

**Kentucky American Water  
AFUDC Rate Calculation  
AG DR ■ Item 61**

**Cost of Capital- Per Commission Order May 9,2001**

		<u>Ratio</u>	<u>Cost rate</u>	<u>Weighted</u>	<u>Annual Afudc Rates</u>		<u>Monthly Afudc Rates</u>		<u>Rate used</u>
					<u>Debt</u>	<u>Equity</u>	<u>Debt</u>		
Long Term Debt	\$71,471,421	50.30%	7.69%	3.8700%	4.04%		0.3367%		0.3360% *
Short Term Debt	\$3,584,994	2.52%	6.90%	0.1700%					
Preferred Stock	\$6,042,630	4.25%	7.72%	0.3300%		5.05%		0.4208%	0.4200% *
Common Equity	\$60,996,058	42.93%	11.00%	4.7200%					
Totals	\$142,095,103	100.00%		9.0900%					

\* Difference due to rounding