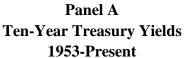
Kentucky-American Water Company Cost of Capital

	Capitalization	Cost	Weighted
Capital Source	Ratio	Rate	Cost Rate
Short-Term Debt	2.04%	0.81%	0.02%
Long-Term Debt	52.04%	6.05%	3.15%
Preferred Stock	1.17%	8.52%	0.10%
Common Equity	44.75%	8.50%	3.80%
Total Capital	100.00%		7.07%

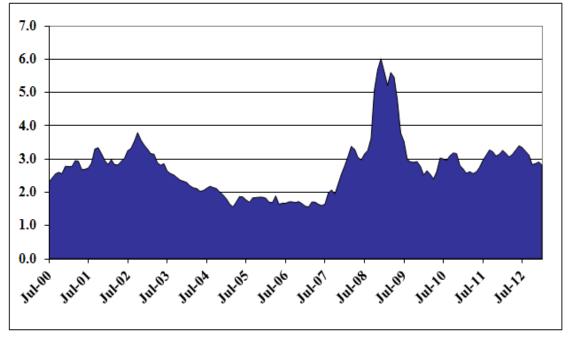
Docket No. 2012-000520 Exhibit JRW-2 Capital Cost Indicators Page 1 of 1

Exhibit JRW-2





Panel B Long-Term Moody's Baa Yields Minus Ten-Year Treasury Yields 2000-Present



Source: Federal Reserve Bank of St. Louis, FRED Database.

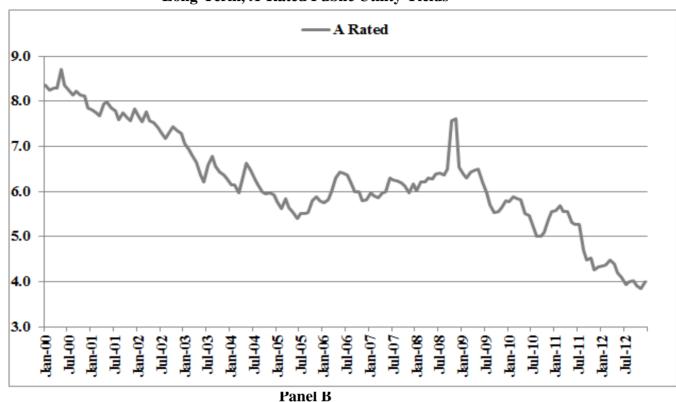
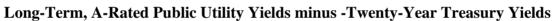


Exhibit JRW-3 Panel A Long-Term, A-Rated Public Utility Yields





Source: Mergent Bond Record

Docket No. 2012-000520 Exhibit JRW-3 Capital Cost Indicators Page 2 of 2

Panel A Ten-Year Treasury Yields 2010 and 2012

Mar-10	3.73	Aug-12	1.68							
Apr-10	3.85	Sep-12	1.72							
May-10	3.42	Oct-12	1.75							
Jun-10	3.20	Nov-12	1.65							
Jul-10	3.01	Dec-12	1.72							
Aug-10	2.70	Jan-13	1.91							
Average	3.32	Average	1.74							

Source: Federal Reserve Bank of St. Louis, FRED Database.

Panel B Thirty-Year, A-Rated Public Utility Bonds 2010 and 2012

Mar-10	5.84	Aug-12	4.00
Apr-10	5.81	Sep-12	4.02
May-10	5.50	Oct-12	3.91
Jun-10	5.46	Nov-12	3.84
Jul-10	5.26	Dec-12	4.00
Aug-10	5.01	Jan-13	4.15
Average	5.48	Average	3.99

Source: Mergent Bond Record

Docket No. 2012-000520 Exhibit JRW-4 Summary Financial Statistics for Proxy Group Page 1 of 2

Exhibit JRW-4

Kentucky-American Water Company

Summary Financial Statistics

Panel A

			Wate	r Proxy Grou	ıp					
	Operating	Percent			Moody's	Pre-Tax		Common		
	Revenue	Water	Net Plant	S&P Bond	Bond	Interest	Primary Service	Equity	Return on	Market to
Company	(\$mil)	Revenue	(\$mil)	Rating	Rating	Coverage	Area	Ratio*	Equity	Book Ratio
American States Water Co. (NYSE-AWR)	449.7	68	912.0	A+	A2	5.2	CA, AZ	56.6	11.8	2.17
American Water Works Co., Inc. (NYSE-AWK)	2,716.1	89	11,380.3	Α	Baa1	4.3	30 States	44.5	9.9	1.50
Aqua America, Inc. (NYSE-WTR)	755.7	96	3,863.4	AA-	NR	4.4	13 States	44.2	13.0	2.83
Artesian Resources Corp. (NDQ-ARTNA)	69.7	91	362.3	NR	NR	NA	DE,MD,PA	49.5	8.7	1.53
California Water Service Group Inc. (NDQ-CWT)	541.5	100	1,443.1	AA-	NR	6.0	CA,WA,NM	46.5	9.8	1.68
Connecticut Water Service, Inc. (NDQ-CTWS)	79.8	100	422.6	Α	NR	17.8	СТ	37.5	11.2	2.06
Middlesex Water Company (NDQ-MSEX)	106.6	89	433.3	Α	NR	5.0	NJ, DE	51.8	7.5	1.67
SJW Corporation (NYSE-SJW)	261.4	96	870.5	Α	NR	4.6	CA,TX	44.3	8.6	1.80
York Water Company (NDQ-YORW)	41.1	100	238.5	А-	NR	NA	PA	53.7	9.4	2.39
Mean	558.0	92.1	2214.0	Α	NR	6.8		47.6	10.0	1.96
Median	261.4	96.0	870.5	Α	NR	5.0		46.5	9.8	1.80

Data Source: AUS Utility Reports, February 2013; Pre-Tax Interest Coverage and Primary Service Territory are from Value Line Investment Survey, 2013.

			Gas	Panel B Proxy Group)					
Company	Operating Revenue (\$mil)	Percent Gas Revenue	Net Plant (\$mil)	S&P Bond Rating	Moody's Bond Rating	Pre-Tax Interest Coverage	Primary Service Area	Common Equity Ratio	Return on Equity	Market to Book Ratio
AGL Resources Inc. (NYSE-AGL)	3,494.0	71	8,212.0	A-	A1/A2	6.5	GA,TN,VA,NJ, FL,MD,IL	42.3	7.9	1.43
Atmos Energy Corporation (NYSE-ATO)	3,438.5	70	5,475.6	BBB+	Baa1	3.1	LA,KY,TX,MS, CO,KS,KY	48.3	9.3	1.39
Laclede Group, Inc. (NYSE-LG) Northwest Natural Gas Co. (NYSE-NWN)	1,125.5 785.0	68 48	1,029.5 1,957.2	A A+	A2 A1	4.6 3.4	MO OR,WA	59.8 46.7	10.7 8.6	1.46 1.64
Piedmont Natural Gas Co., Inc. (NYSE-PNY) South Jersey Industries, Inc. (NYSE-SJI)	1,133.4 707.3	100 67	2,936.5 1,463.0	A A	A3 A2	3.4 6.3	NC,SC,TN NJ	47.1 43.4	10.9 16.0	2.21 2.33
Southwest Gas Corporation (NYSE-SWX)	1,956.9 2,425.3	70 46	3,299.6 2,667.4	BBB+	Baa1 A2	3.8 5.7	AZ,NV,CA DC,MD,VA	50.1 59.5	10.0 10.3 11.3	1.57 1.62
WGL Holdings, Inc. (NYSE-WGL) Mean	1,883.2	68	3,380.1	A+ A/A-	A2/A3	4.6		49.7	10.6	1.71
Median	1,545.2	69	2,802.0	A/A-	A2/A3	4.2		47.7	10.5	1.60

Data Source: AUS Utility Reports, February 2013; Pre-Tax Interest Coverage and Primary Service Territory are from Value Line Investment Survey, 2013.

