

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 2012-00096
AUTHORIZING CONSTRUCTION OF THE)
NORTHERN DIVISION CONNECTION)

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on October 16, 2012 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on October 16, 2012 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on October 16, 2012.

A copy of this Notice, the certification of the digital video record, and hearing log have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at: http://psc.ky.gov/av_broadcast/2012-00096/2012-00096_16Oct12_Inter.aspx. Parties wishing an annotated digital video

recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

The exhibits introduced at the evidentiary hearing may be downloaded at http://psc.ky.gov/efs/efs_search.aspx?case=2012-00096.

Done at Frankfort, Kentucky, this 19th day of October 2012.



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Director, Filings Division
Public Service Commission of Kentucky

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COMMONWEALTH OF KENTUCKY
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In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 2012-00096
AUTHORIZING CONSTRUCTION OF THE)
NORTHERN DIVISION CONNECTION)

CERTIFICATE

I, Kathy Gillum, hereby certify that:

1. The attached DVD contains a digital recording of the hearing conducted in the above-styled proceeding on **October 16, 2012**. Hearing Log, Exhibits and Public Comments, Exhibit List and Witness List are included with the recording on October 16, 2012.

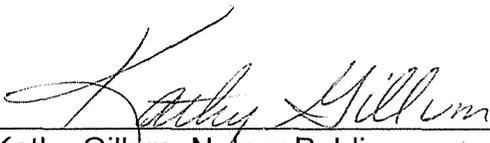
2. I am responsible for the preparation of the digital recording;

3. The digital recording accurately and correctly depicts the hearing;

4. The "Exhibit List" attached to this Certificate lists all exhibits and public comments introduced at the hearing of **October 16, 2012**.

5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the hearing of **October 16, 2012** and the time at which each occurred.

Given this 18th day of October, 2012.



Kathy Gillum, Notary Public
State at Large

My commission expires: Sept 3, 2013



Case History Log Report

Case Number: 2012-00096_16Oct12

Case Title: Kentucky-American Water Company

Case Type: CPCN

Department:

Plaintiff:

Prosecution:

Defendant:

Defense:

Date: 10/16/2012

Location: Default Location

Judge: David Armstrong, Jim Gardner, Linda Breathitt

Clerk: Kathy Gillum

Bailiff:

Event Time	Log Event	
10:05:57 AM	Case Started	
10:06:03 AM	Preliminary Remarks	
10:06:19 AM	Introductions	Lindsey Ingram, III and Monica H. Braun, counsel for KAWC; David Barberie and Janet Graham, counsel for LGUCG; David Spenard and Jennifer Hans for OAG; Gerald Wuetcher and Jonathan Beyer for PSC.
	Note: Kathy Gillum	
10:07:11 AM	Public Notice	Copies of publication of notice have been filed with PSC.
	Note: Kathy Gillum	
10:07:33 AM	Outstanding Motions	Mr. Wuetcher stated that there was a Confidentiality Motion outstanding, but it does not have to be decided today.
	Note: Kathy Gillum	
10:08:01 AM	Public Comment	Public Comment from Tom Marshall. Comments regarding plant in Owen County. Mr. Marshall quoted numbers that he asked the Commission to review. Also asked Commission to look at 2007-00134 in its review. Statements regarding declining demand. Mr. Marshall reads from a document that he will present to the Commission at the close of his comments. Statements regarding declining residential usage. Mr. Marshall refers to a chart that American Water presented. Mr. Marshall asks that the Commission review the purpose of the plant.
	Note: Kathy Gillum	
10:19:12 AM	Public Comment Document	Mr. Marshall distributed a document titled, "American Water Findings - Trend in Residential Usage Per Customer". This document can be found with the Exhibits to this hearing, marked as "Public Comment - Tom Marshall".
	Note: Kathy Gillum	
10:20:00 AM	Witness, Cheryl Norton (KAWC)	Witness called to testify by Lindsey Ingram, III.
	Note: Kathy Gillum	
10:20:38 AM	Examination by Lindsey Ingram III (KAWC)	Qualification of witness by Lindsey Ingram III. Witness adopts pre-filed Responses to Data Requests.
	Note: Kathy Gillum	

10:21:05 AM	Examination by David Spenard (OAG) Note: Kathy Gillum	Questions regarding witness's background. Questions regarding community activity. Questions regarding OAG D.R. Item 27. Questions regarding regulatory requirements. Questions regarding PSC Order dated April 25, 2008 in Case 2007-00134 proceeding. Questions regarding facilities. Questions regarding the interconnection. Refers to PSC Cases 2001-00094 2002-00094 and 2005-00206 involving expanded operations. Questions regarding regional supplier of water. 2001-00094. Mr. Spenard states that they will defer questions to Linda Bridwell. Questions regarding OAG DR 2-31. Witness is asked to read from document into the record.
10:30:38 AM	Exhibit OAG 1 Note: Kathy Gillum	Exhibit: Exerpts from Order in Case No. 2007-00134 introduced by David Spenard and marked as OAG Exhibit 1.
10:31:22 AM	Examination by David Spenard (OAG) Note: Kathy Gillum	continues Questions regarding OAG Exhibit 1, page 29. Witness is asked to read a paragraph from the Exhibit into the record.
10:33:19 AM	Objection by Lindsey Ingram III (KAWC) Note: Kathy Gillum	Objection: Asking for a legal opinion.
10:33:40 AM	Spenard Rebutts Objection Note: Kathy Gillum	Mr. Spenard states he is asking for the witness's opinion, not a legal opinion.
10:34:35 AM	Lindsey Ingram III (KAWC) Note: Kathy Gillum	Mr. Ingram states that he objects to witness providing a legal conclusion.
10:35:14 AM	Chairman Armstrong Note: Kathy Gillum	Chairman Armstrong instructed the witness to answer, but not as a lawyer.
10:35:31 AM	Witness, Cheryl Norton (KAWC) Note: Kathy Gillum	Ms. Norton answers the question.
10:36:04 AM	Examination by David Spenard (OAG) Note: Kathy Gillum	continues Questions regarding drinking water supply.
10:38:42 AM	Examination by David Barberie (LFUCG) Note: Kathy Gillum	Questions regarding expansion.
10:42:29 AM	Examination by Gerald Wuetcher (PSC) Note: Kathy Gillum	Questions regarding review of decisions involving projects. Questions regarding when the decision was made. Witness states late 2011 or early 2012 to start working on the certificate case. Questions regarding request for bids. Witness defers to Lance Williams. Questions regarding application filed with DOW. Questions regarding relying on the Engineering Feasibility Study in the decision process. Questions regarding letter sent to Jason Hurt (PSC D.R. Item 1). Questions regarding original estimate of costs to the Owenton Plant. Witness defers to Lance Williams.
10:51:18 AM	David Spenard (OAG) Note: Kathy Gillum	Mr. Spenard moves to admit Exhibit OAG 1. No objections.
10:51:41 AM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding dollar amounts that do not need prior approval. Questions regarding expansion approval. Questions regarding communication for expansion with other areas. Questions regarding the alternatives presented.
10:53:58 AM	Commissioner Breathitt Note: Kathy Gillum	Questions regarding KAWC's engineering report and strand consultants report on how they all fit together to make the decision. Witness explains.

10:56:13 AM	Examination by David Barberie (LFUCG) Note: Kathy Gillum	Questions regarding contracts for sale of water. Witness states they have sold to the City of Midway.
10:58:18 AM	Vice Chair Gardner Note: Kathy Gillum	Followup to expansion question.
10:58:45 AM	Lindsey Ingram III (KAWC)	
10:59:16 AM	Witness Excused (Cheryl Norton)	
10:59:27 AM	Witness, Lance Williams (KAWC) Note: Kathy Gillum	Witness called to testify by Lindsey Ingram, III.
10:59:54 AM	Examination by Lindsey Ingram III (KAWC) Note: Kathy Gillum	Qualification of witness by Lindsey Ingram. Witness adopts pre-filed Testimony and D.R. Responses.
11:00:29 AM	Examination by David Spenard (OAG) Note: Kathy Gillum	Questions regarding Strand Associates (3 booklets). Questions regarding pre-filed testimony, page 3, line 15. Questions regarding page 2, line 15. Questions regarding response to OAG 1st D.R. Item 11, page 14.
11:06:35 AM	Data Request (OAG) Note: Kathy Gillum	Data Request: If the facility is built at Owenton, will KRS 2 be able to supply the Wheatley area with water.
11:06:52 AM	Examination by David Spenard (OAG) Note: Kathy Gillum	continues Questions regarding the Georgetown contract, whether everyday water or a stand-by agreement. Questions regarding the interconnection. Questions regarding closing the valves if expansion is granted. Questions regarding Response to OAG DR 1, Item 11. Questions regarding capital costs of the Northern Division and capital costs of the alternative. Witness states that the O & M costs were \$750,000.00 per year. Questions regarding the Northern Division and KRS2 interconnection as to the property, (i.e., demolition, usage of property, etc). Questions regarding Peaks Mill WD. Questions regarding page 6 of Direct Testimony. Questions regarding raw water intake. Witness defers to Linda Bridwell.
11:18:30 AM	Examination by David Barberie (LGUCG) Note: Kathy Gillum	Questions regarding Response to OAG Supp. D.R. Item 46. Questions regarding pulling water from the pool during drought conditions.
11:20:58 AM	Examination by Gerald Wuetcher (PSC) Note: Kathy Gillum	Questions regarding requests for bids for the facilities. Questions regarding the date of the inspections of the plants. Questions regarding reviewing of the options. Questions regarding Response to 1st PSC DR. Item 1, page 18-19. Questions regarding review done by Strand.
11:27:41 AM	Data Request (PSC) Note: Kathy Gillum	Provide the date of the request to Strand to do a review.
11:28:05 AM	Examination by Gerald Wuetcher (PSC) Note: Kathy Gillum	continues Questions regarding comparisons. Questions regarding Preliminary Design Report, page 2. Witness defers operations questions to Mr. Cartier. Questions regarding testimony page 6. Witness states that in 2013 additional testing will be done. Witness defers question regarding operations to Mr. Cartier. Questions regarding water storage tanks. Questions regarding new drinking water regulations.

