

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-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_091407 pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO: 2007-00143
COST OF CAPITAL SUMMARY
AS OF JULY 31, 2007

SCHEDULE J-1
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): WP-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	\$41,883,531	24.357%	\$ 279,660	\$42,163,191	5.250%	1.280%
4	Long-Term Debt	J-3, Page 2	49,502,222	28.788%	330,535	49,832,757	6.550%	1.890%
6	Preferred Stock	J-4, Page 2	5,944,088	3.457%	39,692	5,983,780	7.750%	0.270%
8	Common Equity		74,624,595	43.388%	488,282	75,122,867	11.400%	4.950%
10	Total Capital		\$171,954,426	100.000%	\$ 1,148,169	\$173,102,595		8.390%
16	(1) JDITC:	\$ 1,148,169						

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

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): WP-7

Line No.	Issue	Amount Outstanding	Interest Rate	Interest Requirement
1				
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4	Promissory Note	\$41,883,531	5.250%	\$2,199,885
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7	Weighted Cost of Short-Term Debt	5.250%		
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