Docket No. 2012-000520 Exhibit JRW-4 Summary Financial Statistics for Proxy Group Page 2 of 2

Exhibit JRW-4 Kentucky-American Water Company *Value Line* Risk Metrics

-	oup			
	Safety	Financial	Earnings	Price
Beta	Rank	Strength	Predictability	Stability
0.70	2	Α	90	90
0.65	3	В	20	95
0.60	2	B ++	100	100
0.55	2	B ++	85	100
0.65	3	B +	90	100
0.75	3	B +	85	90
0.70	2	B +	85	95
0.85	3	B +	80	80
0.70	2	B ++	100	95
0.68	2.4	B +	82	94
	0.70 0.65 0.60 0.55 0.65 0.75 0.70 0.85 0.70	Beta Rank 0.70 2 0.65 3 0.60 2 0.55 2 0.65 3 0.75 3 0.70 2 0.85 3 0.70 2 0.85 3 0.70 2	Beta Rank Strength 0.70 2 A 0.65 3 B 0.60 2 B++ 0.55 2 B++ 0.65 3 B+ 0.65 3 B+ 0.65 3 B+ 0.75 3 B+ 0.70 2 B+ 0.85 3 B+ 0.70 2 B+ 0.70 2 B+	Beta Rank Strength Predictability 0.70 2 A 90 0.65 3 B 20 0.60 2 B++ 100 0.55 2 B++ 85 0.65 3 B+ 90 0.75 3 B+ 85 0.70 2 B+ 85 0.70 2 B+ 85 0.85 3 B+ 80 0.70 2 B++ 100

Panel A Water Proxy Group

Data Source: Value Line Investment Survey, 2013.

Company		Safety	Financial	Earnings	Price
	Beta	Rank	Strength	Predictability	Stability
AGL Resources Inc. (NYSE-ATG)	0.75	1	Α	75	100
Atmos Energy Corporation (NYSE-ATO)	0.70	2	B ++	90	100
Laclede Group, Inc. (NYSE-LG)	0.55	2	B ++	80	100
Northwest Natural Gas Co. (NYSE-NWN)	0.60	1	Α	90	100
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	0.65	2	B ++	100	100
South Jersey Industries, Inc. (NYSE-SJI)	0.65	2	B ++	85	100
Southwest Gas Corporation (NYSE-SWX)	0.75	3	В	75	100
WGL Holdings, Inc. (NYSE-WGL)	0.65	1	Α	95	100
Mean	0.66	1.8	B ++	86	100

Panel B Gas Proxy Group

Data Source: Value Line Investment Survey, 2013.

Docket No. 2012-000520 Exhibit JRW-5 Capital Structure Ratios Page 1 of 2

Exhibit JRW-5 Kentucky-American Water Company Capital Structure Ratios and Cost of Capital

Panel A - KAWC's Proposed Capitalization Ratios and Senior Capital Cost Rates

	Capitalization	Cost
Capital Source	Ratio	Rates
Short-Term Debt	2.04%	0.81%
Long-Term Debt	52.04%	6.14%
Preferred Stock	1.17%	8.52%
Common Equity	44.75%	

Panel B - AG's Proposed Capitalization Ratios and Senior Capital Cost Rates

	Capitalization	Cost
Capital Source	Ratio	Rates
Short-Term Debt	2.04%	0.50%
Long-Term Debt	52.04%	6.05%
Preferred Stock	1.17%	8.52%
Common Equity	44.75%	

Docket No. 2012-000520 Exhibit JRW-5 Senior Capital Cost Rates Page 2 of 2

Exhibit JRW-5 Kentucky-American Water Company Capital Structure Ratios and Cost of Capital

Panel A - Short-Term Interest Rates

Federal Reserve Rates

Rate	Current 11	'ear Prior	Rate	Current 1 Year Prior		
Fed Funds Rate	0.17	0.13	USD LIBOR 1-Month	0.20	0.24	
Fed Reserve Target	0.25	0.25	USD LIBOR 3-Month	0.28	0.47	
Prime Rate	3.25	3.25				

Source: www.bloomberg.com

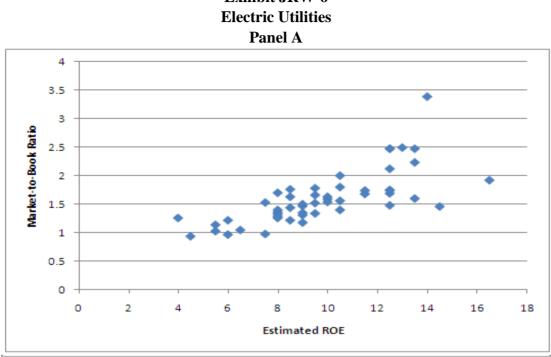
Panel B - Long-Term Debt Cost Rate

KENTUCKY-AMERICANSWATEREOMPANY CaseQNo.2012-00520 EMBEDDEDEOSTEDFB.ON.G-TERMIDEBT ASIDFBULYB1_0014

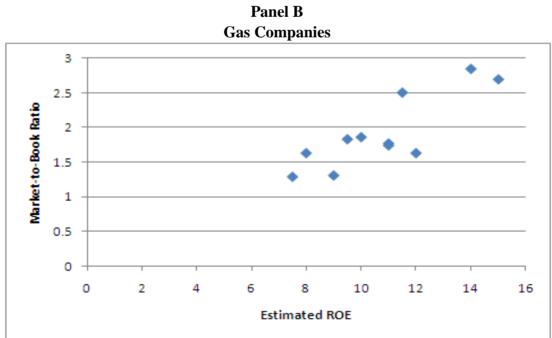
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1 No.	Debtilissue TypeiikiRate	lissue Dete	Netarity Date	Amount Outstanding	Cost/Bate at3tour	CostBate ofBMeturity	SondFating siScore	Annualtait Intentist	Principal Amount	Annual&mort. offissue Expense	Unamortized Discountion Premium	Ugenortined Debtilispense	Unemortized Ge(n/Loss	Carrying Value
2	Seneral@dontgage@konda:													
4	a la parte de la companya de la comp													
5	Effectives and a concerned as	12/02/99	12/01/23	7,000,000	6.960%	7.006%	N/A	490,420	7,000,000	3,227	0	30,116	0 .	6,959,884
6	IEEeriesi7 1.55(EEGMB	02/14/97	02/01/27	7,500,000	7.150%	7.182%	N/A	538,650	7,500,000	2,429	0	30,361	0	7,499,639
7	Effection States And	09/01/98	06/01/28	5,000,000	6.990%	7.026%	N/A	682,840	9,000,000	3,362	ē.	45,122	0	8,954,978
8	personnelle, 5419820.004	6/12/2002	6/12/2087	47,000,000	6.593%	6.628%	N/A	3,115,160	47,000,000	16,574	0	385,338	. 0	45,634,602
9	Effories35.25% Moto	6/23/2009	6/1/2000	45,390,000	6.250%	6.295%	N/A	2,857,301	45,390,000	20,390	c	506,356	0	44,883,644
10	Elisaried5, 62560 Hote	09/10/09	00/01/3/0	25,000,000	5.625%	5.675%	N/A	1,475,500	25,000,000	13,008	a	526,290	0	25,678,710
11	聞気eries時、375%開Aote	06/03/10	06/01/40	25,000,000	5.375%	5,417%	N/A	1,408,420	26,000,000	10,866	d	280,683	0	25,719,807
12	Miseries(5.05%)Istation	11/02/20	11/01/40	20,000,000	5.050%	5.050%	N/A	1,010,000	20,000,000	0	a	6	e	20,000,000
13	##Froposed\$.200%Biote	05/15/23	05/15/48	8,000,000	4.300%	4.400%	N/A	- 352,000	8,000,000	8,000	a	230,333	0	7,769,667
14	meroposeds 200%Blobe	05/15/18	05/15/43	3,000,000	4.300%	4.400%	N/A	132,000	3,000,000	3,000	0	86,375	0	2,913,625
15	BFroposedS.200%Blobs	11/15/13	1,1/15/40	3,000,000	4.300%	4.371%	N/A	131,130	3,000,000	2,125	a	87,875	c	2,912,125
16	EFroposedi5.200%Mobe	05/15/14	05/15/44	3,000,000	4,900%	4,321%	N/A	129,630	3,000,000	625	0	89,375	0	2,910,625
- 17														
18												-		
19														
20														
21														
72					-									
23														
24								1						
25	TotalBong-TermiDe	ibtili ncliAnn va lizedā	Lost .	\$200004,890,000				\$1000002,272,551	300,000 bommer 2	\$2910101101,505	\$0	\$2297,098,254	\$0 \$1	EPERINDER, 791, 766
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27														
28	~	nualizedEostRate	,	6.050%										

Source: www.KAWC Response to PSC 2-45, page 2.