11:37:10 AM	Commissioner Breathitt Note: Kathy Gillum	Commissioner Breathitt asked the witness to repeat his answer to Mr. Wuetcher's question.
11:37:23 AM	Examination by Gerald Wuetcher (PSC) continues Note: Kathy Gillum	Questions regarding redundancy. Questions regarding line breaks. Questions regarding Appendix D of the Feasibility Study, chemical component of the O&M expenses. Questions regarding PSC 1st D.R. Item 46, page 2.
11:43:16 AM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding fuel for power category. Questions regarding fairgrounds. Questions regarding 607 service area. Witness states that 607 is not a part of this case. Questions regarding capital budget and projects sheet in case 2012-00293. Questions regarding redundancy. Questions regarding built-in redundancy for KRS 2. Witness explains what makes the redundancy (i.e., multiple pumps, etc). Documents were handed out by J. Beyer (PSC) (Vice Chair Gardner's Exhibits). Questions regarding hand-out. Questions regarding Case No. 2010-00036 Testimony. Copies of testimony are passed out to the parties (not admitted into hearing record).
11:58:05 AM	Exhibits PSC-Gardner 1 and 2 Note: Kathy Gillum	Documents passed out at direction of Vice Chair Gardner and referred to in questioning of the witness are introduced into the record and marked as PSC-Gardner Exhibits 1 and 2.
11:58:21 AM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding PSC-Gardner Exhibits 1 and 2. Questions regarding why went from 12 inch main to a 16 inch main. Questions regarding water loss. Questions regarding O&M costs not included in the budget. Questions regarding demolition costs of the Owenton facility. Questions regarding raw water pumps (rated capacity). Questions regarding PSC 1st D.R. Item 12.
12:14:38 PM	Lindsey Ingram III (KAWC) Note: Kathy Gillum	Mr. Ingram states that the date of the Response is July 23, 2012 so it would not have all of the summer months.
12:15:40 PM	Chairman Armstrong Note: Kathy Gillum	Chairman Armstrong asked if Vice Chair Gardner wished to enter any other documents into the record other than PSC-Gardner Exhibits 1 and 2. Vice Chair Gardner answered no. There were no objections.
12:16:19 PM	Commissioner Breathitt Note: Kathy Gillum	Questions regarding Owenton's existing facility if KAWC gets the pipeline. Witness states that what they do with the old facility is not a part of this project.
12:18:45 PM	Lindsey Ingram (KAWC) Note: Kathy Gillum	Mr. Ingram makes statement to clarify. The capital cost 14 million, alternative 11.4 million. Mr. Ingram asked the witness, if the O&M savings have been presented to the Commission. Questions regarding Appendix F of the Feasibility Study (shows savings year over year).
12:20:31 PM	Examination by Gerald Wuetcher (PSC) Note: Kathy Gillum	Questions regarding deposal costs as relating to reduction of savings. Questions regarding donation of facility. Witness states that it could become a training facility.
12:22:15 PM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding Appendix F and OAG DR 1-21(a) and 21(b).
12:23:24 PM	Witness Excused (Lance Williams)	

12:23:33 PM	Lunch Break Note: Kathy Gillum	Hearing was recessed until 1:30 p.m. for lunch.
12:24:00 PM	Case Recessed	
1:33:31 PM	Case Started	
1:33:38 PM	Witness, Keith Cartier (KAWC) Note: Kathy Gillum	Witness called to testify by Lindsey Ingram III.
1:34:09 PM	Examination by Lindsey Ingram Note: Kathy Gillum	Qualification of witness by Lindsey Ingram III. Witness adopts DR Responses.
1:34:34 PM	Examination by David Spenard (OAG) Note: Kathy Gillum	Questions regarding interconnection.
1:35:53 PM	Exhibit OAG 2 Note: Kathy Gillum	Document titled, "Water Works, an update on water utility infrastructure, 2012 Summer Edition", introduced by David Spenard (OAG) and marked as OAG Exhibit 2.
1:36:30 PM	Examination by David Spenard (OAG) Note: Kathy Gillum	continues Moves for admission of Exhibit 2. No objections.
1:40:01 PM	Examination by Gerald Wuetcher (PSC) Note: Kathy Gillum	Questions regarding PSC DR 1-1, Strand Report dated 2006. Questions regarding the 3 items on the report regarding implementation or completion. Questions regarding Williams testimony on page 6. Questions regarding changes to the Owen County plant. Witness states the changes would be the ones listed in the alternative. Questions regarding what violations could occur if changes are not made. Questions regarding redundancy. Questions regarding the low pressure problems in the Owenton facility.
1:58:10 PM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding to the 607 (new mains category). Questions regarding cost of power for the system. Questions regarding Appendix F to the Engineering report AG DR 1, 21(a) and 21(B). Questions regarding water loss. Witness explains non-revenue water. Witness explains what will happen if a large leak develops. Witness is passed PSC-Gardner Exhibit 1 for review and questioning.
2:11:19 PM	Commissioner Breathitt Note: Kathy Gillum	Questions regarding the existing facility pertaining to improvements to make the plant viable. Witness explains what it would need to make the plant viable. Emergency generator discussed. Questions regarding O&M costs. Questions regarding Appendix D, E & F of the Feasibility Study. Questions regarding fuel and power budget. Witness states that \$140,000.00 is for the Owenton plant.
2:19:12 PM	Lindsey Ingram Re-Direct Note: Kathy Gillum	Questions regarding Peak's Mill Water District relationship with KAWC.
2:20:35 PM	Examination by Gerald Wuetcher (PSC) Note: Kathy Gillum	Questions regarding pressure problems.
2:23:02 PM	Data Request (PSC) Note: Kathy Gillum	Mr. Wuetcher requested that KAWC answer the question of whether or not construction of the storage tanks would alleviate the pressure problems.
2:23:20 PM	Witness Excused (Keith Cartier)	
2:23:29 PM	Witness Lance Williams (re-called) Note: Kathy Gillum	Lindsey Ingram III requested permission to re-call Lance Williams.

2:24:05 PM	Examination by Lindsey Ingram III (KAWC) Note: Kathy Gillum	Questions regarding 6 Appendices - D of Feasibility Study is the expected O&M costs of Owenton Plant; E is the expected O&M costs for the project (Northern Division Connection) for this case. F does a side by side comparison. Questions regarding the 607 project.
2:27:00 PM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding Response to PSC DR 5 regarding water pressure issues.
2:28:49 PM	Examination by Gerald Wuetcher (PSC) Note: Kathy Gillum	Clarification regarding 607 project.
2:29:18 PM	Witness Excused (Lance Williams)	
2:29:26 PM	Witness, Linda Bridwell (KAWC) Note: Kathy Gillum	Witness called to testify by Lindsey Ingram III.
2:30:01 PM	Examination by Lindsey Ingram III (KAWC) Note: Kathy Gillum	Qualification of witness by Lindsey Ingram III. Witness adopts DR responses.
2:30:37 PM	Examination by David Spenard (OAG) Note: Kathy Gillum	Questions regarding witness' resume. Questions regarding water supply presentations. Questions regarding water supply alternatives looked at by KAWC. Witness states that approx. more than 100.
2:35:38 PM	Exhibit OAG 3 Note: Kathy Gillum	Document titled, "Kentucky Voices: Water Treatment Plant Asset to Region", published October 28, 2010, introduced by David Spenard and marked as OAG Exhibit 3.
2:36:10 PM	Examination by David Spenard (OAG) Note: Kathy Gillum	continues Questions regarding rate of capacity. Mr. Spenard moves to admit OAG Exhibit 3 into the record. No objections. Witness states that there were conversations with the City of Winchester, but she was not sure of the time of the conversation.
2:45:50 PM	Data Request OAG Note: Kathy Gillum	Data Request: Provide the time period of the conversation with the City of Winchester.
2:46:17 PM	Examination by David Spenard (OAG) Note: Kathy Gillum	continues Questions regarding maintenance or out of service of any of the facilities. Questions deferred to witness by previous witnesses. Questions regarding the Tri-Village case regarding elevated levels of Trihalomethanes. Questions regarding in-take of Severn Creek. Questions regarding ownership of the intake and acquisition of assets, and relocation of intake costs. Questions regarding Response to PSC 1st DR Item 3. Questions regarding if relocation of intake was abandoned. Questions regarding PSC 1st DR Item 3, page 47. Questions regarding if KAWC could supply to Wheatley area.
3:03:14 PM	Commissioner Breathitt Note: Kathy Gillum	Commissioner Breathitt asked if the Carroll and Gallatin purchase agreement area would stay the same with no change.
3:04:21 PM	Examination by David Spenard (OAG) Note: Kathy Gillum	continues Questions regarding purchasing the assets. Questions regarding if KAWC wants to be a regional supplier of drinking water.

