

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)	CASE NO.
THE CONSTRUCTION OF MODIFICATIONS TO THE)	90-338
KENTUCKY RIVER TREATMENT PLANT INTAKE)	

O R D E R

By application filed October 31, 1990, Kentucky-American Water Company ("Kentucky-American") is seeking authorization to construct a \$6,309,000 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 proposed construction will make intake station improvements at Kentucky-American's Kentucky River Station. The improvements are necessary to enable Kentucky-American to increase its reliable pumping capacity from 54 million gallons per day up to 62 million gallons per day. Plans and specifications for the proposed construction prepared by GRW Engineers, Inc., of Lexington, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require the construction proposed in the application be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of the replacement of all intake pumps with six 12.4-million gallon per day pumps, the installation of a 48-inch raw water line, electrical improvements, and related appurtenances. The low bids totaled \$5,040,500 which will require a total of approximately \$6,309,000 after allowances are made for fees, contingencies, and other indirect costs as noted in Appendix A.

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

4. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of the Commission.

5. Kentucky-American should furnish duly verified documentation of the total costs of this project, including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.), within 60 days of the date that 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.

6. Kentucky-American should require the provision of full-time resident 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.

7. Kentucky-American should 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:

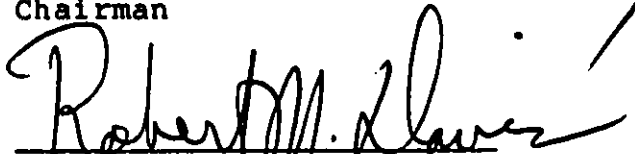
1. Kentucky-American be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project set forth in the drawings and specifications of record herein.

2. Kentucky-American shall comply with all matters set out in Findings 3 through 7 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 20th day of December, 1990.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 90-338 DATED 12/20/90

KENTUCKY-AMERICAN WATER COMPANY
REVISED CAPITAL BUDGET PROJECT 90-21
CONSTRUCTION OF RAW WATER PUMPING FACILITIES
KENTUCKY RIVER STATION

Estimated Cost

	<u>July, 1990</u>	<u>October, 1990</u>
Construction Cost, includes Water Co. supplied materials	\$4,409,000	\$5,040,500
Engineering Services		
Design (Consultant) (BP 88-12 & 90-21)	205,000	277,610
Design Overview/Liaison/ Bidding-AWWS (BP 88-12 & 90-21)	30,500	42,390
Hydraulic Model Testing (BP 88-12)	80,000	80,000
Construction Administration -AWWS	39,000	50,000
Construction Technical Review Services (Consultant)	63,000	63,000
Field Inspection (Consultant)	71,000	80,000
Concrete Testing	5,000	5,000
Builder's Risk Insurance	<u>9,000</u>	<u>20,000</u>
	\$4,911,500	\$5,658,500
O & C (based on the construction low bid)	<u>220,000</u>	<u>211,725</u>
	\$5,131,500	\$5,870,225
Interest	<u>263,500</u>	<u>438,775</u>
	\$5,395,000	\$6,309,000