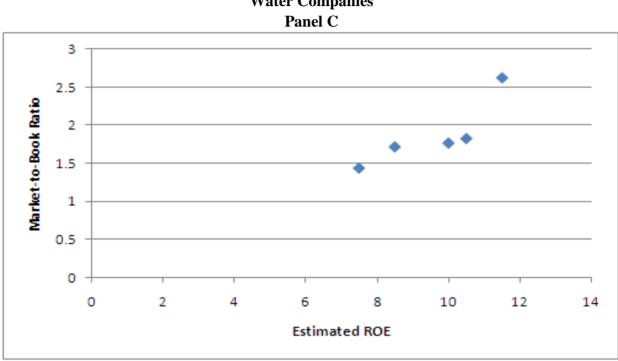


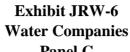
R-Square = .52, N=51.



R-Square = .71, N=11.

Docket No. 2012-000520 Exhibit JRW-6 The Relationship Between Estimated ROE and Market-to-Book Ratios Page 2 of 2





R-Square = .77, N=5.

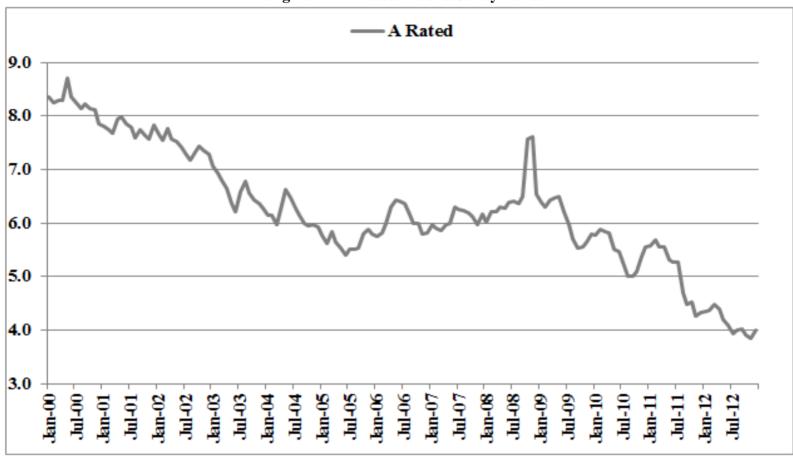


Exhibit JRW-7 Long-Term 'A' Rated Public Utility Bonds

Source: Mergent Bond Record

Docket No. 2012-000520 Exhibit JRW-7 Utility Capital Cost Indicators Page 2 of 3

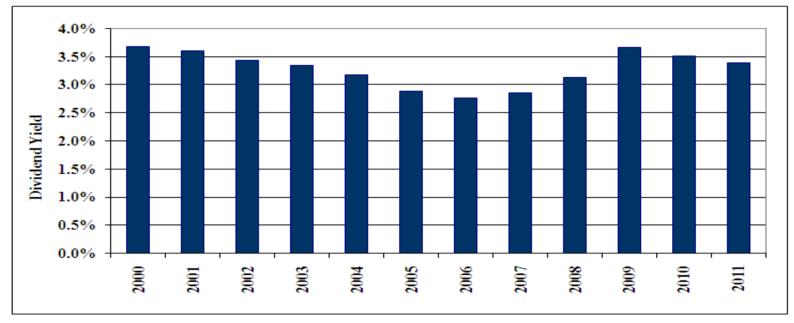
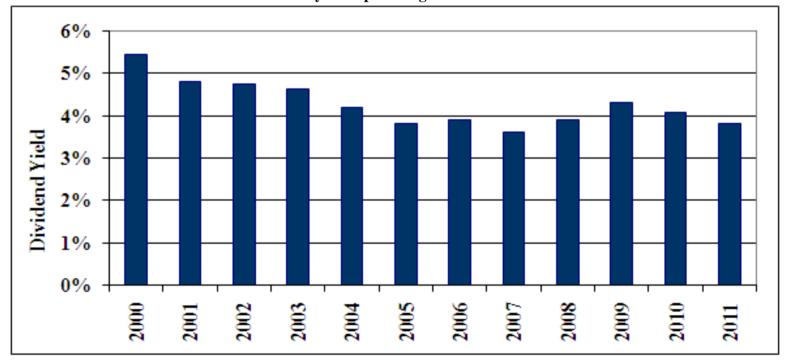


Exhibit JRW-7 Panel A Water Proxy Group Average Dividend Yield

Panel B Gas Proxy Group Average Dividend Yield



Data Source: Value Line Investment Survey.

Docket No. 2012-000520 Exhibit JRW-7 Utility Capital Cost Indicators Page 3 of 3

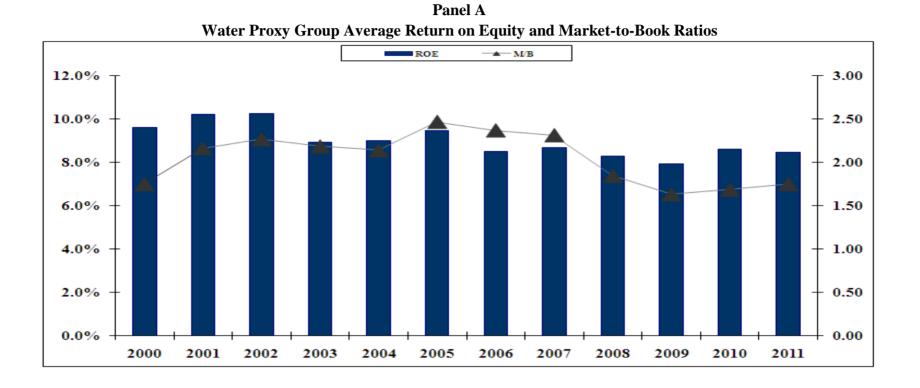
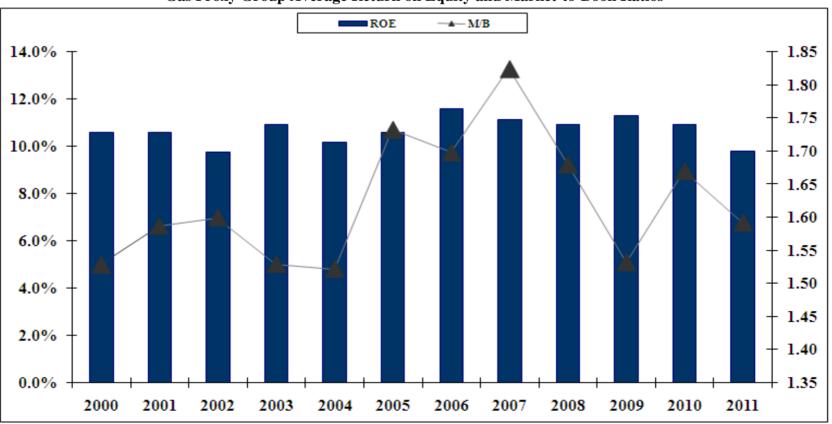


Exhibit JRW-7

Panel B Gas Proxy Group Average Return on Equity and Market-to-Book Ratios



Data Source: Value Line Investment Survey.

