.20	PURIFICATION SYSTEM - FILTER MEDIA	5-L2.5	0	168,568.93	42,569	126,000	40,934	24.28	3.1
	TOTAL ACCOUNT 320			55,608,916.38	15,422,735	51,274,260	1,474,747	2.65	34.8
330.00	DISTRIBUTION RESERVOIRS AND STANDPIPES	60-S2.5	0	3,986,192.89	238,730	3,747,464	66,014	1.66	56.8
330.10	ELEVATED TANKS AND STANDPIPES	60-S2.5	(25)	10,270,432.02	3,390,910	9,447,130	208,702	2.03	45.3
330.20	GROUND LEVEL FACILITIES	60-S2.5	0	112,146.89	24,878	87,269	1,551	1.38	56.3
330.40	CLEARWELLS	60-S2.5	0	1,524,224.68	6,835	1,517,390	25,610	1.68	59.2
	TOTAL ACCOUNT 330			15,892,996.48	3,661,353	14,799,253	301,877	1.90	49.0
331.00	MAINS AND ACCESSORIES	75-R3	(15)	214,737,108.19	23,443,709	223,503,963	3,567,684	1.66	62.6
333.00	SERVICES	60-R2.5	(100)	18,754,949.89	9,624,903	27,885,000	562,756	3.00	49.6
	METERS								
334.10	METERS	40-R1	(10)	1,677,849.26	119,165	1,726,468	45,006	2.68	38.4
334.11	BRONZE CASE	40-R1	(10)	6,903,778.79	290,136	7,304,021	188,866	2.74	38.7
334.12	PLASTIC CASE	40-R1	(10)	743,856.34	131,947	686,296	24,144	3.25	28.4
334.13	OTHER	40-R1	(10)	7,171,179.75	803,988	7,084,311	207,925	2.90	34.1
	TOTAL ACCOUNT 334.1			16,496,664.14	1,345,236	16,801,096	465,941	2.82	36.1
334.20	METER INSTALLATIONS	40-R1	(10)	16,561,899.65	5,087,318	13,130,771	460,503	2.78	28.5
334.30	METER VAULTS	40-R1	(10)	381,147.44	12,015	407,247	10,402	2.73	39.2
335.00	FIRE HYDRANTS	80-R3	(25)	11,005,564.91	2,825,119	10,931,840	163,486	1.49	66.9
339.10	OTHER SOURCE OF SUPPLY PLANT	5-SQ	0	8,374.81	6,344	2,031	1,625	19.40	1.2
339.60	OTHER P/E COMPANY PLANNING STUDY	10-SQ	0	638,265.66	73,094	565,171	68,435	10.72	8.3
	OFFICE FURNITURE AND EQUIPMENT								
340.10	FURNITURE								
	FULLY ACCRUED AMORTIZED	20-SQ	0	257,074.64 476,278.52	257,075 269,945	0 206,332	0 23,791	- 5.00	- 8.7
	TOTAL ACCOUNT 340.10			733,353.16	527,020	206,332	23,791	3.24	8.7
340.21	MAINFRAME								
	FULLY ACCRUED AMORTIZED	5-SQ	0	27,295.52 228,950.08	27,296 60,017	0 168,932	0 45,798	- 20.00	- 3.7
	TOTAL ACCOUNT 340.21			256,245.60	87,313	168,932	45,798	17.87	3.7

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED
ANNUAL DEPRECIATION ACCRUALS RELATED TO AVERAGE UTILITY PLANT BALANCES AS OF SEPTEMBER 30, 2011

	DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT AVERAGE UP BAL FORECASTED TEST YR (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)
							ACCRUAL AMOUNT (7)	ACCURUAL RATE (8)	
340.22	PERSONAL COMPUTERS FULLY ACCRUED AMORTIZED	5-SQ	0	477,675.74 251,250.72	477,676 165,058	0 86,193	0 50,243	- 20.00	- 1.7
	TOTAL ACCOUNT 340.22			728,926.46	642,734	86,193	50,243	6.89	1.7
340.23	PERIPHERAL-OTHER FULLY ACCRUED AMORTIZED	5-SQ	0	115,727.80 162,854.80	115,728 86,309	0 76,546	0 32,566	- 20.00	- 2.4
	TOTAL ACCOUNT 340.23			278,582.60	202,037	76,546	32,566	11.69	2.4
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 73,160	0 27,170	0 20,071	- 20.00	- 1.4
	TOTAL ACCOUNT 340.32			100,730.19	73,560	27,170	20,071	19.93	1.4
340.33	COMPUTER SOFTWARE-OTHER FULLY ACCRUED AMORTIZED	5-SQ	0	527,873.70 4,470.43	527,874 3,352	0 1,118	0 894	- 20.00	- 1.3
	TOTAL ACCOUNT 340.33			532,344.13	531,226	1,118	894	0.17	1.3
340.50	OTHER FULLY ACCRUED AMORTIZED	15-SQ	0	24,749.83 63,619.33	24,750 42,988	0 20,632	0 4,246	- 6.67	- 4.9
	TOTAL ACCOUNT 340.50			88,369.16	67,738	20,632	4,246	4.80	4.9
	TOTAL ACCOUNT 340			7,266,069.89	6,677,454	588,615	179,301	2.47	3.3
	<u>TRANSPORTATION EQUIPMENT</u>								
341.10	LIGHT DUTY TRUCKS	13-S2.5	20	2,548,278.17	1,547,801	490,821	38,884	1.53	12.6
341.20	HEAVY DUTY TRUCKS	14-S2	15	1,167,937.05	290,246	290,246	27,323	2.34	10.6
341.30	AUTOS	10-S3	15	304,900.74	284,239	(25,073)	0	-	-
341.40	OTHER	16-L3	0	416,326.20	138,195	278,133	22,923	5.51	12.1

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED
ANNUAL DEPRECIATION ACCRUALS RELATED TO AVERAGE UTILITY PLANT BALANCES AS OF SEPTEMBER 30, 2011

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT AVERAGE UP BAL FORECASTED TEST YR (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCURAL RATE (8)	COMPOSITE REMAINING LIFE (9)
TOTAL ACCOUNT 341			4,437,442.16	2,672,735	1,034,127	89,130	2.01	11.6
342.00 STORES EQUIPMENT FULLY ACCRUED AMORTIZED	25-SQ	0	2,818.03 31,108.60	2,818 28,289	0 2,819	0 1,244	- 4.00	- 2.3
TOTAL ACCOUNT 342.00			33,926.63	31,107	2,819	1,244	3.67	2.3
343.00 TOOLS, SHOP AND GARAGE EQUIPMENT FULLY ACCRUED AMORTIZED	20-SQ	0	169,895.77 1,890,585.86	169,896 641,789	0 1,248,796	0 94,623	- 5.00	- 13.2
TOTAL ACCOUNT 343.00			2,060,481.63	811,685	1,248,796	94,623	4.59	13.2
344.00 LABORATORY EQUIPMENT FULLY ACCRUED AMORTIZED	15-SQ	0	162,058.36 665,968.75	162,058 444,779	0 221,191	0 44,433	- 6.67	- 5.0
TOTAL ACCOUNT 344.00			828,027.11	606,837	221,191	44,433	5.37	5.0
345.00 POWER OPERATED EQUIPMENT 346.10 COMMUNICATION EQUIPMENT - NON-TELEPHONE FULLY ACCRUED AMORTIZED	18-L4 15-SQ	15 0	1,526,034.51 317,535.57 1,529,336.53	894,108 317,536 1,124,443	403,020 0 404,894	32,694 0 101,933	2.14 - 6.67	12.3 - 4.0
TOTAL ACCOUNT 346.10			1,846,872.10	1,441,979	404,894	101,933	5.52	4.0
346.19 REMOTE CONTROL AND INSTRUMENTATION 346.20 COMMUNICATION EQUIPMENT - TELEPHONE 347.00 MISCELLANEOUS EQUIPMENT FULLY ACCRUED AMORTIZED	15-SQ 15-SQ 20-SQ	0 0 0	22,310.63 240,800.02 149,221.37 1,182,514.24	4,065 44,042 149,221 406,347	18,246 196,758 0 776,166	1,489 16,061 0 59,157	6.67 6.67 - 5.00	12.3 12.3 - 13.1
TOTAL ACCOUNT 347.00			1,331,735.61	555,568	776,166	59,157	4.44	13.1
348.00 OTHER TANGIBLE PROPERTY	20-SQ	0	138,484.58	85,692	52,793	6,931	5.00	7.6
TOTAL DEPRECIABLE PLANT			491,599,818.87	89,460,637	489,234,531	10,980,786	2.23	
UNRECOVERED RESERVE TO BE AMORTIZED								
340.10 FURNITURE				37,280		(7,456)	***	
340.21 MAINFRAME				(19,628)		3,926	***	
340.22 PERSONAL COMPUTERS				699,510		(139,902)	***	
340.23 PERIPHERAL-OTHER				(77,118)		15,424	***	
340.30 COMPUTER SOFTWARE				495,836		(99,167)	***	
340.32 COMPUTER SOFTWARE-PERSONAL				424,840		(84,968)	***	

KENTUCKY AMERICAN WATER COMPANY

ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED
ANNUAL DEPRECIATION ACCRUALS RELATED TO AVERAGE UTILITY PLANT BALANCES AS OF SEPTEMBER 30, 2011

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AT AVERAGE UP BAL FORECASTED TEST YR (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)	COMPOSITE REMAINING LIFE (9)
340.33 COMPUTER SOFTWARE-OTHER				105,565		(21,113)	***	
340.50 OTHER				15,174		(3,035)	***	
342.00 STORES EQUIPMENT				2,262		(452)	***	
343.00 TOOLS, SHOP AND GARAGE EQUIPMENT				101,960		(20,392)	***	
344.00 LABORATORY EQUIPMENT				125,880		(25,176)	***	
346.10 COMMUNICATION EQUIPMENT - NON-TELEPHONE				(443,840)		88,768	***	
346.19 REMOTE CONTROL AND INSTRUMENTATION				(754)		151	***	
346.20 COMMUNICATION EQUIPMENT - TELEPHONE				(10,560)		2,112	***	
347.00 MISCELLANEOUS EQUIPMENT				(46,000)		9,200	***	
348.00 OTHER TANGIBLE PROPERTY				196,480		(39,296)	***	
TOTAL UNRECOVERED RESERVE TO BE AMORTIZED				1,606,887		(321,377)		
NONDEPRECIABLE PLANT								
301.00 ORGANIZATION			37,450.43					
302.00 FRANCHISES AND CONSENTS			70,260.82					
303.20 LAND - SOURCE OF SUPPLY			953,578.67					
303.30 LAND - PUMPING			195,363.96					
303.40 LAND - WATER TREATMENT			561,501.07					
303.50 LAND - TRANSMISSION & DISTRIBUTION			8,047,212.12					
TOTAL NONDEPRECIABLE PLANT			9,865,367.07					
TOTAL PLANT			501,465,185.94	91,067,524	489,234,531	10,659,409		

* LIFESPAN PROCEDURE WAS USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.

** NEW ADDITIONS WILL HAVE A DEPRECIATION ACCRUAL RATE AS FOLLOWS

ACCOUNT	RATE
341.30	8.50

*** 5-YEAR AMORTIZATION OF UNRECOVERED RESERVE RELATED TO IMPLEMENTATION OF AMORTIZATION ACCOUNTING.

KENTUCKY AMERICAN WATER COMPANY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED SEPTEMBER 30, 2011

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 47,718,334	52.8%	\$ 35,142,235	(a) 54.2%	\$ 48,151,328	(a) 53.3%	\$ 13,009,093	37.0%
Commercial	23,337,084	25.8%	16,389,110	25.3%	23,329,082	25.8%	6,939,972	42.3%
Industrial	2,683,781	3.0%	1,533,405	2.4%	2,260,969	2.5%	727,564	47.4%
Public Authority	8,232,142	9.1%	5,636,110	8.7%	8,230,241	9.1%	2,594,131	46.0%
Sales for Resale	2,361,567	2.6%	1,588,731	2.5%	2,361,497	2.6%	772,766	48.6%
Private Fire Service	2,480,554	2.7%	1,716,893	2.7%	2,479,626	2.7%	762,733	44.4%
Public Fire Service	3,634,107	4.0%	\$2,747,004	4.2%	3,634,404	4.0%	887,400	32.3%
Total Sales	90,447,569	100.0%	64,753,488	100.0%	90,447,147	100.0%	25,693,659	39.7%
Other Revenues	3,770,138		\$3,770,137		\$3,770,137		-	0.0%
Total	\$ 94,217,707		\$ 68,523,625		\$ 94,217,284		\$ 25,693,659	37.5%

(a) Includes Miscellaneous sales.

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

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

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

Line No.	Description	Supporting Schedule Reference	Forecast Jurisdictional Rev Req	Base Period Jurisdictional Rev Req
1				
2				
3				
4	RATE BASE	B-1	\$362,709,889	\$345,298,235
5				
6	FORECASTED OPERATING INCOME AT CURRENT RATES	C-1	15,569,844	13,816,302
7				
8	EARNED RATE OF RETURN		4.29%	4.00%
9				
10	RATE OF RETURN	J-1	8.58%	8.01%
11				
12	REQUIRED OPERATING INCOME		31,120,508	27,658,389
13				
14	OPERATING INCOME DEFICIENCY		15,550,664	13,842,087
15				
16	GROSS REVENUE CONVERSION FACTOR	H-1	1,652,2819	1,652,2819
17				
18	REVENUE DEFICIENCY (1)		25,694,081	22,871,029
19				
20	ADJUSTED OPERATING REVENUES	C-1	68,523,626	67,042,231
21				
22	REVENUE REQUIREMENT		\$94,217,707	\$89,913,260
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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	\$ 385,169,760
3	Property Held for Future Use	B-2.6	0
4			
5	Utility Plant Acquisition Adjustments	W/P-1-2	11,963
6			
7	Accumulated Depreciation	B-3	(103,121,670)
8			
9			
10			
11	Net Utility Plant In Service		282,060,053
12			
13			
14			
15	Construction Work in Progress		160,146,033
16	Working Capital Allowance	B-5	3,804,000
17	Other Working Capital Allowance	B-5	642,421
18			
19	Contributions in Aid of Construction	B-6	(47,860,213)
20	Customer Advances	B-6	(16,921,528)
21			
22	Deferred Income Taxes	B-6	(38,238,685)
23	Deferred Investment Tax Credits	B-6	(83,332)
24	Deferred Maintenance	W/P-1-10	2,422,653
25	Deferred Debits	W/P-1-11	1,757,661
26	Other Rate Base Elements	W/P-1-11	(2,430,828)
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45	Jurisdictional Rate Base		3345,298,235
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Line No.	Rate Base Component	Supporting Schedule Reference	End of Period Amount	13 Month Avg Forecasted Period Amount
1				
2	Utility Plant In Service	B-2	\$575,509,469	\$566,014,484
3	Property Held for Future Use	B-2.6	0	0
4				
5	Utility Plant Acquisition Adjustments	W/P-1-2	(0)	2,342
6				
7	Accumulated Depreciation	B-3	(114,621,107)	(109,967,003)
8				
9				
10				
11	Net Utility Plant In Service		460,888,362	456,049,823
12				
13				
14				
15	Construction Work in Progress	B-4 / W/P-1-4	15,015,289	9,463,931
16	Working Capital Allowance	B-5 / W/P-1-12	2,622,000	2,622,000
17				
18	Other Working Capital Allowance	B-5	642,421	642,421
19				
20	Contributions in Aid of Construction	B-6	(49,231,987)	(48,865,890)
21	Customer Advances	B-6	(20,829,028)	(19,089,182)
22				
23	Deferred Income Taxes	B-6	(41,456,112)	(40,095,118)
24	Deferred Investment Tax Credits	B-6	(73,124)	(76,952)
25	Deferred Maintenance	W/P-1-10	3,405,534	2,708,236
26	Deferred Debits	W/P-1-11	1,669,591	1,700,474
27	Other Rate Base Elements	W/P-1-11	(2,239,059)	(2,349,854)
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45	Jurisdictional Rate Base		\$370,413,888	\$362,709,889
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DATA: X_BASE PERIOD __ FORECASTED PERIOD
TYPE OF FILING: X_ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S): W/P-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	
			Total Company	Total Company		Jurisdictional Total	Adjusted Jurisdiction
1							
2							
3							
4							
5	301	<u>Intangible Plant</u>	\$	37,450	\$	\$	\$
6	302	Organization		70,261		-	0
7	3031	Franchise/Consents		8,375		836	836
8	3036	Other P/E Intangibles		541,496		52,758	52,758
9		Other P/E Comprehensive Studies					
10		Total Intangibles		657,582		53,594	53,594
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Line No.	Acct No.	Account Title	Forecasted Period Total Company	Accumulated Reserve Balances			13 Month Average
				Total Company	Jurisdictional Percent	Jurisdictional Total	
1							
2							
3							
4	301	Intangible Plant Organization	\$ 37,450	\$ -	100%	\$ -	\$ -
5	302/303	Franchise/Consents/Plant Studies	70,261	-	-	-	-
6	3031	Other P/E Intangibles	8,375	3,013	-	3,013	2,203
7	3036	Other P/E Comprehensive Studies	705,496	160,031	-	160,031	124,723
8		Total Intangibles	821,582	163,044	-	163,044	126,926
9							
10		Source of Supply and Pumping Plant					
11	310	Land and Land Rights - SS	\$ 955,736	\$ -	\$ -	\$ -	\$ -
12	311	Structures and Improvements	16,491,911	729,385	-	729,385	476,335
13	312	Collecting and Impounding Reservoirs	1,005,086	377,683	-	377,683	370,999
14	313	Lake, River and Other Intakes	6,185,848	199,031	-	199,031	135,655
15	314	Wells and Springs	-	-	-	-	-
16	316	Supply Mains	5,800,934	1,359,360	-	1,359,360	1,295,553
17	320	Land and Land Rights - Pumping	195,726	-	-	-	-
18	321	Structures and Improvements	10,373,193	1,893,911	-	1,893,911	1,746,129
19	323	Other Power Production Equipment	3,045,643	391,802	-	391,802	347,200
20	325	Electric Pumping Equipment	20,175,881	5,207,394	-	5,207,394	5,183,983
21	326	Diesel Pumping Equipment	718,476	380,465	-	380,465	372,347
22	328	Hydraulic Pumping Equipment	8,404	483	-	483	387
23	3282	SS Pumping Equipment	8,386,158	494,589	-	494,589	392,697
24	3283	T&D Pumping Equipment	176,341	16,894.39	-	16,894.00	14,752
25		Total Source of Supply & Pumping	73,519,337	11,050,996	-	11,050,997	10,336,037
26							
27		Water Treatment Plant					
28		Land and Land Rights	\$ 563,223	\$ -	\$ -	\$ -	\$ -
29	330	Structures and Improvements	44,531,178	2,811,821	-	2,811,821	2,155,233
30	331	Water Treatment Equipment	49,349,962	16,216,306	-	16,216,306	15,637,151
31	332	Water Treatment - GAC	168,569	46,249	-	46,249	25,783
32							
33							
34		Total Water Treatment	94,612,932	19,074,377	-	19,074,376	17,818,167
35							
36		Transmission and Distribution Plant					
37	340	Land and Land Rights	\$ 8,061,270	\$ -	\$ -	\$ -	\$ -
38	341	T & D Structures and Improvements.	1,029,339	563,204	-	563,204	549,668
39	342	Distribution Reservoirs and Standpipes	15,906,405	3,935,954	-	3,935,954	3,784,953
40	343	Transmission and Distribution Mains	253,714,927	33,328,982	-	33,328,982	31,826,620
41	345	Services	46,137,796	17,709,479	-	17,709,479	17,362,287
42	346	Meters	18,828,647	1,775,225	-	1,775,225	1,629,860
43	347	Meter Installations	17,093,201	5,505,309	-	5,505,309	5,269,426
44	348	Hydrants	13,570,583	3,386,821	-	3,386,821	3,315,611
45							
46		Total Transmission and Distribution	374,342,167	66,204,974	-	66,204,974	63,738,425
47							
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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 ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): W/P-1-3

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

Line No.	Acct No.	Account Title	Forecasted Period Total Company	Accumulated Reserve Balances			Adjusted Jurisdiction	13 Month Average
				Total Company	Jurisdictional Percent	Jurisdictional Total		
1								
2								
3								
4	389.2	General Plant		\$ -	100%	\$ -	\$ -	\$ -
5	390	Stores Shop & Garage Land	11,847,473	2,144,461		2,144,461	2,144,461	1,985,280
6	391	Structures and Improvements	7,291,514	8,524,135		8,524,135	8,524,135	8,608,525
7	392	Office Furniture and Equipment	4,913,215	2,735,650		2,735,650	2,735,650	2,778,596
8	393	Transportation Equipment	33,927	34,958		34,958	34,958	34,548
9	394	Stores Equipment	2,169,873	1,004,295		1,004,295	1,004,295	976,480
10	395	Tools, Shop and Garage Equipment	828,028	782,598		782,598	782,598	772,590
11	396	Laboratory Equipment	1,526,035	951,608		951,608	951,608	935,282
12	397	Power Operated Equipment	2,073,935	1,086,762		1,086,762	1,086,762	1,012,086
13	398	Communication Equipment	1,390,967	564,710		564,710	564,710	529,336
14	399	Miscellaneous Equipment	138,485	298,539		298,539	298,539	314,725
15		Other Tangible Property						
16								
17		Total General	32,213,453	18,127,717		18,127,716	18,127,716	17,947,448
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		Total Utility Plant in Service	\$575,509,471	\$114,621,107		\$114,621,107	\$114,621,107	\$109,967,003

