

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)
AUTHORIZING THE CONSTRUCTION OF) CASE NO. 10365
APPROXIMATELY 35,000 FEET OF 30")
RAW WATER TRANSMISSION FACILITIES)

O R D E R

On September 1, 1988, Kentucky-American Water Company ("Kentucky-American" filed an application for a certificate of public convenience and necessity to construct a \$2,971,000 waterworks improvement project. Kentucky-American proposes to finance the construction initially through short term bank borrowings. After construction is complete the costs will be converted to permanent financing.

The purpose of the proposed construction is to replace the existing 20-inch raw water main which extended from the Kentucky River to Reservoir No. 4 by a new 30-inch water line. The 20-inch raw water line was constructed in 1930 and has begun to experience a lack of reliability which threatens the ability of Kentucky-American to meet the demands of its customers. The capacity of the 20-inch line is limited and the demands of Kentucky-American customers require a larger size line which will also allow more raw water to be pumped to Reservoir No. 4 in times of need.

Drawings and specifications for the proposed improvements prepared by the American Water Works Service Company, Inc., of Haddon Heights, New Jersey, and have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence of record, and being advised, is of the opinion and finds that:

1. Public convenience and necessity require the construction proposed in Kentucky-American's application. A certificate of public convenience and necessity should be granted.

2. The proposed construction consists of the installation of 35,000 feet of 30-inch raw water transmission facilities from existing treatment facilities of Kentucky-American Water Company at the Kentucky River to Reservoir No. 4 on Richmond Road, and the total estimated cost of construction is \$2,971,000.

3. Kentucky-American should obtain approval from the Commission prior to performing any additional construction not expressly certificated by this Order.

4. Kentucky-American should furnish proof of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date the construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

5. Kentucky-American should provide construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

6. Kentucky-American should require the Engineer to furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

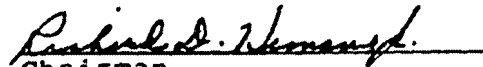
IT IS THEREFORE ORDERED that:

1. Kentucky-American be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

2. Kentucky-American shall comply with all matters set out in Findings 3 through 6 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 29th day of September, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director