3:07:47 PM	Examination by David Barberie (LFUCG) Note: Kathy Gillum	Questions regarding updated demand projections OAG D.R. Item 29 regarding Demand Side Management Plan. Questions regarding drought issues. Questions regarding restrictions on the district. Questions regarding projections attached to Response to DR 29.
3:13:02 PM	Examination by Gerald Wuetcher (PSC) Note: Kathy Gillum	Questions regarding Response to OAG D.R. 1-19(f) regarding rate making impact. Questions regarding Response to OAG D.R. 1-21, page 2 (chart). Questions regarding the retirement of the Monterey storage tank. Questions regarding Response to OAG D.R. 1-19(f-1-b).
3:18:37 PM	Data Request (GEW) Note: Kathy Gillum	Data Request: Provide a revised chart of the effect in the event the plant is retired.
3:18:56 PM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding comparison of the O&M costs. Witness explains the comparisons provided. Questions regarding running the numbers farther out .
3:28:28 PM	Data Request (Gardner) Note: Kathy Gillum	Data Request: Run the numbers on out to 2035.
3:29:31 PM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding who supplies electricity to the Owenton plant. Questions regarding rating capacity.
3:37:51 PM	Data Request (Gardner) Note: Kathy Gillum	Data Request: Provide if there were other days during the period that it exceeded 80%.
3:38:04 PM	Vice Chair Gardner Note: Kathy Gillum	Questions regarding water shortage watch and excess water usage. Questions regarding the public comment by Tom Marshall.
3:48:39 PM	Commissioner Breathitt Note: Kathy Gillum	Commissioner Breathitt stated that any questions she had have been asked and answered by counsel.
3:49:05 PM	Re-Direct by Lindsey Ingram (KAWC) Note: Kathy Gillum	Clarifies declining use and the reasons for it. Questions regarding the Kentucky River, the locks and dams, etc. Questions regarding the raw water supply that feeds the Owenton plant.
3:56:48 PM	Vice Chair Gardner Note: Kathy Gillum	Vice Chair Gardner asked the witness, "So, you can go 15% above the 20?". Witness answered yes.
3:57:27 PM	Lindsey Ingram Note: Kathy Gillum	Questions regarding the public comment made by Mr. Marshall
3:59:46 PM	Examination by David Spenard (OAG) Note: Kathy Gillum	Questions regarding rated capacity. Questions regarding temporary re-rating.
4:03:35 PM	Data Request (OAG) Note: Kathy Gillum	Data Request: Was 40 or 45 used for the rated capacity of the KRS 1 station?
4:03:49 PM	Commissioner Breathitt Note: Kathy Gillum	Questions regarding KAWC conservation programs.
4:06:35 PM	Chairman Armstrong	

4:06:46 PM Gerald Wuetcher (PSC)
Note: Kathy Gillum
Mr. Wuetcher suggests that the Briefing Schedule be 30 days from today's date. Data Requests Responses within 10 days. Mr. Wuetcher also modifies Vice Chair Gardner's Data Request in that the table be extended to 2035 also show accumulated appreciation and deferred taxes Counsel to notify if it will take longer for Data Responses.

4:08:04 PM Witness Excused (Linda Bridwell) Hearing Adjourned
Note: Kathy Gillum
Hearing was adjourned by Chairman Armstrong.

4:08:15 PM Case Recessed



Case Title: Kentucky-American Water Company

Department:

Plaintiff:

Prosecution:

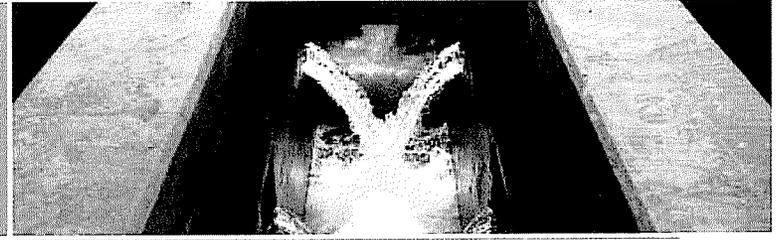
Defendant:

Defense:

Name	Description
OAG Exhibit 1	Exerpts from Order in PSC Case No. 2007-00134
OAG Exhibit 2	Document titled, "Water Works, an update on water utility infrastructure, 2012 Summer Edition".
OAG Exhibit 3	Document titled, "Kentucky Voices: Water Treatment Plant Asset to Region", published October 28, 2010
PSC-Gardner Exhibit 1	Document titled, "KAW_R_PSCDR1#001 Attachment, page 1 of 1".
PSC-Gardner Exhibit 2	Document titled, "KAW_R_PSCDR1#8_031610, page 2 of 2".
Public Comment - Tom Marshall	Public Comment made by Tom Marshall, and document titled, "American Water Findings - Trend in Residential usage Per Customer" was filed with the Commission to be a part of the record.



AMERICAN WATER



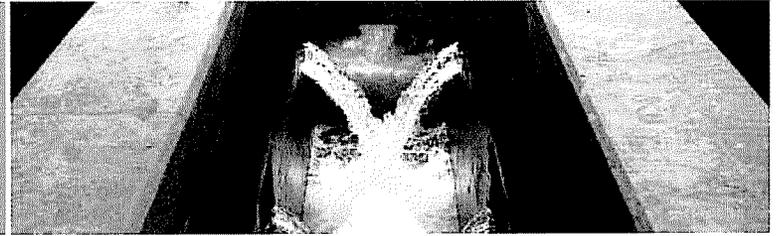
American Water Findings – Trend in Residential Usage Per Customer

10 Year Trend 2000-2009	
State	Annual Change
AZ	-1.49%
CA	-0.89%
IL	-1.35%
IN	-1.49%
KY	-1.14%
MO	-1.65%
NJ	-0.94%
PA	-1.23%
TN	-1.03%
WV	-1.41%
Average:	-1.28%

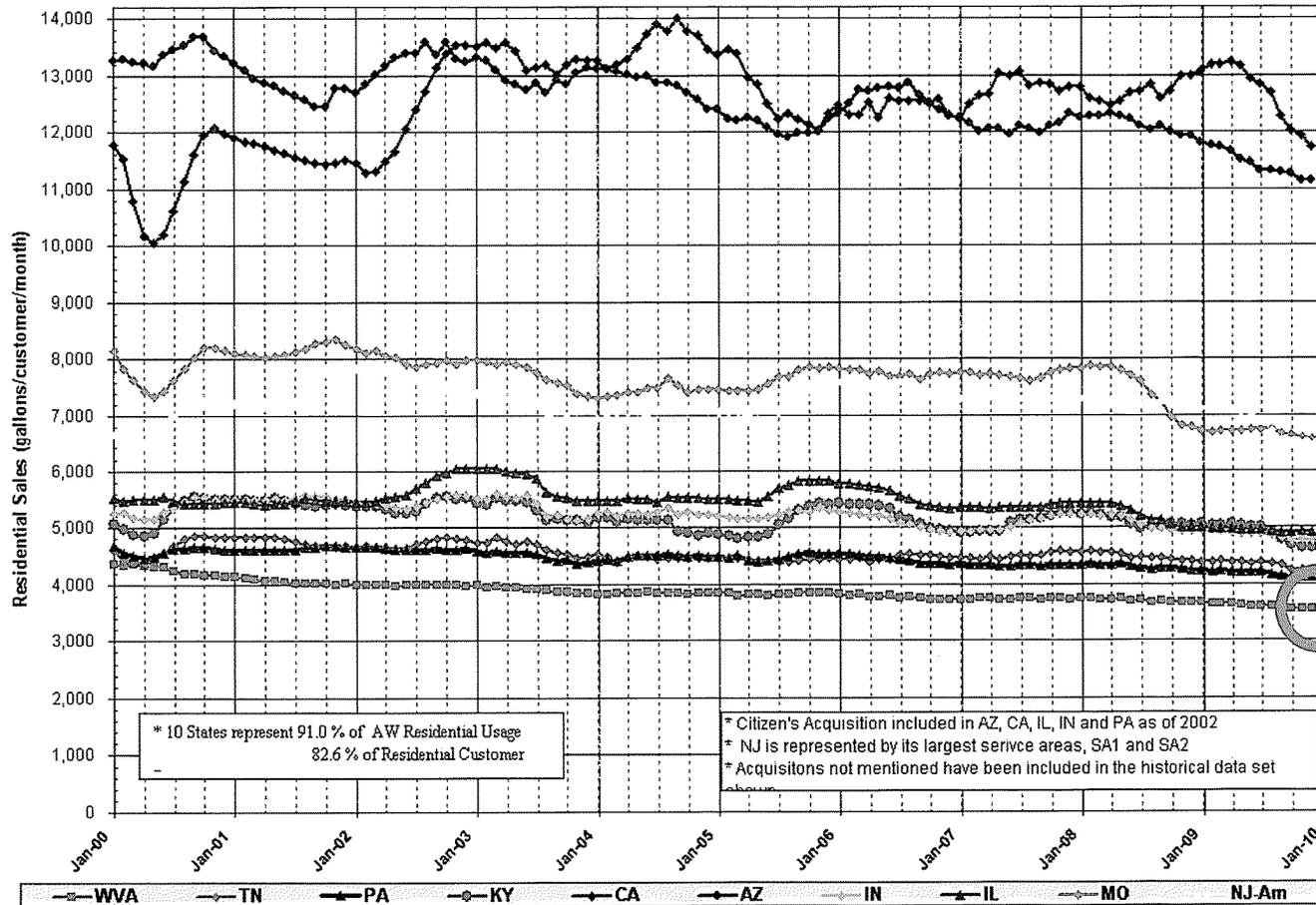
Declines in residential usage per customer have occurred consistently across all American Water state operating companies over the last 10 years (represented by 10 largest companies)



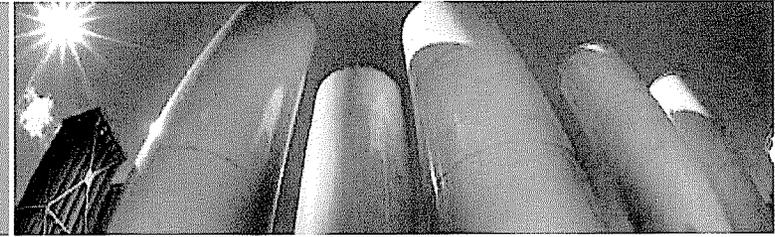
AMERICAN WATER



Ten States (AZ, CA, IL, IN, KY, MO, NJ, PA, TN, WV)
Twelve Month Running Average of Residential Sales Per Customer through December 2009



West Virginia
48 gallons
per person
per day



North America Residential Water Usage Trends Since 1992 – Water Research Foundation Report Project #4031 (2010)