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): WIP - 1-3

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									
4	390	Office Structures and Improvements	3,023,405	854,737	2.01%	60,770	-5%	39.2	55-R2.5
5	3,901	Office Structures and Improvements-amortized	3,166,549	895,205	2.01%	63,648	-5%	39.2	55-R2.5
6	3,902	Stores, Shop & Garage Structures	1,729,152	1,371,883	2.33%	40,289	0%	32.6	45-R3
7	3,903	Misc Structures	1,923,367	1,525,970	4.19%	80,589	0%	21.2	25-R1.5
8	3,911	Office Furniture	195,029	154,733	0.00%	0	0%	4.8	20-SQ
9	3,911	Office Furniture-amortized	538,324	427,098	7.48%	40,267	0%		
10	3,912	Mainframe Comp & Periph Eqpt	27,295	21,655	0.00%	0	0%	4.5	5-SQ
11	3,912	Mainframe Comp & Periph Eqpt-amortized	118,506	94,021	8.04%	9,528	0%		
12	3,912	Personal Comp & Periph Eqpt	406,272	322,330	0.00%	0	0%	2.1	5-SQ
13	3,912	Personal Comp & Periph Eqpt-amortized	400,086	317,422	9.52%	38,088	0%		
14	3,912	Computers & Periph Other	101,976	80,906	0.00%	0	0%	1.2	5-SQ
15	3,912	Computers & Periph Other-amortized	176,607	140,117	17.49%	30,889	0%		
16	3,912	Mainframe Software	3,976,525	3,154,915	0.00%	0	0%	2.5	5-SQ
17	3,912	Mainframe Software-amortized	570,993	453,017	6.87%	39,227	0%		
18	3,912	Personal Comp Software	400	317	0.00%	0	0%	0.0	5-SQ
19	3,912	Personal Comp Software-amortized	100,330	79,600	0.00%	0	0%		
20	3,912	Other Software	527,874	418,807	0.00%	0	0%	1.0	5-SQ
21	3,912	Other Software-amortized	4,470	3,546	18.00%	805	0%		
22	3,913	Other Office Equipment	18,816	14,928	0.00%	0	0%	5.1	15-SQ
23	3,913	Other Office Equipment-amortized	69,553	55,183	7.17%	4,987	0%		
24	3,921	Trans Equip-Light Trucks	1,880,069	1,429,344	0.00%	0	20%	7.1	13-S2.5
25	3,921	Trans Equip-Light Trucks-amortized	66,000	50,177	0.00%	0			
26	3,921	Trans Equip-Heavy Trucks	1,182,938	899,342	6.48%	76,654	15%	8.1	15-S2.5
27	3,922	Trans Equip-Cars	204,107	155,175	0.00%	0	0%		
28	3,922	Trans Equip-Cars-amortized	0	0	0.00%	0	15%	3.2	10-R4
29	3,923	Other Trans Equip	416,327	316,517	6.39%	26,603	0%	13.7	16-L2.5
30	3,93	Stores Equipment	2,268	2,246	0.00%	0	0%	5.6	25-SQ
31	3,93	Stores Equipment-amortized	31,659	31,346	5.18%	1,640	0%		
32	3,94	Tools, Shop, & Garage Equip	158,330	73,501	0.00%	0	0%	12.2	20-SQ
33	3,94	Tools, Shop, & Garage Equip-amortized	1,810,643	840,546	5.67%	102,663	0%		
34	3,95	Laboratory Equipment	150,397	135,597	0.00%	0	0%	7.4	15-SQ
35	3,95	Laboratory Equipment-amortized	677,631	610,948	7.10%	48,112	0%		
36	3,96	Power Operated Equipment	1,526,035	896,320	4.45%	67,909	25%	12.5	18-L2.5
37	3,97	Communication Equipment-nontelephone	209,848	88,844	0.00%	0	0%		
38	3,97	Communication Equipment-amortized	1,692,239	716,450	6.12%	103,565	0%	7.7	15-SQ
39	3,971	Communication Equipment-remote control	22,311	9,446	6.12%	1,365	0%		
40	3,972	Communication Equipment-telephone	240,800	101,949	6.12%	14,737	0%		
41	3,98	Misc Equipment	115,963	43,609	0.00%	0	0%	14.8	20-SQ
42	3,98	Misc Equipment	1,145,004	430,589	5.23%	59,884	0%		
43	3,99	Other Tangible Property	138,485	328,350	5.55%	7,686	0%	10.8	20-SQ
44									
45									
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			318,199,357	103,121,667		7,004,621			

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

SCHEDULE B-3.2
PAGE 3 OF 4
Witness Responsible: S.A. Miller

Line No.	Acct No.	Account Title	Adjusted Plant Investment	Jurisdiction Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3	3031	Other P/E Intangibles	\$8,375	\$3,013	19.40%	\$ 1,625			
4	3036	Other P/E Comprehensive Studies	705,496	\$160,031	10.72%	75,629	-5%	29.7	35-S1.5
5	311	SS Structures and Improvements	16,491,911	729,385	3.07%	506,302	0%	49.5	75-R4
6	312	Coil and Impounding Reservoir	1,005,086	377,683	1.33%	13,368	0%	34.4	50-S1
7	313	Lake, River, and Other Intakes	6,185,848	199,031	2.05%	126,810	0%	0.0	
8	314	Wells and Springs	0	0	0.00%	0	0%	0.0	
9	316	Supply Mains	5,800,934	1,359,360	2.20%	127,621	-10%	38.7	65-S2.5
10									
11	321	Pumping Structures and Improvements	10,373,193	1,893,911	2.85%	295,636	-20%	30.4	60-R2.5
12	323.2	Other Power Production Equipment	3,045,643	391,802	2.83%	89,237	0%	23.6	35-S2.5
13	325	Electric Pumping Equipment	20,175,881	5,207,394	2.25%	453,957	-20%	33.8	50-R3
14	326	Diesel Pumping Equipment	718,476	380,465	2.26%	16,238	-20%	32.9	R3
15	328.2	Hydraulic Pumping Equipment	8,404	483	2.28%	192	-20%	44.7	R3
16	328.3	Source of Supply Pumping Equipment	8,386,158	494,589	2.43%	203,784	-20%	48.9	R3
17	328.4	T & D Pumping Equipment	176,341	16,894	2.43%	4,285	-20%	47.6	R3
18									
19	331	WT Structures and Improvements	44,531,178	2,811,821	2.95%	1,313,670	-20%	28.9	60-R2.5
20	332	Water Treatment Equipment	31,001,982	10,187,194	2.65%	821,553	-20%	32.1	45-R2.5
21	332.1	Water Treatment Equipment-Sir	18,347,980	6,029,112	2.61%	478,882	-20%	27.2	60-R3
22	334	Water Treatment - GAC	168,569	46,249	24.28%	40,929	0%	4.1	5-L2.5
23									
24	341	T & D Structures and Improvements	1,029,339	563,204	2.63%	27,072	-5%	21.8	30-S2
25	342	Dist Res and Standpipes	3,994,282	294,699	1.66%	66,305	0%	17.6	60-S2.5
26	342.1	Elevated Tanks & Standpipes	10,270,432	3,585,532	2.03%	208,490	-25%	46.7	60-S2.5
27	342.2	Ground Level Facilities	112,147	26,992	1.38%	1,548	0%	57.6	60-S2.5
28	342.3	Cleanwells	1,529,544	28,731	1.68%	25,696	0%	60.8	60-S2.5
29	343	T & D Mains	218,115,159	33,328,982	1.66%	3,620,712	-15%	59.3	75-R3
30	345	Services	18,997,635	17,709,479	3.00%	569,929	-100%	50.0	60-R2.5
31	346	Meters	1,677,849	163,571	2.68%	44,966	-10%	39.3	40-R1
32	346.1	Meters - Bronze Case	8,711,372	849,258	2.74%	238,692	-10%	38.9	40-R1
33	346.2	Meters - Plastic Case	649,193	63,289	3.25%	21,099	-10%	28.9	40-R1
34	346.3	Meters - Other	7,171,179	699,107	2.90%	207,964	-10%	35.0	40-R1
35	347	Meter Installations	16,561,899	5,334,189	2.78%	460,421	-10%	29.3	40-R1
36	347.1	Meter Vaults	171,120	171,120	2.73%	171,120	-10%	39.5	40-R1
37									
38	348	Hydrants	11,292,193	3,386,821	1.49%	168,254	-25%	66.8	80-R3
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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	547,254	2.96%	89,493	-5%	29.1	55-R2.5
5	3,901	Office Structures and Improvements-amortized	3,171,549	574,069	2.01%	63,748	-5%	45.4	55-R2.5
6	3902	Stores, Shop & Garage Structures	3,729,152	674,998	2.03%	75,702	0%	41.4	55-R2.5
7	3903	Misc Structures	1,923,367	348,141	4.98%	95,784	-10%	18.9	25-R2
8	3911	Office Furniture	195,029	227,998	0.00%	0	0%	9.0	20-SQ
9	3,911	Office Furniture-amortized	538,324	629,327	5.00%	26,916			
10	3912	Mainframe Comp & Periph Eqpt	27,295	31,909	0.00%	0	0%	2.4	5-SQ
11	3,912	Mainframe Comp & Periph Eqpt-amortized	337,346	394,374	20.00%	67,469			
12	39121	Personal Comp & Periph Eqpt	245,890	287,457	0.00%	0	0%	2.3	5-SQ
13	39,121	Personal Comp & Periph Eqpt-amortized	400,066	467,720	20.00%	80,017			
14	39122	Computers & Periph Other	101,976	119,215	0.00%	0	0%	3.4	5-SQ
15	39,122	Computers & Periph Other-amortized	176,607	206,462	20.00%	35,321			
16	39125	Mainframe Software	3,976,525	4,648,751	0.00%	0	0%	1.0	5-SQ
17	39,125	Mainframe Software-amortized	570,993	667,519	20.00%	114,199			
18	39,126	Personal Comp Software	400	468	0.00%	0	0%	2.7	5-SQ
19	39,126	Personal Comp Software-amortized	100,330	117,291	20.00%	20,066			
20	39,128	Other Software	527,874	617,110	0.00%	0	0%	2.6	5-SQ
21	39,128	Other Software-amortized	4,470	5,226	20.00%	894			
22	3913	Other Office Equipment	18,816	21,997	0.00%	0	0%	5.8	15-SQ
23	3,913	Other Office Equipment-amortized	69,553	81,311	6.67%	4,639			
24	39211	Trans Equip-Light Trucks	1,646,367	916,688	0.00%	0	20%	0.0	13-S2.5
25	39,211	Trans Equip-Light Trucks-new additions	1,358,507	756,409	1.53%	20,785	20%	20.0	13-S2.5
26	39212	Trans Equip-Heavy Trucks	1,167,938	650,301	2.34%	27,330	15%	14.52	14-S2
27	3922	Trans Equip-Cars	191,583	106,672	0.00%	0	15%	12.0	10-S3
28	3,922	Trans Equip-Cars-new additions	132,493	73,771	8.50%	11,262	15%	0.0	10-S3
29	3923	Other Trans Equip	416,327	231,808	5.51%	22,940	0%	13.5	16-L3
30	393	Stores Equipment	2,268	2,337	0.00%	0	0%		
31	393	Stores Equipment-amortized	31,659	32,621	4.00%	1,266	0%	3.6	25-SQ
32	394	Tools, Shop, & Garage Equip	138,230	63,978	0.00%	0			
33	394	Tools, Shop, & Garage Equip-amortized	2,031,643	940,317	5.00%	101,582	0%	13.7	20-SQ
34	395	Laboratory Equipment	150,397	142,145	0.00%	0			
35	395	Laboratory Equipment-amortized	677,631	640,453	6.67%	45,198	0%	6.2	15-SQ
36	396	Power Operated Equipment	1,526,035	951,608	2.14%	32,657	15%	18-L4	18-L4
37	397	Communication Equipment-nontelephone	118,565	62,140	0.00%	0	0%		
38	397	Communication Equipment-amortized	1,692,239	886,750	6.67%	112,872	0%	4.9	15-SQ
39	3971	Communication Equipment-remote control	22,311	11,691	6.67%	1,488	0%	13.6	15-SQ
40	3972	Communication Equipment-telephone	240,800	126,182	6.67%	16,061	0%	13.6	15-SQ
41	398	Misc Equipment	115,963	47,079	0.00%	0			
42	398	Misc Equipment	1,275,004	517,631	5.00%	63,750	0%	13.6	20-SQ
43					5.00%	6,924	0%	8.7	20-SQ
44		Other Tangible Property	138,485	298,539					
45			499,988,433	114,621,107		11,383,734			
46									
47									
48									

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

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

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

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	\$3,804,000	100.00%	\$3,804,000
4						
5						
6						
7	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
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						
3						
4						
5						
6	Working Capital	Lead/Lag Study	B-5.2, Page 1/3	\$2,622,000	100.00%	\$2,622,000
7						
8						
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

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

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

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
9							
10		\$642,421		\$642,421	\$642,421		\$642,421
11							
12							
13							
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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 _X_ 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							
4							
5							
6							
7							
8							
9			100.00%	\$428,668	\$428,668	100.00%	\$428,668
10		\$428,668					
11	Plant Materials			213,753	213,753		213,753
12		213,753					
13	Chemicals			\$642,421	\$642,421		\$642,421
14		\$642,421					
15							
16							
17							
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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			
4	Total Operating Funds		<u>\$77,057,737</u>
5			
6	Average Daily Operating Funds		211,117
7			
8	Composite Average Days Interval Between:		
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>
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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	Opex	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)	29.64	(5,385,825)
32	Deferred Income Taxes	7,438,123	0.00	0
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				
38	Net Operating Funds	\$77,057,737		\$1,450,567,446
39				
40				
41	Average Days Interval between Date Expenses are Incurred and Date of Payment			18.82
42				
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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	Monthly - Arrears Full Bills	\$58,645,848	15.21	\$892,003,344
5	Other Revenues	2,787,939	34.54	96,295,413
6				
7	Fire Service	4,407,311	(41.19)	(181,537,140)
8				
9	Total	65,841,098		\$806,761,617
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22	Average Median Service Days			12.25
23	Number of Days between the Reading Date and the Billing Date			4.66
24	Number of Days between the Billing Date and the Date the Bills are Paid			19.93
25				
26				
27	Total Average Days' Interval between Number of Days from Date Services are Furnished to Date Collections are Received			36.84
28				
29				
30				
31				
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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 4 OF 6
Witness Responsible: M.A. Miller

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

Line No.	Description	Days	Amount
1			
2			
3			
4			
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50			
	Total Operating Funds		\$93,974,796
	Average Daily Operating Funds		257,465
	Composite Average Days Interval Between:		
	(A) Date Service Furnished and Date Collections Deposited	35.83	
	(B) Date Expenses Incurred and Date of Payment	25.65	
	(C) Net Interval	10.18	
	Total Working Capital		\$2,621,697
	Use		\$2,622,000

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	5,269,882	42.29	222,863,326
20				
21	Total O & M Expenses	35,459,366		304,973,760
22				
23	Depreciation and Amortization	11,083,833	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	4,429,582	165.85	734,646,175
29	Utility Tax	109,826	(182.00)	(19,988,332)
30	Income Taxes - Current - SIT	1,362,396	29.64	40,381,417
31	Income Taxes - Current - FIT	7,470,471	29.64	221,424,760
32	Deferred Income Taxes	2,317,507	0.00	0
33	Interest Expense - Long - Term Debt	12,114,510	90.55	1,096,968,881
34	Interest Expense - Short - Term Debt	181,355	14.31	2,595,190
35	Preferred Dividends	471,523	45.88	21,633,475
36	Net Income	18,353,120	0.00	0
37				
38	Net Operating Funds	\$93,974,796		\$2,410,411,696
39				
40				
41	Average Days Interval between Date Expenses are Incurred and Date of Payment			25.65
42				
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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 ☒ FORECASTED PERIOD
TYPE OF FILING: ☒ 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				
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50				
	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	3,770,137		34.54 130,220,532
	Total Average Days' Interval between Number of Days from Date Services are Furnished to Date Collections are Received	68,523,625		35.83 2,455,388,770

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
1						
2						
3	252	Customer Advances	W/P-1-7	\$ 16,921,528		\$16,921,528
4						
5	271	Contributions in Aid of Constr	W/P-1-7	\$ 47,860,213	100.00%	\$47,860,213
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						
13						
14						
15						
16						
17	282	Deferred Taxes:	W/P-1-8	\$36,612,543		\$36,612,543
18		Utility Plant in Service	W/P-1-8	942,412		942,412
19		Deferred Maintenance	W/P-1-8	683,730		683,730
20		Deferred Debits				
21						
22						
23						
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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
1							
2							
3	252	Customer Advances	W/P-1-7	\$20,829,028		\$20,829,028	\$19,089,182
4							
5	271	Contributions in Aid of Constr	W/P-1-7	\$49,231,987	100.00%	\$49,231,987	\$48,865,890
6							
7	255	Investment Tax Credits:					
8		Pre 1971 3% Credit	W/P-1-9	\$73,124		\$73,124	\$76,952
9		1971-1975 4% Credit					
10		1975-12/31/85 10% Credit					
11							
12							
13							
14							
15							
16							
17	282	Deferred Taxes:					
18		Utility Plant in Service	W/P-1-8	\$39,481,888		\$39,481,888	\$38,380,130
19		Deferred Maintenance	W/P-1-8	1,324,753		1,324,753	1,053,504
20		Deferred Debits	W/P-1-8	649,471		649,471	661,484
21							
22			3,324,188				
23							
24							
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26							
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				\$41,456,112		\$41,456,112	\$40,095,118

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 _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
1				
2				
3	Operating Revenues	<u>\$68,523,626</u>	<u>\$25,694,081</u>	<u>\$94,217,707</u>
4	Operating Expenses			
5				
6				
7	Operation and Maintenance	35,459,366	201,337	35,660,703
8	Depreciation and Amortization	11,083,833	0	11,083,833
9	Taxes Other Than Income	5,160,715	41,573	5,202,288
10				
11	State Income Taxes	175,366	1,527,070	1,702,436
12				
13	Federal Income Taxes	<u>1,074,502</u>	<u>8,373,436</u>	<u>9,447,938</u>
14				
15				
16				
17	Total Operating Expenses	<u>52,953,782</u>	<u>10,143,416</u>	<u>63,097,198</u>
18				
19	Utility Operating Income	<u>\$15,569,844</u>	<u>\$15,550,665</u>	<u>\$31,120,509</u>
20				
21				
22	Rate Base	<u>\$362,709,889</u>		<u>\$362,709,889</u>
23				
24				
25	Rate of Return	<u>4.29%</u>		<u>8.58%</u>
26				
27				
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KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
OVERALL FINANCIAL SUMMARY
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): WP-2,3,4,5 & 6 (TOTAL COMPANY)
SCHEDULE C-2, PAGE 1 OF 1
Witness Responsible: M.A. Miller/S. A. Miller
#REF!

Line No.	Major Group Classification	Base Year Revenues & Expenses	Adjustments	Schedule Reference	Forecasted Revenues & Expenses
1					
2	Operating Revenues				
3	Water Sales	\$64,254,178	\$499,310	Sch D-1	\$ 64,753,488
4	Other Operating Revenues	2,788,053	982,085	Sch D-1	3,770,138
5		<u>67,042,231</u>	<u>1,481,395</u>		<u>68,523,626</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	2,983,107	Sch D-1	10,850,112
26	Amortization	516,980	(283,259)	Sch D-1	233,721
27	General Taxes				
28	Property and Capital Stock	3,435,719	993,863	Sch D-1	4,429,582
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	(405,029)	Sch E-1.5	(164,674)
34	Deferred	937,339	(597,299)	Sch E-1.5	340,040
35					
36	Federal Income Taxes				
37	Current				
38	Deferred	(181,708)	(721,257)	Sch E-1.5	(902,965)
39	Deferred	6,585,582	(4,523,318)	Sch E-1.5	2,062,264
40	Deferred - ITC	(84,798)	1	Sch E-1.5	(84,797)
41					
42					
43					
44	Total Operating Expenses	<u>53,225,929</u>	<u>(272,147)</u>		<u>52,953,782</u>
45					
46	Utility Operating Income	<u>\$13,816,302</u>	<u>\$1,753,541</u>		<u>\$15,569,844</u>
47					
48					
49					
50					

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

DATA: X_ BASE PERIOD _____ FORECASTED PERIOD _____
TYPE OF FILING: X_ ORIGINAL_ UPDATED_ REVISED _____
WORKPAPER REFERENCE NO(S): SCH D-1 (TOTAL COMPANY)

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

Line No.	Major Group Classification	Base Year Revenues & Expenses	Jurisdictional Percent	Base Year Unadjusted Jurisdiction	Jurisdictional Method/Description
1					
2	Operating Revenues				
3	Water Sales	\$64,254,178		\$64,254,178	
4	Other Operating Revenues	2,788,053		2,788,053	
5		<u>67,042,231</u>		<u>67,042,231</u>	
6			100.00%		Not Applicable to Kentucky-American Water Company
7	Operating Expenses				
8	Labor	7,136,288		7,136,288	
9	Purchased Water	126,828		126,828	
10	Fuel and Power	3,179,899		3,179,899	
11	Chemicals	2,188,604		2,188,604	
12	Waste Disposal	289,729		289,729	
13	Management Fees	8,485,212		8,485,212	
14	Group Insurance	2,257,585		2,257,585	
15	Pensions	1,262,429		1,262,429	
16	Regulatory Expense	304,841		304,841	
17	Insurance Other than Group	690,501		690,501	
18	Customer Accounting	1,823,105		1,823,105	
19	Rents	32,992		32,992	
20	General Office Expense	636,050		636,050	
21	Miscellaneous	3,529,995		3,529,995	
22	Maintenance - Other	1,320,342		1,320,342	
23		<u>33,264,400</u>		<u>33,264,400</u>	
24	Total O & M Expenses				
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					

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		<u>Water Revenues</u>					
			\$ 33,748,193	\$ 1,374,387	\$ 0	\$ 0	\$1,374,387
3	461100	Residential - Billed					(221,059)
3	461110	Residential - Unbilled	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							
		<u>Sewer Revenues</u>					
20							
20		Residential - Billed	0	0	0	0	0
21	461000	Residential - Billed					
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		<u>OTHER OPERATING REVENUES</u>					
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	5,669	0	5,666	0	5,666
36		AFUDC	0	0	0	646,180	646,180
37		TOTAL OTHER OPERATING REVENUES	2,788,053	0	335,905	646,180	982,085
38							
39		<u>TOTAL OPERATING REVENUES</u>	\$67,042,231	\$499,310	\$335,905	\$646,180	\$1,481,395
40							

[illegible]

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2010-00036
SUMMARY OF ADJUSTMENTS TO OPERATING INCOME ACCOUNTS
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): SCH D-2.3 (TOTAL COMPANY)

SCHEDULE D-1
Page 4 of 19
Witness Responsible: M.A. Miller/S. A. Miller
#REF!

