

**SCHEDULE J**

**COST OF CAPITAL SUMMARY**

**KENTUCKY-AMERICAN WATER COMPANY**

**CASE NO: 2007-00143**

Forecasted Test Period: FOR THE TWELVE MONTHS ENDED: NOVEMBER 2008

Base Period: FOR THE TWELVE MONTHS ENDED: JULY 2007

<u>Schedule</u>	<u>Description</u>
J-1	Cost of Capital Summary
J-1.1 / J-1.2	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\_APP\_EX37J\_043007.pdf

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
OVERALL FINANCIAL SUMMARY  
November 30, 2008

SCHEDULE J-1  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

DATA: \_\_\_ BASE PERIOD \_\_\_X\_ FORECASTED PERIOD  
DATE OF CAPITAL STRUCTURE: END OF FORECASTED TEST YEAR  
TYPE OF FILING: \_\_\_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WIP-7

Line No.	Class of Capital	Reference	Net Carrying Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost	13 Month Average Weighted Cost
1									
2	Short-Term Debt	J-2, Page 1	\$1,439,023	0.600%	\$6,272	\$1,445,295	5.250%	0.030%	0.200%
3									
4	Long-Term Debt	J-3, Page 1	119,899,986	53.200%	556,112	120,456,098	6.460%	3.440%	3.290%
5									
6	Preferred Stock	J-4, Page 1	5,945,110	2.600%	27,178	5,972,288	7.750%	0.200%	0.220%
7									
8	Common Equity		98,257,453	43.600%	455,762	98,713,215	11.400%	4.970%	4.930%
9									
10	Total Capital		\$225,841,572	100.000%	\$ 1,045,324	\$226,886,896		8.640%	8.640%
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	(1) JD/TC	\$ 1,045,324							



KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
COST OF CAPITAL SUMMARY AT CURRENT AND PROPOSED RATES  
13 MONTH AVERAGE

SCHEDULE J-1.1/J-1.2  
PAGE 1 of 1  
Witness Responsible: M.A. Miller

DATA: \_\_\_\_\_ BASE PERIOD \_X\_ FORECASTED PERIOD  
DATE OF CAPITAL STRUCTURE: AVERAGE FOR FORECASTED PERIOD  
TYPE OF FILING: \_X\_ ORIGINAL \_\_\_ UPDATED \_\_\_\_ REVISED  
WORKPAPER REFERENCE NO(S): WP-7

Line No.	Class of Capital	13 Month Average Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Average Weighted Cost
1							
2	Short-Term Debt	\$0,036,966	3.889%	\$ 42,153	\$8,079,119	5.250%	0.20%
3							
4	Long-Term Debt	103,387,163	50.031%	542,282	103,929,445	6.580%	3.29%
5							
6	Preferred Stock	5,944,726	2.877%	31,184	5,975,910	7.750%	0.22%
7							
8	Common Equity	89,276,928	43.203%	468,274	89,745,202	11.400%	4.93%
9							
10	Total Capital	<u>\$205,645,783</u>	100.000%	<u>\$ 1,083,893</u>	<u>\$207,729,676</u>		<u>8.64%</u>
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\$ 1,083,892

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
EMBEDDED COST OF SHORT-TERM DEBT  
FROM AUGUST 1, 2006 TO NOVEMBER 30, 2008

SCHEDULE J-2  
PAGE 1 of 2  
Witness Responsible: M.A. Miller

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

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
2				
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4	Promissory Note	\$ 1,435,023	5.250%	\$ 75,549
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8	Weighted Cost of Short-Term Debt	5.250%		
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SCHEDULE J-2  
PAGE 2 of 2  
Witness Responsible: M.A. Miller

KENTUCKY-AMERICAN WATER COMPANY  
CASE NO: 2007-00143  
EMBEDDED COST OF SHORT-TERM DEBT  
AS OF JULY 31, 2007

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

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
2				
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4	Promissory Note	\$51,725,825	5.250%	\$2,715,606
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7	Weighted Cost of Short-Term Debt	5.250%		
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