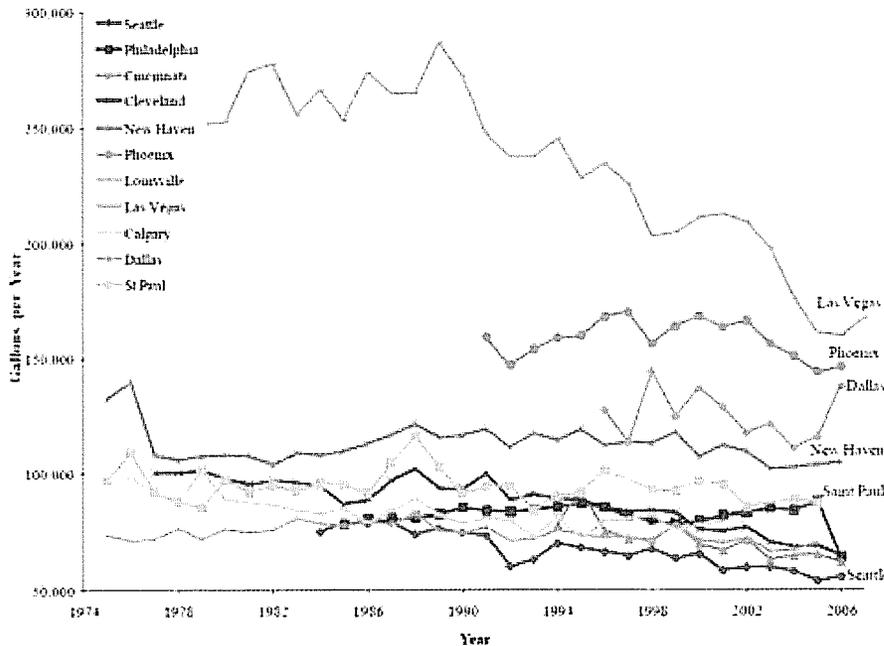


Figure ES.1. Partners' average annual water usage per residential customer, in gallons

Source: WRF 4031 *North America Residential Water Usage Trends Since 1992*,
Water Research Foundation & U.S. EPA, 2010.

- Residential water usage per customer has decreased more than 380 gallons annually over the last 3 decades.
- Implies that a household will use 11,673 gallons less water in 2008 than an identical household did in 1978.
- While overall water usage per household had declined, where growth in residential households has occurred, overall water consumption may not have decreased.

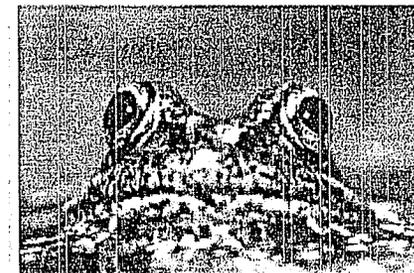
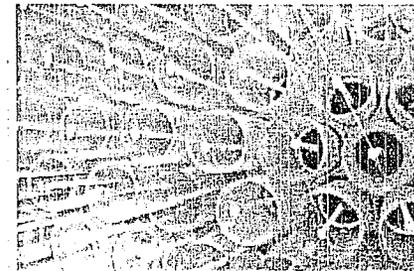


AMERICAN WATER

**Reconciling Water Constraints and
Reduced Consumption with
Financial Viability**

**NARUC Winter Committee Meetings
Washington, DC
February 14, 2011**

**Paul G. Foran
VP and Counsel, Regulatory Programs
American Water**



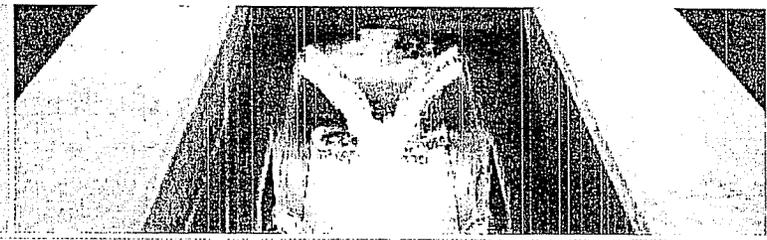
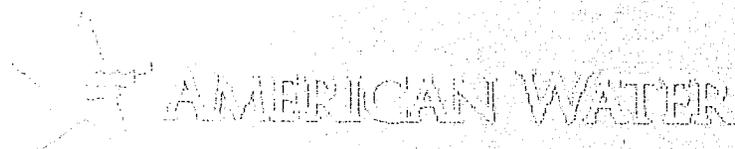


AMERICAN WATER



Facts & Figures (owned Assets)

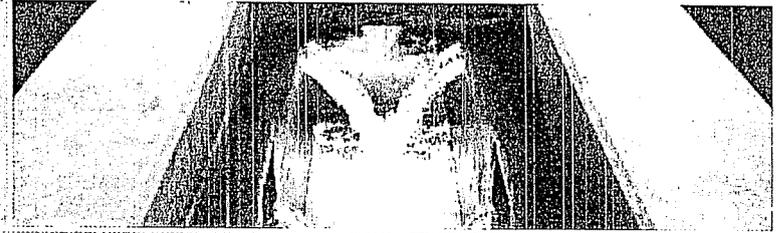
- More than 370 individual water systems
- 48,000 miles of mains and collection pipes
- 80 surface water treatment plants
- 600 groundwater treatment plants
- 1,000 groundwater wells
- 50 wastewater treatment plants



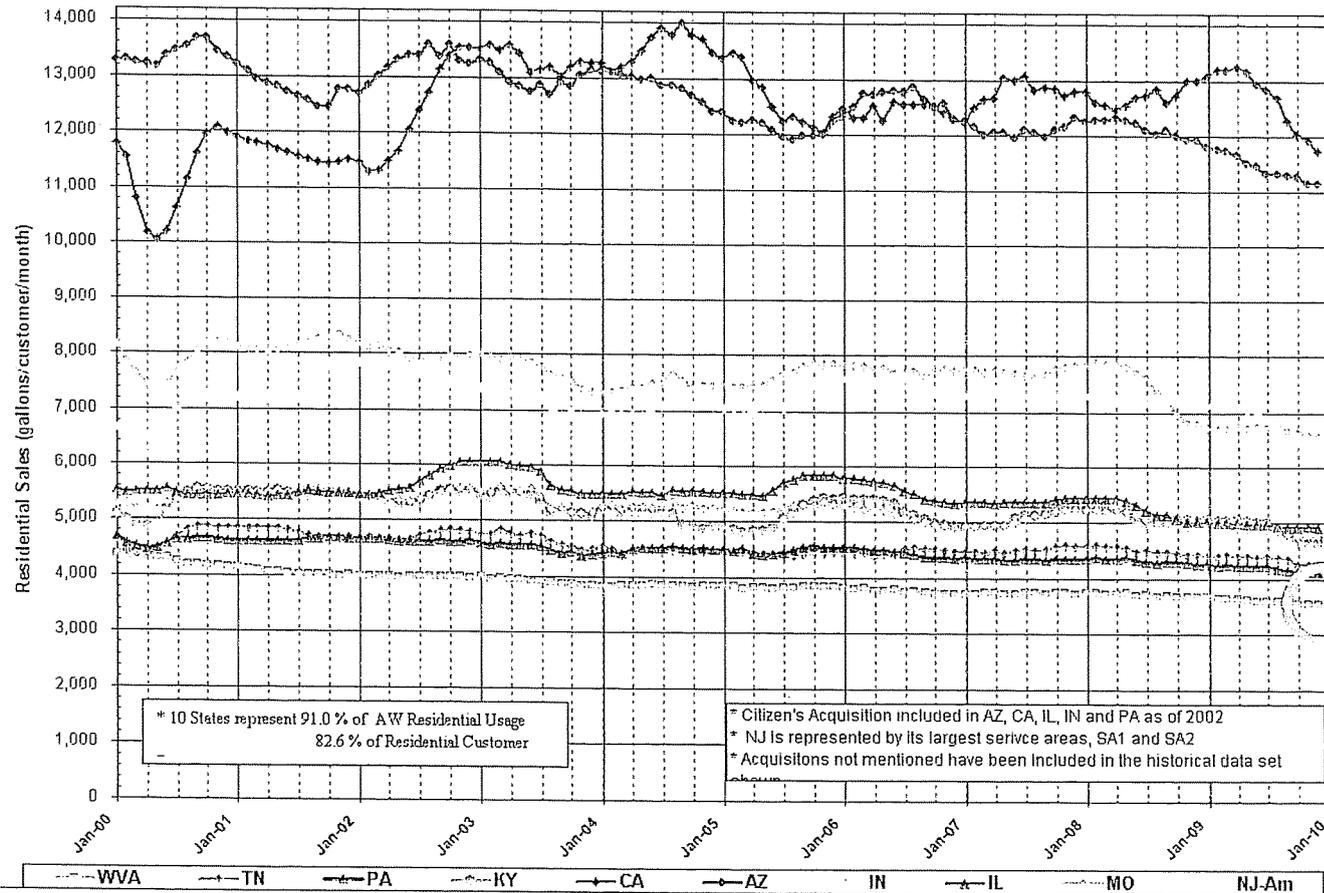
American Water Findings – Trend in Residential Usage Per Customer

10 Year Trend 2000-2009	
State	Annual Change
AZ	-1.49%
CA	-0.89%
IL	-1.35%
IN	-1.49%
KY	-1.14%
MO	-1.65%
NJ	-0.94%
PA	-1.23%
TN	-1.03%
WV	-1.41%
Average:	-1.28%

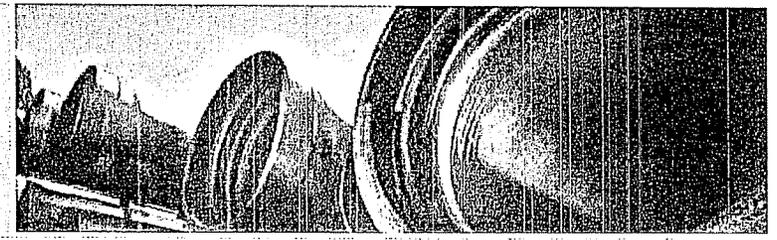
Declines in residential usage per customer have occurred consistently across all American Water state operating companies over the last 10 years (represented by 10 largest companies)



Ten States (AZ, CA, IL, IN, KY, MO, NJ, PA, TN, WV)
 Twelve Month Running Average of Residential Sales Per Customer through December 2009