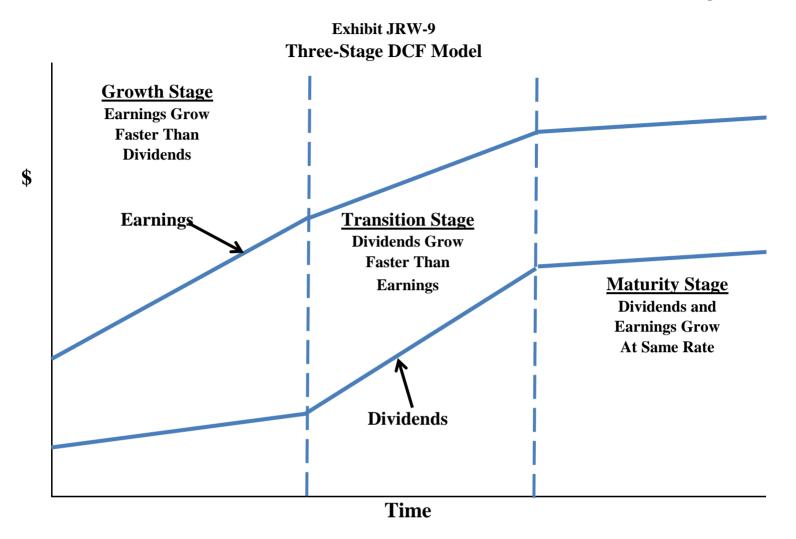
Docket No. 2012-000520 Exhibit JRW-8 Industry Average Betas Page 1 of 1

Exhibit JRW-8

Industry Average Betas

Industry Name	No.	Beta	Industry Name	No.	Beta	Industry Name	No.	Beta
Public/Private Equity	11	2.18	Natural Gas (Div.)	29	1.33	IT Services	60	1.06
Advertising	31	2.02	Financial Svcs. (Div.)	225	1.31	Retail Building Supply	8	1.04
Furn/Home Furnishings	35	1.81	Toiletries/Cosmetics	15	1.30	Computer Software	184	1.04
Heavy Truck & Equip	21	1.80	Apparel	57	1.30	Med Supp Non-Invasiv	146	1.03
Semiconductor Equip	12	1.79	Computers/Peripherals	87	1.30	Biotechnology	158	1.03
Retail (Hardlines)	75	1.77	Retail Store	37	1.29	E-Commerce	57	1.03
Newspaper	13	1.76	Chemical (Specialty)	70	1.28	Telecom. Equipment	99	1.02
Hotel/Gaming	51	1.74	Precision Instrument	77	1.28	Pipeline MLPs	27	0.98
Auto Parts	51	1.70	Wireless Networking	57	1.27	Telecom. Services	74	0.98
Steel	32	1.68	Restaurant	63	1.27	Oil/Gas Distribution	13	0.96
Entertainment	77	1.63	Shoe	19	1.25	Utility (Foreign)	4	0.96
Metal Fabricating	24	1.59	Publishing	24	1.25	Industrial Services	137	0.93
Automotive	12	1.59	Trucking	36	1.24	Bank (Midwest)	45	0.93
Insurance (Life)	30	1.58	Human Resources	23	1.24	Reinsurance	13	0.93
Oilfield Svcs/Equip.	93	1.55	Entertainment Tech	40	1.23	Food Processing	112	0.91
Coal	20	1.53	Engineering & Const	25	1.22	Medical Services	122	0.91
Chemical (Diversified)	31	1.51	Air Transport	36	1.21	Insurance (Prop/Cas.)	49	0.91
Building Materials	45	1.50	Machinery	100	1.20	Beverage	34	0.88
Semiconductor	141	1.50	Securities Brokerage	28	1.20	Telecom. Utility	25	0.88
R.E.I.T.	5	1.47	Petroleum (Integrated)	20	1.18	Tobacco	11	0.85
Homebuilding	23	1.45	Healthcare Information	25	1.17	Med Supp Invasive	83	0.85
Recreation	56	1.45	Packaging & Container	26	1.16	Educational Services	34	0.83
Railroad	12	1.44	Precious Metals	84	1.15	Environmental	82	0.81
Retail (Softlines)	47	1.44	Diversified Co.	107	1.14	Bank	426	0.77
Maritime	52	1.40	Funeral Services	6	1.14	Electric Util. (Central)	21	0.75
Office Equip/Supplies	24	1.38	Property Management	31	1.13	Electric Utility (West)	14	0.75
Cable TV	21	1.37	Pharmacy Services	19	1.12	Retail/Wholesale Food	30	0.75
Retail Automotive	20	1.37	Drug	279	1.12	Thrift	148	0.71
Chemical (Basic)	16	1.36	Aerospace/Defense	64	1.10	Electric Utility (East)	21	0.70
Paper/Forest Products	32	1.36	Foreign Electronics	9	1.09	Natural Gas Utility	22	0.66
Power	93	1.35	Internet	186	1.09	Water Utility	11	0.66
Petroleum (Producing)	176	1.34	Information Services	27	1.07	Total Market	5891	1.15
Electrical Equipment	68	1.33	Household Products	26	1.07			
Metals & Mining (Div.)	73	1.33	Electronics	139	1.07			

Source: Damodaran Online 2012 - http://pages.stern.nyu.edu/~adamodar/



Source: William F. Sharpe, Gordon J. Alexander, and Jeffrey V. Bailey, Investments (Prentice-Hall, 1995), pp. 590-91.

Kentucky-American Water Company Discounted Cash Flow Analysis

Panel A

Water	Proxy	Group
-------	-------	-------

Dividend Yield*	3.00%
Adjustment Factor (1 + 1/2g)	<u>1.0275</u>
Adjusted Dividend Yield	3.08%
Growth Rate**	<u>5.50%</u>
Equity Cost Rate	8.6%

* Page 2 of Exhibit JRW-10 and testimony at page 30.

** Based on data provided on pages 3, 4, 5, and 6 of Exhibit JRW-10

	Panel	B
Gas	Proxv	Group

Ous Hoxy Oroup	
Dividend Yield*	3.90%
Adjustment Factor (1 + 1/2g)	1.0225
Adjusted Dividend Yield	3.99%
Growth Rate**	<u>4.50%</u>
Equity Cost Rate	8.5%

* Page 2 of Exhibit JRW-10 and testimony at page 30.

** Based on data provided on pages 3, 4, 5, and 6 of Exhibit JRW-10

Kentucky-American Water Company Monthly Dividend Yields

Panel A

						1 41			
Water Proxy Group									
Mean	Mar	Feb	Jan	Dec	Nov	Oct	Company		
3.1%	2.7%	2.8%	3.0%	3.3%	3.2%	3.3%	American States Water Co. (NYSE-AWR)		
2.6%	2.5%	2.6%	2.6%	2.7%	2.7%	2.7%	American Water Works Co., Inc. (NYSE-AWK)		
2.7%	2.4%	2.6%	2.8%	2.8%	2.6%	2.7%	Aqua America, Inc. (NYSE-WTR)		
3.6%	3.6%	3.6%	3.8%	3.8%	3.3%	3.5%	Artesian Resources Corp. (NDQ-ARTNA)		
3.4%	3.3%	3.3%	3.5%	3.6%	3.3%	3.4%	California Water Service Group (NYSE-CWT)		
3.2%	3.2%	3.3%	3.3%	3.2%	3.1%	3.1%	Connecticut Water Service, Inc. (NDQ-CTWS)		
4.0%	3.9%	3.9%	4.0%	4.1%	3.9%	3.9%	Middlesex Water Company (NDQ-MSEX)		
2.8%	2.6%	2.7%	2.8%	3.0%	2.8%	2.8%	SJW Corporation (NYSE-SJW)		
3.0%	2.9%	3.0%	3.1%	3.1%	3.0%	2.9%	York Water Company (NDQ-YORW)		
3.1%	3.0%	3.1%	3.2%	3.3%	3.1%	3.1%	Mean		
3.1%	2.9%	3.0%	3.1%	3.2%	3.1%	3.1%	Median		
6	3.0%	3.1%	3.2%	3.3%	3.1%	3.1%	Mean Median		

Data Source: AUS Utility Reports, monthly issues.

	Panel B								
Gas Proxy Group									
Company	Oct	Nov	Dec	Jan	Feb	Mar	Mean		
AGL Resources Inc. (NYSE-ATG)	4.5%	4.5%	4.8%	4.6%	4.5%	4.7%	4.6%		
Atmos Energy Corporation (NYSE-ATO)	3.9%	3.7%	4.0%	3.9%	3.8%	3.7%	3.8%		
Laclede Group, Inc. (NYSE-LG)	4.0%	3.8%	4.2%	4.3%	4.4%	4.2%	4.2%		
Northwest Natural Gas Co. (NYSE-NWN)	3.6%	3.6%	4.2%	4.1%	4.2%	4.0%	4.0%		
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	3.7%	3.7%	4.0%	3.7%	3.7%	3.7%	3.8%		
South Jersey Industries, Inc. (NYSE-SJI)	3.1%	3.1%	3.3%	3.5%	3.4%	3.2%	3.3%		
Southwest Gas Corporation (NYSE-SWX)	2.7%	2.6%	2.9%	2.8%	2.7%	2.6%	2.7%		
WGL Holdings, Inc. (NYSE-WGL)	4.0%	4.0%	4.3%	4.0%	4.0%	3.8%	4.0%		
Mean	3.7%	3.6%	4.0%	3.9%	3.8%	3.7%	3.8%		
Median	3.8%	3.7%	4.1%	4.0%	3.9%	3.8%	3.9%		

Data Source: AUS Utility Reports, monthly issues.