Line No.	Account Number	Description	Base Period	Sch D-2.3	Adj D-5	Sch D-2.3	Adj D-6	Sch D-2.3	Adj D-7	Sch D-2.3	Adj D-8	Sch D-2.3	Adj D-9	Sch D-2.3	Adj D-10	Sch D-2.3	Adj D-11	Sch D-2.3	Adj D-12	Sch D-2.3	Total Adjustments
1		PUMPING EXPENSES																			
2	620200	Operation Sup & Eng-Electric	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	620300	Operation Sup & Eng-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	622100	Power Production Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	622200	Power Production Labor	0	94,553	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	94,553
6	623110	Power Purchased for Pumping-Elec	0	0	1,195,685	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,195,685
7	623120	Power Purchased for Pumping-Elec Adj	3,179,899	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	623210	Power Purchased for Pumping-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	624200	Pumping Labor-Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	624300	Pumping Labor-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	624500	Pumping Expenses-Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	624600	Pumping Expenses-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	626200	Misc Pumping Labor-Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	626300	Misc Pumping Labor-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	626500	Misc Pumping Expenses-Electric	2,438	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	626600	Misc Pumping Expenses-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	627200	Rents-Electric	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	627300	Rents-Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	630200	Maint Sup & Eng-Electric Ord	80,878	208,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	208,400
20	630210	Maint Sup & Eng-Electric Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	630300	Maint Sup & Eng-Other Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	630310	Maint Sup & Eng-Other Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	631100	Maint Pumping Struc & Improv-Material Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	631110	Maint Pumping Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	631200	Maint Pumping Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	631210	Maint Pumping Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	632100	Maint Power Production Equip-Mat Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	632110	Maint Power Production Equip-Mat Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	632200	Maint Power Production Equip-Lab Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	632210	Maint Power Production Equip-Lab Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	633200	Maint Pumping Equip-Material-Electric Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	633210	Maint Pumping Equip-Material-Electric Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	633300	Maint Pumping Equip-Material-Other Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	633310	Maint Pumping Equip-Material-Other Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35	633500	Maint Pumping Equip-Labor-Electric Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	633510	Maint Pumping Equip-Labor-Electric Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	633600	Maint Pumping Equip-Labor-Other Ord	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	633610	Maint Pumping Equip-Labor-Other Prg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39		TOTAL PUMPING EXPENSES	3,263,215	302,953	1,195,685	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,498,638

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Line No.	Account Number	Description	Base Period	Adj D-4 Sch D-2.3	Adj D-5 Sch D-2.3	Adj D-6 Sch D-2.3	Adj D-7 Sch D-2.3	Adj D-8 Sch D-2.3	Adj D-9 Sch D-2.3	Adj D-10 Sch D-2.3	Adj D-11 Sch D-2.3	Adj D-12 Sch D-2.3	Total Adjustments
1	WATER TREATMENT EXPENSES (WT)												
2	640000	Operation Supervision & Engineering	\$0	\$910,309	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$910,309
3	641110	Chemicals-Carbon	0	0	0	0	0	0	0	0	0	0	0
4	641100	General Chemicals	2,188,604	0	0	(415,874)	0	0	0	0	0	0	(415,874)
5	641200	Softening Chemicals	0	0	0	0	0	0	0	0	0	0	0
6	642100	General WT Labor	1,689,328	(215,570)	0	0	0	0	0	0	0	0	(215,570)
7	642200	Softening Labor	0	0	0	0	0	0	0	0	0	0	0
8	642300	General WT Expenses	152,554	0	0	0	0	0	0	0	0	0	0
9	642390	General WT Administration	0	0	0	0	0	0	0	0	0	0	0
10	642400	Softening Expenses	0	0	0	0	0	0	0	0	0	0	0
11	643100	Misc Expenses	94,975	0	0	0	0	0	0	0	0	0	0
12	643190	Misc Expenses - Service Co	0	0	0	0	0	0	0	0	0	0	0
13	643200	Misc Labor	0	0	0	0	0	0	0	0	0	0	0
14	643300	Waste Disposal Expenses	233,572	0	0	0	4,278	0	0	0	0	0	4,278
15	643310	Amort Waste Disposal Expenses	56,157	0	0	0	46,219	0	0	0	0	0	46,219
16	644000	Rents	0	0	0	0	0	0	0	0	0	0	0
17	650000	Maint Supervision & Engineering Ord	104,427	(104,427)	0	0	0	0	0	0	0	0	(104,427)
18	650010	Maint Supervision & Engineering Prg	0	0	0	0	0	0	0	0	0	0	0
19	651100	Maint WT Struc & Improvements-Mat Ord	193,167	0	0	0	0	0	0	0	0	0	0
20	651110	Maint WT Struc & Improvements-Mat Prg	0	0	0	0	0	0	0	0	0	0	0
21	651120	Amort WT Structures	150,570	0	0	0	0	0	0	0	0	0	0
22	651200	Maint WT Struc & Improvements-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
23	651210	Maint WT Struc & Improvements-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
24	652100	Maint General WT Equipment-Mat Ord	0	0	0	0	0	0	0	0	0	0	0
25	652110	Maint General WT Equipment-Mat Prg	0	0	0	0	0	0	0	0	0	0	0
26	652200	Maint Softening Equipment-Materials	0	0	0	0	0	0	0	0	0	0	0
27	652300	Maint General WT Equipment-Labor Ord	0	0	0	0	0	0	0	0	0	0	0
28	652310	Maint General WT Equipment-Labor Prg	0	0	0	0	0	0	0	0	0	0	0
29	TOTAL WT EXPENSES			4,863,354	590,312	0	(415,874)	50,497	0	0	0	0	224,936

[illegible]

[illegible]

[illegible]

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

DATA: X_ BASE PERIOD X_ FORECASTED PERIOD
TYPE OF FILING: X_ ORIGINAL ___ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S): SCH D-2.3 (TOTAL COMPANY)

SCHEDULE D-1
Page 12 of 19
Witness Responsible: M.A. Miller/S. A. Miller
#REF!

Line No.	Account Number	Description	Base Period	Adj 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	PUMPING EXPENSES												
2	620200	Operation Sup & Eng-Electric	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		
3	620300	Operation Sup & Eng-Other	0	0	0	0	0	0	0	0	0		
4	622100	Power Production Expenses	0	0	0	0	0	0	0	0	0		
5	622200	Power Production Labor	0	0	0	0	0	0	0	0	94,553		
6	623110	Power Purchased for Pumping-Elec	3,179,899	0	0	0	0	0	0	0	1,195,685		
7	623120	Power Purchased for Pumping-Elec Adj	0	0	0	0	0	0	0	0	0		
8	623210	Power Purchased for Pumping-Other	0	0	0	0	0	0	0	0	0		
9	624200	Pumping Labor-Electric	0	0	0	0	0	0	0	0	0		
10	624300	Pumping Labor-Other	0	0	0	0	0	0	0	0	0		
11	624500	Pumping Expenses-Electric	0	0	0	0	0	0	0	0	0		
12	624600	Pumping Expenses-Other	0	0	0	0	0	0	0	0	0		
13	626200	Misc Pumping Labor-Electric	0	0	0	0	0	0	0	0	0		
14	626300	Misc Pumping Labor-Other	0	0	0	0	0	0	0	0	0		
15	626500	Misc Pumping Expenses-Electric	2,438	0	0	0	(2,438)	0	0	(2,438)	(2,438)		
16	626600	Misc Pumping Expenses-Other	0	0	0	0	0	0	0	0	0		
17	627200	Rents-Electric	0	0	0	0	0	0	0	0	0		
18	627300	Rents-Other	0	0	0	0	0	0	0	0	0		
19	630200	Maint Sup & Eng-Electric Ord	80,878	0	0	0	0	0	0	0	208,400		
20	630210	Maint Sup & Eng-Electric Prg	0	0	0	0	0	0	0	0	0		
21	630300	Maint Sup & Eng-Other Ord	0	0	0	0	0	0	0	0	0		
22	630310	Maint Sup & Eng-Other Prg	0	0	0	0	0	0	0	0	0		
23	631100	Maint Pumping Struc & Improv-Material Ord	0	0	0	0	0	0	0	0	0		
24	631110	Maint Pumping Struc & Improv-Material Prg	0	0	0	0	0	0	0	0	0		
25	631200	Maint Pumping Struc & Improv-Labor Ord	0	0	0	0	0	0	0	0	0		
26	631210	Maint Pumping Struc & Improv-Labor Prg	0	0	0	0	0	0	0	0	0		
27	632100	Maint Power Production Equip-Mat Ord	0	0	0	0	0	0	0	0	0		
28	632110	Maint Power Production Equip-Mat Prg	0	0	0	0	0	0	0	0	0		
29	632200	Maint Power Production Equip-Lab Ord	0	0	0	0	0	0	0	0	0		
30	632210	Maint Power Production Equip-Lab Prg	0	0	0	0	0	0	0	0	0		
31	633200	Maint Pumping Equip-Material-Electric Ord	0	0	0	0	0	0	0	0	0		
32	633210	Maint Pumping Equip-Material-Electric Prg	0	0	0	0	0	0	0	0	0		
33	633300	Maint Pumping Equip-Material-Other Ord	0	0	0	0	0	0	0	0	0		
34	633310	Maint Pumping Equip-Material-Other Prg	0	0	0	0	0	0	0	0	0		
35	633500	Maint Pumping Equip-Labor-Electric Ord	0	0	0	0	0	0	0	0	0		
36	633510	Maint Pumping Equip-Labor-Electric Prg	0	0	0	0	0	0	0	0	0		
37	633600	Maint Pumping Equip-Labor-Other Ord	0	0	0	0	0	0	0	0	0		
38	633610	Maint Pumping Equip-Labor-Other Prg	0	0	0	0	0	0	0	0	0		
39	TOTAL PUMPING EXPENSES		3,263,215	0	0	0	(2,438)	0	0	(2,438)	1,496,200		

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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	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	Total Adjustments	Grand Total
1		WATER TREATMENT EXPENSES (WT)													
2	640000	Operation Supervision & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$910,309
3	641110	Chemicals-Carbon	0	0	0	0	0	0	0	0	0	0	0	0	0
4	641100	General Chemicals	2,188,604	0	0	0	0	0	0	0	0	0	0	0	(415,874)
5	641200	Softening Chemicals	0	0	0	0	0	0	0	0	0	0	0	0	0
6	642100	General WT Labor	1,689,328	0	0	0	0	0	0	0	0	0	0	0	(215,570)
7	642200	Softening Labor	0	0	0	0	0	0	0	0	0	0	0	0	0
8	642300	General WT Expenses	152,554	0	0	0	0	0	27,750	0	0	0	0	27,750	27,750
9	642390	General WT Administration	0	0	0	0	0	0	0	0	0	0	0	0	0
10	642400	Softening Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
11	643100	Misc Expenses	94,975	0	0	0	0	0	24,660	0	0	0	0	24,660	24,660
12	643190	Misc Expenses - Service Co	0	0	0	0	0	0	0	0	0	0	0	0	0
13	643200	Misc Labor	0	0	0	0	0	0	0	0	0	0	0	0	0
14	643300	Waste Disposal Expenses	233,572	0	0	0	0	0	0	0	0	0	0	0	4,278
15	643310	Amort Waste Disposal Expenses	56,157	0	0	0	0	0	0	0	0	0	0	0	46,219
16	644000	Rents	0	0	0	0	0	0	0	0	0	0	0	0	0
17	650000	Maint Supervision & Engineering Ord	104,427	0	0	0	0	0	0	0	0	0	0	0	(104,427)
18	650010	Maint Supervision & Engineering Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
19	651100	Maint WT Struc & Improvements-Mat Ord	193,167	0	0	0	0	0	0	0	(34,877)	0	0	(34,877)	(34,877)
20	651110	Maint WT Struc & Improvements-Mat Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
21	651120	Amort WT Structures	150,570	0	0	0	0	0	0	0	(39,082)	0	0	(39,082)	(39,082)
22	651200	Maint WT Struc & Improvements-Labor Ord	0	0	0	0	0	0	0	0	0	0	0	0	0
23	651210	Maint WT Struc & Improvements-Labor Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
24	652100	Maint General WT Equipment-Mat Ord	0	0	0	0	0	0	0	0	17,813	0	0	17,813	17,813
25	652110	Maint General WT Equipment-Mat Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
26	652200	Maint Softening Equipment-Materials	0	0	0	0	0	0	0	0	0	0	0	0	0
27	652300	Maint General WT Equipment-Labor Ord	0	0	0	0	0	0	0	0	0	0	0	0	0
28	652310	Maint General WT Equipment-Labor Prg	0	0	0	0	0	0	0	0	0	0	0	0	0
29															
30		TOTAL WT EXPENSES	4,863,354	0	0	0	0	0	52,410	(56,146)	0	0	0	(3,736)	221,199

TOTAL WT EXPENSES

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	TRANS & DIST EXPENSES (T&D)										
2	660000	Operation Supervision & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$724,023
3	661100	Storage Facilities - Expenses	0	0	0	0	0	0	0	0	0
4	661200	Storage Facilities - Labor	0	0	0	0	0	0	0	0	0
5	662100	T&D Lines - Expenses	22,965	0	0	0	8,538	0	0	8,538	8,538
6	662200	T&D Lines - Labor	2,212,714	0	0	0	0	0	0	0	(1,243,148)
7	663100	Meter Expenses-Remove and Reset-Exp	0	0	0	0	0	0	0	0	0
8	663200	Meter Expenses-Remove and Reset-Labor	0	0	0	0	0	0	0	0	0
9	663300	Meter Expenses-Misc Meter Exp	0	0	0	0	0	0	0	0	0
10	663400	Meter Expenses-Misc Meter Labor	0	0	0	0	0	0	0	0	0
11	664100	Customer Installation - Expenses	0	0	0	0	0	0	0	0	0
12	664200	Customer Installation - Labor	0	0	0	0	0	0	0	0	0
13	665100	Maps and Records - Expenses	0	0	0	0	0	0	0	0	0
14	665190	Maps and Records - Expenses Computer	0	0	0	0	0	0	0	0	0
15	665200	Maps and Records - Labor	0	0	0	0	0	0	0	0	0
16	665300	Misc Expenses	337,156	0	0	0	(7,392)	0	0	(7,392)	37,516
17	665400	Misc Labor	0	0	0	0	0	0	0	0	(7,392)
18	666000	Rents	8,587	(661)	0	0	0	0	0	(661)	(661)
19	670000	Maint Supervision & Engineering Ord	23,496	0	0	0	0	0	0	0	(23,496)
20	670010	Maint Supervision & Engineering Prg	0	0	0	0	0	0	0	0	0
21	671100	Maint Struct & Improvements-Materials Ord	0	0	0	0	0	0	0	0	0
22	671110	Maint Struct & Improvements-Materials Prg	0	0	0	0	0	0	0	0	0
23	671200	Maint Struct & Improvements-Labor Ord	19,643	0	0	0	0	0	0	0	(19,643)
24	671210	Maint Struct & Improvements-Labor Prg	0	0	0	0	0	0	0	0	0
25	672100	Maint Res & Standpipes - Materials Ord	0	0	0	0	0	0	0	0	0
26	672110	Maint Res & Standpipes - Materials Prg	0	0	0	0	0	0	0	0	0
27	672120	Amort Res & Standpipes	119,211	0	0	0	0	135,863	0	135,863	135,863
28	672200	Maint Res & Standpipes - Labor Ord	21,812	0	0	0	0	0	0	0	(21,812)
29	672210	Maint Res & Standpipes - Labor Prg	0	0	0	0	0	0	0	0	0
30	673100	Maint T&D Mains - Materials Ord	223	0	0	0	0	(223)	0	(223)	(223)
31	673110	Maint T&D Mains - Materials Prg	0	0	0	0	0	0	0	0	0
32	673120	Amort T&D Mains	0	0	0	0	0	0	0	0	0
33	673200	Maint T&D Mains - Labor Ord	281,545	0	0	0	0	0	0	0	606,040
34	673210	Maint T&D Mains - Labor Prg	0	0	0	0	0	0	0	0	0
35	675100	Maint Services - Materials Ord	0	0	0	0	0	0	0	0	0
36	675110	Maint Services - Materials Prg	0	0	0	0	0	0	0	0	0
37	675200	Maint Services - Labor Ord	274,626	0	0	0	0	0	0	0	46,230
38	675210	Maint Services - Labor Prg	0	0	0	0	0	0	0	0	0
39	676100	Maint Meter - Materials Ord	0	0	0	0	0	0	0	0	0
40	676110	Maint Meter - Materials Prg	0	0	0	0	0	0	0	0	0
41	676200	Maint Meter - Labor Ord	68,840	0	0	0	0	0	0	0	0
42	676210	Maint Meter - Labor Prg	0	0	0	0	0	0	0	0	38,453
43	676300	Maint Meter Installation - Materials Ord	0	0	0	0	0	0	0	0	0
44	676310	Maint Meter Installation - Materials Prg	0	0	0	0	0	0	0	0	0
45	676400	Maint Meter Installation - Labor Ord	0	0	0	0	0	0	0	0	0
46	676410	Maint Meter Installation - Labor Prg	0	0	0	0	0	0	0	0	0
47											
48											
49											
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[illegible]

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)										
2	920000	Salaries	\$850,340	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$183,420
3	920500	Incentive Plan Expense	347,830	0	0	0	0	0	0	0	28,927
4	921100	Expenses of Employees	170,791	0	0	(15,652)	0	0	0	(15,652)	(15,652)
5	921130	Dues for Clubs - Ded	29,471	0	0	(1,851)	0	0	0	(1,851)	(1,851)
6	921200	Misc Office Expenses	419,518	0	0	22,550	0	0	0	22,550	22,550
7	923100	Service Company Charges	8,485,212	0	0	0	0	0	0	0	542,909
8	923190	Service Company Charges - Out Agency	0	0	0	0	0	0	0	0	0
9	923200	Auditing Services	146,713	0	0	0	(36,547)	0	0	(36,547)	(36,547)
10	923300	Legal Services	162,659	0	0	0	14,589	0	0	14,589	14,589
11	923400	Engineering Services	0	0	0	0	0	0	0	0	0
12	923500	Other Services - Current	695,338	0	0	0	(23,508)	0	0	(23,508)	(23,508)
13	924000	Property Insurance	83,499	0	0	0	0	0	0	0	109,268
14	925110	Workers Compensation	84,555	0	0	0	0	0	0	0	45,249
15	925120	Workers Comp Cap (A&B)	0	0	0	0	0	0	0	0	0
16	925130	Workers Comp Cap (H)	0	0	0	0	0	0	0	0	0
17	925140	Workers Comp Cap (C&R)	0	0	0	0	0	0	0	0	0
18	925200	Injuries and Damages - Salaries	0	0	0	0	0	0	0	0	0
19	925300	Injuries and Damages - Expenses	(984)	0	0	0	3,001	0	0	3,001	3,001
20	925310	Injuries and Damages - Expenses	0	0	0	0	0	0	0	0	0
21	925400	General Liability	522,447	0	0	0	0	0	0	0	(102,756)
22	EMPLOYEE PENSIONS & BENEFITS										
23	926100	Accrued OPEB Expense	907,004	0	0	0	0	0	0	0	3,403
24	926110	Group Insurance Expense	1,350,581	0	0	0	0	0	0	0	52,555
25	926120	Other Grp Insurance Exp	0	0	0	0	0	0	0	0	0
26	926130	Group Ins Cap (A&B)	0	0	0	0	0	0	0	0	0
27	926140	Group Ins Cap (H)	0	0	0	0	0	0	0	0	0
28	926150	Group Ins Reimb	0	0	0	0	0	0	0	0	0
29	926160	Group Ins Cap (C&R)	0	0	0	0	0	0	0	0	0
30	926170	Group Ins Pretax Contribution	0	0	0	0	0	0	0	0	0
31	926200	Other Welfare & Educational Expenses	87,876	0	0	0	621	0	0	621	621
32	926210	Educational Expenses	0	0	0	0	0	0	0	0	0
33	926220	ESPP Contribution Expense	2,689	0	0	0	4,634	0	0	4,634	4,634
34	926250	401-K Contributions Expense	117,841	0	0	0	12,989	0	0	12,989	12,989
35	926260	401-K Cap (A&B)	0	0	0	0	0	0	0	0	0
36	926270	401-K Cap (H)	0	0	0	0	0	0	0	0	0
37	926280	401-K Cap (C&R)	0	0	0	0	0	0	0	0	0
38	926300	Suppl Pen Pay	0	0	0	0	0	0	0	0	0
39	926330	OPEB Expense Cap (A&B)	0	0	0	0	0	0	0	0	0
40	926340	OPEB Expense Cap (H)	0	0	0	0	0	0	0	0	0
41	926360	OPEB Expense Cap (C&R)	0	0	0	0	0	0	0	0	0
42	926370	FAS 112 Cost	0	0	0	0	0	0	0	0	0
43	926400	Pension Plan Payments - Current	1,262,429	0	0	0	0	0	0	0	5,303
44	926600	Other Pension Plan Expenses	114,130	0	0	0	47,829	0	0	47,829	47,829
45	926700	Pension Plan Pmts - Union	0	0	0	0	0	0	0	0	0
46	926800	Pensions - Capitalized - (A&B)	0	0	0	0	0	0	0	0	0
47	926900	Pensions - Capitalized - (H)	0	0	0	0	0	0	0	0	0
48	926910	Pensions - Capitalized - (C&R)	0	0	0	0	0	0	0	0	0
49											
50											

