

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

DEC 01 2011

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:)
)
APPLICATION OF KENTUCKY-AMERICAN) CASE NO. 2011-00115
WATER COMPANY FOR ISSUANCE)
OF INDEBTEDNESS AND CONTINUED)
PARTICIPATION WITH AMERICAN WATER)
CAPITAL CORP.)

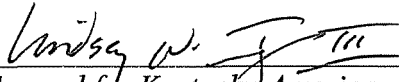
ORDERING PARAGRAPH 4 REPORT

In accordance with Ordering Paragraph 4 of the Commission's May 26, 2011 Order in this matter, this is to report to the Commission that Kentucky American Water ("KAW") issued debt in the amount of \$20,000,000 on November 21, 2011 in accordance with the Commission's May 26, 2011 Order. The debt was issued pursuant to KAW's participation in the American Water Capital Corporation borrowing program. The interest rate is 5.05% and it matures on October 15, 2037.

The attached analysis shows that the rate of 5.05% was the most reasonable at the time of issuance as described in Ordering Paragraph 4 of the May 26, 2011 Order. To explain, the page captioned "Bloomberg Valuation Price" shows Bloomberg's valuation of the debt at issue at an interest rate of 5.071% on November 18, 2011, the last business day before the debt was issued. Further, the page captioned "Secondary Traded Price" shows the interest rate at which the debt that KAW assumed was trading for on the secondary market on November 17, 2011, the last date for which information was available prior to the issuance. That secondary market interest rate was 5.169%. Thus, the rate of 5.05% is the most reasonable under the circumstances that existed at the time of issuance.

Respectfully submitted,

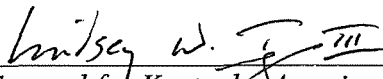
Lindsey W. Ingram III
STOLL KEENON OGDEN PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3000
L.Ingram@skofirm.com



Counsel for Kentucky American Water Company

CERTIFICATE

This is to certify that the original and ten copies of the foregoing have been hand-delivered to the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601 on this 1st day of December, 2011.



Counsel for Kentucky American Water Company

010311.003026/4008008.1

Bloomberg Valuation Price

Page 1/6 Historical Price Table

BVAL/CLOSE/TRADE/YTM
 AMERICAN WATER AWK 6.593 10/37 120.661/123.443 (5.14/4.97) BVAL

Range 11/18/2010 to 11/18/2011

Source BVAL
 Period Daily
 Market Trade

DATE	Price	YIELD	DATE	Price	YIELD	DATE	Price	YIELD
F 11/18	121.796	5.071	F 10/28	117.103	5.364	F 10/7	118.530	5.275
T 11/17	122.228	5.045	T 10/27	115.757	5.451	T 10/6	119.412	5.220
W 11/16	121.579	5.085	W 10/26	118.588	5.270	W 10/5	120.928	5.127
T 11/15	121.090	5.114	T 10/25	120.200	5.170	T 10/4	121.637	5.084
M 11/14	121.344	5.099	M 10/24	114.422	5.539	M 10/3	123.364	4.981
F 11/11	120.245	5.166	F 10/21	115.281	5.482	F 9/30	121.273	5.106
T 11/10	120.078	5.177	T 10/20	115.769	5.451	T 9/29	118.254	5.293
W 11/9	122.454	5.032	W 10/19	116.139	5.427	W 9/28	117.731	5.326
T 11/8	120.928	5.125	T 10/18	119.442	5.218	T 9/27	117.502	5.341
M 11/7	122.079	5.055	M 10/17	115.847	5.446	M 9/26	118.939	5.250
F 11/4	121.604	5.084	F 10/14	114.533	5.532	F 9/23	120.639	5.145
T 11/3	121.371	5.098	T 10/13	116.370	5.412	T 9/22	122.407	5.039
W 11/2	122.935	5.004	W 10/12	115.386	5.476	W 9/21	118.732	5.263
T 11/1	124.026	4.940	T 10/11	116.707	5.391	T 9/20	116.804	5.385
M 10/31	120.388	5.159	M 10/10	118.706	5.264	M 9/19	1127.500	4.743

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2377 6000

Secondary Traded Price

TRAC/CLOSE/TRADE/YTM AMERICAN WATER AWK 6.593 10/37 120.191/120.191 (5.17/5.17) TRAC

Page 1/6 Historical Price Table

Range 11/22/2010 to 11/17/2011

Source TRAC HI 122.205 ON 11/15/11
 Period Daily AVE 110.082
 Market Trade LOW 101.250 ON 12/17/10

DATE	Price	YIELD	DATE	Price	YIELD
F 11/17	120.191	5.169	F 10/28		
T 11/16	121.073	5.115	T 10/27		
W 11/15	H122.205	5.047	W 10/26		
T 11/14			T 10/25	120.000	5.183
M 11/11			M 10/24	115.333	5.479
F 11/10			F 10/21		
T 11/9			T 10/20	112.100	5.695
W 11/8			W 10/19	116.602	5.397
T 11/7			T 10/18		
M 11/4			M 10/17		
F 11/3			F 10/14		
T 11/2			T 10/13		
W 11/1			W 10/12		
M 10/31	119.312	5.225	T 10/11	113.709	5.587
			M 10/10		
			F 9/30		
			T 9/29		
			W 9/28	113.789	5.582
			T 9/27		
			M 9/26	119.491	5.216
			F 9/23		
			T 9/22	120.287	5.167
			W 9/21	120.238	5.170
			T 9/20	115.221	5.488
			M 9/19		

Australia 61 2 9777 8500 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
 Copyright 2011 Bloomberg Finance L.P.
 SN 316971 H260-144-1 21-Nov-11 8:43:23 EST GMT-5:00