Kentucky-American Water Company DCF Equity Cost Growth Rate Measures *Value Line* Historic Growth Rates

Panel A Water Proxy Group

	Value Line Historic Growth							
Company	Р	ast 10 Years	Past 5 Years					
	Earnings	Dividends	Book Value	Earnings	Dividends	Book Value		
American States Water Co. (NYSE-AWR)	4.5%	2.0%	5.0%	11.5%	2.5%	5.0%		
American Water Works Co., Inc. (NYSE-AWK)								
Aqua America, Inc. (NYSE-WTR)	6.5%	7.5%	9.0%	4.5%	8.0%	7.0%		
Artesian Resources Corp. (NDQ-ARTNA)				2.5%	5.0%	5.5%		
California Water Service Group (NYSE-CWT)	4.0%	1.0%	5.0%	5.0%	1.0%	5.0%		
Connecticut Water Service, Inc. (NDQ-CTWS)	0.5%	1.5%	4.0%	4.0%	1.5%	3.0%		
Middlesex Water Company (NDQ-MSEX)	2.5%	2.0%	4.5%	4.5%	1.5%	5.5%		
SJW Corporation (NYSE-SJW)	2.0%	5.0%	5.5%	-3.0%	5.0%	4.5%		
York Water Company (NDQ-YORW)				5.0%	4.0%	7.0%		
Mean	3.3%	3.2%	5.5%	4.3%	3.6%	5.3%		
Median	3.3%	2.0%	5.0%	4.5%	3.3%	5.3%		
Data Source: Value Line Investment Survey, 2013.	Average of							

	Value Line Historic Growth							
Company	P	ast 10 Year	s	P	Past 5 Years			
	Earnings	Dividends	Book Value	Earnings	Dividends	Book Value		
AGL Resources Inc. (NYSE-ATG)	8.0%	5.0%	8.0%	1.5%	6.5%	5.0%		
Atmos Energy Corporation (NYSE-ATO)	5.0%	1.5%	6.5%	3.0%	1.5%	4.0%		
Laclede Group, Inc. (NYSE-LG)	7.0%	2.0%	5.5%	4.0%	3.0%	6.5%		
Northwest Natural Gas Co. (NYSE-NWN)	4.0%	3.0%	4.0%	4.5%	4.5%	4.0%		
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	5.0%	5.0%	5.0%	3.5%	5.5%	3.0%		
South Jersey Industries, Inc. (NYSE-SJI)	9.5%	6.5%	10.5%	7.0%	9.5%	7.0%		
Southwest Gas Corporation (NYSE-SWX)	6.0%	2.0%	4.5%	6.5%	4.0%	5.0%		
WGL Holdings, Inc. (NYSE-WGL)	4.0%	2.0%	4.0%	3.0%	3.0%	4.5%		
Mean	6.1%	3.4%	6.0%	4.1%	4.7%	4.9%		
Median	5.5%	2.5%	5.3%	3.8%	4.3%	4.8%		
Data Source: Value Line Investment Survey, 2013.	Average of	f Median Fi	gures =	4.3%				

Panel B Gas Proxy Group

Kentucky-American Water Company **DCF Equity Cost Growth Rate Measures** Value Line Projected Growth Rates

Panel A Water Proxy G

Water I	Proxy Group					
	Value Line			Value Line		
P	rojected Grov	wth	Su	Sustainable Growth		
Est	'd. '09-'11 to '	15-'17	Return on	Retention	Sustainable	
Earnings	Dividends	Book Value	Equity	Rate	Growth	
5.5%	7.5%	2.5%	12.0%	43.0%	5.2%	
9.0%	6.5%	2.5%	9.0%	49.0%	4.4%	
7.0%	5.0%	4.0%	12.5%	41.0%	5.1%	
6.0%	3.0%	3.5%	10.5%	45.0%	4.7%	
7.5%	3.0%	5.0%	10.5%	37.0%	3.9%	
7.0%	1.5%	3.5%	9.0%	36.0%	3.2%	
8.0%	3.0%	4.5%	7.0%	43.0%	3.0%	
7.1%	4.2%	3.6%	10.1%	42.0%	4.2%	
7.0%	3.0%	3.5%	10.5%	43.0%	4.4%	
-	4.5%	-		Median =	4.4%	
	P Est Earnings 5.5% 9.0% 7.0% 6.0% 7.5% 7.0% 8.0% 7.1%	Value Line Value Line Projected Grov Est'd. '09-'11 to '2 Earnings Dividends 5.5% 7.5% 9.0% 6.5% 7.0% 5.0% 6.0% 3.0% 7.0% 1.5% 8.0% 3.0% 7.1% 4.2% 7.0% 3.0%	Value Line Value Line Projected Growth Est'd. '09-'11 to '15-'17 Earnings Dividends Book Value 5.5% 7.5% 2.5% 9.0% 6.5% 2.5% 7.0% 5.0% 4.0% 6.0% 3.0% 3.5% 7.5% 3.0% 5.0% 7.0% 5.0% 4.5% 7.0% 3.0% 4.5% 7.1% 4.2% 3.6% 7.0% 3.0% 3.5%	Value Line Value Line Su Projected Growth Su Est'd. '09-'11 to '15-'17 Return on Earnings Dividends Book Value Equity 5.5% 7.5% 2.5% 12.0% 9.0% 6.5% 2.5% 9.0% 7.0% 5.0% 4.0% 12.5% 6.0% 3.0% 3.5% 10.5% 7.5% 3.0% 5.0% 10.5% 7.0% 1.5% 3.5% 9.0% 7.1% 4.2% 3.6% 10.1% 7.0% 3.0% 3.5% 10.5%	Projected Growth Sustainable Gro Est'd. '09-'11 to '15-'17 Return on Retention Earnings Dividends Book Value Equity Rate 5.5% 7.5% 2.5% 12.0% 43.0% 9.0% 6.5% 2.5% 9.0% 49.0% 7.0% 5.0% 4.0% 12.5% 41.0% 6.0% 3.0% 3.5% 10.5% 45.0% 7.5% 3.0% 5.0% 10.5% 37.0% 7.0% 1.5% 3.5% 9.0% 43.0% 7.1% 4.2% 3.6% 10.1% 42.0% 7.0% 3.0% 3.5% 10.5% 43.0%	

Data Source: Value Line Investment Survey, 2013.

	1	allel D						
	Gas Pi	oxy Group						
		Value Line				Value Line		
	P	rojected Grov	vth	Sı	Sustainable Growth			
Company	Est	'd. '09-'11 to '1	15-'17	Return on	Retention	Internal		
	Earnings	Dividends	Book Value	Equity	Rate	Growth		
AGL Resources Inc. (NYSE-ATG)	9.0%	2.0%	5.0%	6.0%	50.0%	3.0%		
Atmos Energy Corporation (NYSE-ATO)	5.5%	1.5%	5.5%	8.5%	50.0%	4.3%		
Laclede Group, Inc. (NYSE-LG)	5.5%	2.0%	5.5%	10.5%	50.0%	5.3%		
Northwest Natural Gas Co. (NYSE-NWN)	3.0%	2.5%	1.0%	11.5%	39.0%	4.5%		
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	3.0%	3.0%	4.0%	11.0%	26.0%	2.9%		
South Jersey Industries, Inc. (NYSE-SJI)	9.0%	9.0%	7.0%	15.5%	48.0%	7.4%		
Southwest Gas Corporation (NYSE-SWX)	8.0%	7.0%	5.0%	10.5%	58.0%	6.1%		
WGL Holdings, Inc. (NYSE-WGL)	2.0%	3.0%	3.5%	9.5%	32.0%	3.0%		
Mean	5.6%	3.8%	4.6%	10.4%	44.1%	4.6%		
Median	5.5%	2.8%	5.0%	10.5%	49.0%	4.4%		
Average of Median Figures =		4.4%			Median =	4.4%		

Panel B

Data Source: Value Line Investment Survey, 2013.