Total O & M Expenses

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-2.4	Total Adjustments	Grand Total Adjustments
1											
2	08	Operation Labor Expenses	\$7,136,288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$903,335
3	24	Maintenance Labor Expenses	0	0	0	0	0	0	0	0	0
4											
5											
6		Total Labor	\$7,136,288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$903,335
7											
8		Total Operation Expenses	\$30,863,346	(\$110,588)	(\$5,338)	\$3,728	(\$89,856)	\$0	(\$6,173)	(\$208,228)	\$1,718,667
9		Total Maintenance Expenses	2,401,054	0	0	0	0	(48,001)	0	(48,001)	476,299
10											
11		Total O & M Expenses	\$33,264,400	(\$110,588)	(\$5,338)	\$3,728	(\$89,856)	(\$48,001)	(\$6,173)	(\$256,228)	\$2,194,966
12											
13			0								
14											
15											
16											
17	08	Labor	\$7,136,288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$903,335
18	09	Purchased Water	126,828	0	0	0	0	0	(6,173)	(6,173)	(6,173)
19	10	Fuel and Power	3,179,899	0	0	0	0	0	0	0	1,195,685
20	11	Chemicals	2,188,604	0	0	0	0	0	0	0	(415,874)
21	12	Waste Disposal	289,729	0	0	0	0	0	0	0	50,497
22	13	Management Fees	8,485,212	0	0	0	0	0	0	0	542,909
23	14	Group Insurance	2,257,585	0	0	0	0	0	0	0	55,958
24	15	Pension	1,262,429	0	0	0	0	0	0	0	5,303
25	16	Regulatory Expense	304,841	0	0	0	0	0	0	0	61,621
26	17	Insurance Other than Group	690,501	0	0	0	0	0	0	0	51,761
27	18	Customer Accounting	1,823,105	(110,588)	0	0	0	0	0	(110,588)	(110,588)
28	19	Rents	32,992	0	(5,338)	0	0	0	0	(5,338)	(5,338)
29	20	General Office Expense	636,050	0	0	3,728	0	0	0	3,728	3,728
30	21	Miscellaneous	3,529,995	0	0	0	(89,856)	0	0	(89,856)	(89,856)
31		Other Maintenance	1,320,342	0	0	0	0	(48,001)	0	(48,001)	(48,001)
32											
33		Total O & M Expenses	\$33,264,400	(\$110,588)	(\$5,338)	\$3,728	(\$89,856)	(\$48,001)	(\$6,173)	(\$256,228)	\$2,194,966
34											
35		State Income Tax Impact	6.00%	(\$6,635)	(\$320)	\$224	(\$5,391)	(\$2,880)	(\$370)	(\$15,374)	\$131,698
36											
37		Federal Income Tax Impact	35.00%	(\$36,384)	(\$1,756)	\$1,226	(\$29,563)	(\$15,792)	(\$2,031)	(\$84,289)	\$722,144
38											
39		Net Operating Income Impact		(\$67,569)	(\$3,262)	\$2,278	(\$54,902)	(\$29,329)	(\$3,772)	(\$156,555)	\$1,341,124

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

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

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

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	\$1,845,631	\$0	\$0	\$1,845,631
2	403100	Depreciation - CIAC	(1,137,476)	1,137,476	\$0	\$0	1,137,476
3			\$7,867,005	\$2,983,107	\$0	\$0	\$2,983,107
4							
5							
6		State Income Tax Impact	6.00%	\$178,986	\$0	\$0	\$178,986
7		Federal Income Tax Impact	35.00%	\$981,442	\$0	\$0	\$981,442
8		Net Operating Income Impact		\$1,822,679	\$0	\$0	\$1,822,679
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	404300	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	(\$16,996)
19		Federal Income Tax Impact	35.00%	\$0	(\$93,192)	\$0	(\$93,192)
20		Net Operating Income Impact		\$0	(\$173,071)	\$0	(\$173,071)
21							
22							
23							
24		TAXES, OTHER THAN INCOME					
25	408100	Real & Personal Property Taxes	\$3,435,719	\$0	\$0	\$993,863	\$993,863
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	\$1,079,941	\$1,079,941
43							
44		State Income Tax Impact	6.00%	\$0	\$0	\$64,796	\$64,796
45		Federal Income Tax Impact	35.00%	\$0	\$0	\$355,301	\$355,301
46		Net Operating Income Impact		\$0	\$0	\$659,844	\$659,844
47							
48							
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50							

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

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

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1			
2	To eliminate the net change in Residential water unbilled accrued utility revenues recorded during the base period.		
3			
4			
5			
6			
7	To eliminate the net change in Commercial water unbilled accrued utility revenues recorded during the base period.		
8			
9			
10			
11			
12	To eliminate the net change in Industrial water unbilled accrued utility revenues recorded during the base period.		
13			
14			
15			
16			
17	To eliminate the net change in Other Public Authority water unbilled accrued utility revenues recorded during the base period.		
18			
19			
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21			
22	To eliminate the net change in Sales for Resale (OWU) water unbilled accrued utility revenues recorded during the base period.		
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42			
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

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 3 of 3

Witness Responsible: S.A. Miller
#REF!

Line No.	Purpose and Description of Adjustment	Workpaper Reference	Amount
1			
2	To eliminate Residential billed sewer revenue for forecasted test period.		
3			
4			
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6			
7	To eliminate Commercial billed sewer revenue for the forecasted test period.		
8			
9			
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11			
12	To eliminate Industrial billed sewer revenue for the forecasted test period.		
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43	The purpose of each adjustment is to eliminate the sewer revenue for the forecasted test period.		
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Total Sewer Revenue Adjustment

Total Revenue Adjustment

0

\$499,310

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-2.2
Page 1 of 1
Witness Responsible: S.A. Miller
#REF!

Line No.	Purpose and Description of Adjustment	Worksheet Reference	Amount
1		Other Revenues, Adjustment D-2	
2	To adjust Activation Fees and reconnection fees for the forecast period.	RECONNECTION FEES/ACTIVATION FEES	
3		W/P-2-3	\$1,326,780
4		Forecasted Amount	1,403,736
5		Base Period Amount	
6		Pro Forma Adjustment	(\$76,956)
7	To adjust Returned Check Charges for the forecasted test period level of bad checks.	OTHER MISC SERV REVENUES	
8		Forecasted Amount	\$25,128
9		Base Period Amount	23,930
10		Pro Forma Adjustment	\$1,138
11			
12	To adjust for all other revenues for more current information. This includes an adjustment for billing	OTHER REVENUES	
13	and collecting for landfill services and stormwater billing for the Lexington-Fayette Urban County Government	Forecasted Amount	\$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	To reflect AFUDC above the line based on the overall rate of return and qualifying CWIP.	AFUDC, Adjustment D-3	
23	This includes the gross-up of the equity piece of AFUDC per SFAS 109.	AFUDC ABOVE THE LINE	
24		Forecasted Amount	\$646,180
25		Base Period Amount	0
26		Pro Forma Adjustment	\$646,180
27			
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The purpose of each adjustment is to reflect an appropriate level of revenue for the forecasted test period.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 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 1 of 2
Witness Responsible: S.A. Miller
#REF!

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

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			
27	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
28			126,828
29			(\$6,173)
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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-4 & W/P-5 (TOTAL COMPANY)

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

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.	W/P-4-1	\$10,850,112
3	Also included is an adjustment for the unrecovered reserve amortization		<u>7,867,005</u>
4			<u>\$2,983,107</u>
5			
6			
7	Amortization expense reflects the amortization of UPAA, Property Losses and Regulatory Asset on the equity gross-up of AFUDC.	W/P-4-1	\$233,721
8			<u>516,980</u>
9			<u>(\$283,259)</u>
10			
11			
12	General Taxes represent Property Taxes, Payroll Taxes, PSC Fees calculated for the forecasted test year.	W/P-5	\$5,160,715
13			<u>4,080,774</u>
14			<u>\$1,079,941</u>
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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
SUMMARY OF JURISDICTIONAL FACTORS
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): (TOTAL COMPANY)

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

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.

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.

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				
3				
4			\$0	\$67,042,231
5				
6	Operating Revenues	\$67,042,231		
7	Operating Expenses			
8	Operation & Maintenance Expenses	33,264,400	0	33,264,400
9	Depreciation & Amortization	8,383,985	0	8,383,985
10	Taxes other than Income	4,080,774	0	4,080,774
11	State Income Taxes - Current	806,286	0	806,286
12	Federal Income Taxes	0	0	0
13	Net below the line income (loss)	(3,482,519)	3,482,519	0
14	Total Operating Expenses before FIT	43,052,926	3,482,519	46,535,445
15				
16	Operating Income before Federal Income Taxes	23,989,305	(3,482,519)	20,506,786
17	Reconciling Items;			
18	Interest Charges	(5,939,486)	0	(5,939,486)
19	Permanent differences			
20	Taxable Meals/lobbying	58,659	0	58,659
21	Nondeductible penalties & dividend mandatory red	185,088	0	185,088
22	Medicare Subsidy	(101,798)	0	(101,798)
23		141,949	0	141,949
24	Book Depreciation	7,867,005	0	7,867,005
25	Tax Depreciation	(13,278,007)	0	(13,278,007)
26	Taxable Customer Adv and CIAC	(919,391)	0	(919,391)
27	Other Amortizations	0	0	0
28	Tax AFUDC	(3,132,534)	0	(3,132,534)
29	Deferred Maintenance	107,545	0	107,545
30	Abandonment losses	(118,459)	0	(118,459)
31	Misc Deferred Debits	441,177	0	441,177
32	Uncollectible	34,896	0	34,896
33	Vacation Pay	(7,315)	0	(7,315)
34	All other	(739,771)	0	(739,771)
35	Reserved	0	0	0
36	Reserved	0	0	0
37	Reserved	0	0	0
38	Total Reconciling Items	(9,744,854)	0	(9,744,854)
39	Federal Taxable Income	8,446,914	(3,482,519)	4,964,395
40				
41	Federal Income Tax Rate	35.00%		35.00%
42	Federal Income Tax Liability	2,956,420		1,737,538
43	Adjustment of Prior Year	(3,138,128)	3,138,128	0
44				
45	Federal Income Taxes - Current	(181,708)		1,737,538

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

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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1	Deferred Income Taxes:			
2				
3				
4	Def FIT Regulatory Asset/Liability	167,131	\$0	\$167,131
5	Def FIT Other	3,410,699	0	3,410,699
6	Def FIT Prior Year	3,007,752	(3,007,752)	0
7		6,585,582	(3,007,752)	3,577,830
8	Amort Deferred ITC	(84,798)	0	(84,798)
9				
10	Total Deferred Federal Income Taxes	\$6,500,784	(\$3,007,752)	\$3,493,032
11				
12	Total Federal Income Taxes	\$6,319,076	(\$3,007,752)	\$5,230,570
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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

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

Line No.	Description	At Current Rates Unadjusted	Adjustments	Adjusted
1				
2				
3	Operating Revenues	\$67,042,231	\$0	\$67,042,231
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	13,438,092	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
46				
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The Company uses an effective tax rate for budgeting income taxes. The full detail for the base period reconciling items will not be available until the Company provides the update to the base period data.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 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				
11	Total Deferred State Income Taxes	\$ 937,339	\$ (606,321)	\$ 331,018
12				
13	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): WP-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	\$68,523,626	\$0	\$68,523,626	\$25,694,081	\$94,217,707
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	35,459,366	0	35,459,366	201,337	35,660,703
6	Depreciation & Amortization	11,083,833	0	11,083,833	0	11,083,833
7	Taxes other than Income	5,160,715	0	5,160,715	41,573	5,202,288
8	State Income Taxes - Current	(164,674)	0	(164,674)	1,527,070	1,362,396
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	51,539,240	0	51,539,240	1,769,980	53,309,220
12						
13	Operating Income before Federal Income Taxes	16,984,386	0	16,984,386	23,924,101	40,908,487
14	Reconciling Items;					
15	Interest Charges	(12,295,865)	0	(12,295,865)	0	(12,295,865)
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	10,850,112	0	10,850,112	0	10,850,112
24	Tax Depreciation	(18,246,803)	0	(18,246,803)	0	(18,246,803)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(533,252)	0	(533,252)	0	(533,252)
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	1,263,825	0	1,263,825	0	1,263,825
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	(7,410,369)	0	(7,410,369)	0	(7,410,369)
39						
40	Federal Taxable Income	(2,579,900)	0	(2,579,900)	23,924,101	21,344,201
41						
42	Federal Income Tax Rate	35.00%	35.00%	35.00%	35.00%	35.00%
43						
44	Federal Income Tax - Current	(902,965)	0	(902,965)	8,373,435	7,470,471
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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	1,972,789	0	1,972,789	0	1,972,789
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		2,062,264	0	2,062,264	0	2,062,264
11	Amort Deferred ITC	(84,797)	0	(84,797)	0	(84,797)
12						
13	Total Deferred Federal Income Taxes	1,977,467	0	1,977,467	0	1,977,467
14						
15	Total Federal Income Taxes	\$1,074,502	\$0	\$1,074,502	\$8,373,435	\$9,447,938
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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	\$ 68,523,626	\$ -	\$ 68,523,626	\$ 25,694,081	\$ 94,217,707
3						
4	Operating Expenses					
5	Operation & Maintenance Expenses	\$ 35,459,366	\$ -	\$ 35,459,366	\$ 201,337	\$ 35,660,703
6	Depreciation & Amortization	11,083,833	0	11,083,833	0	11,083,833
7	Taxes other than Income	5,160,715	0	5,160,715	41,573	5,202,288
8	State Income Taxes - Current					
9	Federal Income Taxes					
10						
11	Total Operating Expenses before FIT	\$ 51,703,914	\$ -	\$ 51,703,914	\$ 242,910	\$ 51,946,824
12						
13	Operating Income before Federal Income Taxes	\$ 16,819,712	\$ -	\$ 16,819,712	\$ 25,451,171	\$ 42,270,883
14	Reconciling Items;					
15	Interest Charges	(12,295,865)	0	(12,295,865)	0	(12,295,865)
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	10,850,112	0	10,850,112	0	10,850,112
24	Tax Depreciation	(18,246,803)	0	(18,246,803)	0	(18,246,803)
25	Non-Deductible Meals/lobbying	0	0	0	0	0
26	Additional Taxable AFUDC	(533,252)	0	(533,252)	0	(533,252)
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	1,263,825	0	1,263,825	0	1,263,825
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	\$ (7,410,370)	\$ -	\$ (7,410,370)	\$ -	\$ (7,410,370)
39						
40	State Taxable Income	\$ (2,744,574)	\$ -	\$ (2,744,574)	\$ 25,451,171	\$ 22,706,597
41						
42	State Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%
43						
44	State Income Tax Liability	\$ (164,674)	\$ -	\$ (164,674)	\$ 1,527,070	\$ 1,362,396
45						
46						
47	State Income Taxes - Current	\$ (164,674)	\$ -	\$ (164,674)	\$ 1,527,070	\$ 1,362,396
48						
49						
50						

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: ☒ 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	Adjusted	Adjusted
1					
2	Deferred Income Taxes:				
3	Def SIT Regulatory Asset/Liability	\$11,460	\$0	\$11,460	\$11,460
4	Def SIT UPIS	359,779	0	359,779	359,779
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		340,040	0	340,040	340,040
11		0	0	0	0
12	Amort Deferred ITC				
13		340,040	0	340,040	340,040
14	Total Deferred State Income Taxes				
15		\$175,366	\$0	\$175,366	\$1,527,070
16	Total State Income Taxes				\$1,702,436
17					
18					
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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
1						
2						
3						
4	Sch E-1.2	State Income Taxes	Sch E-1.4			
5	Sch E-1.2	Current	Sch E-1.4	\$179,432	\$ (164,674)	(\$344,106)
6		Deferred		331,018	340,040	9,022
7		Reserved		0	0	0
8		Reserved		0	0	0
9		Total State Income Taxes		\$ 510,450	\$ 175,366	\$ (335,084)
10						
11						
12						
13	Sch E-1.1	Federal Income Taxes	Sch E-1.3			
14	Sch E-1.1	Current	Sch E-1.3	1,737,538	\$ (902,965)	(\$2,640,503)
15	Sch E-1.1	Deferred	Sch E-1.3	3,577,830	2,062,264	(1,515,566)
16	Sch E-1.1	Deferred - ITC	Sch E-1.3	(84,798)	(84,797)	1
17		Reserved		0	0	0
18		Reserved		0	0	0
19		Total Federal Income Taxes		\$ 5,230,570	\$ 1,074,502	\$ (4,156,068)
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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
ACCUM. DEPRECIATION RES. BY PRIMARY ACCOUNT
BASE YEAR: May 31, 2010
TEST YEAR: September 30, 2011

SEE COLUMN BW

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KENTUCKY AMERICAN WATER COMPANY)
ACCUM. DEPRECIATION RES. BY PRIMARY ACCOUNT
BASE YEAR: May 31, 2010
TEST YEAR: September 30, 2011

SEE COLUMN BW

	Two Months Ended Depr Exp	July 2010 Retirements	Net Salvage/ (COR)	Balance July-2010	For the Month ended August Depr Exp	2010 Retirements	Net Salvage/ (COR)	Balance August-2010
INTANGIBLE PLANT								
ORGANIZATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FRANCHISE/CONSENTS	0	0	0	0	0	0	0	0
OTHER P/E INTANGIBLES	279	0	0	1,115	139	0	0	1,254
OTHER P/E COMPREHENSIVE STUDIES	18,879	0	0	71,637	9,672	0	0	81,309
TOTAL INTANGIBLES	\$ 19,158	\$ -	\$ -	\$ 72,752	\$ 9,811	\$ -	\$ -	\$ 82,563
SOURCE OF SUPPLY AND PUMPING PLANT								
LAND AND LAND RIGHTS - SS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
STRUCTURES AND IMPROVEMENTS	13,500	0	0	176,275	6,750	0	0	183,025
COLLECTING AND IMPOUNDING RESERVOIRS	2,513	0	0	361,803	1,256	0	0	363,059
LAKE, RIVER AND OTHER INTAKES	2,050	0	0	59,860	1,025	0	0	60,885
WELLS AND SPRINGS	0	0	0	0	0	0	0	0
SUPPLY MAINS	15,603	0	0	1,215,187	7,802	0	0	1,222,989
LAND AND LAND RIGHTS - PUMPING	0	0	0	0	0	0	0	0
STRUCTURES AND IMPROVEMENTS	16,865	0	0	1,573,519	8,432	0	0	1,581,951
OTHER POWER PRODUCTION EQUIPMENT	4,928	0	0	292,327	2,464	0	0	294,791
ELECTRIC PUMPING EQUIPMENT	38,342	0	0	4,983,952	19,171	0	0	5,003,123
DIESEL PUMPING EQUIPMENT	2,958	0	0	361,271	1,479	0	0	362,750
PUMP EQUIPMENT HYDRAULIC	32	0	0	259	16	0	0	275
PUMP SS	32,287	0	0	258,519	16,143	0	0	274,662
PUMP T&D	679	0	0	11,932	339	0	0	12,271
TOTAL SOURCE OF SUPPLY & PUMPING	\$ 129,757	\$ -	\$ -	\$ 9,294,903	\$ 64,877	\$ -	\$ -	\$ 9,359,780
WATER TREATMENT PLANT								
LAND AND LAND RIGHTS	0	\$ -	\$ -	\$ -	0	\$ -	\$ -	\$ -
STRUCTURES AND IMPROVEMENTS	31,542	0	0	1,414,507	15,771	0	0	1,430,278
WATER TREATMENT EQUIPMENT	113,726	17,550	(2,633)	14,907,325	57,023	3,185	(478)	14,960,685
WATER TREATMENT - GAC	621	0	0	4,697	310	0	0	5,007
TOTAL WATER TREATMENT	\$ 145,889	\$ 17,550	\$ (2,633)	\$ 16,326,530	\$ 73,104	\$ 3,185	\$ (478)	\$ 16,395,971
TRANSMISSION AND DISTRIBUTION PLANT								
LAND AND LAND RIGHTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
T&D STRUCTURES & IMP.	7,446	0	0	528,686	3,723	0	0	532,409
DISTRIBUTION RESERVOIRS AND STANDPIPES	6,257	0	0	217,955	0	0	0	221,084
ELEVATED TANKS AND RESERVOIRS	38,514	0	0	3,338,530	19,257	0	0	3,357,787
GROUND LEVEL FACILITIES	421	0	0	25,024	210	0	0	25,234
CLEARWELLS	2	0	0	286	1	0	0	287
TRANSMISSION AND DISTRIBUTION MAINS								
SERVICES	488,264	449,140	(89,828)	29,896,661	245,600	182,660	(36,532)	29,923,069
METERS	235,683	42,018	(50,422)	16,865,273	118,339	23,180	(27,816)	16,932,616
METER INSTALLATIONS	72,350	25,786	(2,579)	1,413,971	36,776	12,960	(1,296)	1,436,491
HYDRANTS	81,809	0	0	4,952,177	41,090	0	0	4,993,267
	35,914	8,800	(2,200)	3,212,742	18,086	3,600	(900)	3,226,528
TOTAL TRANSMISSION AND DISTRIBUTION	\$ 966,660	\$ 525,744	\$ (145,029)	\$ 60,451,305	\$ 486,211	\$ 222,400	\$ (66,544)	\$ 60,648,572
GENERAL PLANT								
OFFICE STRUCTURES AND IMPROVEMENTS								
OFFICE FURNITURE AND EQUIPMENT	40,883	0	0	1,790,824	20,441	0	0	1,811,265
TRANSPORTATION EQUIPMENT	27,703	22,688	0	8,641,467	13,987	12,938	0	8,642,516
STORES EQUIPMENT	17,048	28,750	4,313	2,843,167	8,524	0	0	2,851,691
TOOLS, SHOP AND GARAGE EQUIPMENT	273	0	0	33,864	137	0	0	34,001
LABORATORY EQUIPMENT	17,394	2,400	0	929,040	8,763	500	0	937,303
POWER OPERATED EQUIPMENT	8,019	0	0	754,564	4,009	0	0	758,573
COMMUNICATION EQUIPMENT	11,318	0	0	907,638	5,659	0	0	913,297
MISCELLANEOUS EQUIPMENT	19,945	16,750	0	919,884	9,972	10,000	0	919,886
OTHER TANGIBLE PROPERTY	10,155	0	0	484,353	5,077	0	0	489,430
	1,281	0	0	329,631	640	0	0	330,271
TOTAL GENERAL	\$ 154,019	\$ 70,588	\$ 4,313	\$ 17,634,433	\$ 77,209	\$ 23,438	\$ -	\$ 17,688,204
TOTAL ACCUM. DEPRECIATION RESERVE	\$ 1,415,483	\$ 613,882	\$ (143,349)	\$ 103,779,922	\$ 711,212	\$ 249,023	\$ (67,022)	\$ 104,175,089

KENTUCKY AMERICAN WATER COMPANY)
 ACCUM. DEPRECIATION RES. BY PRIMARY ACCOUNT
 May 31, 2010
 September 30, 2011
 SEE COLUMN BW
 TEST YEAR:

