

**REPORT OF ALLOCATION FACTORS**  
**OPERATING AND NONCARRIER PROPERTY**  
**For All Interstate Companies**  
**As of December 31, 2007**



Name of Taxpayer \_\_\_\_\_

*INSTRUCTIONS ON REVERSE*

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

- |   |  |
|---|--|
| Airlines—Lines 12 through 29  | Oil Transmission Companies—Lines 1 through 4 and 7 and 8 |
| Electric Utilities and Electric Power Companies—Lines 1 through 5 and 6 | Railroad Companies—Use Schedule M                        |
| Gas Utility Companies—Lines 1 through 5 and 7                           | Rural Electric Cooperatives—Lines 1 through 5 and 6      |
| Gas Transmission Companies—Lines 1 through 4 and 7 and 8                |  |

**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 .....			
(6) Wire Miles .....			
(7) Diameter Inch Pipe Miles .....			
(8) Through Put Pipe Miles .....			
(9) Other _____			
(10) Arrivals .....			
(11) Departures .....			
(12) Actual Operated Flight Miles .....			
(13) Flight Time (Hours Airborne) .....			
(14) Ground Time (Hours Block to Unblock) .....			
(15) Total Time .....			
(16) Enplane Passengers Number .....			
(17) Deplane Passengers Number .....			
(18) Enplane Passengers (Tons) .....			
(19) Deplane Passengers (Tons) .....			
(20) Enplane Freight, Express and Mail (Tons) .....			
(21) Deplane Freight, Express and Mail (Tons) .....			
(22) Revenue Passenger Miles .....			
(23) 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:** Total number of customers.
- (6) **Wire Miles:** Number of wire miles owned and leased.
- (7) **Diameter Inch Pipe Miles:** The total of all nominal pipe diameters (in inches) for all pipeline systems operated, multiplied by the corresponding length of pipe in miles.
- (8) **Through Put Pipe Miles:** For each movement operated by the pipeline, multiply the number of units delivered out of the system by the distance in miles the units were moved. Units may be barrels, Mcfs or other measurements.
- (9) **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**

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. If the written explanation is not provided this factor will not be utilized.

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. If the written explanation is not provided this factor will not be utilized.

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. If the written explanation is not provided this factor will not be utilized.

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.