Kentucky-American Water Company DCF Equity Cost Growth Rate Measures Analysts Projected EPS Growth Rate Estimates

Panel A

Water Proxy Group

Company	Yahoo	Zack's	Reuters	Average
American States Water Co. (NYSE-AWR)	6.0%	6.0%	6.0%	6.0%
American Water Works Co., Inc. (NYSE-AWK)	8.5%	8.0%	9.6%	8.7%
Aqua America, Inc. (NYSE-WTR)	4.9%	6.9%	6.3%	6.0%
Artesian Resources Corp. (NDQ-ARTNA)	4.0%	n/a	n/a	4.0%
California Water Service Group (NYSE-CWT)	6.0%	5.0%	6.0%	5.7%
Connecticut Water Service, Inc. (NDQ-CTWS)	6.1%	n/a	n/a	6.1%
Middlesex Water Company (NDQ-MSEX)	2.7%	n/a	n/a	2.7%
SJW Corporation (NYSE-SJW)	14.0%	n/a	n/a	14.0%
York Water Company (NDQ-YORW)	4.9%	n/a	n/a	4.9%
Mean	6.3%	6.5%	7.0%	6.5%
Median	6.0%	6.5%	6.1%	6.0%

Data Sources: www.reuters.com, www.zacks.com, http://quote.yahoo.com, March 8, 2013

Panel B

Gas Proxy Group

Company	Yahoo	Zack's	Reuters	Average
AGL Resources Inc. (NYSE-GAS)	-5.7%	3.5%	3.8%	0.5%
Atmos Energy Corporation (NYSE-ATO)	5.9%	6.0%	5.9%	6.0%
Laclede Group, Inc. (NYSE-LG)	5.3%	3.0%	n/a	4.2%
Northwest Natural Gas Co. (NYSE-NWN)	4.5%	3.8%	4.5%	4.3%
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	5.6%	3.7%	5.6%	4.9%
South Jersey Industries, Inc. (NYSE-SJI)	6.0%	6.0%	n/a	6.0%
Southwest Gas Corporation (NYSE-SWX)	4.1%	4.9%	4.1%	4.3%
WGL Holdings, Inc. (NYSE-WGL)	5.3%	5.3%	5.3%	5.3%
Mean	3.9%	4.5%	4.9%	4.4%
Median	5.3%	4.4%	4.9%	4.6%

Data Sources: www.reuters.com, www.zacks.com, http://quote.yahoo.com, March 8, 2013

Kentucky-American Water Company DCF Growth Rate Indicators

DCF Growth Rate Indicators

Summary Growth Rates

Growth Rate Indicator	Water Proxy Group	Gas Proxy Group
Historic Value Line Growth		
in EPS, DPS, and BVPS	3.9%	4.3%
Projected Value Line Growth		
in EPS, DPS, and BVPS	4.5%	4.4%
Sustainable Growth		
ROE * Retention Rate	4.4%	4.4%
Projected EPS Growth from		
Yahoo, Zacks, and Reuters	6.0%	4.6%
Average of Historic and Projected		
Growth Rates	4.7%	4.4%
Average of Sustainable and		
Projected Growth Rates	5.0%	4.5%

Kentucky-American Water Company Capital Asset Pricing Model

Panel A Water Proxy Group

Risk-Free Interest Rate	4.00%
Beta*	0.70
Ex Ante Equity Risk Premium**	<u>5.00%</u>
CAPM Cost of Equity	7.5%

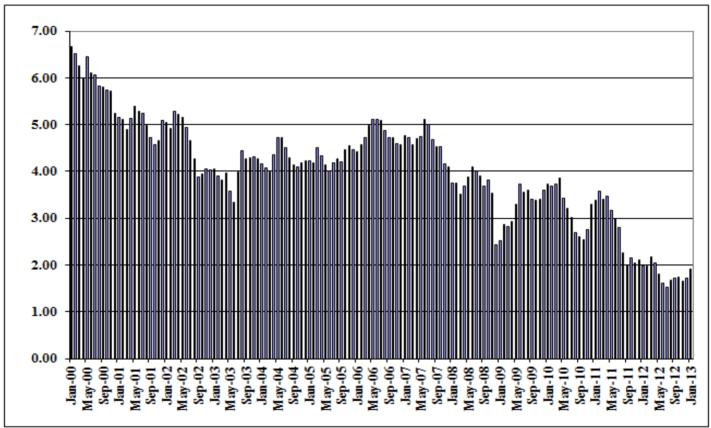
* See page 3 of Exhibit JRW-11 and testimony at page 49. ** See pages 5 and 6 of Exhibit JRW-11

Panel B	
Gas Proxy Group	
Risk-Free Interest Rate	4.00%
Beta*	0.65
Ex Ante Equity Risk Premium**	5.00%
CAPM Cost of Equity	7.3%

* See page 3 of Exhibit JRW-11 and testimony at page 49. ** See pages 5 and 6 of Exhibit JRW-11

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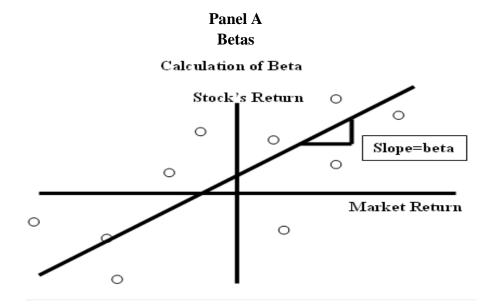
Exhibit JRW-11



Ten-Year U.S. Treasury Yields January 2000-Present

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Exhibit JRW-11



Water Proxy Group

<i>v</i> 1	
Company	Beta
American States Water Co. (NYSE-AWR)	0.70
American Water Works Co., Inc. (NYSE-AWK)	0.65
Aqua America, Inc. (NYSE-WTR)	0.60
Artesian Resources Corp. (NDQ-ARTNA)	0.55
California Water Service Group (NYSE-CWT)	0.65
Connecticut Water Service, Inc. (NDQ-CTWS)	0.75
Middlesex Water Company (NDQ-MSEX)	0.70
SJW Corporation (NYSE-SJW)	0.85
York Water Company (NDQ-YORW)	0.70
Mean	0.68
Median	0.70

Data Source: Value Line Investment Survey, 2013.

Company	Beta
AGL Resources Inc. (NYSE-ATG)	0.75
Atmos Energy Corporation (NYSE-ATO)	0.70
Laclede Group, Inc. (NYSE-LG)	0.55
Northwest Natural Gas Co. (NYSE-NWN)	0.60
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	0.65
South Jersey Industries, Inc. (NYSE-SJI)	0.65
Southwest Gas Corporation (NYSE-SWX)	0.75
WGL Holdings, Inc. (NYSE-WGL)	0.65
Mean	0.66
Median	0.65

Gas Proxy Group

Data Source: Value Line Investment Survey, 2013.

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	Historical Ex Post Returns	Surveys	Expected Return Models and Market Data
Means of Assessing	Historical Average	Surveys of CFOs,	Use Market Prices and
The Market Risk	Stock Minus	Financial Forecasters,	Market Fundamentals (such as
Premium	Bond Returns	Companies, Analysts on	Growth Rates) to Compute
		Expected Returns and	Expected Returns and Market
		Market Risk Premiums	Risk Premiums
Problems/Debated	Time Variation in	Questions Regarding Survey	Assumptions Regarding
Issues	Required Returns,	Histories, Responses, and	Expectations, Especially
	Measurement and	Representativeness	Growth
	Time Period Issues,		
	and Biases such as	Surveys may be Subject	
	Market and Company	to Biases, such as	
	Survivorship Bias	Extrapolation	

Exhibit JRW-11 Risk Premium Approaches

Source: Adapted from Antti Ilmanen, Expected Returns on Stocks and Bonds," Journal of Portfolio Management, (Winter 2003).