		For the Month ended Sept 2010	Net	Balance	For the Month ended Oct 2010	Net	Balance
		Depr Exp	Retirements	Salvage/ (COR)	Depr Exp	Retirements	Salvage/ (COR)
301000	INTANGIBLE PLANT						
302000	ORGANIZATION						
339100	FRANCHISE/CONSENTS						
339600	OTHER P/E INTANGIBLES	139	0	0	1,393	135	0
	OTHER P/E COMPREHENSIVE STUDIES	9,938	0	0	91,247	5,418	0
	TOTAL INTANGIBLES	10,077	-	-	92,640	5,553	-
303200	SOURCE OF SUPPLY AND PUMPING PLANT						
304100	LAND AND LAND RIGHTS - SS						
305000	STRUCTURES AND IMPROVEMENTS	40,661	0	0	223,686	41,878	0
306000	COLLECTING AND IMPOUNDING RESERVOIRS	1,256	0	0	364,315	1,114	0
307000	LAKE, RIVER AND OTHER INTAKES	11,502	0	0	72,387	10,482	0
308000	WELLS AND SPRINGS	0	0	0	0	0	0
309000	SUPPLY MAINS	8,770	0	0	1,231,759	10,624	0
303300	LAND AND LAND RIGHTS - PUMPING	0	0	0	0	0	0
304200	STRUCTURES AND IMPROVEMENTS	16,536	0	0	1,598,487	24,527	0
310100	OTHER POWER PRODUCTION EQUIPMENT	7,864	0	0	302,655	7,391	0
311200	ELECTRIC PUMPING EQUIPMENT	34,700	0	0	5,037,823	32,149	0
311300	DIESEL PUMPING EQUIPMENT	1,479	0	0	364,229	1,353	0
311400	PUMP EQUIPMENT HYDRAULIC	16	0	0	291	16	0
311520	PUMP SS	16,143	0	0	290,805	16,982	0
311540	PUMP T&D	339	0	0	12,610	357	0
	TOTAL SOURCE OF SUPPLY & PUMPING	139,266	-	-	9,499,046	146,873	-
303400	WATER TREATMENT PLANT						
304300	LAND AND LAND RIGHTS	0	0	0	-	0	0
302100	STRUCTURES AND IMPROVEMENTS	69,329	0	0	1,499,607	108,716	0
320200	WATER TREATMENT EQUIPMENT	88,219	5,000	(750)	15,043,154	106,032	(675)
	WATER TREATMENT - GAC	310	0	0	5,317	3,411	0
	TOTAL WATER TREATMENT	157,858	5,000	(750)	16,548,079	218,159	(675)
303500	TRANSMISSION AND DISTRIBUTION PLANT						
304400	LAND AND LAND RIGHTS						
300000	T&D STRUCTURES & IMP.	3,723	0	0	536,132	2,256	0
330100	DISTRIBUTION RESERVOIRS AND STANDPIPES	7,367	0	0	228,451	5,497	0
330200	ELEVATED TANKS AND RESERVOIRS	19,257	0	0	3,377,044	17,374	0
330400	GROUND LEVEL FACILITIES	210	0	0	25,444	129	0
	CLEARWELLS	2,787	0	0	3,074	2,122	0
331001	TRANSMISSION AND DISTRIBUTION MAINS	340,406	142,600	(28,520)	30,092,355	342,756	(15,637)
333000	SERVICES	118,873	26,000	(31,200)	16,994,289	110,521	(27,576)
334130	METERS	37,378	12,467	(1,247)	1,460,155	38,059	(970)
334200	METER INSTALLATIONS	41,107	0	0	5,034,374	39,131	0
335000	HYDRANTS	18,405	4,400	(1,100)	3,239,233	16,051	(650)
	TOTAL TRANSMISSION AND DISTRIBUTION	589,513	185,467	(62,067)	60,990,551	573,896	(44,833)
	GENERAL PLANT						
304600	OFFICE STRUCTURES AND IMPROVEMENTS	20,437	2,500	(125)	1,829,077	23,682	0
340100	OFFICE FURNITURE AND EQUIPMENT	14,102	1,500	0	8,655,118	(1,386)	0
341100	TRANSPORTATION EQUIPMENT	8,524	0	0	2,860,215	5,022	0
342000	STORES EQUIPMENT	137	0	0	34,138	68	0
343000	TOOLS, SHOP AND GARAGE EQUIPMENT	8,787	0	0	946,090	6,050	0
343000	LABORATORY EQUIPMENT	4,009	0	0	762,582	1,668	0
345000	POWER OPERATED EQUIPMENT	5,659	0	0	918,956	2,721	0
346100	COMMUNICATION EQUIPMENT	9,972	5,000	0	924,828	18,454	0
347000	MISCELLANEOUS EQUIPMENT	5,077	0	0	494,507	5,746	0
348000	OTHER TANGIBLE PROPERTY	640	0	0	330,911	(2,698)	0
	TOTAL GENERAL	77,344	9,000	(125)	17,756,423	59,327	1,125
	TOTAL ACCUM. DEPRECIATION RESERVE	974,058	199,467	(62,942)	104,886,738	1,003,808	(45,508)

KENTUCKY AMERICAN WATER COMPANY
ACCUM. DEPRECIATION RES. BY PRIMARY ACCOUNT
May 31, 2010
September 30, 2011
TEST YEAR:

SEE COLUMN BW

		For the Month ended Nov 2010	Net Salvage/ (COR)	Balance November-2010	For the Month ended Dec 2010	Balance December-2010
		Depr Exp	Retirements	Depr Exp	Retirements	Depr Exp
301000	INTANGIBLE PLANT					
302000	ORGANIZATION	0	0	0	0	0
339100	FRANCHISE/CONSENTS	135	0	1,663	135	1,798
339600	OTHER PIE INTANGIBLES	5,472	0	102,137	5,498	107,635
	OTHER P/E COMPREHENSIVE STUDIES					
	TOTAL INTANGIBLES	5,607	0	103,800	5,633	109,433
303200	SOURCE OF SUPPLY AND PUMPING PLANT					
304100	LAND AND LAND RIGHTS - SS	42,061	0	307,625	42,149	349,774
305000	STRUCTURES AND IMPROVEMENTS	1,114	0	366,543	1,114	367,657
306000	COLLECTING AND IMPOUNDING RESERVOIRS	10,532	0	93,401	10,556	103,957
307000	LAKE, RIVER AND OTHER INTAKES	0	0	0	0	0
308000	WELLS AND SPRINGS	0	0	0	0	0
309000	SUPPLY MAINS	10,631	0	1,253,014	10,634	1,263,648
303300	LAND AND LAND RIGHTS - PUMPING	0	0	0	0	0
304200	STRUCTURES AND IMPROVEMENTS	24,591	0	1,647,605	24,621	1,672,226
310100	OTHER POWER PRODUCTION EQUIPMENT	7,417	0	317,463	7,430	324,893
311200	ELECTRIC PUMPING EQUIPMENT	32,216	5,000	5,096,438	38,243	5,128,931
311300	DIESEL PUMPING EQUIPMENT	1,353	0	366,935	1,353	368,288
311400	PUMP EQUIPMENT HYDRAULIC	16	0	323	16	339
311520	PUMP SS	16,982	0	324,769	16,982	341,751
311540	PUMP T&D	357	0	13,324	357	13,681
	TOTAL SOURCE OF SUPPLY & PUMPING	147,270	5,000	9,787,439	153,455	9,935,144
303400	WATER TREATMENT PLANT					
304300	LAND AND LAND RIGHTS	0	0	0	0	0
304300	STRUCTURES AND IMPROVEMENTS	109,158	0	1,717,481	109,369	1,826,850
320100	WATER TREATMENT EQUIPMENT	106,321	4,500	15,245,157	106,505	15,346,487
320200	WATER TREATMENT - GAC	3,411	0	121,139	3,411	15,550
	TOTAL WATER TREATMENT	218,890	4,500	16,974,778	219,285	17,188,888
303500	TRANSMISSION AND DISTRIBUTION PLANT					
304400	LAND AND LAND RIGHTS	0	0	0	0	0
300000	T&D STRUCTURES & IMP.	2,256	0	540,644	2,256	542,900
330100	DISTRIBUTION RESERVOIRS AND STANDPIPES	5,514	0	239,462	5,521	244,983
330200	ELEVATED TANKS AND RESERVOIRS	17,374	0	3,411,792	17,374	3,429,166
330400	GROUND LEVEL FACILITIES	129	0	25,702	129	25,831
330400	CLEARWELLS	2,133	0	7,329	2,139	9,468
331001	TRANSMISSION AND DISTRIBUTION MAINS	343,789	15,880	30,666,021	344,457	30,997,278
333000	SERVICES	110,922	25,889	17,108,220	111,391	17,178,689
334130	METERS	38,505	8,575	1,516,614	38,926	1,549,552
334200	METER INSTALLATIONS	39,135	0	5,112,640	39,140	5,151,780
335000	HYDRANTS	16,142	1,800	3,265,926	16,229	3,280,655
	TOTAL TRANSMISSION AND DISTRIBUTION	575,899	52,144	61,894,350	577,562	62,410,302
304600	GENERAL PLANT					
340100	OFFICE STRUCTURES AND IMPROVEMENTS	23,682	0	1,876,441	27,065	1,903,506
341100	OFFICE FURNITURE AND EQUIPMENT	(1,361)	0	8,651,245	(1,361)	8,649,884
342000	TRANSPORTATION EQUIPMENT	5,022	46,350	2,830,862	5,544	2,765,176
343000	STORES EQUIPMENT	68	0	34,275	68	34,343
343000	TOOLS, SHOP AND GARAGE EQUIPMENT	6,050	0	958,190	6,050	964,239
344000	LABORATORY EQUIPMENT	1,668	0	765,918	1,668	767,586
345000	POWER OPERATED EQUIPMENT	2,721	0	924,398	2,721	927,119
346100	COMMUNICATION EQUIPMENT	18,454	0	961,736	18,454	980,190
347000	MISCELLANEOUS EQUIPMENT	5,746	0	505,998	5,746	511,744
348000	OTHER TANGIBLE PROPERTY	(2,698)	0	325,515	(2,698)	322,818
	TOTAL GENERAL	59,352	46,350	17,834,579	63,257	17,826,606
	TOTAL ACCUM. DEPRECIATION RESERVE	1,007,018	107,994	106,594,945	1,019,192	107,470,372

KENTUCKY AMERICAN WATER COMPANY)
 ACCUM. DEPRECIATION RES. BY PRIMARY ACCOUNT
 BASE YEAR: May 31, 2010
 TEST YEAR: September 30, 2011

SEE COLUMN BW

		For the Month ended Mar 2011	Net	Balance	For the Month ended Apr 2011	Net	Balance
		Depr Exp	Retirements	March-2011	Depr Exp	Retirements	April-2011
		\$	- \$	- \$	- \$	- \$	- \$
301000	INTANGIBLE PLANT						
302000	ORGANIZATION	0	0	0	0	0	0
339100	FRANCHISE/CONSENTS	135	0	2,203	135	0	2,338
339600	OTHER P/E INTANGIBLES	5,498	0	124,129	5,534	0	129,663
	OTHER P/E COMPREHENSIVE STUDIES						
	TOTAL INTANGIBLES	\$ 5,633	- \$	- \$ 126,332	\$ 5,669	- \$	- \$ 132,001
		\$					
		\$	- \$	- \$	- \$	- \$	- \$
303200	SOURCE OF SUPPLY AND PUMPING PLANT						
304100	LAND AND LAND RIGHTS - SS	42,168	0	476,255	42,177	0	518,432
305000	STRUCTURES AND IMPROVEMENTS	1,114	0	370,999	1,114	0	372,113
306000	COLLECTING AND IMPOUNDING RESERVOIRS	10,561	0	135,634	10,563	0	146,197
307000	LAKE, RIVER AND OTHER INTAKES	0	0	0	0	0	0
308000	WELLS AND SPRINGS	0	0	0	0	0	0
309000	SUPPLY MAINS	10,634	0	1,295,550	10,635	0	1,306,185
303300	LAND AND LAND RIGHTS - PUMPING	0	0	0	0	0	0
304200	STRUCTURES AND IMPROVEMENTS	24,628	0	1,746,102	24,631	0	1,770,733
310100	OTHER POWER PRODUCTION EQUIPMENT	7,433	0	347,189	7,434	0	354,623
311200	ELECTRIC PUMPING EQUIPMENT	38,251	0	5,243,674	38,228	14,000	5,265,802
311300	DIESEL PUMPING EQUIPMENT	1,353	0	372,347	1,353	0	373,700
311400	PUMP EQUIPMENT HYDRAULIC	16	0	387	16	0	403
311520	PUMP SS	16,982	0	392,697	16,982	0	409,679
311540	PUMP T&D	357	0	14,752	357	0	15,109
	TOTAL SOURCE OF SUPPLY & PUMPING	\$ 153,497	- \$	- \$ 10,395,585	\$ 153,490	- \$ (2,100)	- \$ 10,532,975
		\$					
		\$	- \$	- \$	- \$	- \$	- \$
303400	WATER TREATMENT PLANT	0	0	0	0	0	0
304300	LAND AND LAND RIGHTS	109,415	0	2,155,040	109,436	0	2,264,476
320100	STRUCTURES AND IMPROVEMENTS	106,720	5,600	15,653,771	106,843	24,600	15,732,324
320200	WATER TREATMENT EQUIPMENT	3,411	0	25,763	3,411	0	29,194
	WATER TREATMENT - GAC						
	TOTAL WATER TREATMENT	\$ 219,546	\$ 5,600	\$ 17,834,595	\$ 219,690	\$ 24,600	\$ 18,025,995
		\$					
		\$	- \$	- \$	- \$	- \$	- \$
303500	TRANSMISSION AND DISTRIBUTION PLANT						
304400	LAND AND LAND RIGHTS	2,256	0	549,668	2,256	0	551,924
300000	T&D STRUCTURES & IMP.	5,523	0	261,550	5,524	0	267,074
330100	DISTRIBUTION RESERVOIRS AND STANDPIPES	17,374	0	3,481,288	17,374	0	3,498,662
330200	ELEVATED TANKS AND RESERVOIRS	129	0	26,218	129	0	26,347
330400	GROUND LEVEL FACILITIES	2,140	0	15,886	2,140	0	18,026
	CLEARWELLS						
	TOTAL TRANSMISSION AND DISTRIBUTION	\$ 21,228	\$ 0	\$ 3,612,602	\$ 21,228	\$ 0	\$ 3,634,982
		\$					
		\$	- \$	- \$	- \$	- \$	- \$
331001	TRANSMISSION AND DISTRIBUTION MAINS	346,018	27,200	31,978,021	346,596	55,800	32,257,657
333000	SERVICES	112,457	19,232	17,367,666	112,836	19,232	17,438,192
334130	METERS	39,768	9,841	1,648,765	40,230	16,057	1,671,352
334200	METER INSTALLATIONS	39,160	0	5,269,243	39,165	0	5,308,408
335000	HYDRANTS	16,446	4,800	3,315,803	16,517	2,600	3,329,070
	TOTAL TRANSMISSION AND DISTRIBUTION	\$ 581,271	\$ 61,073	\$ 63,914,128	\$ 582,767	\$ 93,689	\$ 64,366,712
		\$					
		\$	- \$	- \$	- \$	- \$	- \$
304600	GENERAL PLANT						
340100	OFFICE STRUCTURES AND IMPROVEMENTS	27,065	0	1,984,701	27,065	0	2,011,766
341100	OFFICE FURNITURE AND EQUIPMENT	(1,027)	6,653	8,624,461	(879)	15,390	8,608,212
342000	TRANSPORTATION EQUIPMENT	6,078	0	2,783,410	6,078	56,926	2,741,101
343000	STORES EQUIPMENT	68	0	34,548	68	0	34,617
343000	TOOLS, SHOP AND GARAGE EQUIPMENT	6,129	1,000	979,596	6,170	2,000	983,766
344000	LABORATORY EQUIPMENT	1,668	0	772,590	1,668	0	774,258
345000	POWER OPERATED EQUIPMENT	2,721	0	935,282	2,721	0	938,003
346100	COMMUNICATION EQUIPMENT	18,454	10,000	1,025,552	18,454	15,000	1,029,005
347000	MISCELLANEOUS EQUIPMENT	(2,698)	0	529,233	(2,698)	5,830	535,063
348000	OTHER TANGIBLE PROPERTY		0	314,725		0	312,027
	TOTAL GENERAL	\$ 64,288	\$ 17,653	\$ 17,984,119	\$ 64,477	\$ 89,316	\$ 17,967,818
		\$					
		\$	- \$	- \$	- \$	- \$	- \$
	TOTAL ACCUM. DEPRECIATION RESERVE	\$ 1,024,235	\$ 84,326	\$ 110,254,758	\$ 1,026,093	\$ 221,605	\$ 111,025,501

September 30, 2011

SEE COLUMN BW

3301000	INTANGIBLE PLANT	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
3302000	ORGANIZATION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3303000	FRANCHISE/CONSENTS	135	0	0	0	2,473	0	0	0	0	0	0	0	0	0	0	0	0	2,608
3339100	OTHER P/E INTANGIBLES	5,784	0	0	0	135,447	0	0	0	5,990	0	0	0	0	0	0	0	0	141,437
3339600	OTHER P/E COMPREHENSIVE STUDIES																		
3396000	TOTAL INTANGIBLES	\$	5,919	\$	-	\$	-	\$	-	\$	137,920	\$	6,125	\$	-	\$	-	\$	144,045
3303200	SOURCE OF SUPPLY AND PUMPING PLANT	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
3304100	LAND AND LAND RIGHTS - SS	42,185	0	0	0	560,617	0	0	0	42,192	0	0	0	0	0	0	0	0	602,809
3304200	STRUCTURES AND IMPROVEMENTS	1,114	0	0	0	373,227	0	0	0	1,114	0	0	0	0	0	0	0	0	374,341
3305000	COLLECTING AND IMPOUNDING RESERVOIRS	10,566	0	0	0	156,763	0	0	0	10,567	0	0	0	0	0	0	0	0	167,330
3306000	LAKE, RIVER AND OTHER INTAKES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3307000	WELLS AND SPRINGS	10,635	0	0	0	1,316,820	0	0	0	10,635	0	0	0	0	0	0	0	0	1,327,455
3309000	SUPPLY MAINS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3309300	LAND AND LAND RIGHTS - PUMPING	24,634	0	0	0	1,795,367	0	0	0	24,636	0	0	0	0	0	0	0	0	1,820,003
3304200	STRUCTURES AND IMPROVEMENTS	7,435	0	0	0	362,058	0	0	0	7,436	0	0	0	0	0	0	0	0	369,494
3310100	OTHER POWER PRODUCTION EQUIPMENT	38,185	25,000	(3,750)	0	5,275,237	38,094	50,000	(7,500)	38,094	50,000	(7,500)	0	0	0	0	0	0	5,255,831
3311200	ELECTRIC PUMPING EQUIPMENT	1,353	0	0	0	375,063	0	0	0	1,353	0	0	0	0	0	0	0	0	376,406
3311300	DIESEL PUMPING EQUIPMENT	16	0	0	0	419	0	0	0	16	0	0	0	0	0	0	0	0	435
3311400	PUMP EQUIPMENT HYDRAULIC	16,982	0	0	0	426,661	0	0	0	16,982	0	0	0	0	0	0	0	0	443,643
3311520	PUMP SS	357	0	0	0	15,466	0	0	0	357	0	0	0	0	0	0	0	0	15,823
3311540	PUMP T&D																		
3315400	TOTAL SOURCE OF SUPPLY & PUMPING	\$	153,462	\$	25,000	\$	(3,750)	\$	10,657,687	\$	153,382	\$	50,000	\$	(7,500)	\$	10,753,569	\$	10,753,569
3303400	WATER TREATMENT PLANT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3304300	LAND AND LAND RIGHTS	109,457	0	0	0	2,373,933	109,472	0	0	109,472	0	0	0	0	0	0	0	0	2,483,405
3320100	STRUCTURES AND IMPROVEMENTS	107,441	9,600	(1,440)	0	15,828,725	107,703	9,700	(1,455)	107,703	9,700	(1,455)	0	0	0	0	0	0	15,925,273
3320200	WATER TREATMENT - GAC	3,411	0	0	0	32,605	3,411	0	0	3,411	0	0	0	0	0	0	0	0	36,016
3320200	TOTAL WATER TREATMENT	\$	220,309	\$	9,600	\$	(1,440)	\$	18,235,264	\$	220,586	\$	9,700	\$	(1,455)	\$	18,444,695	\$	18,444,695
3303500	TRANSMISSION AND DISTRIBUTION PLANT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3304400	LAND AND LAND RIGHTS	2,256	0	0	0	554,180	2,256	0	0	2,256	0	0	0	0	0	0	0	0	556,436
3304400	T&D STRUCTURES & IMP.	5,525	0	0	0	272,599	5,525	0	0	5,525	0	0	0	0	0	0	0	0	278,124
3300000	DISTRIBUTION RESERVOIRS AND STANDPIPES	17,374	0	0	0	3,516,036	17,374	0	0	17,374	0	0	0	0	0	0	0	0	3,533,410
3301000	ELEVATED TANKS AND RESERVOIRS	129	0	0	0	26,476	129	0	0	129	0	0	0	0	0	0	0	0	26,605
3302000	GROUND LEVEL FACILITIES	2,141	0	0	0	20,167	2,141	0	0	2,141	0	0	0	0	0	0	0	0	22,308
3304000	CLEARWELLS																		
331001	TRANSMISSION AND DISTRIBUTION MAINS	347,100	106,600	(21,320)	0	32,476,837	347,846	125,600	(25,120)	347,846	125,600	(25,120)	0	0	0	0	0	0	32,673,963
3330000	SERVICES	113,240	24,440	(29,328)	0	17,497,664	113,717	28,848	(34,618)	113,717	28,848	(34,618)	0	0	0	0	0	0	17,547,915
3341300	METERS	40,894	22,566	(2,257)	0	1,687,423	41,774	19,169	(1,917)	41,774	19,169	(1,917)	0	0	0	0	0	0	1,708,111
3342000	METER INSTALLATIONS	39,174	0	0	0	5,347,562	39,201	0	0	5,347,562	0	0	0	0	0	0	0	0	5,386,783
3350000	HYDRANTS	16,568	2,800	(700)	0	3,342,138	16,622	4,600	(1,150)	16,622	4,600	(1,150)	0	0	0	0	0	0	3,353,010
3350000	TOTAL TRANSMISSION AND DISTRIBUTION	\$	584,401	\$	156,406	\$	(53,605)	\$	64,741,102	\$	586,585	\$	178,217	\$	(62,805)	\$	65,086,665	\$	65,086,665
3304600	GENERAL PLANT	27,065	0	0	0	2,038,831	27,065	0	0	27,065	0	0	0	0	0	0	0	0	2,065,896
3304700	OFFICE STRUCTURES AND IMPROVEMENTS	(537)	15,750	0	0	8,591,925	(187)	15,188	(187)	8,591,925	15,188	(187)	0	0	0	0	0	0	8,576,549
3304700	OFFICE FURNITURE AND EQUIPMENT	6,570	0	0	0	2,747,671	6,570	0	0	2,747,671	0	0	0	0	0	0	0	0	2,754,241
3341100	TRANSPORTATION EQUIPMENT	68	0	0	0	34,685	68	0	0	34,685	0	0	0	0	0	0	0	0	34,753
3342000	STORES EQUIPMENT	6,254	4,300	0	0	985,720	6,433	4,500	0	985,720	4,500	0	0	0	0	0	0	0	987,652
3343000	TOOLS, SHOP AND GARAGE EQUIPMENT	1,668	0	0	0	775,926	1,668	0	0	775,926	0	0	0	0	0	0	0	0	777,594
3344000	LABORATORY EQUIPMENT	2,721	0	0	0	940,724	2,721	0	0	940,724	0	0	0	0	0	0	0	0	943,445
3345000	POWER OPERATED EQUIPMENT	18,454	14,500	0	0	1,032,959	18,454	12,513	0	1,032,959	12,513	0	0	0	0	0	0	0	1,039,900
3346000	COMMUNICATION EQUIPMENT	5,830	0	0	0	540,892	5,830	0	0	540,892	0	0	0	0	0	0	0	0	546,722
3347000	MISCELLANEOUS EQUIPMENT	(2,698)	0	0	0	309,329	(2,698)	0	0	309,329	0	0	0	0	0	0	0	0	306,632
3348000	OTHER TANGIBLE PROPERTY																		
3348000	TOTAL GENERAL	\$	65,395	\$	34,550	\$	-	\$	17,998,663	\$	65,924	\$	32,201	\$	-	\$	18,032,386	\$	18,032,386
3348000	TOTAL ACCUM. DEPRECIATION RESERVE	\$	1,029,486	\$	225,556	\$	(58,795)	\$	111,770,635	\$	1,032,602	\$	270,118	\$	(71,760)	\$	112,461,359	\$	112,461,359