West Virginia
 48 gallons
 per person
 per day

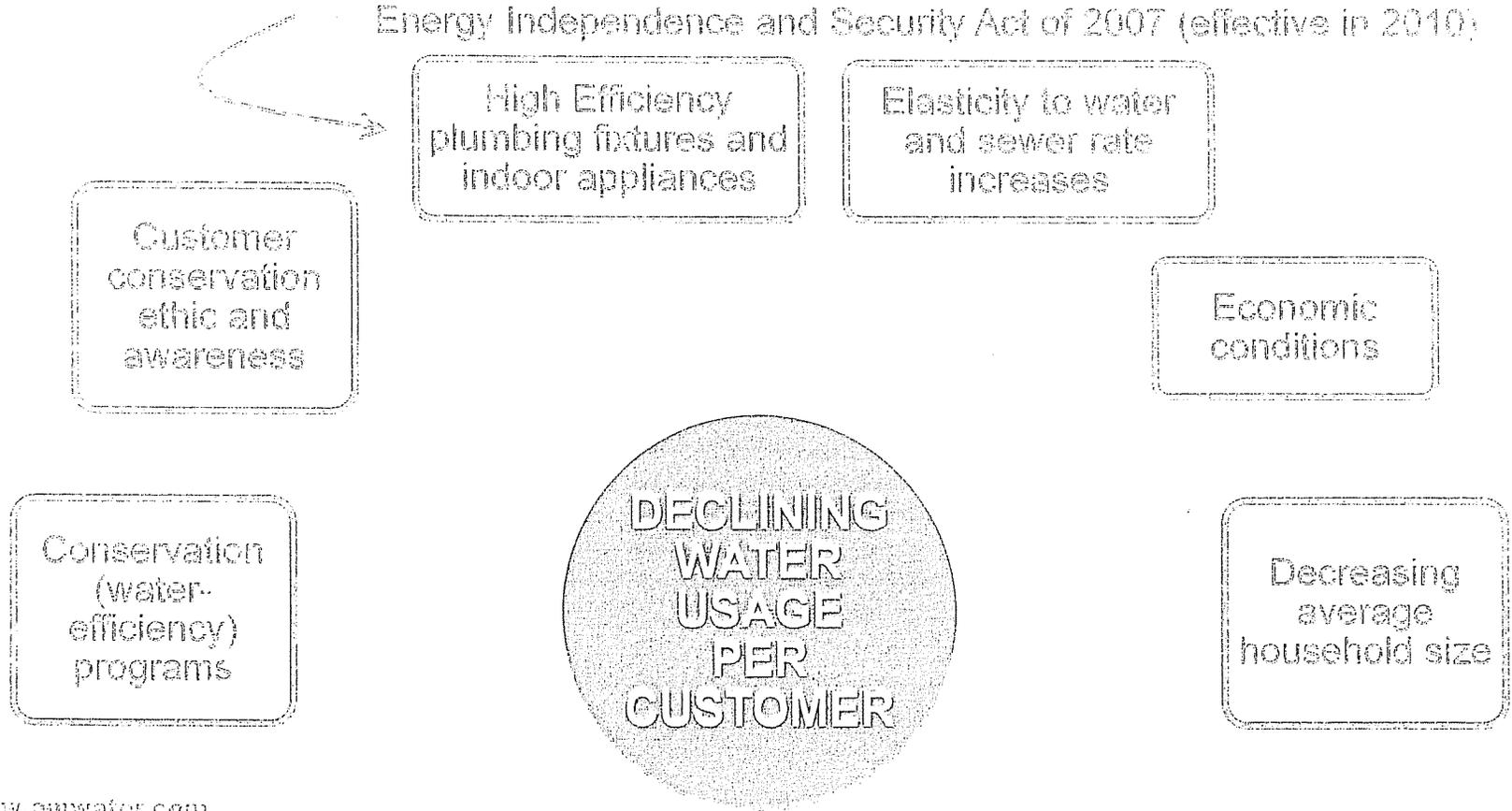


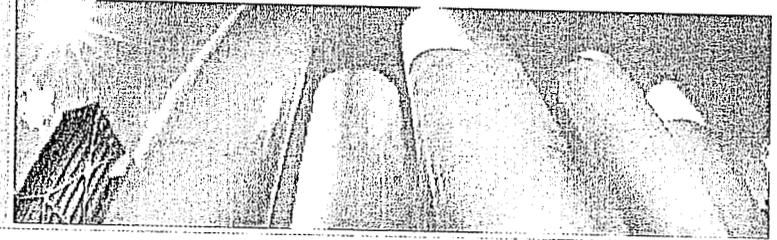
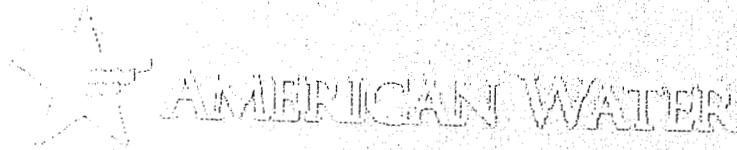
Declining Trends in Residential Water Usage Per Customer

Energy Policy Act of 1992 (effective in 1994)

Energy Policy Act of 2005 (effective in 2006)

Energy Independence and Security Act of 2007 (effective in 2010)





Background – Flow rates from different appliances

Type of Use	Pre-Regulatory Flow*	New Regulatory Standards and Flows			WaterSense / ENERGY STAR Current Specification+
		New Standard (maximum)	Federal Standard	Year Effective	
Toilets	3.5 gpf	1.6 gpf	U.S. Energy Policy Act	1994	1.28 gpf
Clothes washers**	41 gpl (14.6 WF)	Estimated 26.6 gpl (9.5 WF)	Energy Independence & Security Act of 2007	2011	Estimated 22.4 gpl (8.0 WF)
Showers	2.75 gpm	2.5 gpm at 80 psi	U.S. Energy Policy Act	1994	No specification
Faucets***	2.75 gpm	2.5 gpm at 80 psi (1.5 gpm)	U.S. Energy Policy Act	1994	1.5 gpm at 60 psi
Dishwashers	14.0 gpc	6.5 gpc for standard; 4.5 gpc for compact	Energy Independence & Security Act of 2007	2010	5.8 gpc for standard; 4.0 gpc for compact

* Source: *Handbook of Water Use and Conservation*, Amy Vickers, May 2001

** Average estimated gallons per load and water factor (see calculations)

*** Regulation maximum of 2.5 gpm at 80 psi, but lavatory faucets available at 1.5 gpm maximum (see calculations)

+ Source: <http://www.epa.gov/watersense/> and <http://www.energystar.gov> websites

ABBREVIATIONS USED:
gpf – gallons per flush, gpl – gallons per load, gpc – gallons per cycle, gpm – gallons per minute
WF – water factor or gallons per cycle per cubic feet capacity of the washer



AMERICAN WATER



North America Residential Water Usage Trends Since 1992 – Water Research Foundation Report Project #4031 (2010)



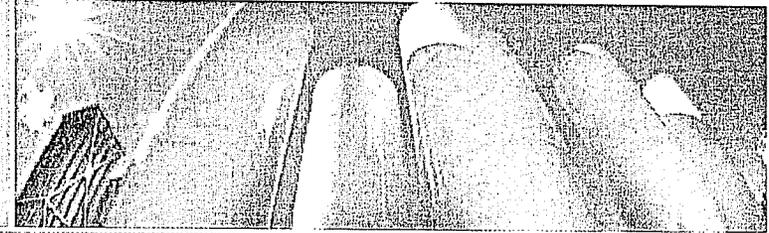
North America Residential
Water Usage Trends Since 1992

Subject Area: Management and Customer Relations



“A pervasive decline in household consumption has been determined at the national and regional levels.” (p. xxviii)

“Many water utilities across the United States and elsewhere are experiencing declining water sales among households.” (p. 1)



North America Residential Water Usage Trends Since 1992 – Water Research Foundation Report Project #4031 (2010)

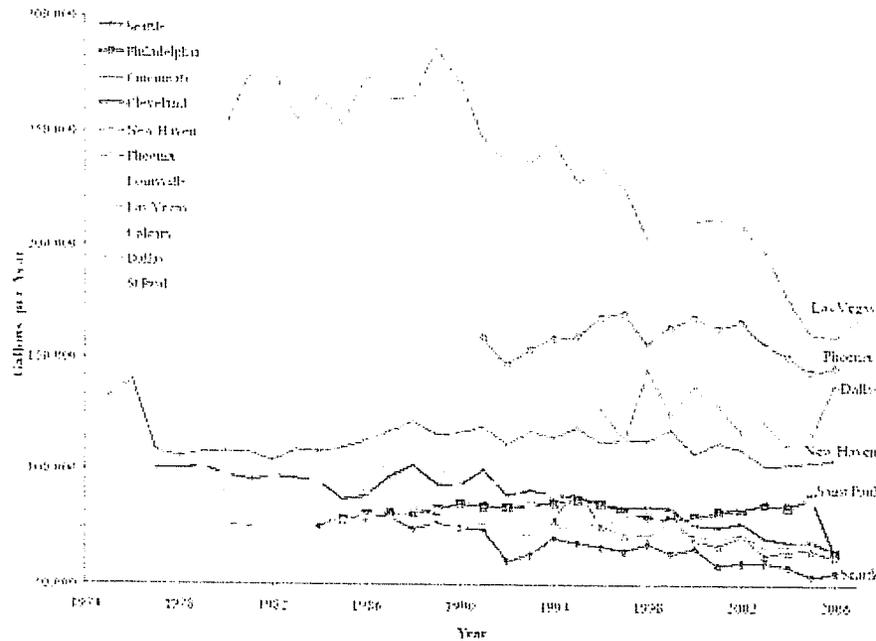


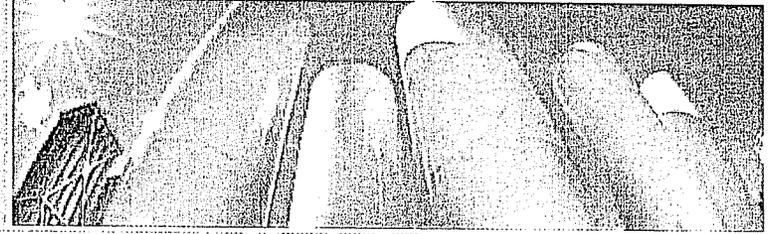
Figure ES.1. Partners' average annual water usage per residential customer, in gallons

Source: WRF 4031 *North America Residential Water Usage Trends Since 1992*, Water Research Foundation & U.S. EPA, 2010.

