

REPORT OF ALLOCATION FACTORS
OPERATING AND NONCARRIER PROPERTY
For All Interstate Companies
As of December 31, 2004



Name of Taxpayer _____

INSTRUCTIONS ON REVERSE

Taxpayers are required, as indicated below, to report the following allocation factors:

Airlines—Lines 13 through 30	Local Exchange Companies—Lines 1 through 5 and 10
Barge Lines—Lines 1 through 4, 10 and 11	Cellular/PCS Telephone Companies—Lines 1 through 6 and 10
Cable Television Companies—Lines 1 through 5 and 7	Long Distance Telephone Companies—Lines 1 through 5 and 10
Electric Utilities and Electric Power Companies—Lines 1 through 5 and 10	Rural Telephone Cooperatives—Lines 1 through 6 and 10
Rural Electric Cooperatives—Lines 1 through 5 and 10	Radio Common Carriers—Lines 1 through 6 and 10
Gas Utility Companies—Lines 1 through 5 and 10	Operator Services—Lines 1 through 5 and 10
Gas Transmission Companies—Lines 1 through 4	Railroad Companies—Use Schedule M
Oil Transmission Companies—Lines 1 through 4	Tower Companies—Lines 1 through 5

ALLOCATION FACTORS

	Total Unit Amount	Total in Kentucky Amount	Kentucky Percent
(1) Gross Operating Property (<i>see Sch. A, line 48</i>)*			
(2) Net Operating Property (<i>see Sch. A, line 48</i>)* ...			
(3) Gross Operating Revenue			
(4) Net Operating Revenue (EBIT)			
(5) Customers/Subscribers			
(6) Pops			
(7) Wire Miles			
(8) Minutes Billed			
(9) Access Lines			
(10) Actual Operated Miles			
(11) Revenue Ton Miles—Watercraft			
(12) Other			
(13) Arrivals			
(14) Departures			
(15) Equated Arrivals			
(16) Equated Departures			
(17) Actual Operated Flight Miles			
(18) Equated Flight Miles			
(19) Flight Time (Hours Airborne)			
(20) Ground Time (Hours Block to Unblock)			
(21) Total Time			
(22) Equated Total Time			
(23) Enplane Passengers Number			
(24) Deplane Passengers Number			
(25) Enplane Passengers (Tons)			
(26) Deplane Passengers (Tons)			
(27) Enplane Freight, Express and Mail (Tons)			
(28) Deplane Freight, Express and Mail (Tons)			
(29) Revenue Passenger Miles			
(30) Revenue Ton Miles—Airlines			

*Schedule A must be completed by all taxpayers without exception. Filing penalties will apply if the taxpayer fails to complete Schedule A.

**INSTRUCTIONS
FOR
SCHEDULE L**

DEFINITION OF FACTORS

- (1) **Gross Operating Property:** The gross plant investment of hard operating assets. See Schedule A, line 48.
- (2) **Net Operating Property:** Gross operating property less depreciation. See Schedule A, line 48.
- (3) **Gross Operating Revenue:** All revenue related to public service operations. For telecommunications, Kentucky revenues are all receipts billed to Kentucky customers, including intrastate and interstate revenues.
- (4) **Net Operating Profit:** Operating revenues (factor 3) less operating expenses, income taxes and interest expense.
- (5) **Customers/Subscribers:** Total number of customers or subscribers.
- (6) **Pops:** Population in licensed area.
- (7) **Wire Miles:** Number of wire miles owned and leased.
- (8) **Minutes Billed:** Total yearly number of minutes billed.
- (9) **Access Lines:** Number of access lines owned and leased.
- (10) **Total Actual Operated Miles:** Total miles actually operated during the prior calendar year.
- (11) **Revenue Ton Miles:** One ton of revenue commodities transported one mile. The watercraft miles operated on each waterway trip multiplied by the tons of revenue commodities carried on that trip.
- (12) **Other Property and Business Factors:** Taxpayers may use, with the consent of the Department of Revenue, factors which would more fairly reflect the operating property operated, owned or leased in Kentucky compared to the utilization everywhere. Enter the factors here.

NOTES REGARDING THE FACTORS

An equating adjustment shall be applied to the property factors only. It shall be based upon the original cost of the aircraft plus the cost of improvements and modifications. As a future option, the Kentucky Department of Revenue may utilize market derived aircraft values to determine the equating adjustment.

The arrivals and departures factor shall include all performed scheduled and nonscheduled arrivals and departures associated with interchange flights, connecting flights, overhaul, maintenance, flight testing and training. No adjustments shall be allowed to this factor.

The operating flight miles shall include all performed scheduled and nonscheduled service miles from civilian, government and military passenger, freight, express and mail service. A written explanation regarding the computation of the Kentucky miles shall be required. The Kentucky and system flight miles shall exclude nontaxable nonallocated fly-over miles for nonoriginating and nonterminating flights. A written explanation shall be required from the company regarding the method and computation of this factor.

The total time factor shall include all revenue and nonrevenue hours in flight and on the ground including hours associated with interchange flights, overhaul, maintenance, flight testing and training. No "time caps" shall be applied to ground time. The maximum number of hours associated with any given aircraft shall not exceed 8,760 hours of total time. Foreign time shall be included in the total system time factor. The Kentucky and system total time shall exclude nontaxable nonallocated fly-over time for nonoriginating and nonterminating flights. A written explanation shall be required from the company regarding the method and computation of this factor.

The total revenue ton miles factor shall include all performed scheduled and nonscheduled service miles, tons and revenues from civilian, government and military passenger, freight, express and mail service. A written explanation shall be required from the company regarding the method and computation of this factor. Also, a written explanation shall be required regarding the determination and allocation of revenues and miles between states.

The tons enplaned and deplaned factor shall include all passengers, freight, express and mail tons loaded and unloaded from scheduled and nonscheduled flights for twelve months ending December 31. All tons shall be reported including civilian, government and military passengers, freight, express and mail. Passengers should be converted to tons based upon the industry standard of 200 pounds per person. The Kentucky enplane and deplane tonnage shall exclude certain interchange and transshipped tons as specified by the Department of Revenue. A written explanation shall be required from the company regarding any exclusions claimed and the method used to derive the factors.