KENTUCKY AMERICAN WATER COMPANY
ACCUM. DEPRECIATION RES. BY PRIMARY ACCOUNT
May 31, 2010
September 30, 2011
SEE COLUMN BW
TEST YEAR:

	For the Month ended July 2011 Depr Exp	Retirements	Net Salvage/ (COR)	Balance July-2011	For the Month ended Aug 2011 Depr Exp	Retirements	Net Salvage/ (COR)	Balance August-2011
301000								
302000								
339100								
339600								
TOTAL INTANGIBLES								
303200								
304100								
305000								
306000								
307000								
307000								
309000								
309000								
303300								
304200								
310100								
311200								
311300								
311400								
311520								
311540								
TOTAL SOURCE OF SUPPLY & PUMPING								
303400								
304300								
320100								
320200								
TOTAL WATER TREATMENT								
303500								
304400								
300000								
330100								
330200								
330400								
TRANSMISSION AND DISTRIBUTION MAINS								
331001								
333000								
334130								
334200								
335000								
TOTAL TRANSMISSION AND DISTRIBUTION								
GENERAL PLANT								
304600								
340100								
341000								
342000								
343000								
343000								
344000								
345000								
346100								
347000								
348000								
TOTAL GENERAL								
TOTAL ACCUM. DEPRECIATION RESERVE								

301000	INTANGIBLE PLANT	\$	-	\$	-	\$	-	\$	-
302000	ORGANIZATION		0		0		0		0
303000	FRANCHISE/CONSENTS		135		0		0		0
339100	OTHER P/E INTANGIBLES		6,302		0		0		3,013
339600	OTHER P/E COMPREHENSIVE STUDIES		6,437		-		-		160,031
	TOTAL INTANGIBLES	\$	6,437	\$	-	\$	-	\$	163,044
									\$ 126,926
303200	SOURCE OF SUPPLY AND PUMPING PLANT	\$	-	\$	-	\$	-	\$	-
304000	LAND AND LAND RIGHTS - SS		42,192		0		0		729,385
304100	STRUCTURES AND IMPROVEMENTS		1,114		0		0		476,335
305000	COLLECTING AND IMPOUNDING RESERVOIRS		10,567		0		0		377,683
307000	LAKE, RIVER AND OTHER INTAKES		0		0		0		199,031
307000	WELLS AND SPRINGS		0		0		0		0
309000	SUPPLY MAINS		10,635		0		0		1,359,360
309000	LAND AND LAND RIGHTS - PUMPING		0		0		0		1,295,553
303000	STRUCTURES AND IMPROVEMENTS		24,636		0		0		1,893,911
304000	OTHER POWER PRODUCTION EQUIPMENT		7,436		0		0		1,746,129
310100	ELECTRIC PUMPING EQUIPMENT		37,830		37,000		(5,550)		347,200
311200	DIESEL PUMPING EQUIPMENT		1,353		0		0		391,802
311300	PUMP EQUIPMENT HYDRAULIC		16		0		0		5,207,394
311400	PUMP EQUIPMENT HYDRAULIC		16,982		0		0		5,183,983
311520	PUMP T&D		357		0		0		372,347
311540	PUMP T&D		153,118		37,000		(5,550)		380,465
	TOTAL SOURCE OF SUPPLY & PUMPING	\$	153,118	\$	37,000	\$	(5,550)	\$	380,465
									372,347
									387
									392,697
									494,589
									16,894
									14,752
									10,336,037
303400	WATER TREATMENT PLANT		0	\$	-	\$	-	\$	-
304300	LAND AND LAND RIGHTS		109,472		0		0		2,811,821
304300	STRUCTURES AND IMPROVEMENTS		108,370		9,700		(1,455)		16,216,306
320100	WATER TREATMENT EQUIPMENT		3,411		0		0		46,249
320200	WATER TREATMENT - GAC								25,783
	TOTAL WATER TREATMENT	\$	221,253	\$	9,700	\$	(1,455)	\$	19,074,377
									\$ 17,818,167
303500	TRANSMISSION AND DISTRIBUTION PLANT	\$	-	\$	-	\$	-	\$	-
304400	LAND AND LAND RIGHTS		2,256		0		0		563,204
304400	T&D STRUCTURES & IMP.		5,525		0		0		294,699
300000	DISTRIBUTION RESERVOIRS AND STANDPIPES		17,374		0		0		3,585,532
330100	ELEVATED TANKS AND RESERVOIRS		129		0		0		26,992
330200	GROUND LEVEL FACILITIES		2,141		0		0		28,731
330400	CLEARWELLS								15,890
331001	TRANSMISSION AND DISTRIBUTION MAINS		350,972		78,600		(15,720)		33,328,982
333000	SERVICES		115,344		33,856		(40,627)		17,362,287
334130	METERS		44,222		17,521		(1,752)		1,775,225
334200	METER INSTALLATIONS		39,577		0		0		5,505,309
335000	HYDRANTS		16,850		4,600		(1,150)		3,386,921
	TOTAL TRANSMISSION AND DISTRIBUTION	\$	594,390	\$	134,577	\$	(59,249)	\$	66,204,974
									\$ 63,738,425
304600	GENERAL PLANT		27,060		2,500		(125)		2,144,461
304700	OFFICE STRUCTURES AND IMPROVEMENTS		1,103		11,250		0		8,524,135
304800	OFFICE FURNITURE AND EQUIPMENT		6,859		0		0		2,735,650
341100	TRANSPORTATION EQUIPMENT		68		0		0		34,548
342000	STORES EQUIPMENT		6,766		0		0		1,004,295
343000	TOOLS, SHOP AND GARAGE EQUIPMENT		1,668		0		0		782,598
344000	LABORATORY EQUIPMENT		2,721		0		0		935,282
345000	POWER OPERATED EQUIPMENT		18,454		0		0		1,012,086
346100	COMMUNICATION EQUIPMENT		6,080		0		0		1,086,762
347000	MISCELLANEOUS EQUIPMENT		(2,698)		0		0		564,710
348000	OTHER TANGIBLE PROPERTY				0		0		298,539
	TOTAL GENERAL	\$	68,081	\$	13,750	\$	(125)	\$	18,127,717
									\$ 17,947,448
	TOTAL ACCUM. DEPRECIATION RESERVE	\$	1,043,279	\$	195,027	\$	(66,379)	\$	114,621,107
									\$ 109,967,003

Unrecovered reserve to be amortized

	annual	monthly	
340100 Furniture	(7,456)	(621)	(7,456)
340210 Mainframe	3,926	327	3,926
340220 Personal Computers	(139,902)	(11,659)	(139,902)
340230 Peripheral-other	15,424	1,285	15,424
340300 Computer software	(99,167)	(8,264)	(99,167)
340320 Computer software-personal	(84,968)	(7,081)	(84,968)
340330 Computer software-other	(21,113)	(1,759)	(21,113)
340500 Other	(3,035)	(253)	(3,035)
342000 Stores Equipment	(452)	(38)	(452)
343000 Tools, shop and garage equipment	(20,392)	(1,699)	(20,392)
344000 Laboratory Equipment	(25,176)	(2,098)	(25,176)
346100 Communication Equipment-non-telephone	88,768	7,397	88,768
346190 Comm Equip -Remote control and Instrumentatic	151	13	151
346200 Communication equipment-telephone	2,112	176	2,112
347000 Miscellaneous Equipment	9,200	767	9,200
348000 Other tangible property	(39,296)	(3,275)	(39,296)
	(321,376)	(26,781)	(321,376)

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 Plan					Forecasted Depreciation Expense on End of Base Test Year Plan					Forecasted Depreciation Expense on Average Test Year Plan				
		Balance September 30, 2011	Less CIAC #####	Net UPIS	Depr Rates	Depr Exp	Balance May-10	Less CIAC May-10	Net UPIS	Depr Rates	Depr Exp	Average Balance	Less Avg CIAC	Net UPIS	Depr Rates	Depr Exp
3031	OTHER PIE INTANGIBLES	8,375		\$ 8,375	19.40%	\$ 1,625			\$ 8,375	19.96%	\$ 1,672	\$ 8,375		\$ 8,375	19.40%	\$ 1,625
3036	OTHER PIE COMPREHENSIVE STUDIES	705,098		705,098	10.72%	75,629			541,498	19.96%	108,093	638,265		638,265	10.72%	68,422
311	SS STRUCTURES & IMPROVEMENT	16,491,911		16,491,911	3.07%	506,302			2,673,341	3.03%	81,002	16,443,841		16,443,841	3.07%	504,826
312	COLL & IMPOUNDING RESERV	1,005,086		1,005,086	1.33%	13,368			1,005,086	1.50%	15,076	1,005,086		1,005,086	1.33%	13,368
313	LAKE, RIVER, & OTHER INTAKES	6,185,848		6,185,848	2.05%	126,810			537,098	2.25%	12,300	6,166,198		6,166,198	2.05%	126,407
314	WELLS & SPRINGS	0		0	0.00%	0			0	0.00%	0	0		0	0.00%	0
316	SUPPLY MAINS	5,800,934		5,800,934	2.20%	127,621			5,143,915	1.82%	93,619	5,798,649		5,798,649	2.20%	127,570
321	PUMPING STRUCTURES & IMPROVEMENT	10,373,193		10,373,193	2.85%	295,636			5,215,922	1.94%	101,189	10,355,253		10,355,253	2.85%	295,125
322	OTHER POWER PROD EQPT	3,045,643		3,045,643	2.93%	89,237			935,700	3.16%	29,568	3,038,304		3,038,304	2.93%	89,022
325	ELECTRIC PUMPING EQUIPMENT	20,175,881		20,175,881	2.25%	453,957			9,389,884	2.45%	230,052	19,587,272		19,587,272	2.25%	440,714
326	DIESEL PUMPING EQUIPMENT	718,476		718,476	2.26%	16,238			718,476	2.47%	17,746	718,476		718,476	2.26%	16,238
3282	STORAGE TANKS & STANDPIPES	8,444,165		8,444,165	2.25%	189,822			8,381,164	2.31%	186,404	8,381,164		8,381,164	2.25%	189,822
3283	STORAGE OF SUPPLY EQUIPING EQUIPME	8,386,160		8,386,160	2.25%	203,781			8,386,160	2.31%	183,729	8,386,160		8,386,160	2.25%	203,781
3284	TSD PUMPING EQUIPMENT	176,341		176,341	2.45%	4,285			176,341	2.31%	4,073	176,341		176,341	2.45%	4,285
331	WT STRUCTURES & IMPROVMENT	44,531,178		44,531,178	2.95%	1,313,670			9,908,561	1.91%	189,254	44,410,740		44,410,740	2.95%	1,310,117
332	WATER TREATMENT EQUIPMENT	31,001,982		31,001,982	2.61%	821,553			12,316,905	2.21%	272,204	30,362,579		30,362,579	2.61%	804,608
3321	WATER TREATMENT EQUIPMENT-STR	18,347,980		18,347,980	2.61%	478,882			18,347,980	2.21%	405,490	18,347,980		18,347,980	2.61%	478,882
334	GAC	168,569		168,569	24.26%	40,929			168,569	2.21%	3,725	168,569		168,569	24.26%	40,929
341	T & D STRUCTURES & IMP	1,029,339		1,029,339	2.63%	27,072			1,029,339	4.34%	44,673	1,029,339		1,029,339	2.63%	27,072
342	DIST RES & STANDPIPES	3,994,282		3,994,282	1.66%	66,305			1,668,616	2.25%	37,544	3,986,193		3,986,193	1.66%	66,171
3421	ELEVATED TANKS & STANDPIPES	10,270,432		10,270,432	2.03%	208,490			10,270,432	2.25%	213,085	10,270,432		10,270,432	2.03%	208,490
3422	GROUND LEVEL FACILITIES	112,147		112,147	1.54%	1,548			112,147	2.25%	1,548	112,147		112,147	1.54%	1,548
3423	CLEARWELLS	1,529,544		1,529,544	1.68%	25,696			582	2.25%	13	1,524,225		1,524,225	1.68%	25,607
343	T & D MAINS	263,714,927		263,714,927	1.68%	3,620,712			141,138,567	1.68%	2,342,900	250,173,409		250,173,409	1.68%	3,564,636
345	SERVICES	46,137,706		46,137,706	3.00%	969,929			18,489,000	3.24%	598,044	45,025,887		45,025,887	3.00%	962,649
346	METERS	1,677,849		1,677,849	2.68%	44,962			1,677,849	2.78%	46,644	1,677,849		1,677,849	2.68%	44,962
3461	METERS - BRONZE CASE	8,711,372		8,711,372	2.74%	238,692			4,549,428	2.86%	130,114	6,903,779		6,903,779	2.74%	189,164
3462	METERS - PLASTIC CASE	649,193		649,193	3.25%	21,099			866,749	2.87%	24,589	743,856		743,856	3.25%	24,175
3463	METERS - OTHER	7,790,233		7,790,233	2.90%	207,964			7,790,233	2.81%	201,510	7,790,233		7,790,233	2.90%	207,964
347	METER INSTALLATIONS	16,561,899		16,561,899	2.78%	460,421			16,561,899	2.92%	483,607	16,561,899		16,561,899	2.78%	460,421
3471	METER VAULTS	531,302		531,302	2.73%	14,505			154,302	2.92%	4,506	381,148		381,148	2.73%	10,405
348	HYDRANTS	13,570,583		13,570,583	1.49%	168,254			12,403,864	1.72%	176,996	13,222,570		13,222,570	1.49%	163,983
390	OFFICE STRUCTURES AG	3,023,405		3,023,405	2.98%	89,493			3,023,405	2.01%	60,770	3,023,405		3,023,405	2.98%	89,493
3901	STRUCTURES-OTHER	3,023,405		3,023,405	2.98%	89,493			3,023,405	2.01%	60,770	3,023,405		3,023,405	2.98%	89,493
3902	STORES & EQUIP-OTHER STRUCT	3,023,405		3,023,405	2.98%	89,493			3,023,405	2.01%	60,770	3,023,405		3,023,405	2.98%	89,493
3903	MISC STRUCTURES	1,923,367		1,923,367	4.98%	95,784			1,923,367	4.19%	80,589	1,923,367		1,923,367	4.98%	95,784
3911	OFFICE FURNITURE	195,029		195,029	5.00%	9,751			195,029	0.00%	0	195,029		195,029	5.00%	9,751
3911	OFFICE FURNITURE-AMORTIZED	538,324		538,324	5.00%	26,916			538,324	7.48%	40,267	538,324		538,324	5.00%	26,916
3912	MAINFRAME COMP & PERIPH EQPT	27,295		27,295	0.00%	0			27,295	0.00%	0	27,295		27,295	0.00%	0
3912	MAINFRAME COMP & PERIPH EQPT-AMTZ	337,346		337,346	20.00%	67,469			118,506	8.04%	9,528	228,950		228,950	20.00%	45,790
39121	PERSONAL COMP & PERIPH EQPT	245,890		245,890	0.00%	0			406,272	0.00%	0	328,841		328,841	0.00%	0
39122	PERSONAL COMP & PERIPH EQPT-AMTZ	400,086		400,086	20.00%	80,017			400,086	9.52%	38,088	400,086		400,086	20.00%	80,017
39122	COMPUTERS & PERIPH OTHER	101,976		101,976	0.00%	0			101,976	0.00%	0	101,976		101,976	0.00%	0
39122	COMPUTERS & PERIPH OTHER-AMTZ	176,607		176,607	20.00%	35,321			176,607	17.49%	30,889	176,607		176,607	20.00%	35,321
39125	MAINFRAME SOFTWARE-AMTZ	3,976,525		3,976,525	0.00%	0			3,976,525	0.00%	0	3,976,525		3,976,525	0.00%	0
39125	MAINFRAME SOFTWARE-AMTZ	570,993		570,993	20.00%	114,199			570,993	6.87%	38,227	570,993		570,993	20.00%	114,199
39126	PERSONAL COMP SOFTWARE-AMTZ	100,330		100,330	20.00%	20,066			100,330	0.00%	0	100,330		100,330	20.00%	20,066
39128	OTHER SOFTWARE-AMTZ	527,874		527,874	0.00%	0			527,874	0.00%	0	527,874		527,874	0.00%	0
39128	OTHER SOFTWARE-AMTZ	4,470		4,470	20.00%	894			4,470	18.00%	805	4,470		4,470	20.00%	894
3913	OTHER OFFICE EQUIPMENT	18,816		18,816	0.00%	0			18,816	0.00%	0	18,816		18,816	0.00%	0
3913	OTHER OFFICE EQUIPMENT-AMTZ	69,553		69,553	6.67%	4,639			69,553	7.17%	4,987	69,553		69,553	6.67%	4,639
39211	TRANS EQUIP - LIGHT TRUCKS	1,646,367		1,646,367	0.00%	0			1,880,069	0.00%	0	1,739,314		1,739,314	0.00%	0
39211	TRANS EQUIP-LIGHT TRUCKS -new adds	1,358,507		1,358,507	1.53%	20,785			66,000	0.00%	0	808,964		808,964	1.53%	12,377
39212	TRANS EQUIP - HEAVY TRUCKS	1,167,938		1,167,938	2.34%	27,330			1,182,938	6.48%	76,654	1,167,938		1,167,938	2.34%	27,330
3922	TRANS EQUIP - CARS	191,583		191,583	0.00%	0			204,107	0.00%	0	194,173		194,173	0.00%	0
3922	TRANS EQUIP-CARS - new adds	132,493		132,493	8.50%	11,262			0	0.00%	0	110,728		110,728	8.50%	9,412
3923	OTHER TRANS EQUIP	416,327		416,327	5.51%	22,940			416,327	6.39%	26,603	416,327		416,327	5.51%	22,940
393	STORAGE EQUIPMENT	2,268		2,268	0.00%	0			2,268	0.00%	0	2,268		2,268	0.00%	0
393	STORAGE EQUIPMENT-AMTZ	31,230		31,230	0.00%	0			31,230	5.00%	1,644	31,230		31,230	0.00%	0
394	TOOLS, SHOP & GARAGE EQUIP	138,230		138,230	0.00%	0			158,330	0.00%	0	148,915		148,915	0.00%	0
394	TOOLS, SHOP & GARAGE EQUIP-AMTZ	2,031,643		2,031,643	5.00%	101,582			1,810,643	5.67%	102,663	1,911,567		1,911,567	5.00%	95,578
395	LABORATORY EQUIPMENT	150,397		150,397	0.00%	0			150,397	0.00%	0	150,397		150,397	0.00%	0
395	LABORATORY EQUIPMENT-AMTZ	677,631		677,631	6.67%	45,198			677,631	7.10%	48,112	677,631		677,631	6.67%	45,198
396	POWER OPERATED EQUIPMENT	1,526,035		1,526,035	2.14%	32,657			1,526,035	4.45%	67,909	1,526,035		1,526,035	2.14%	32,657
397	COMMUNICATION EQUIPMENT	118,585		118,585	0.00%	0			209,848	0.00%	0	154,632		154,632	0.00%	0
397	COMMUNICATION EQUIPMENT-AMTZ	1,692,239		1,692,239	6.67%	112,872			1,692,239	6.12%	103,565	1,692,239		1,692,239	6.67%	112,872
3971	COMMUNICATION EQUIPMENT	22,311		22,311	6.67%	1,488			22,311	6.12%	1,365	22,311		22,311	6.67%	1,488
3972	COMMUNICATION EQUIPMENT	240,800		240,800	6.67%	16,061			240,800	6.12%	14,737	240,800		240,800	6.67%	16,061
398	MISC EQUIPMENT	115,963		115,963	0.00%	0			115,963	0.00%	0	115,963		115,963	0.00%	0
398	MISC EQUIPMENT-AMTZ	1,275,004		1,275,004	5.00%	63,750			1,145,004	5.25%	59,884	1,215,773		1,215,773	5.00%	60,789
399	OTHER TANGIBLE PROPERTY	138,465		138,465	5.00%	6,924			138,465	5.55%	7,686	138,465		138,465	5.00%	6,924
TOTAL		\$ 565,625,805	\$ 65,637,372	\$ 499,988,433		\$ 11,383,734	\$ 380,346,693	\$ 62,347,335	\$ 318,199,357		\$ 7,004,620	\$ 556,149,117	\$ 64,549,297	\$ 491,599,820		\$ 11,171,488

KENTUCKY-AMERICAN WATER COMPANY			
DEFERRED INCOME TAXES			
CASE NO: 2010-00036			
	LEXINGTON		
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	43,815,150	47,399,681	46,359,897
Subtotal	43,815,150	47,399,681	46,359,897
Reg Assets/Liab	(7,202,607)	(7,917,793)	(7,979,767)
Total	36,612,543	39,481,888	38,380,130