Residential water usage per customer has decreased more than 380 gallons annually over the last 3 decades.

Implies that a household will use 11,673 gallons less water in 2008 than an identical household did in 1978.

While overall water usage per household had declined, where growth in residential households has occurred, overall water consumption may not have decreased.



Trend is Likely to Continue

Effects of efficient fixtures will continue.

Research for the original Energy Policy and Conservation Act of 1992 tells us that the impact was expected to last for 20-30 years based on the expected lifetime of plumbing fixtures, etc.

Clothes washers and dishwashers have an expected lifetime of 13 and 10 years respectively, therefore the effects could be noticeable for another 10-15 years.

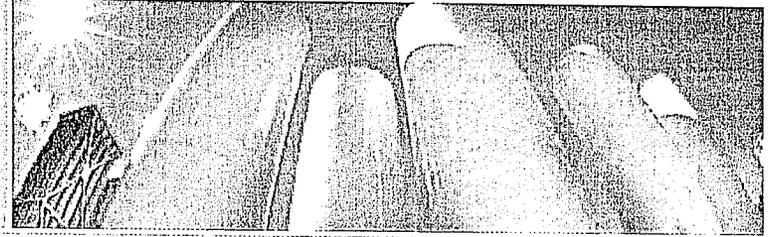
Research of current technologies indicates a reduction of about 13 to 23 gallons per capita per day from this type of indoor conservation.

The expected usage (38.3 gpcd) for fully conserving indoor household consumption can be used as a gauge to help determine when the declining trend may have “bottomed”.

Other drivers such as elasticity, conservation ethic are still showing impacts.



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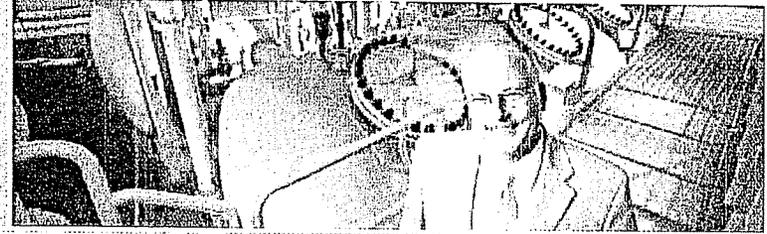
North America Residential Water Usage Trends Since 1992 – Water Research Foundation Report Project #4031 (2010)

“while water conservation is normally seen as positive, this gradual erosion in residential consumption may force utilities to raise rates to provide sufficient revenues for expanding service and replacing old water mains and equipment.” (WRF report page xxi)

The report further states, “pricing that recovers the costs of building, operating and maintaining the systems is absolutely essential to achieving sustainability. Drinking water and wastewater utilities must be able to price water to reflect the full costs of treatment and delivery.” (WRF report page 74-75)



AMERICAN WATER



Solutions - Examples of Revenue Stability Mechanisms

Long Island American: Revenue and Property Tax Reconciliation Mechanism (RPT)

Surcharge or credit, based on difference between actual net revenues (operating revenues less production costs) for preceding year and the net revenue target as estimated in the most recent rate case (difference is refunded/surcharged over the ensuing year)

California: Water Revenue Adjustment Mechanism (WRAM)

Necessary to offset financial instability that would result from Conservation Rates (e.g.: inclining block rate structures)

Tracks changes in recovery of authorized fixed costs due to variations in water sales because of conservation or other issues affecting sales

Surcharges possible when combined effect of these programs exceeds 2.5% of revenue

Tariff Design – higher fixed charges (consider low income customer impact)

Forecasting methods that properly account for trends, not just historical averages



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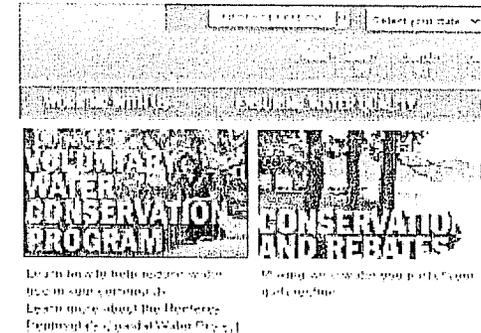
Going Forward

Acknowledge and understand the residential water usage per customer declining trend

Embrace the trend, don't fight it.

Encourage conservation.

In 2010, American Water provided almost 25,000 conservation incentives of various types.



Incorporate into business planning

BP projections should consider the gallons/customer/year decline of each projection year as the basis for the forecast.

Public awareness (value proposition)

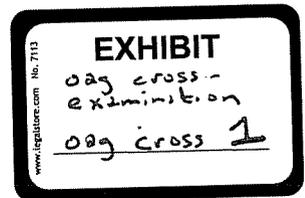
Tariff design (Usage neutral rates)

Revenue balancing accounts

Raise fixed allocation

Decoupling

Optimize supply/production, e.g., stop using least efficient supply



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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Edward D. Wetsel, Executive Vice President, R.W. Beck, Inc.; and Scott J. Rubin, Consultant to the AG.¹¹¹

Following this hearing, the Commission directed certain parties to submit additional information.¹¹² Upon the filing of LFUCG's "emergency" motion, we allowed the record of this proceeding to remain open until February 11, 2008 to receive any additional evidence regarding alternative means to expand Kentucky-American's water supply. Although LFUCG provided no additional evidence, LWC and CAWS did.

Upon receiving this additional evidence, the Commission held a supplemental evidentiary hearing on March 5-6, 2008. At this hearing, the following persons testified: Martin B. Solomon, a former Professor of Business and Economics, University of Kentucky; Mr. Heitzman; Dr. Wetsel; Ms. Bridwell; Mr. Miller; and Mr. Walker. Following the completion of this hearing, all parties except KIUC submitted written briefs.

DISCUSSION

Legal Standard

The Commission is a creature of statute and possesses only those powers which are expressed in statute or which may be reasonably inferred from those same

¹¹¹ Elizabeth Felgendreher filed written testimony on CAWS's behalf. All parties to the proceeding stipulated to the submission of her testimony without her personal appearance for cross-examination. Transcript of 11/28/2007 Hearing at 127-128.

¹¹² Order of December 21, 2007. The Commission required Kentucky-American, BWSC, LFUCG, and LWC, *inter alia*, to advise the Commission of all reasonable alternatives that were considered by them within the past five years to address the central Kentucky water supply issue; and to provide a summary of all the contacts made by and between any of the parties with each other that explored the feasibility of a public-private partnership to provide an adequate supply of water to central Kentucky customers.

statutes.¹¹³ The Commission's purview is narrowly confined to the "rates" and "services" of utilities, but within that context, the Commission's authority is exclusive.¹¹⁴

No utility may construct any facility to be used in providing utility service to the public until it has obtained a Certificate from this Commission.¹¹⁵ To obtain such Certificate, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.¹¹⁶

"Need" requires:

a showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed and operated.

. . . [T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.¹¹⁷

"Wasteful duplication" is defined as "an excess of capacity over need" and "an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties."¹¹⁸ To demonstrate that a proposed facility does not

¹¹³ *Boone County Water v. Public Service Comm'n*, 949 S.W. 2d 588, 591 (Ky. 1997); *Public Service Comm'n v. Cities of Southgate, Highland Heights*, 268 S.W.2d 19, 20 (Ky. 1954) (Commission's authority includes authority "implied necessarily from the statutory powers of the commission.")

¹¹⁴ KRS 278.040(2); *Smith v. S. Bell Tel. & Tel. Co.*, 104 S.W.2d 961, 963 (Ky. 1937) (It is the "intention of the legislature to clothe the [Commission] with complete control over rates and services of utilities.")

¹¹⁵ KRS 278.020(1).

¹¹⁶ *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 252 S.W.2d. 885 (Ky. 1952).

¹¹⁷ *Id.* at 890.

¹¹⁸ *Id.*

result in wasteful duplication, we have held that the applicant must demonstrate that a thorough review of all alternatives has been performed.¹¹⁹ Selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.¹²⁰ All relevant factors must be balanced.¹²¹

NEED FOR THE PROPOSED FACILITIES

Adequacy of Existing Facilities

To determine the adequacy of existing service, the Commission is guided by KRS 278.010(14), which defines "adequate service" as

having sufficient capacity to meet the maximum estimated requirements of the customer to be served during the year following the commencement of permanent service and to meet the maximum estimated requirements of other actual customers to be supplied from the same lines or facilities during such year and to assure such customers of reasonable continuity of service.

To further define a water utility's obligation to procure an adequate source of supply, the Commission has promulgated 807 KAR 5:066, Section 10(4), which provides that "[t]he quantity of water delivered to the utility's distribution system from all source facilities shall be sufficient to supply adequately, dependably and safely the total reasonable requirements of its customers under maximum consumption."

¹¹⁹ Case No. 2005-00142, The Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky (Ky. PSC Sept. 8, 2005).

¹²⁰ See *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 390 S.W.2d 168, 175 (Ky. 1965). See also Case No. 2005-00089, The Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity to Construct 138 kV Transmission Line in Rowan County, Kentucky (Ky. PSC Aug. 19, 2005).

¹²¹ Case No. 2005-00089, Order dated August 19, 2005, at 6.

WATER WORKS

An update on water utility infrastructure

2012 Summer Edition

KENTUCKY
AMERICAN WATER

EXHIBIT
OAG cross-
examination
OAG cross 2

Water Infrastructure Requires Continued Investment

When most Americans go to the tap for clean water to drink or use for numerous other purposes, it's likely that many are unfamiliar with the processes, technology, equipment and dollars that are needed to keep quality, ample water flowing into their homes and businesses. And certainly most are probably unfamiliar with the D-rating the American Society of Civil Engineers assigned to the overall state of America's water utility infrastructure in its latest report.