Kentucky-American Water Company
Capital Asset Pricing Model
Fauity Dick Promium

		Dublication	Time Period	y Risk Premium	Dotum	D	n go	Midnaint		Median
regory	Study Authors	Publication Date	Of Study	Methodology	Return Measure	Ka Low	ange High	Midpoint of Range	Mean	Median
torical Risk Premium		Date	Of Study	inclinationsy	wicasure	Low	mgn	or Range	ivican	
	Ibbotson	2013	1926-2012	Historical Stock Returns - Bond Returns	Arithmetic				5.70%	
					Geometric				4.10%	
	Bate	2008	1900-2007	Historical Stock Returns - Bond Returns	Geometric				4.50%	
	Shiller	2006	1926-2005	Historical Stock Returns - Bond Returns	Arithmetic				7.00%	
					Geometric				5.50%	
	Damodoran	2006	1926-2005	Historical Stock Returns - Bond Returns	Arithmetic				6.70%	
					Geometric				5.10%	
	Siegel	2005	1926-2005	Historical Stock Returns - Bond Returns	Arithmetic				6.10%	
					Geometric				4.60%	
	Dimson, Marsh, and Staunton	2006	1900-2005	Historical Stock Returns - Bond Returns	Arithmetic				5.50%	
		_000	1,000 2000						0.0070	
	Goyal & Welch	2006	1872-2004	Historical Stock Returns - Bond Returns					4.77%	
		2000	1072 2001						1.7770	
	Median									5
Ante Models (Puzzle	Research)									
	Claus Thomas	2001	1985-1998	Abnormal Earnings Model					3.00%	
	Arnott and Bernstein	2001	1810-2001	Fundamentals - Div Yld + Growth					2.40%	
	Constantinides	2002	1872-2000	Historical Returns & Fundamentals - P/D & P/E					6.90%	
	Cornell	1999	1926-1997	Historical Returns & Fundamental GDP/Earnings		3.50%	5.50%	4.50%	4.50%	
	Easton, Taylor, et al	2002	1981-1998	Residual Income Model		5.5070	5.5070	4.5070	5.30%	
	Fama French	2002	1951-2000	Fundamental DCF with EPS and DPS Growth		2.55%	4.32%		3.44%	
	Harris & Marston	2002	1982-1998	Fundamental DCF with Analysts' EPS Growth		2.3370	4.3270		5.44 <i>%</i> 7.14%	
	Best & Byrne	2001	1902-1990	Tundamental DCF with Analysis Er 5 Growth					7.1470	
	McKinsey	2001	1962-2002	Fundamental (P/E, D/P, & Earnings Growth)		2 500/	4.00%		3.75%	
	•	2002	1962-2002		Competnio	5.30%	4.00%		5.75% 2.50%	
	Siegel			Historical Earnings Yield	Geometric	2 500/	6.000/	1750/		
	Grabowski	2006	1926-2005	Historical and Projected		3.50%	6.00%	4.75%	4.75%	
	Maheu & McCurdy	2006	1885-2003	Historical Excess Returns, Structural Breaks,		4.02%	5.10%	4.56%	4.56%	
	Bostock	2004	1960-2002	Bond Yields, Credit Risk, and Income Volatility		3.90%	1.30%	2.60%	2.60%	
	Bakshi & Chen	2005	1982-1998	Fundamentals - Interest Rates		a	1.000/	2 5004	7.31%	
	Donaldson, Kamstra, & Kramer	2006	1952-2004	Fundamental, Dividend yld., Returns,, & Volatility		3.00%	4.00%	3.50%	3.50%	
	Campbell	2008	1982-2007	Historical & Projections (D/P & Earnings Growth)		4.10%	5.40%		4.75%	
	Best & Byrne	2001	Projection	Fundamentals - Div Yld + Growth					2.00%	
	Fernandez	2007	Projection	Required Equity Risk Premium					4.00%	
	DeLong & Magin	2008	Projection	Earnings Yield - TIPS					3.22%	
	Damodoran	2013	Projection	Fundamentals - Implied from FCF to Equity Model					5.43%	
	Social Security									
	Office of Chief Actuary		1900-1995							
	John Campbell	2001	1860-2000	Historical & Projections (D/P & Earnings Growth)	Arithmetic	3.00%	4.00%	3.50%	3.50%	
			Projected for 75 Ye	ars	Geometric	1.50%	2.50%	2.00%	2.00%	
	Peter Diamond	2001	Projected for 75 Ye	ars Fundamentals (D/P, GDP Growth)		3.00%	4.80%	3.90%	3.90%	
	John Shoven	2001	Projected for 75 Ye	ars Fundamentals (D/P, P/E, GDP Growth)		3.00%	3.50%	3.25%	3.25%	
	Median									3.

Surveys										
	Survey of Financial Forecasters	2013	10-Year Projection	About 50 Financial Forecastsers					2.30%	
	Duke - CFO Magazine Survey	2013	10-Year Projection	Approximately 350 CFOs					4.50%	
	Welch - Academics	2008	30-Year Projection	Random Academics		5.00%	5.74%	5.37%	5.37%	
	Fernandez - Academics	2012	Long-Term	Survey of Academics					5.60%	
	Fernandez - Analysts	2012	Long-Term	Survey of Analysts					5.00%	
	Fernandez - Companies	2012	Long-Term	Survey of Companies					5.50%	
	Median									5.19%
Building Block	Ibbotson and Chen	2012	1926-2011	Historical Supply Model (D/P & Earnings Growth)	Arithmetic Geometric			5.99% 3.91%	4.95%	
	Woolridge		2013	Current Supply Model (D/P & Earnings Growth)					4.40%	
	Median									4.68%
Mean										4.78%
Median										4.93%

Kentucky-American Water Company Capital Asset Pricing Model Equity Risk Premium

		Publication	Time Period	10-13 Equity Risk Premium Studies	Return	Pa	nge	Midpoint		Average
Category	Study Authors	Date	Of Study	Methodology	Measure	Low	High	of Range	Mean	Average
Historical Risk Premium			v				0	0		1
	Ibbotson	2013	1926-2012	Historical Stock Returns - Bond Returns	Arithmetic				5.70%	
					Geometric				4.10%	
	Median									4.90%
Ex Ante Models (Puzzle F	Research)									
	Damodoran	2013	Projection	Fundamentals - Implied from FCF to Equity Model					5.43%	
	Median		-							5.43%
Surveys										
	Survey of Financial Forecasters	2013	10-Year Projection	About 50 Financial Forecastsers					2.30%	
	Duke - CFO Magazine Survey	2013	10-Year Projection	Approximately 350 CFOs					4.50%	
	Fernandez - Academics	2012	Long-Term	Survey of Academics					5.60%	
	Fernandez - Analysts	2012	Long-Term	Survey of Analysts					5.00%	
	Fernandez - Companies	2012	Long-Term	Survey of Companies					5.50%	4.75%
Building Block										
	Ibbotson and Chen	2012	1926-2011	Historical Supply Model (D/P & Earnings Growth)	Arithmetic			5.99%	4.95%	
					Geometric			3.91%		
	Woolridge		2013	Current Supply Model (D/P & Earnings Growth)					4.40%	
	Median									4.68%
Mean										4.94%
Median										4.83%

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Authorized ROEs for Publicly-Held Water Companies

	Authorized	
	ROE	Date
American States Water	9.99%	Nov-11
American Water Works	9.61%	
Aqua America, Inc.	10.33%	
Artesian Resources Corp.	10.00%	Sep-09
California Water Service Group	9.99%	Nov-11
Connecticut Water Services, Inc.	9.75%	Jul-10
Middlesex Water Company	10.15%	
SJW Corp.	9.99%	Nov-11
York Water Company	NA	
Average	9.98%	

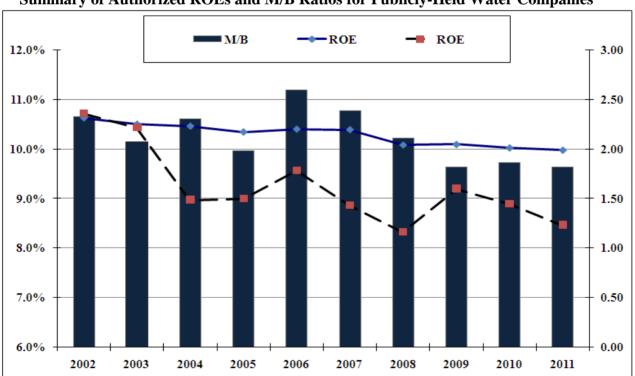
Data Source: AUS Utility Reports, March, 2013.

