

SCHEDULE J

COST OF CAPITAL SUMMARY

KENTUCKY-AMERICAN WATER COMPANY

CASE NO: 2004-00103

Forecasted Test Period: FOR THE TWELVE MONTHS ENDED: NOVEMBER 2005

Base Period Update: FOR THE TWELVE MONTHS ENDED: JULY 2004

<u>Schedule</u>	<u>Description</u>
J-1	Cost of Capital Summary
J-2	Embedded Cost of Short-Term Debt
J-3	Embedded Cost of Long-Term Debt
J-4	Embedded Cost of Preferred Stock

For electronic version, see KAW_SAPP_EX37J_091504.pdf

KENTUCKY-AMERICANWATER COMPANY
CASE NO: 2004-XXXX
COST OF CAPITAL SUMMARY
AS OF JULY 31, 2004

SCHEDULE J-1
PAGE 2 of 2
Witness Responsible: MA Miller

DATA: X BASE PERIOD FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: AS OF END OF BASE PERIOD
TYPE OF FILING: ORIGINAL X UPDATED REVISED
WORKPAPER REFERENCE NO(S): WIP-7

Line No.	Class of Capital	Reference	Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost
2	Short-Term Debt	J-2, Page 2	\$2,814,428	1.833%	\$ 25,170	\$2,839,598	2.700%	0.050%
4	Long-Term Debt	J-3, Page 2	81,879,005	53.313%	732,074	82,611,079	6.340%	3.380%
6	Preferred Stock	J-4, Page 2	6,027,874	3.925%	53,897	6,081,771	7.720%	0.300%
8	Common Equity		<u>62,861,030</u>	<u>40.930%</u>	<u>562,021</u>	<u>63,423,051</u>	<u>11.200%</u>	<u>4.580%</u>
10	Total Capital		<u>\$153,582,337</u>	<u>100.001%</u>	<u>\$ 1,373,162</u>	<u>\$154,955,499</u>		<u>8.310%</u>
16	(1) JDITC:	<u>\$ 1,373,162</u>						

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: **2004-XXX**
EMBEDDED COST OF SHORT-TERM DEBT
AS OF JULY 31, 2004

SCHEDULE J-2
PAGE 2 of 2
Witness Responsible: M.A. Miller

DATA: X BASE PERIOD FORECASTED PERIOD
DATE OF CAPITAL STRUCTURE: AS OF END OF BASE PERIOD
TYPE OF FILING: ORIGINAL X UPDATED REVISED
WORKPAPER REFERENCE NO(S): **WIP-7**

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
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4	Promissory Note	\$2,814,428	2.700%	\$75,990
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7	Weighted Cost of Short-Term Debt	2.700%		
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