But the fact is, water utilities across the country are making more of an effort than ever before to educate consumers about the fact that our nation's water utility infrastructure is aging, needs to be upgraded, and will require significant funds to fix, to the tune of hundreds of billions of dollars. Quite simply, the water systems installed decades ago aren't going to last forever, and without

adequate upgrades and replacements, they will fail.

The good news for Kentucky American Water communities is that we never lost sight of the need for continuous investment in our systems. We allocate \$20 to \$25 million annually for various system improvements, including making upgrades to our nearly 2,000-mile system of underground water mains. Examples of such projects are listed in this publication.

We are joining water utilities across the U.S. in raising awareness about the value quality tap water service brings to individuals' daily lives, the critical role it plays in economic development, and the fact that we as a nation must support continued investment in improving water utility infrastructure.

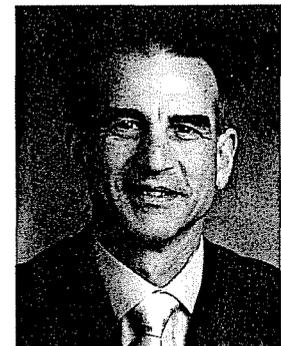
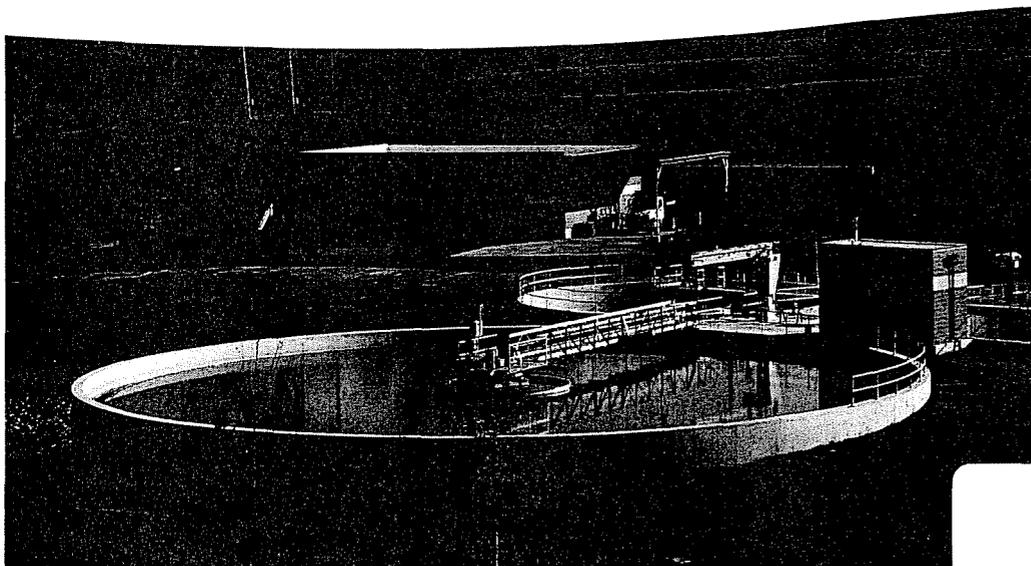
LEADERSHIP PROFILE: Keith Cartier

Keith Cartier has been vice president of operations for Kentucky American Water since 2008. In this role, he oversees and provides strategic direction for the company's water quality, field services, production and maintenance operations.

Keith has more than 25 years of professional and managerial experience helping businesses improve operational performance. Before joining Kentucky American Water, he served as a director of business performance and contract operations for American Water. Among his achievements while serving in this capacity was the oversight of the design/build/operate contract to remedy and operate a 25-million-gallons-per-day desalination facility in Tampa, Fla.

A native of Pittsburgh, Keith is a graduate of the University of Pittsburgh, where he earned a bachelor's degree in civil engineering and a master's degree in business administration. He serves on the boards of the YMCA of Central Kentucky and the Kentucky River Authority.

He and his wife, Karen, live in Lexington, Ky.

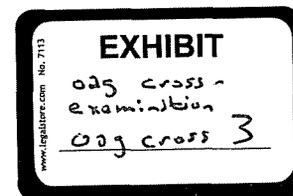


OAG EXHIBIT 2

WE CARE ABOUT WATER. IT'S WHAT WE DO.

Kentucky.com

Next Story >



UK president putting budget eggs in wrong baskets

Kentucky voices: Water treatment plant asset to region

Published: October 28, 2010

By Linda Bridwell

Oct. 22 launched a new era for Central Kentucky.

Kentucky American Water dedicated the region's new water treatment plant, the Kentucky River Station II at Hardin's Landing on the Owen-Franklin county border, as well as a new booster pumping station and 30.5-mile water transmission main.

These new facilities represent the solution to Central Kentucky's water deficit after nearly 20 years of discussion and reviewing various alternatives.

Our customers started benefiting from these new facilities before the start of the World Equestrian Games in September, as the region entered the grips of a late summer drought.

With this water supply solution in place, our region's economic vitality is safeguarded as businesses will no longer have to worry if water use will be restricted.

Concurrent with the launch of these facilities, we have continued our efforts to inform consumers of the importance of conserving water, our most precious natural resource.

We continue to enhance our program to manage water lost through aging pipes — a challenge for all water utilities — and have engaged in new partnerships to raise awareness of protecting our region's waterways.

But these new operations do more than just provide Central Kentucky with a quality, reliable water supply for years to come. They also contribute more than \$1.1 million in additional property taxes annually in Fayette, Franklin, Scott and Owen counties.

Additionally, Kentucky American worked with the Franklin County fire department to place flushing fire hydrants in strategic locations along the pipeline route to maximize fire protection capabilities for those rural areas.

The new water treatment plant can be expanded to meet the needs of other Central Kentucky communities outside Kentucky American Water's service area, too.

Although currently no other regional utilities are participating in this manner, Kentucky American is committed to continued communication with them in the hope that a regional partnership might materialize.

In planning this significant project, we remained committed to containing costs as much as possible for the benefit of our customers.

One way we were able to do just that was by working with the Owen County Fiscal Court to acquire \$91 million in tax-exempt bonds to help lower the cost of financing for a portion of the project.

This will result in interest savings of nearly \$30 million over the next 30 years. The project's final cost was \$163.9 million, and this investment was the major component of the rate increase requested by Kentucky American earlier this year.

On a daily basis, that cost translates into 33 cents per day for the average residential customer for a new treatment plant and related facilities. On a long-term basis, it means ample water supply for our region.

Kentucky American employees are proud to be a part of Central Kentucky and provide exceptional water service to our neighbors, friends and families. This project has been part of an unprecedented level of cooperation among public agencies, consumers and water service providers, and we appreciate the efforts that so many have made to help make this new day for our region a reality.

The journey has not always been easy, but nothing this complex ever is. As for our team, we are simply pleased and humbled to have been a part of an historic event for our company and this region, building on the efforts our predecessors made some 125 years ago when Lexington's water company was founded.

We look forward to continuing our efforts to provide this region with a sustainable supply of high quality water for decades to come, and know that with this ample water supply, it truly is a new day for Central Kentucky.

Linda Bridwell is director of Water Quality and Environmental Compliance for Kentucky American Water.

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Kentucky voices: Local Komen group breaking down barriers to fight breast



UK president putting budget eggs in wrong baskets

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STRATEGIC CAPITAL EXPENDITURE PLAN							
PROGRAM							
Business Unit	Kentucky						
Revision Date	October 4, 2012						
Description	KY 2 Yr BP 2012-2014 SCEP						
Business Unit	Business Unit No.	Project Title	Inservice Date	Prior Years Actuals	Total 2012	Total 2013	Total 2014
RECURRING PROJECTS							
Kentucky	DV	Projects Funded by Others			2,298,414.69	2,090,900.00	2,122,901.00
Kentucky	A	Mains - New			940,214.05	259,999.00	284,955.50
Kentucky	B	Mains - Replaced / Restored			1,769,613.29	2,064,364.67	2,077,603.50
Kentucky	C	Mains - Unscheduled			242,099.14	275,483.50	275,483.50
Kentucky	D	Mains - Relocated			302,501.47	480,079.00	515,078.50
Kentucky	E	Hydrants, Valves, and Manholes - New			105,342.98	184,992.50	201,500.00
Kentucky	F	Hydrants, Valves, and Manholes - Replaced			187,511.08	305,695.50	305,696.00
Kentucky	G	Services and Laterals - New			1,094,725.11	1,042,444.50	1,101,428.50
Kentucky	H	Services and Laterals - Replaced			577,113.08	1,011,321.00	1,048,993.50
Kentucky	I	Meters - New			933,276.32	504,239.50	504,240.50
Kentucky	J	Meters - Replaced			3,079,731.92	2,362,739.00	2,320,552.00
Kentucky	K	ITS Equipment and Systems			739,868.56	315,805.00	117,860.00
Kentucky	L	SCADA Equipment and Systems			1,041,204.68	1,113,688.00	131,313.00
Kentucky	M	Security Equipment and Systems			21,010.00	210,100.00	157,574.50
Kentucky	N	Offices and Operations Centers			303,268.83	105,050.00	126,060.00
Kentucky	O	Vehicles			565,952.67	541,008.00	562,018.00
Kentucky	P	Tools and Equipment			370,775.98	307,797.00	343,569.00
Kentucky	Q	Process Plant Facilities and Equipment			1,479,568.70	1,381,991.00	1,401,693.00
Kentucky	R	Capitalized Tank Rehabilitation / Painting					
Kentucky	S	Engineering Studies			66,085.11	42,020.00	42,020.00
Total Recurring Projects					13,819,862.97	12,508,817.17	11,517,639.00
ACQUISITIONS							
Kentucky		Total Acquisitions					
CENTRALLY SPONSORED PROJECTS							
Kentucky	CS-1201-1	Business Transformation 2009	6/30/2010				
Kentucky	CS-1201-3	Business Transformation 2010 - 2014	12/31/2014	4,522,880	4,052,675.73	1,853,963.00	115,183.00
Kentucky	CS-1201-4	Business Transformation 2010 - 2014	12/31/2013	300,972	419,384.57	43,382.00	
Total Centrally Sponsored Projects					4,472,060.30	1,897,345.00	115,183.00
INVESTMENT PROJECTS							
Kentucky	12020607	New WTP On Pool 3 of Kentucky	9/20/2010	164,101,828	12,163.72		
Kentucky	IP-1202-38	Russell Cave Rd Main Extension	7/15/2012	447,814	38,189.95		
Kentucky	IP-1202-18	US 25 Relocation	7/30/2012	1,630,480	1,180,167.38		
Kentucky	IP-1202-19	Leestown Road	4/15/2013	909,612	423,657.00	440,000.00	
Kentucky	IP-1202-36	Pump Efficiency Replacement Phase 1	4/15/2013		1,586,656.52	831,596.33	
Kentucky	IP-1202-9	Todds and Cleveland Rd Main Extension	11/15/2014				2,400,000.00
Kentucky	IP-1202-10	KRS Clearwell Improvements (332)	6/15/2015				3,000,000.00
Kentucky	IP-1202-11	I-75 Main Extension	11/15/2014				2,000,000.00
Kentucky	IP-1202-13	I-75 Main Extension	11/15/2014				1,300,000.00
Kentucky	IP-1202-16	Greenwich Rd Main Extension	10/15/2014				1,500,282.00
Kentucky	IP-1202-12	North Upper St Main Replacement (343)	12/15/2014				1,000,000.00
Kentucky	IP-1202-20	KY Major Highway					500,000.00
Kentucky	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	9/15/2014				250,000.00
Kentucky	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	7/30/2014				
Kentucky	IP-1202-37	Pump Efficiency Repl Phase 2	9/25/2013				457,866.00
Kentucky	IP-1202-39	Pump Efficiency Repl Phase 3	9/25/2014				418,885.00
Kentucky	IP-1232-5	Northern Division Connection	12/28/2013	344,375	3,548,521.12	9,793,797.00	
Total Investment Projects					6,789,355.69	11,065,393.33	12,827,033.00
Total Investment and Centrally Sponsored Projects					11,261,415.99	12,962,738.33	12,942,216.00
Contributions					(2,915,423.77)	(3,165,000.00)	(1,725,000.00)
Advances					(1,345,268.42)	(1,559,000.00)	(1,486,000.00)
Total Refunds					713,000.00	905,000.00	1,000,000.00
Gross Investment Expenditures					27,379,693.65	27,562,455.50	26,582,756.00
					(3,547,692.19)	(3,819,000.00)	(2,211,000.00)
Net Investment Expenditures					23,832,001.46	23,743,455.50	24,371,756.00