Information Linked to Other Files

Forecasted Deferred Tax Expense UPIS	SIT \$359,779	FIT \$1,972,789	K_COS10 file	
Deferred Taxes				
Deferred Taxes - End of Base Period		SIT 5,588,464	FIT 38,226,686	K_RB10 file
Deferred Taxes - End of Forecasted Period		6,141,348	41,258,333	K_RB10 file
Average Deferred Taxes - Forecasted Period		5,980,970	40,378,927	K_RB10 file
				38,380,130
Regulatory Assets/Liabilities				
End of Base Period	(7,202,607)			
End of Forecasted Period	(7,917,793)			
Average Forecasted Period	(7,979,767)			
Deferred Tax Expense				
	Forecast			
Deferred SIT Expense	359,779	UPIS		
Deferred FIT Expense	1,972,789			
Def SIT Reg Asset/Liab	11,460	Regulatory Assets/Liabilities		
Def FIT Reg Asset / Liab	260,569			

Kentucky-American Water Company
Deferred Taxes and Regulatory Assets/Liabilities
Related to UPIs Investment
CASE NO: 2010-00036

Month	Change in Balances			Net Change	Deferred		Deferred SIT	Deferred FIT	Total Deferred Taxes	Regulatory Assets/Liab
	Book Basis	Tax Basis			SIT Expense	FIT Expense				
Balance 11/09										
Dec-09	\$125,303	(\$513,681)		\$638,984	\$38,339	\$210,226	\$5,293,708	\$36,610,436	41,904,144	(5,687,199)
Jan-10	858,430	70,058		788,372	\$47,302	259,375	5,332,047	36,820,662	42,152,709	(5,913,243)
Feb-10	(277,016)	(1,104,403)		827,387	\$49,643	272,210	5,379,349	37,080,037	42,459,386	(6,150,940)
Mar-10	68,822	(784,935)		853,758	\$51,225	280,886	5,428,992	37,352,247	42,781,239	(6,400,498)
Apr-10	5,048	(881,186)		886,235	\$53,174	291,571	5,480,217	37,633,133	43,113,350	(6,658,109)
May-10	185,685	(732,193)		917,879	\$55,073	301,982	5,533,391	37,924,704	43,458,095	(6,925,609)
Jun-10	316,897	(624,985)		941,882	\$56,513	309,879	5,588,464	38,226,686	43,815,150	(7,202,607)
Jul-10	687,453	(285,820)		973,272	\$58,396	320,207	5,644,977	38,536,565	44,181,542	(7,487,515)
Aug-10	1,298,924	301,346		997,578	\$59,855	328,203	5,703,373	38,856,772	44,560,145	(7,780,603)
Sep-10	161,828,374	161,522,693		305,681	\$18,341	100,569	5,763,228	39,184,975	44,948,203	(8,080,007)
Oct-10	3,019,639	2,750,602		269,036	\$16,142	88,513	5,781,569	39,285,544	45,067,113	(8,069,895)
Nov-10	166,646	(874,260)		1,040,906	\$62,454	342,458	5,797,711	39,374,057	45,171,768	(8,059,597)
Dec-10	4,861,594	3,707,274		1,154,320	\$69,259	379,771	5,860,165	39,716,515	45,576,680	(8,050,686)
Jan-11	(490,437)	(849,910)		359,473	\$21,568	118,267	5,929,424	40,096,286	46,025,710	(8,029,114)
Feb-11	(689,845)	(1,051,821)		361,976	\$21,719	119,090	5,950,992	40,214,553	46,165,545	(8,007,312)
Mar-11	(410,623)	(776,519)		365,896	\$21,954	120,380	5,972,711	40,333,643	46,306,354	(7,986,612)
Apr-11	(651,366)	(1,023,369)		372,003	\$22,320	122,389	5,994,665	40,454,023	46,448,688	(7,967,376)
May-11	(142,794)	(529,117)		386,323	\$23,179	127,100	6,016,985	40,576,412	46,593,397	(7,950,447)
Jun-11	124,064	(273,232)		397,296	\$23,838	130,710	6,040,164	40,703,512	46,743,676	(7,936,383)
Jul-11	102,815	(307,860)		410,675	\$24,641	135,112	6,064,002	40,834,222	46,898,224	(7,925,749)
Aug-11	614,934	188,542		426,392	\$25,584	140,283	6,088,643	40,969,334	47,057,977	(7,919,233)
Sep-11	483,546	31,522		452,024	\$27,121	148,716	6,114,227	41,109,617	47,223,844	(7,916,776)
							6,141,348	41,258,333	47,399,681	(7,917,793)
Forecasted Deferred Tax Expense UPIs					\$359,779	\$1,972,789				
										Total Def Taxes
Balance Deferred Income Taxes - End of Base Period					\$5,588,464		\$38,226,686	\$43,815,150		(\$7,202,607)
Balance Deferred Income Taxes - End of Forecasted Period					\$6,141,348		\$41,258,333	\$47,399,681		(\$7,917,793)
Average Balance Deferred Income Taxes - Forecasted Period					\$5,980,970		\$40,378,927	\$46,359,897		(\$7,979,767)
										\$38,380,130

Kentucky-American Water Company
Book Basis Property
CASE NO: 2016-00036

Book Basis:

Account	Utility Plant in Service	Accumulated Reserve	Equity		Plant Flow		Other 186045	Advances 252xxx	CIAC 271xxx272000	ITC 255xxx	Excess Deferred Taxes 258212256220	Gross-up ITC 2563103111312	Total
			Grossup 186030305055	Through 186040									
Balance 11/09	380,152,001	(99,915,898)	4,405,178	3,241,391	(431,057)	(15,865,989)	(46,522,311)	(1,055,283)	(929,696)	(598,617)			222,479,719
Net Change	1,052,622	(628,508)	249,047	(38,487)	2,008	(249,939)	(249,939)	7,065	9,437	4,039			125,303
Dec-09	381,204,623	(100,544,406)	4,654,225	3,202,904	(429,049)	(16,147,928)	(46,772,292)	(1,048,218)	(920,259)	(594,578)			222,605,022
Net Change	1,704,347	(672,248)	262,989	(40,775)	2,008	(28,600)	(389,834)	7,068	9,436	4,039			858,430
Jan-10	382,908,970	(101,216,654)	4,917,214	3,162,129	(427,041)	(16,176,528)	(47,162,126)	(1,041,150)	(910,823)	(590,539)			223,463,452
Net Change	551,725	(632,162)	274,849	(40,775)	2,008	(254,000)	(199,205)	7,068	9,436	4,040			(277,016)
Feb-10	383,460,695	(101,848,815)	5,192,063	3,121,354	(425,033)	(16,430,528)	(47,361,331)	(1,034,082)	(901,387)	(586,499)			223,186,437
Net Change	634,586	(564,777)	282,902	(40,775)	2,008	(45,000)	(220,666)	7,068	9,436	4,040			68,822
Mar-10	384,095,281	(102,413,592)	5,474,965	3,080,579	(423,025)	(16,475,528)	(47,581,997)	(1,027,014)	(891,951)	(582,459)			223,255,259
Net Change	618,036	(490,422)	292,790	(40,775)	2,008	(176,000)	(221,134)	7,068	9,436	4,041			5,048
Apr-10	384,713,317	(102,904,013)	5,767,755	3,039,804	(421,017)	(16,651,528)	(47,803,131)	(1,019,946)	(882,515)	(578,418)			223,260,308
Net Change	831,460	(438,226)	302,289	(40,775)	2,008	(270,000)	(221,614)	7,067	9,436	4,040			185,685
May-10	385,544,777	(103,342,239)	6,070,044	2,999,029	(419,009)	(16,921,528)	(48,024,745)	(1,012,879)	(873,079)	(574,378)			223,445,993
Net Change	889,041	(420,012)	310,196	(40,775)	2,009	(222,000)	(222,107)	7,066	9,437	4,041			316,897
Jun-10	386,433,818	(103,762,251)	6,380,240	2,958,254	(417,000)	(17,143,528)	(48,246,852)	(1,005,813)	(863,642)	(570,337)			223,762,890
Net Change	1,118,462	(381,590)	318,376	(40,775)	2,009	(137,000)	(212,574)	7,066	9,438	4,040			687,453
Jul-10	387,552,280	(104,143,840)	6,698,616	2,917,479	(414,991)	(17,280,528)	(48,459,426)	(998,747)	(854,204)	(566,297)			224,450,342
Net Change	1,850,719	(462,189)	324,691	(40,775)	2,009	(193,000)	(203,076)	7,066	9,438	4,041			1,298,924
Aug-10	389,402,999	(104,606,029)	7,023,307	2,876,704	(412,982)	(17,473,528)	(48,682,502)	(991,681)	(844,766)	(562,256)			225,749,266
Net Change	162,916,613	(774,591)	15,177	(40,775)	2,008	(79,000)	(231,601)	7,065	9,438	4,040			161,828,374
Sep-10	552,319,612	(105,380,620)	7,038,484	2,835,929	(410,974)	(17,552,528)	(48,894,103)	(984,616)	(835,328)	(558,216)			387,577,640
Net Change	4,168,334	(911,496)	14,991	(40,775)	2,008	(26,000)	(207,966)	7,065	9,438	4,040			3,019,639
Oct-10	556,487,946	(106,292,116)	7,053,475	2,795,154	(408,966)	(17,578,528)	(49,102,069)	(977,551)	(825,890)	(554,176)			390,597,279
Net Change	1,675,985	(925,805)	16,377	(40,775)	2,009	(177,000)	(404,688)	7,065	9,438	4,040			166,646
Nov-10	558,163,931	(107,217,921)	7,069,852	2,754,379	(406,957)	(17,755,528)	(49,506,757)	(970,486)	(816,452)	(550,136)			390,763,925
Net Change	6,562,357	(916,428)	3,717	(40,775)	2,008	(284,400)	(485,428)	7,065	9,438	4,040			4,861,594
Dec-10	564,726,288	(108,134,349)	7,073,569	2,713,604	(404,949)	(18,039,928)	(49,992,185)	(963,421)	(807,014)	(546,096)			395,625,519
Net Change	1,152,670	(1,009,857)	5,404	(42,691)	2,008	(455,800)	(162,713)	7,065	9,438	4,039			(490,437)
Jan-11	565,878,958	(109,144,206)	7,078,973	2,670,913	(402,941)	(18,495,728)	(50,154,898)	(956,356)	(797,576)	(542,057)			395,135,082
Net Change	708,788	(983,953)	6,505	(42,691)	2,008	(228,000)	(173,048)	7,068	9,437	4,041			(689,845)
Feb-11	566,587,746	(110,128,159)	7,085,478	2,628,222	(400,933)	(18,723,728)	(50,327,946)	(949,288)	(788,139)	(538,016)			394,445,237
Net Change	832,354	(966,690)	7,970	(42,691)	2,008	(90,700)	(173,417)	7,066	9,437	4,040			(410,623)
Mar-11	567,420,100	(111,094,849)	7,093,448	2,585,531	(398,925)	(18,814,428)	(50,501,363)	(942,222)	(778,702)	(533,976)			394,034,614
Net Change	829,146	(831,269)	10,276	(42,691)	2,008	(470,600)	(168,781)	7,067	9,437	4,041			(651,366)
Apr-11	568,249,246	(111,926,118)	7,103,724	2,542,840	(396,917)	(19,285,028)	(50,670,144)	(935,155)	(769,265)	(529,935)			393,383,248
Net Change	1,452,884	(830,711)	13,142	(42,691)	2,008	(583,800)	(174,169)	7,066	9,437	4,040			(142,794)
May-11	569,702,130	(112,756,829)	7,116,866	2,500,149	(394,909)	(19,868,828)	(50,844,313)	(928,089)	(759,828)	(525,895)			393,240,454
Net Change	1,312,156	(789,265)	16,570	(42,691)	2,009	(225,700)	(169,560)	7,067	9,437	4,041			124,064
Jun-11	571,014,286	(113,546,094)	7,133,436	2,457,458	(392,900)	(20,094,528)	(51,013,873)	(921,022)	(750,391)	(521,854)			393,364,518
Net Change	1,495,314	(786,100)	20,689	(42,691)	2,009	(437,000)	(169,950)	7,067	9,437	4,040			102,815
Jul-11	572,509,600	(114,332,194)	7,154,125	2,414,767	(390,891)	(20,531,528)	(51,183,823)	(913,955)	(740,954)	(517,814)			393,467,333
Net Change	1,609,576	(772,349)	24,746	(42,691)	2,009	(58,500)	(168,402)	7,066	9,438	4,041			614,934
Aug-11	574,119,176	(115,104,543)	7,178,871	2,372,076	(388,882)	(20,590,028)	(51,352,225)	(906,889)	(731,516)	(513,773)			394,082,267
Net Change	1,765,312	(875,033)	28,224	(42,691)	2,008	(239,000)	(175,816)	7,066	9,436	4,040			483,546
Sep-11	575,884,488	(115,979,576)	7,207,095	2,329,385	(386,874)	(20,829,028)	(51,528,041)	(899,823)	(722,080)	(609,733)			394,565,813
Net Change					2,008	0	0	7,067	9,437	4,040			(20,139)
Oct-11	575,884,488	(115,979,576)	7,207,095	2,286,694	(384,866)	(20,829,028)	(51,528,041)	(892,756)	(712,643)	(505,693)			394,545,674

Kentucky-American Water Company
Inverted Data for Calculation of Tax Basis Property

Month	Bk Basis	Retirements	Net Bk Basis	Bk Degr	Retirements	Bk Reserve	Net Customer Advances	Net CIAC	Amort CIAC	Net
Dec-09	1,117,831	65,209	1,052,622	(693,717)	65,209	(628,508)	(281,939)	(132,747)	117,234	(249,981)
Jan-10	1,735,430	31,083	1,704,347	(703,331)	31,083	(672,248)	(28,600)	(272,000)	117,834	(389,834)
Feb-10	622,894	71,169	551,725	(703,331)	71,169	(632,162)	(264,000)	(81,000)	118,205	(199,205)
Mar-10	773,140	138,554	634,586	(703,331)	138,554	(564,777)	(45,000)	(102,000)	118,666	(220,666)
Apr-10	830,945	212,909	618,036	(703,331)	212,909	(490,422)	(176,000)	(102,000)	119,134	(221,134)
May-10	1,096,565	265,105	831,460	(703,331)	265,105	(438,226)	(270,000)	(102,000)	119,614	(221,614)
Jun-10	1,176,771	287,730	889,041	(707,742)	287,730	(420,012)	(222,000)	(102,000)	120,107	(222,107)
Jul-10	1,444,614	326,152	1,118,462	(707,742)	326,152	(381,590)	(137,000)	(92,000)	120,574	(212,574)
Aug-10	2,099,742	249,023	1,850,719	(711,212)	249,023	(462,189)	(193,000)	(82,000)	121,076	(203,076)
Sep-10	163,116,080	199,467	162,916,613	(974,058)	199,467	(774,591)	(79,000)	(110,000)	121,601	(231,601)
Oct-10	4,287,427	119,093	4,168,334	(1,030,589)	119,093	(911,496)	(26,000)	(91,000)	116,966	(207,966)
Nov-10	1,783,979	107,994	1,675,985	(1,033,799)	107,994	(925,805)	(177,000)	(287,033)	117,655	(404,688)
Dec-10	6,891,902	129,545	6,562,357	(1,045,973)	129,545	(916,428)	(284,400)	(367,000)	118,428	(485,428)
Jan-11	1,190,677	38,007	1,152,670	(1,047,864)	38,007	(1,009,857)	(455,800)	(44,000)	118,713	(162,713)
Feb-11	773,975	65,187	708,788	(1,049,140)	65,187	(983,953)	(228,000)	(54,000)	119,048	(173,048)
Mar-11	916,680	84,326	832,354	(1,051,016)	84,326	(966,690)	(90,700)	(54,000)	119,417	(173,417)
Apr-11	1,050,751	221,605	829,146	(1,052,874)	221,605	(831,269)	(470,600)	(49,000)	119,781	(168,781)
May-11	1,678,440	225,556	1,452,884	(1,056,267)	225,556	(830,711)	(583,800)	(54,000)	120,169	(174,169)
Jun-11	1,582,274	270,118	1,312,156	(1,059,383)	270,118	(789,265)	(225,700)	(49,000)	120,560	(169,560)
Jul-11	1,771,957	276,643	1,495,314	(1,062,743)	276,643	(786,100)	(437,000)	(49,000)	120,950	(169,950)
Aug-11	1,903,567	293,991	1,609,576	(1,066,340)	293,991	(772,349)	(58,500)	(47,000)	121,402	(168,402)
Sep-11	1,960,339	195,027	1,765,312	(1,070,060)	195,027	(875,033)	(239,000)	(54,000)	121,816	(175,816)
	199,605,980	3,873,493	195,732,487	(19,937,171)	3,873,493	(16,063,678)	(4,963,039)	(2,376,780)	2,626,950	(5,006,730)

	Regulatory Assets					Customer Advances					Regulatory Liabilities		
	Utility Plant In Service	Accumulated Reserve	Equity Grossup	Plant Flow Through	Other	Customer Advances	CIAC	ITC	Deferred Taxes	Excess	Grossup ITC	Total	
Account	101000	108xxx	185030/035/095	185040	185045	252xxx	271xxx/272000	255xxx	268212/256220	256103/113112			
Balance 11/09	299,176,456	(188,065,250)		0	0	0	0	0	0	0	0	111,111,206	
Net Change	56,907	(570,588)		0	0	0	0	0	0	0	0	(513,681)	
Dec-09	299,233,363	(188,635,838)		0	0	0	0	0	0	0	0	110,597,525	
Net Change	677,797	(607,739)		0	0	0	0	0	0	0	0	70,058	
Jan-10	299,911,160	(189,243,577)		0	0	0	0	0	0	0	0	110,667,583	
Net Change	(537,598)	(586,805)		0	0	0	0	0	0	0	0	(1,104,403)	
Feb-10	299,373,562	(189,810,382)		0	0	0	0	0	0	0	0	109,563,180	
Net Change	(285,789)	(499,146)		0	0	0	0	0	0	0	0	(784,935)	
Mar-10	299,087,773	(190,309,528)		0	0	0	0	0	0	0	0	108,778,245	
Net Change	(456,744)	(424,442)		0	0	0	0	0	0	0	0	(881,186)	
Apr-10	298,631,029	(190,733,970)		0	0	0	0	0	0	0	0	107,897,059	
Net Change	(359,811)	(372,382)		0	0	0	0	0	0	0	0	(732,193)	
May-10	298,271,218	(191,106,352)		0	0	0	0	0	0	0	0	107,164,866	
Net Change	(272,906)	(352,079)		0	0	0	0	0	0	0	0	(624,985)	
Jun-10	297,998,312	(191,458,431)		0	0	0	0	0	0	0	0	106,539,881	
Net Change	32,242	(318,062)		0	0	0	0	0	0	0	0	(285,820)	
Jul-10	298,030,554	(191,776,493)		0	0	0	0	0	0	0	0	106,254,061	
Net Change	703,539	(402,193)		0	0	0	0	0	0	0	0	301,346	
Aug-10	298,734,093	(192,178,686)		0	0	0	0	0	0	0	0	106,555,407	
Net Change	162,564,213	(1,041,520)		0	0	0	0	0	0	0	0	161,522,693	
Sep-10	461,298,306	(193,220,206)		0	0	0	0	0	0	0	0	268,078,100	
Net Change	3,892,598	(1,141,995)		0	0	0	0	0	0	0	0	2,750,602	
Oct-10	465,190,904	(194,362,201)		0	0	0	0	0	0	0	0	270,828,702	
Net Change	1,050,184	(1,924,444)		0	0	0	0	0	0	0	0	(874,260)	
Nov-10	466,241,088	(196,286,646)		0	0	0	0	0	0	0	0	269,954,442	
Net Change	5,776,883	(2,069,609)		0	0	0	0	0	0	0	0	3,707,274	
Dec-10	472,017,971	(198,356,255)		0	0	0	0	0	0	0	0	273,661,716	
Net Change	515,215	(1,365,125)		0	0	0	0	0	0	0	0	(849,910)	
Jan-11	472,533,186	(199,721,380)		0	0	0	0	0	0	0	0	272,811,806	
Net Change	286,762	(1,338,583)		0	0	0	0	0	0	0	0	(1,051,821)	
Feb-11	472,819,948	(201,059,963)		0	0	0	0	0	0	0	0	271,759,984	
Net Change	544,423	(1,320,942)		0	0	0	0	0	0	0	0	(776,519)	
Mar-11	473,364,371	(202,380,905)		0	0	0	0	0	0	0	0	270,983,466	
Net Change	161,296	(1,184,625)		0	0	0	0	0	0	0	0	(1,023,369)	
Apr-11	473,525,627	(203,565,530)		0	0	0	0	0	0	0	0	269,960,097	
Net Change	660,553	(1,189,670)		0	0								

Kentucky-American Water Company
Inverted Data for Calculation of Tax Basis Property

Month	Tx Basis	Retirements	Net Tx Basis	Tx Depr	Retirements	Net Reserve
Dec-09	122,116	65,209	56,907	(635,797)	65,209	(570,588)
Jan-10	708,880	31,083	677,797	(638,822)	31,083	(607,739)
Feb-10	(466,429)	71,169	(537,598)	(637,974)	71,169	(566,805)
Mar-10	(147,235)	138,554	(285,789)	(637,700)	138,554	(499,146)
Apr-10	(243,835)	212,909	(456,744)	(637,351)	212,909	(424,442)
May-10	(94,706)	265,105	(359,811)	(637,487)	265,105	(372,382)
Jun-10	14,824	287,730	(272,906)	(639,809)	287,730	(352,079)
Jul-10	358,394	326,152	32,242	(644,214)	326,152	(318,062)
Aug-10	952,562	249,023	703,539	(651,216)	249,023	(402,193)
Sep-10	162,763,680	199,467	162,564,213	(1,240,987)	199,467	(1,041,520)
Oct-10	4,011,691	119,093	3,892,598	(1,261,088)	119,093	(1,141,995)
Nov-10	1,158,178	107,994	1,050,184	(2,032,438)	107,994	(1,924,444)
Dec-10	5,906,428	129,545	5,776,883	(2,199,154)	129,545	(2,069,609)
Jan-11	553,222	38,007	515,215	(1,403,132)	38,007	(1,365,125)
Feb-11	351,949	65,187	286,762	(1,403,770)	65,187	(1,338,583)
Mar-11	628,749	84,326	544,423	(1,405,268)	84,326	(1,320,942)
Apr-11	382,861	221,605	161,256	(1,406,230)	221,605	(1,184,625)
May-11	886,109	225,556	660,553	(1,415,226)	225,556	(1,189,670)
Jun-11	1,145,621	270,118	875,503	(1,418,853)	270,118	(1,148,735)
Jul-11	1,115,124	276,643	838,481	(1,422,984)	276,643	(1,146,341)
Aug-11	1,618,492	293,991	1,324,501	(1,429,950)	293,991	(1,135,959)
Sep-11	1,480,231	195,027	1,285,204	(1,448,709)	195,027	(1,253,682)
	183,206,906	3,873,493	179,333,413	(25,248,160)	3,873,493	(21,374,667)