Docket No. 2012-000520 Exhibit JRW-12 Assessment of Water Company Authorized and Earned ROEs Page 2 of 3

Panel A Authorized and Earned ROEs and M/B Ratios for Publicly-Held Water Companies

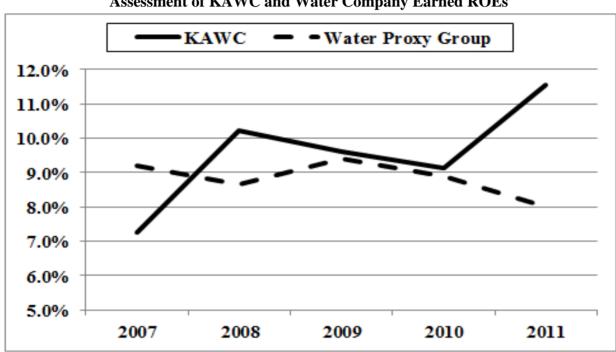
	Authorized	Earned	
Year	ROE	ROE	M/B
2002	10.63%	10.72%	2.33
2003	10.50%	10.44%	2.07
2004	10.46%	8.98%	2.31
2005	10.35%	9.00%	1.98
2006	10.40%	9.57%	2.59
2007	10.39%	8.86%	2.39
2008	10.08%	8.33%	2.11
2009	10.09%	9.20%	1.82
2010	10.02%	8.89%	1.87
2011	9.98%	8.47%	1.82

Data Source: AUS Utilities Report, Value Line Investment Survey



Panel B Summary of Authorized ROEs and M/B Ratios for Publicly-Held Water Companies

Data Source: AUS Utilities Report, Value Line Investment Survey



Assessment of KAWC and Water Company Earned ROEs

Data Sources: Value Line Investment Survey and KAWC response to AG DR 1-28. KAWC's 2012 ROE was 9.21%. The earned ROEs for the water companies are not yet available.

Kentucky-American Water Company Cost of Capital

	Capitalization	Cost	Weighted
Capital Source	Ratio	Rate	Cost Rate
Short-Term Debt	2.04%	0.81%	0.02%
Long-Term Debt	52.04%	6.14%	3.20%
Preferred Stock	1.17%	8.52%	0.10%
Common Equity	44.75%	10.90%	4.88%
Total Capital	100.00%		8.19%

Docket No. 2012-000520 Exhibit JRW-13 Summary of Dr. Vander Weide's Results Page 2 of 4

Panel A	L
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Summary of Dr. Vander Weide's Equity Cost Rate Approaches and Results

Approach	Cost of Equity
DCF - Water	10.50%
DCF - LDC	10.40%
Ex Ante Risk Premium	11.40%
Ex Post Risk Premium	10.80%
Equity Cost Rate Range	10.40%-11.4%

Panel B

Summary of Dr. Vander Weide's DCF - Water Results

	Utility Proxy Group
Average Adjusted Dividend Yield*	3.25%
Growth**	7.25%
DCF Result	10.50%

* Includes adjustments for quarterly payments and flotation costs

** Expected EPS Growth from IBES and Value Line

Summary of Dr. Vander Weide's DCF - Gas Results

	Utility Proxy Group
Average Adjusted Dividend Yield*	4.80%
Growth**	5.60%
DCF Result	10.40%

* Includes adjustments for quarterly payments and flotation costs

** Expected EPS Growth from IBES and and not Value Line

Panel C

Summary of Dr. Vander Weide's Ex Ante Risk Premium Results

Ex Ante Risk Premium
6.60%
<u>4.80%</u>
11.40%

* Flotation Cost included in risk premium

Panel D

Summary of Dr. Vander Weide's Ex Post Risk Premium Results

	Ex Ante Risk Premium
Projected 'A' Rated PU Yield	6.60%
Historic Risk Premium*	4.05%
Equity Cost Rate	10.65%
Flotation Cost Adjustment	<u>0.17%</u>
Adjusted CAPM Result	10.82%

* Midpoint of 3.8% and 4.3%

Panel E	
nary of Dr. Vander Weide's Historical CAPM Results	

Summary of Dr. Vander Weide's Historical CAPM Results		
	Utility Proxy Group	
Risk-Free Rate	5.11%	
Beta	0.65	
Equity Risk Premium	<u>6.62%</u>	
CAPM Result	9.41%	
Flotation Cost Adjustment	<u>0.17%</u>	
Adjusted CAPM Result	9.58%	

Panel F

Summary of Dr. Vander Weide's Expected CAPM Results

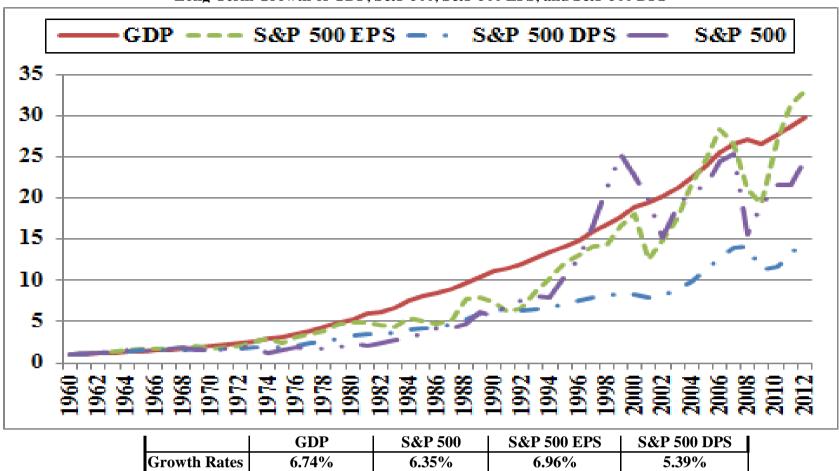
	Utility Proxy Group		
Risk-Free Rate	5.11%		
Beta	0.65		
Equity Risk Premium	<u>7.49%</u>		
CAPM Result	9.98%		
Flotation Cost Adjustment	<u>0.17%</u>		
Adjusted CAPM Result	10.15%		

Docket No. 2012-000520 Exhibit JRW-14 GDP and S&P 500 Growth Rates Page 1 of 3

Growth Rates

GDP S&P 500 Earnings Dividends 1960 5264 \$8.11 3.10 1.98 1961 544.8 71.55 3.37 2.04 1962 585.7 63.10 3.67 2.15 1963 617.8 75.02 4.13 2.35 1964 663.6 84.75 4.76 2.58 1965 719.1 92.43 5.30 2.83 1966 787.7 80.33 5.41 2.88 1967 832.4 96.47 5.46 2.98 1968 909.8 103.86 5.72 3.04 1970 1038.3 92.15 5.51 3.19 1971 1126.8 102.09 5.57 3.16 1972 1237.9 118.05 6.17 3.19 1973 1382.3 97.55 7.96 3.61 1974 1499.5 68.56 9.35 3.72 1975 1637.7 90.19	GDP,		Price, EPS,			L.
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Growth Rates 6.74 6.35 6.96 5.39 6.7	Growth Rates					6.3

Data Sources: GDPA - http://research.stlouisfed.org/fred2/categories/106 S&P 500, EPS and DPS - http://pages.stern.nyu.edu/~adamodar/



Long-Term Growth of GDP, S&P 500, S&P 500 EPS, and S&P 500 DPS

Docket No. 2012-000520 Exhibit JRW-14 GDP and S&P 500 Growth Rates Page 3 of 3

Panel A
Historic GDP Growth Rates

10-Year Average	4.0%
20-Year Average	4.6%
30-Year Average	5.1%
40-Year Average	6.6%
50-Year Average	6.8%

Calculated using GDP data on Page 1 of Exhibit JRW-14

Panel B Projected GDP Growth Rates

		Projected
		Nominal GDP
	Time Frame	Growth Rate
Congressional Budget Office	2013-2023	4.6%
Survey of Financial Forecasters	Ten Year	4.8%
Energy Information Administration	2011-2040	4.5%

Sources:

http://www.cbo.gov/ftpdocs/120xx/doc12039/01-26_FY2013Outlook.pdf page XIII

http://www.eia.gov/forecasts/aeo/tables_ref.cfm Table 20

http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2013/survq113.cfm