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DAMON R. TALLEY

ATTORNEY AT LAW

April 20, 2007

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PUBLIC SERVICE
COMMISSION

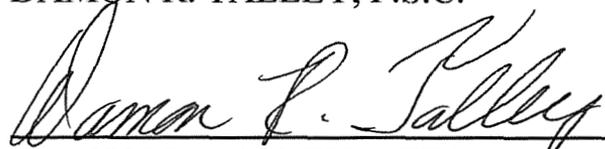
Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 2007-00134
Kentucky-American Water Company

Dear Ms. O'Donnell:

Enclosed are the original and ten (10) copies of the Motion for Full Intervention which is being filed on behalf of the Bluegrass Water Supply Commission.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY

DRT/ms

Enclosure

cc: All Parties of Record

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APR 20 2007

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY-)
 AMERICAN WATER COMPANY FOR A)
 CERTIFICATE OF CONVENIENCE AND)
 NECESSITY AUTHORIZING THE) CASE No. 2007-00134
 CONSTRUCTION OF KENTUCKY RIVER)
 STATION II, ASSOCIATED FACILITIES)
 AND TRANSMISSION MAIN)

BLUEGRASS WATER SUPPLY COMMISSION'S
MOTION FOR FULL INTERVENTION

Comes the BLUEGRASS WATER SUPPLY COMMISSION (the "BWSC"), by Counsel, pursuant to 807 KAR 5:001, Section 3(8), and all other applicable rules and regulations of the Commission, and moves for leave to intervene in this case. **Full intervention** rights are being sought.

1. BWSC is a regional water commission created on August 24, 2004, pursuant to the provisions of KRS 74.420 to 74.520. Its members include the following municipalities:

- | | |
|--------------------|--|
| City of Berea | City of Mt. Sterling |
| City of Cynthiana | City of Nicholasville |
| City of Frankfort | City of Paris |
| City of Georgetown | City of Winchester |
| City of Lancaster | Lexington-Fayette Urban County
Government |

2. BWSC was created to develop and implement a regional solution to the water supply deficit in Central Kentucky.

3. The 2004 “Water Supply Regionalization Feasibility Study” prepared by O’Brien & Gere Engineers, Inc. (the “Regional Study”) and filed with the Commission on June 28, 2004 in Case No. 2001-00117 recommended the construction of a large regional water treatment plant and related facilities adjacent to Pool 3 of the Kentucky River.

4. Kentucky-American Water Company (“Kentucky-American”) and BWSC are negotiating the terms of an agreement whereby the proposed regional water treatment plant and certain related facilities would be constructed and operated by Kentucky-American and, ultimately, jointly owned by Kentucky-American and BWSC. The current proposal under consideration is for the size of the water treatment plant to be increased from 20 to 25 million gallons per day (“MGD”). BWSC would own 20% of the water treatment plant ($25 \text{ MGD} \times 20\% = 5 \text{ MGD}$). Kentucky-American would own 80% of the water treatment plant ($25 \text{ MGD} \times 80\% = 20 \text{ MGD}$).

5. As evidence of good faith negotiations, BWSC has agreed to pay the incremental or additional engineering design costs for increasing the design capacity of the proposed regional water treatment plant from 20 to 25 MGD (See paragraph 13 and Exhibit E of the Application).

6. Consequently, BWSC has a special interest in this proceeding which is not otherwise adequately represented. Full intervention by BWSC will enable it to present issues and to develop facts that will assist the Commission in fully considering this matter. Full intervention by BWSC will not unduly complicate or disrupt this proceeding.

7. BWSC requests that it be permitted to intervene as a party in this proceeding to the fullest extent permitted by law and the applicable regulations of the Commission so that it will be served with Commission orders, testimony, data requests, responses to data requests, exhibits, pleadings, correspondence, and all other documents filed by all parties and by the Commission.

8. Full intervention by BWSC will enable it to present issues and to develop facts that should assist the Commission and help expedite the review process.

9. The address of BWSC is as follows:

Bluegrass Water Supply Commission
699 Perimeter Drive
Lexington, KY 40517

Attn: Don Hassall, General Manager

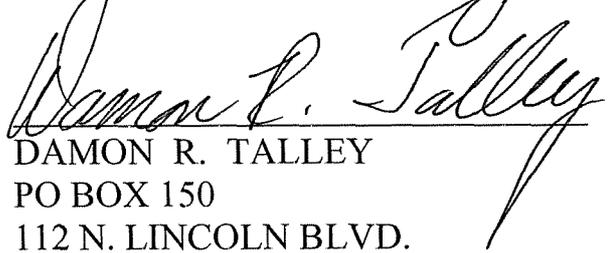
10. The undersigned is an attorney at law and is representing BWSC.

11. Although BWSC is not yet a party to this proceeding, it has been provided a copy of Kentucky-American's motion for the entry of a Procedural Schedule and an expedited review process. BWSC concurs with Kentucky-American's pending motion and strongly urges the Commission to adopt a Procedural Schedule that will enable the Commission to issue its final order during the fourth quarter of 2007.

WHEREFORE, the Bluegrass Water Supply Commission respectfully requests that it be permitted to intervene in this case and that it be granted **full intervention** status. In addition, BWSC strongly urges the Commission to grant the pending motion of Kentucky-American and adopt a Procedural Schedule that will enable the Commission to issue its final order in this case during the fourth quarter of 2007.

This 20th day of April, 2007.

Respectfully submitted,
DAMON R. TALLEY, P.S.C.


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ATTORNEY FOR BWSC

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing document has been served by first class U.S. Mail, postage prepaid, this 20th day of April, 2007, to the following:

Hon. A. W. Turner, Jr., General Counsel
Kentucky –American Water Company
2300 Richmond Road
Lexington, Kentucky 40502

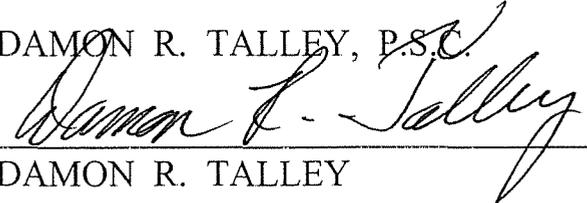
Hon. Lindsey W. Ingram, Jr.
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801

Hon. David E. Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

Hon. David J. Barberie
Lexington-Fayette Urban County Government
Department of Law
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Lexington, KY 40507

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