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

	TAX BASE @ 12/31/2007	TAX BASE @ 12/31/2009	TAX BASE @ 12/31/2010
Utility Plant in Service	\$ 345,341,374	\$ 380,829,607	\$ 564,351,271
Construction Work in Progress	21,309,716	137,955,360	5,575,355
Acquisition Adjustment	326,777	17,401	4,350
Materials & Supplies	634,634	596,607	642,421
Accumulated Depreciation	(89,206,919)	(100,531,991)	(107,470,372)
TOTAL TAX BASE	<u>\$ 278,405,582</u>	<u>\$ 418,866,983</u>	<u>\$ 463,103,025</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>\$ 1,026,119</u>	
	Monthly Amt	<u>\$ 1,026,119</u>	
Property Tax for the Forecasted Portion of 2011			<u>\$ 3,403,460</u>
		Monthly Amt	<u>\$ 369,132</u>
Property Tax for the Forecasted Period ended 9/30/11	<u>\$ 4,429,581</u>		

KENTUCKY AMERICAN WATER COMPANY

RECONCILIATION OF THE KENTUCKY RIVER STATION 2 COSTS UTILIZED IN RESPONSE TO STAFF REQUEST 44 AND 43

RESPONSE TO ITEM 44 COST BREAKDOWN		RESPONSE TO ITEM 43 COST BREAKDOWN		
DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT	ACCOUNT
WATER TREATMENT PLANT				
INTAKE EQUIPMENT	\$ 5,648,952.00	LAKE RIVER AND OTHER INTAKES	\$ 5,978,757.00	306
RAW WATER PUMP STATION STRUCTURE	\$ 13,819,059.00	STRUCT & IMPR PUMPING	\$ 5,071,019.00	304.2
RAW WATER PUMP STATION EQUIPMENT	\$ 2,239,867.00			
WTP SITE WORK	\$ 8,675,135.00	STRUCT & IMPR WATER TREATMENT	\$ 9,670,618.00	320.1
WTP SITE STRUCTURE	\$ 25,948,713.00	STRUCT & IMPR WATER TREATMENT	\$ 29,011,853.00	304.3
WTP EQUIPMENT	\$ 17,381,555.00	WTP EQUIP NON-MEDIA	\$ 18,899,175.00	320.11
RAW WATER SUPPLY MAIN	\$ 657,044.00	SUPPLY MAINS	\$ 716,313.00	309
HIGH SERVICE SUPPLY MAIN	\$ 683,862.00			
HIGH SERVICE PUMPING EQUIPMENT	\$ 3,286,961.00	PUMP EQUIP ELECTRIC	\$ 8,151,008.00	311.2
CLEARWELL	\$ 1,529,014.00			
EMERGENCY GENERATOR SET	\$ 1,277,661.00	POWER GENERATIONAL EQUIP	\$ 2,310,344.00	311.3
SUB-TOTAL	\$ 81,147,823.00	SUB-TOTAL	\$ 79,809,087.00	
PIPELINE				
CONTRACT A (PLANT TO BOOSTER STATION)				
TRANS & DIST MAINS	\$ 31,575,248.00	TRANS & DIST MAINS 18 IN AND GREATER	\$ 59,289,222.00	331
HYDRANTS	\$ 82,513.00			
CONTRACT B (BOOSTER STATION TO CONNECTION)				
TRANS & DIST MAINS	\$ 35,127,762.00	TRANS & DIST MAINS 18 IN AND GREATER	\$ 3,120,485.00	333
HYDRANTS	\$ 82,513.00			
SUB-TOTAL	\$ 66,868,036.00	SUB-TOTAL	\$ 62,409,707.00	
BOOSTER STATION				
BOOSTER STATION STRUCTURE	\$ 3,585,652.00	STRUCT & IMPR SOURCE AND SUPPLY	\$ 15,030,053.00	304.1
BOOSTER STATION EQUIPMENT	\$ 2,299,447.00			
BOOSTER STATION SITE WORK	\$ 1,571,804.00			
STORAGE TANK	\$ 2,325,750.00	DIST RESERVOIRS & STANDPIPES	\$ 2,339,192.00	330.1
EMERGENCY GENERATOR SET	\$ 832,358.00			
SUB-TOTAL	\$ 10,615,011.00	SUB-TOTAL	\$ 17,369,245.00	
LAND				
WTP LAND	\$ 495,076.00	WTP LAND	\$ 405,000.00	303.4
RAW WATER INTAKE LAND	\$ 620,247.00	SOURCE AND SUPPLY LAND	\$ 507,397.00	303.2
PUMPING LAND	\$ 103,905.00	PUMPING LAND	\$ 85,000.00	303.3
T & D LAND	\$ 4,041,563.00	T & D LAND	\$ 3,306,224.00	303.5
SUB-TOTAL	\$ 5,260,791.00	SUB-TOTAL	\$ 4,303,621.00	
TOTAL	<u>\$ 163,891,661.00</u>	TOTAL	<u>\$ 163,891,660.00</u>	

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

Witness: Michael A. Miller

7. Refer to Kentucky-American's response to the Commission Staff's Second Information Request, Item 45. If the revenue lag has improved due to enhanced collection efforts, explain why the forecasted uncollectible rate is 0.783590 percent.

Response:

The reduction in revenue lag indicates that the Company is collecting its revenue in a shorter period than in the 2008 rate case for the customer accounts where the Company actually receives the cash. This analysis would not include the customer accounts for which the Company does not collect revenue (cash). Those accounts are charged off to Uncollectible Expense after proper notification and after efforts to collect have been exhausted. The improved revenue lag has improved cash flow for paying customers, but has not reduced the charged-off accounts or unpaid balance levels related to non-pay customers for any number of factors, including but not limited to: i) a large number of customers are in rental units influenced by the college students, ii) the state of the economy, iii) unemployment rates, etc. The Company reviewed its historical uncollectible ratio to revenue and concluded that the experience for 2009 was the best indicator of the uncollectible expense likely to be present in the forecasted test-year in this case, given the current and expected economic conditions during the forecasted test-year in this case.

For the electronic version, refer to KAW_R_PSCDR3#7_052810.pdf.

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

Witness: Sheila Miller/Linda C. Bridwell/Michael A. Miller

8. Refer to Kentucky-American's response to the Commission Staff's First Information Request, Item 1, Workpaper WP 1-5. Using the format in Table 1, provide the following information for the forecasted Construction Work In Progress ("CWIP") of \$160,146,033 and the Allowance for Funds Used during Construction ("AFUDC") of \$646,180. The table balances should equal the amounts reported in the forecasted rate base and the forecasted income statement.

Table 1					
Budget Item	Project Description	Book AFUDC (Y/N)	13-Month Avg. Test-Year Expenditure	Book AFUDC	Tax AFUDC
Totals			\$ 160,146,033	\$646,180	

Response:

Please see attached. Please note that the balance of \$160,146,033 is the CWIP balance as of May 31, 2010. The thirteen month average CWIP as of September 30, 2011 totals \$9,463,931.

For the electronic version, refer to KAW_R_PSCDR3#8_052810.pdf.

**Kentucky American Water Company
PSCDR3#8**

Budget Item	Project Description	Book AFUDC (Y/N)	CWIP May-10	13-Month Avg.		Book AFUCD	Tax AFUDC
				Test - Year Expenditure			
DV	Mains	N	180,000	334,424			4,489
DV	Hydrants	N	45,000	48,115			642
A	Mains - New	Y	20,000	48,385		3,879	613
B	Mains - Replaced	Y	78,000	76,154		6,583	1,037
C	Mains - Unscheduled	Y	18,000	20,185		1,738	271
D	Mains - Relocated	Y	135,000	81,538		7,011	1,107
E	Meter Vaults	Y	12,000	15,692		1,420	223
F	Hydrants	Y	9,000	17,077		1,416	223
G	Services & Laterals New	N	94,400	85,381			
H	Services & Laterals Replaced	N	105,544	121,554			
I	Meters - New	N	87,000	94,062			
J	Meters - Replaced	N	156,327	173,137			
K	Computers & Periph Mainframe	N	20,000	12,796			179
L	SCADA Equipment and System	Y	15,000	9,925		879	141
M	Structures & Improvements Offices	Y		1,538		70	12
N	Misc. Equipment	N		10,000			119
O	Transportation Equipment	N	75,000	90,384			
P	Tools, Shop, & Garage Equipment	N	20,000	13,231			
Q	Water Treatment Non-Media	Y	94,500	78,848		6,755	1,064
S	Engineering Studies	Y	12,000	9,077		771	121
12020204	Source of Supply Project Development	Y	2,144,947	168,862			
IP-1202-5	North Broadway Main Replacement	Y	1,982,121				
IP-1202-6	Install 34,000 of 16" along Carrick Pike	Y	88,041	174,579		13,355	2,136
IP-1202-17	South Limestone Replacement	Y	132,854				
IP-1202-18	US 25 Relocations	Y	1,175,000	721,154		44,637	7,138
IP-1202-19	Leestown Road	Y	150,955	493,263		39,484	6,311
IP-1202-22	KRS - Raw Water Transfer	Y		50,000		3,904	625
IP-1202-31	KRS - Raw Water Access	Y		264,615		20,872	3,337
12020607	Pool 3 - Lakes, Rivers & Other Intakes	Y	151,055,539	398,462			
IP-1202-32	Lexington Operations Center	Y	140,000			25,007	3,998
IP-1232-3	Northern Division Connection	Y	83,705	1,379,859		113,264	18,113
CS-1201-3	Business Transformation 2010 - 2014	Y	2,016,097	4,471,634		355,135	61,029
TOTAL				9,463,931		646,180	112,928

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

Witness: Sheila Miller

9. Provide the book and tax AFUDC rates Kentucky-American used in the calculation of the forecasted AFUDC amounts.

Response:

The book AFUDC rate is 8.58% and the tax AFUDC rate is 1.36%.

For the electronic version, refer to KAW_R_PSCDR3#9_052810.pdf.

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

Witness: Linda C. Bridwell

10. On page 12 of her Direct Testimony, Linda Bridwell states that “there have been five approved change orders on the water treatment plant.” Provide a schedule that separately lists and describes each approved change order. Include the cost of each approved change order and identify whether the change order was requested by Kentucky-American.

Response:

Please see the attached schedule. For a detailed description of each change order, refer to the response to the Attorney General’s First Request for Information, Item #133 in this same case. Please note that the descriptions of the final two items on Change Order #4 were omitted from that data request in error.

For the electronic version of this response, refer to KAW_R_PSCDR3#10_052810.pdf.

Case No. 2010-00036

Public Service Commission's Second Supplemental Data Request Item 10

FP 12020607

Water Treatment Plant Contract

Change Order	Date Executed	Item No	Description	Amount	
1	9/22/2008	1	Third raw water intake line, screen and pier	\$472,726	KAW initiated
		2	Additional site blasting	\$2,600	KAW initiated
		3	Handrail modification at raw water pump station	\$2,576	
		4	Extension of substantial completion date 48 days	\$0	
		5	Extension of final completion date 30 days	\$0	
			Total	\$477,902	
2	24-Feb-09	1	Installation of 42" transmission main to edge of property and installation of 42" gate valve at connection point	\$25,888	KAW initiated
		2	Re-alignment of road at raw water intake	\$125,957	KAW initiated
		3	Underslab drain modifications	(\$34,683)	
		4	Underground electrical service to raw water intake	(\$78,255)	
		5	Addition of two pipe support piers on raw water pipe	\$15,772	
			Total	\$54,679	
3	23-Jul-09	1	Change from 800 amps to 2,500 amps electrical wiring	\$302,631	
		2	Separate electrical structures originally shown as one	\$26,616	
		3	Revise wiring from the generator	(\$31,838)	
		4	Provide electrical power to 9 solenoid valves	\$6,530	
		5	Install stairwell lighting in wastewater pump station	\$6,469	
		6	Delete emergency generator load bank	(\$68,218)	
		7	Provide and install conduit and wiring for emergency chlorine scrubber system	\$2,877	
		8	Install explosion proof lighting fixtures	\$15,230	
		9	Replace wiring	(\$10,500)	
		10	Provide and install conduit and fiber optic cable for security system not in original bid documents	\$131,191	KAW initiated
		11	Replace electrical switches and modify wash water pump starters	(\$3,565)	
		12	Delete four disconnect switches	(\$12,140)	
		13	Additional conduit and wiring for additional circuit assignments	\$3,899	
		14	Install additional wire and conduit for mixer motor	\$3,716	
			Total	\$372,897	
4	27-Sep-09	1	Upgrades to door hardware for security	\$6,409	
		2	Relocation of water line on intake property	\$10,588	
		3	Installation of stainless steel headers and rebar in residuals building roof slab	\$1,632	
		4	Installation of additional door hardware and electric strikes for additional security	\$9,895	
		5	Modification to intake piping including valve nest	\$114,282	
		6	Substitute aluminum picket handrail for steel	\$11,992	
		7	Provide and install rough-ins, raceways, and CAT 6 cable for IT	\$32,626	KAW initiated
			Total	\$187,424	
5	3-Feb-10	1	Installation of portable generator connection	\$11,000	
		2	Provide and install increased VFD for vertical turbine pumps	\$29,368	
		3	Provide and install roadway and electrical duct bank for Owen Electric	\$34,826	KAW initiated
		4	Modifications to water quality analyzers, deletion of particle counters, and combine chlorine/pH analyzers	(\$57,802)	KAW initiated
		5	Provide and install circuit to generator load center	\$15,179	KAW initiated
		6	Provide and install materials for installation of overflow pipe for ponds at raw water station	\$1,718	KAW initiated
		7	Provide and install material for four load cells for ammonia hydroxide bulk tank	\$1,720	
		8	Provide and install additional structural steel to accommodate HVAC roof openings	\$9,995	
		9	Uninstalled H piles at raw water intake caisson	(\$84,315)	
		10	Uninstalled H piles at raw water intake screen	(\$3,150)	
		11	Extend substantial completion date 30 days	\$0	
			Total	(\$41,462)	
Change Order Total				\$1,051,441	

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

Witness: Linda C. Bridwell

11. On page 13 of her Direct Testimony, Linda Bridwell states that "there have been ten change orders on the pipeline, five on Section A and five on Section B." Provide a schedule that separately lists and describes each approved change order. Include the cost of each approved change order and identify whether the change order was requested by Kentucky-American.

Response:

Please see the attached. Note that since the time of filing my direct testimony, a sixth change order has been approved on Section A and is included in the attachment. For a detailed description of the items in each change order, refer to response to Item 133 of the Attorney General's First Request for Information. There are three corrections that need to be made in the aforementioned Item 133: 1) in Change Order #4-A the cost of the second item is incorrect and should be \$118,730 as shown on the attached schedule; 2) Change Order 3-B was executed March 24, 2009 as shown on the attached schedule; and 3) Change Order 3-B the cost of the fifth item is incorrect and should be \$18,750 as shown on the attached schedule.

For the electronic version, refer to KAW_R_PSCDR3#11_052810.pdf.

Case No. 2010-00036
Public Service Commission's Second Supplemental Data Request Item 11
FP 12020607
42" Transmission Main

Change Order	Date Executed	Item No	Description	Amount	
1-A	1-Oct-08	1	Increase in 60" boring price	\$195,580	
		2	Furnish 12" diameter bypass at 42" gate valves	\$45,840	KAW initiated
		3	Additional silt fencing	\$28,000	
			Total	\$269,420	
2-A	21-Nov-08	1	Furnish additional gate valve at treatment plant connection	\$41,005	KAW initiated
		2	Additional temporary easement work on Robinson property	\$5,000	
			Total	\$46,005	
3-A	24-Mar-09	1	Additional permanent fencing	\$30,000	
		2	Pipe alignment change	\$0	
		3	Furnish and install pre-cast concrete vaults with 4' diameter manhole lids in lieu of valve boxes and lids	\$10,000	
		4	Eliminate insulation for combination air vaults and gate vaults	(\$4,900)	
		5	Additional pavement binder required by KY Transportation Cabinet	\$28,119	
			Total	\$63,219	
4-A	23-Jul-09	1	Flowable Fill in lieu of dense graded aggregate required by KY Transportation Cabinet	\$362,965	
		2	Revised base pavement requirements from the KY Transportation Cabinet	\$118,730	
			Total	\$481,695	
5-A	27-Sep-09	1	Repair additional pavement required by KY Transportation Cabinet	\$84,355	
		2	Two trencher moves due to incomplete easement acquisition	\$205,982	
		3	Maintain traffic along Jones Lane as required by KY Transportation Cabinet	\$245,076	
		4	Additional milling and pavement repair required by KY Transportation Cabinet	\$352,741	
		5	Two days of trencher delay at Rocky Branch Road	\$24,370	
			Total	\$912,523	
6-A	10-Mar-10	1	Final paving overlay as required by KY Transportation Cabinet	\$706,042	
		2	Two bollard posts at each fire hydrant	\$3,839	KAW initiated
		3	Concrete pad installed under each 42" gate valve	\$1,685	KAW initiated
			Total	\$711,566	
Contract A Change Order Total				\$2,484,427	

Case No. 2010-00036
Public Service Commission's Second Supplemental Data Request Item 11
FP 12020607
42" Transmission Main

Change Order	Date Executed	Item No	Description	Amount	
1-B	1-Oct-08	1	Increase in 60" boring price	\$1,110,470	
		2	Furnish 12" diameter bypass at 42" gate valves	\$126,060	KAW initiated
		3	Additional silt fencing	\$28,000	
		4	Open cut at Interstate 75 Right-of-Way	(\$337,230)	
		5	Relocate a combination air valve and provide 3 additional air valves	\$12,000	
			Total	\$939,300	
2-B	21-Nov-08	1	Trencher move to accommodate easement negotiations	\$129,750	
		2	Furnish 24" gate valve at the tie-in to Newtown Pike	\$37,240	KAW initiated
			Total	\$166,990	
3-B	24-Mar-09	1	12" outlet at US 62 and Ironworks as flushing point	\$14,050	KAW initiated
		2	Additional permanent fencing	\$30,000	
		3	Furnish and install pig launch point	\$76,900	KAW initiated
		4	Alignment change	\$0	
		5	Furnish and install pre-cast concrete vaults with 4' diameter manhole lids in lieu of valve boxes and lids	\$18,750	
		6	Extra depth at KY Horse Park to accommodate new entrance	\$37,674	
		7	Eliminate insulation for combination air vaults and gate vaults	(\$11,600)	
			Total	\$165,774	
4-B	30-Sep-09	1	Outlet valve at US 460 and Woodlake Road as flushing point	\$27,400	KAW initiated
		2	Extra trench depth due to property owner negotiations	\$8,050	
		3	Removal of 900 linear feet of existing fencing as part of easement negotiations	\$2,250	
			Total	\$37,700	
5-B	27-Sep-09	1	Trencher move around property owner from 2-B	\$93,287	
		2	Delays due to lack of easement acquisitions	\$111,388	
			Total	\$204,675	
Contract B Change Order Total				\$1,514,439	
42" Transmission Main Change Order Total				\$3,998,866	

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

Witness: Linda C. Bridwell

12. On page 13 of her Direct Testimony, Linda Bridwell states that “there have been three approved change orders on the booster pumping station contract.” Provide a schedule that separately lists and describes each approved change order. Include the cost of each approved change order and identify whether the change order was requested by Kentucky-American.

Response:

Please see the attached. Please note that a fourth change order on the Booster Station and Storage Tank Contract was executed after filing my direct testimony, and has been included on the attached schedule. For a detailed description of each component within the change orders, please refer to the response to Item 133 of the Attorney General’s First Data Request in this same case.

For the electronic version of this response, refer to KAW_R_PSCDR3#12_052810.pdf.

Case No. 2010-00036
Public Service Commission's Second Supplemental Data Request Item 12
FP 12020607
Booster Station and Tank

Change Order	Date Executed	Item No	Description	Amount	
1	24-Feb-09	1	Revision in suction piping from 24" to 30"	\$128,139	
		2	Complete work on property as part of easement negotiations	\$4,778	
			Total	\$132,917	
2	24-Feb-09	1	Changes to the floor drain	\$4,626	
		2	Correct contract drawings for yard piping adjustments	\$0	
		3	Delete 198 feet of yard piping and two fittings to eliminate conflicts with tank piping	\$76,583	
		4	Replacement of four fittings in yard piping	\$7,174	
			Total	\$88,383	
3	27-Sep-09	1	Increase size of door	\$2,288	KAW initiated
		2	Change to emergency generator set	\$4,438	KAW initiated
		3	Additional piping for future fourth pump	\$6,834	KAW initiated
		4	Revisions to HVC	\$3,688	
		5	Change to retainage held to reflect addendum 5	\$0	
			Total	\$17,248	
4	10-Mar-10	1	Change SCADA antennae mount	\$1,660	
		2	Change color of roll door	\$3,029	
		3	Additional work as part of easement negotiations	\$34,603	
		4	HVAC electrical modifications	\$4,090	
		5	Exterior masonry wall work	\$5,599	
		6	Modifications for changes in electrical service from KU	\$37,605	
			Total	\$86,586	
Contract Change Order Total				\$325,133	

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

Witness: Sheila Miller

13. Refer to Kentucky-American's Application, Exhibit 37, Schedule M. Provide Exhibit 37M DETAILED BILLING ANALYSIS FOR ALL CUSTOMER CLASSES REVENUE SUMMARY FOR BASE PERIOD AND FORECASTED PERIOD in Microsoft Excel Spreadsheet with formulas and calculations intact. If this has been provided in a previous filing, state in which filing this occurred and the exact location of this information.

Response:

Please refer to the file labeled as KAW_R_PSCDR3#13_052810.xls, tab WPS BA.

For the electronic version of this document, refer to KAW_R_PSCDR3#13_052810.pdf.