STRATEGIC CAPITAL EXPENDITURE PLAN										
PROGRAM										
Business Unit	Kentucky									
Revision Date	January 15, 2010									
Description	KY 2010 SCEP									
			U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	
Business Unit	Business Unit No.	Project Title	Overall Total	5-Year Total	Prior	Total 2010	Total 2011	Total 2012	Total 2013	Total 2014
RECURRING PROJECTS										
Kentucky	DV Projects	Projects Funded by Others (Contrib./Adv./ Refunds)	33,348,866	24,460,000		3,560,000	4,800,000	5,100,000	5,400,000	5,500,000
Kentucky	A	Mains - New	3,571,637	2,956,000		400,000	639,000	639,000	639,000	639,000
Kentucky	B	Mains - Replaced / Restored	6,204,970	4,831,200		565,000	1,005,300	1,005,300	1,005,300	1,050,300
Kentucky	C	Mains - Unscheduled	1,723,187	1,212,600		244,400	239,400	239,400	239,400	250,000
Kentucky	D	Mains - Relocated	6,168,863	5,016,200		650,000	1,005,300	1,005,300	1,005,300	1,050,300
Kentucky	E	Hydrants, Valves, and Manholes - New	1,342,740	1,040,000		200,000	200,000	210,000	210,000	220,000
Kentucky	F	Hydrants, Valves, and Manholes - Replaced	1,189,360	985,000		175,000	200,000	200,000	200,000	210,000
Kentucky	G	Services and Laterals - New	7,307,543	5,169,660		874,660	1,065,000	1,065,000	1,065,000	1,100,000
Kentucky	H	Services and Laterals - Replaced	5,478,126	7,690,975		1,240,675	1,600,000	1,600,000	1,600,000	1,650,000
Kentucky	I	Meters - New	6,939,715	5,821,340		971,340	1,200,000	1,200,000	1,200,000	1,250,000
Kentucky	J	Meters - Replaced	11,691,442	8,334,829		1,984,829	2,200,000	1,500,000	1,500,000	1,550,000
Kentucky	K	ITS Equipment and Systems	1,084,708	722,750		111,050	165,540	170,840	143,740	131,740
Kentucky	L	SCADA Equipment and Systems	809,504	674,225		103,500	119,025	128,879	157,411	157,411
Kentucky	M	Security Equipment and Systems	99,286	50,000		10,000	10,000	10,000	10,000	10,000
Kentucky	N	Offices and Operations Centers	2,760,000	480,000		60,000	60,000	80,000	80,000	80,000
Kentucky	O	Vehicles	2,580,970	2,925,000		910,000	515,000	500,000	500,000	500,000
Kentucky	P	Tools and Equipment	1,472,087	1,065,000		117,000	177,000	177,000	297,000	297,000
Kentucky	Q	Process Plant Facilities and Equipment	6,760,707	5,040,000		750,000	1,030,000	1,030,000	1,030,000	1,200,000
Kentucky	R	Civilized Tank Rehabilitation / Painting	140,138							
Kentucky	S	Engineering Studies	755,355	500,000		100,000	100,000	100,000	100,000	100,000
Kentucky		Total Recurring Projects	73,074,939	54,234,880		9,387,894	11,550,565	10,868,519	10,982,151	11,445,751
CENTRALLY SPONSORED PROJECTS										
Kentucky	CS-1201-1	Business Transformation 2009	211,056		211,056					
Kentucky	CS-1201-3	Business Transformation 2010 - 2014	12,771,812	12,771,812		4,036,079	2,703,513	2,393,957	2,063,656	1,574,608
Kentucky		Total Centrally Sponsored Projects	12,982,868	12,771,812	211,056	4,036,079	2,703,513	2,393,957	2,063,656	1,574,608
INVESTMENT PROJECTS										
Kentucky	12020204	Source of Supply Project Dev	2,200,000	128,360	2,071,700	128,360				
Kentucky	12020607	New WTP On Pool 3 of Kentucky	161,691,600	28,981,785	132,309,815	29,181,785	200,000			
Kentucky	IP-1202-5	North Broadway Main Replacement	2,770,076	1,151,928	1,618,147	1,151,629				
Kentucky	IP-1202-8	Install 34,000' of 16" along Cantick Pike	2,700,268	2,617,288	83,003		1,000,000	1,617,289		
Kentucky	IP-1202-9	Install 22,700' of 12" In Todd and Cleveland Rd	2,450,000	2,450,000			50,000	1,200,000	1,200,000	
Kentucky	IP-1202-10	KRS Cleanwell Improvements (332)	4,200,000	4,200,000				500,000	2,000,000	1,700,000
Kentucky	IP-1202-11	Install 19,000' of 12" along I-75	1,660,000	1,660,000						1,660,000
Kentucky	IP-1202-12	Install 16,000' of 12" Russell Cave Rd	1,820,000	1,820,000						1,820,000
Kentucky	IP-1202-13	Install 14,700' of 12" & 3800' of 8" Greenwich Rd	1,660,000	1,660,000						1,660,000
Kentucky	IP-1202-15	UV Installation - KRS/RRS (332)	7,000,000	7,000,000				150,000	6,850,000	
Kentucky	IP-1202-16	North Upper St Main Replacement (343)	1,050,000	1,050,000					1,050,000	
Kentucky	IP-1202-17	South Limestone Replacement	532,854	532,854		532,854				
Kentucky	IP-1202-18	US 25 Relocation	3,200,000	3,200,000		3,200,000				
Kentucky	IP-1202-19	Leestown Road	1,500,000	1,500,000			1,500,000			
Kentucky	IP-1202-20	KY Major Highway	4,275,000	4,275,000				725,000	1,950,000	1,600,000
Kentucky	IP-1202-21	KRS High Service Pumping	5,000,000	5,000,000				5,000,000		
Kentucky	IP-1202-22	KRS Raw Water Transfer	200,000	200,000			200,000			
Kentucky	IP-1202-23	RRS Carbon and Pre-Chlorine Feed	500,000	500,000					500,000	
Kentucky	IP-1202-24	Pool 3 Grid Connection	7,900,000	7,900,000						7,900,000
Kentucky	IP-1202-25	42-inch Main SCADA	390,000	390,000						390,000
Kentucky	IP-1202-26	KRS Hydrotreater Rehabilitation	3,000,000	3,000,000						3,000,000
Kentucky	IP-1202-27	KRS Hydrotreater Valve & Flow Meter	250,000	250,000						250,000
Kentucky	IP-1202-28	New Ground Storage Tank	2,000,000	2,000,000						2,000,000
Kentucky	IP-1202-29	KRS II WTP & PS Vibration	160,000	160,000				180,000		
Kentucky	IP-1202-30	Power Reliability at Remote Sites	240,000	240,000				240,000		
Kentucky	IP-1202-31	KRS Raw Water Access	1,000,000	1,000,000		50,000	950,000			
Kentucky	IP-1202-32	Lexington Operations Center	2,000,000	2,000,000						
Kentucky	IP-1232-3	Northern Division Connection	7,000,000	7,000,000				4,700,000	2,300,000	
Kentucky		Total Investment Projects	356,152,345	92,287,193	136,082,665	30,244,926	8,600,000	11,912,266	13,550,000	21,980,000
Kentucky		Total Investment and Recurring Projects	429,227,283	146,522,073	136,082,665	53,228,901	27,754,078	30,274,742	31,995,807	40,500,359

