



Ernie Fletcher
Governor

Mark David Goss
Chairman

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

John W. Clay
Commissioner

Christopher L. Lilly
Commissioner
Department of Public Protection

Honorable Lindsey W. Ingram, III
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KY 40507-1801

November 20, 2006

RE: Case No. 2006-00418

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/sh
Enclosure



Ernie Fletcher
Governor

Mark David Goss
Chairman

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

John W. Clay
Commissioner

Christopher L. Lilly
Commissioner
Department of Public Protection

Honorable David Edward Spenard
Assistant Attorney General
Office of the Attorney General Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KY 40601-8204

November 20, 2006

RE: Case No. 2006-00418

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN)	
WATER COMPANY FOR CONTINUED)	CASE NO.
PARTICIPATION WITH AMERICAN WATER)	2006-00418
CAPITAL CORP.)	

ORDER

Kentucky-American Water Company ("KAWC") has applied to the Commission for authority to continue its participation in the borrowing program with American Water Capital Corporation ("AWCC"). As a participant in the program, KAWC must enter into a Financial Services Agreement with AWCC.

KRS 278.300(2) provides that the Commission shall have 60 days after filing to consider applications for authority to issue or assume securities or evidences of indebtedness unless it is necessary for good cause to continue the application. Given the complexity of the proposed transaction, additional information is required before the Commission can render its decision. Therefore, the Commission finds that good cause exists to continue the financing application beyond the 60-day period specified in KRS 278.300(2). We further find that a procedural schedule should be established to review and investigate the merits of the pending application.

IT IS THEREFORE ORDERED that:

1. KAWC's application for authority to continue its participation in the borrowing program with AWCC is continued beyond the 60-day period specified in KRS 278.300(2).

2. The procedural schedule set forth in Appendix A shall be followed.

3. a. All interrogatories and requests for production of documents shall be appropriately indexed. All responses shall include the name of the witness who will be responsible for responding to the questions related to the information provided, with copies to all parties of record and 6 copies to the Commission.

b. Each response shall be under oath or accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. A party shall make timely amendment to any prior response if it obtains information upon the basis of which it knows that the response was incorrect when made, or though correct when made is now incorrect in any material respect.

d. For any request to which a party refuses to furnish the requested information, that party shall provide a written explanation of the specific grounds for its failure to furnish.

e. All parties shall respond to any interrogatories and requests for production of documents that Commission Staff submits in accordance with the procedural schedule set forth in Appendix A.

4. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.

5. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

6. All documents that this Order requires to be filed with the Commission shall be served upon all other parties.

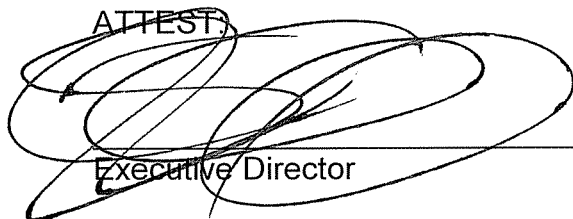
7. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

8. Applicants shall give notice of the hearing in accordance with the provisions set out in 807 KAR 5:011, Section 8(5). At the time publication is requested, Applicants shall forward a duplicate of the notice and request to the Commission.

9. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 20th day of November, 2006.

By the Commission

ATTEST

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00418 DATED November 20, 2006.

First set of requests for production of documents and interrogatories shall be served upon KAWC and filed with the Commission no later than..... 11/27/2006

KAWC shall file with the Commission and serve upon all parties its responses to first set of requests for production of documents and interrogatories no later than..... 12/08/2006

Second set of requests for production of documents and interrogatories shall be served upon KAWC and filed with the Commission no later than..... 12/19/2006

KAWC shall file with the Commission and serve upon all parties its responses to second set of requests for production of documents and interrogatories no later than..... 01/05/2007

Each party presenting testimony at the schedule hearing shall file with the Commission and serve upon all other parties a list of all witnesses that it intends to call and a summary of each witness's expected testimony no later than 01/12/2007

Last day for KAWC to publish notice of hearing date (to be scheduled)

Public Hearing is to begin at 9:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of taking the testimony of witnesses (to be scheduled)