

Commonwealth of Kentucky
Before the Public Service Commission

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In the Matter of:

Kentucky-American Water Company)
Application of the Adequacy of its Water) Case No. 2005-00546
Storage Capacity Analysis and Deviation)
From 807 KAR 5:066, Section 4 (4), until)
December 31, 2020, pursuant to 807 KAR)
5:066, Section 18)

ATTORNEY GENERAL'S
MOTION FOR ABEYANCE

The Attorney General submits this Motion for the Commission to hold this proceeding in abeyance. In support of his Motion, the Attorney General notes the following.

In 1993, Kentucky-American Water was able to obtain a deviation from 807 KAR 5:066, Section 4 (4), a regulation that requires each utility to provide water storage to ensure a minimum of one day's supply of its average daily water usage. Thus, Kentucky-American was allowed, under its 1993 plan, to meet "its storage capacity requirements for the year 2005 by providing one day's water storage in the High Service and Sadieville zones," and through the use of a "combination method" for KAWC's main service zone.¹ The Commission's storage deviation for KAWC expired 31 December 2005.

¹ Case No. 93-432, Order, 20 December 1993, page 2.

The *Kentucky-American Water Company Storage Capacity Analysis*, dated 21 December 2005, filed with its current request for a deviation through 21 December 2020 contains the following language.

In either case [a new Kentucky River intake and treatment plant facilities or a finished water pipeline to deliver water from some other source], the future additional source of supply and treatment facilities will significantly increase the reliability of the KAWC system, beyond the calculations shown in this report.

Having more storage than is needed for equalization, fire protection, and reasonable emergency scenarios is not likely to provide any benefit to KAWC customers (and in fact will be a detriment due to increased O & M and energy costs, and water quality degradation), and those facilities would become even less likely to ever be beneficial once the needed additional supply and treatment facilities are in place.

...

It is proposed that KAWC will construct one additional storage tank. This tank is tentatively proposed as a 3.0 MG pumped storage tank which is currently scheduled in the 2006-2009 time frame. However, this tank would be in conjunction with a solution to the water supply problem, and would be strategically located to act in operation with water from a connection to a regional water supply. Because the plans for the source of supply are still being finalized, the design and construction of this tank is recommended to be delayed until a strategic location is known. This may then push the construction beyond 2010. The tank, including land acquisition and pumping facilities is estimated to cost \$3.5 million. If the tank can be located at an existing tank site, the cost may be reduced by as much as \$1.5 million. (emphasis as per original)²

Kentucky-American seeks a storage deviation that will extend through the Year 2020. In support of this deviation, KAW submits a proposal to construct one additional storage tank. The *Analysis* that KAW relies upon recommends delaying the design and

² *Storage Capacity Analysis*, pages 17 and 18.

construction of this tank until a strategic location is known, which is a decision to be made in conjunction with the Company's supply and treatment planning.

Per the *Analysis*, Kentucky-American has yet to finalize its plans for source of supply and treatment capacity. It is not yet time for the Commission to determine the adequacy or reasonableness of Kentucky-American's *Storage Capacity Analysis* or otherwise consider a plan containing as its central element a project dependent upon Kentucky-American finalizing its plans for meeting its supply and treatment requirements.

WHEREFORE, the Attorney General moves the Commission to enter an Order holding this proceeding in abeyance until Kentucky-American Water finalizes its plans for meeting its supply and treatment requirements.

Respectfully submitted,

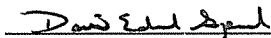
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Certificate of Service and Filing

Counsel certifies filing of the original and ten photocopies of this Motion for Abeyance by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, service of the filing was by mailing a true and correct of the same, first class postage prepaid, to Lindsey W. Ingram, Jr. Stoll, Keenon & Park, LLP, 300 West Vine Street, Suite 2100, Lexington, Kentucky 40507-1801, and David J. Barberie, Lexington-Fayette Urban County Government, Department of Law, 200 East Main Street, Lexington, Kentucky 40507, all on this 13th day of February 2006.


Assistant Attorney General