

Kentucky American Water Analysis of Interest Rates of Past Year

Exhibit MAM-4

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<u>Value Line Publication Date</u>	<u>As of Market Date</u>	<u>"A" Rated Utility Bonds</u>	<u>30-year Treasury Bonds</u>	<u>Spread</u>
1/16/2004	1/8/2004	5.770%	5.090%	0.680%
1/23/2004	1/15/2004	5.560%	4.860%	0.700%
1/30/2004	1/21/2004	5.550%	4.840%	0.710%
2/6/2004	1/29/2004	5.720%	5.000%	0.720%
2/13/2004	2/5/2004	5.700%	4.980%	0.720%
2/20/2004	2/12/2004	5.660%	4.930%	0.730%
2/27/2004	2/19/2004	5.570%	4.890%	0.680%
3/5/2004	2/27/2004	5.620%	4.910%	0.710%
3/12/2004	3/4/2004	5.580%	4.880%	0.700%
3/19/2004	3/11/2004	5.410%	4.660%	0.750%
3/26/2004	3/19/2004	5.470%	4.700%	0.770%
4/2/2004	3/25/2004	5.490%	4.690%	0.800%
Quarterly Average		5.592%	4.869%	0.723%
4/11/2003	4/3/2003	6.780%	4.930%	1.850%
4/18/2003	4/10/2003	6.330%	4.940%	1.390%
4/25/2003	4/16/2003	6.320%	4.910%	1.410%
5/2/2003	4/24/2003	6.330%	4.840%	1.490%
5/9/2003	5/1/2003	6.190%	4.780%	1.410%
5/16/2003	5/8/2003	6.040%	4.680%	1.360%
5/23/2003	5/15/2003	5.810%	4.480%	1.330%
5/30/2003	5/22/2003	5.480%	4.260%	1.220%
6/6/2003	5/29/2003	5.620%	4.340%	1.280%
6/13/2003	6/5/2003	5.740%	4.410%	1.330%
6/20/2003	6/12/2003	5.500%	4.210%	1.290%
6/27/2003	6/19/2003	5.710%	4.410%	1.300%
7/4/2003	6/26/2003	<u>5.500%</u>	<u>4.560%</u>	<u>0.940%</u>
Quarterly Average		5.950%	4.596%	1.354%
7/11/2003	7/2/2003	5.540%	4.580%	0.960%
7/18/2003	7/10/2003	5.540%	4.700%	0.840%
7/25/2003	7/17/2003	5.750%	4.890%	0.860%
8/1/2003	7/24/2003	5.950%	5.090%	0.860%
8/8/2003	7/31/2003	6.290%	5.360%	0.930%
8/15/2003	8/7/2003	6.170%	5.210%	0.960%
8/22/2003	8/14/2003	6.370%	5.400%	0.970%
8/29/2003	8/21/2003	6.240%	5.280%	0.960%
9/5/2003	8/28/2003	6.190%	5.210%	0.980%
9/12/2003	9/4/2003	6.280%	5.310%	0.970%
9/19/2003	9/11/2003	6.190%	5.200%	0.990%
9/26/2003	9/18/2003	6.020%	5.070%	0.950%
10/3/2003	9/25/2003	<u>5.970%</u>	<u>4.990%</u>	<u>0.980%</u>
Quarterly Average		6.038%	5.099%	0.939%

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10/10/2003	10/2/2003	5.910%	4.930%	0.980%
10/17/2003	10/9/2003	6.090%	5.210%	0.880%
10/24/2003	10/16/2003	6.150%	5.310%	0.840%
10/31/2003	10/23/2003	6.020%	5.200%	0.820%
11/7/2003	10/30/2003	6.200%	5.190%	1.010%
11/14/2003	11/6/2003	6.070%	5.240%	0.830%
11/21/2003	11/13/2003	5.920%	5.100%	0.820%
11/28/2003	11/20/2003	5.770%	5.010%	0.760%
12/5/2003	11/26/2003	5.830%	5.070%	0.760%
12/12/2003	12/4/2003	5.930%	5.160%	0.770%
12/19/2003	12/11/2003	5.860%	5.100%	0.760%
12/26/2003	12/18/2003	5.670%	4.940%	0.730%
1/2/2004	12/23/2003	5.750%	5.050%	0.700%
1/9/2004	12/30/2003	<u>5.770%</u>	<u>5.080%</u>	<u>0.690%</u>

Quarterly Average	<u>5.924%</u>	5.114%	0.811%
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Latest 1 Quarter Average	5.592%	4.869%	0.723%
Latest 2 Quarter Average	5.758%	4.991%	0.767%
Latest 3 Quarter Average	5.851%	5.027%	0.824%
Latest 4 Quarter Average	5.876%	4.920%	0.957%

Projected 30-Yr. "A" Rated Util. Bond Rate	30 Yr. T-Bond 2005 Value Line Forecast	Average Spread
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2005 Value Line Projection (2-27-04):
"A" Rated Utility Bonds & using 30-Yr T-Bond
forecast from Value Line.

Latest 2 Qtr. Avg. Spread	6.667%	5.900%	0.767%
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Latest 4 Qtr. Avg. Spread	<u>6.857%</u>	5.900%	0.957%
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Debt Cost - Average	6.762%		
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