

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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JUL 01 2010

IN THE MATTER OF:

PUBLIC SERVICE
COMMISSION

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

ORDERING PARAGRAPH 12 REPORT

In accordance with Ordering Paragraph 12 of the Commission's April 25, 2008 Order,
Kentucky-American Water Company provides the attached project progress report.

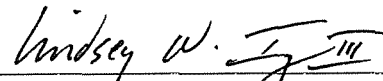
Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that the original and eight (8) copies of the foregoing have been filed with the Public Service Commission this the 1st day of July, 2010, and a copy mailed to:

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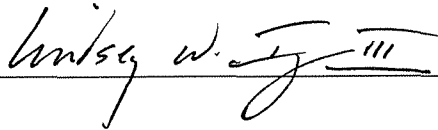
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By 

Report Period: April 1 - April 30, 2010

Water Treatment Plant:						
Work continued through April on interior work in the treatment building. Raw water intake construction continued with equipment installation and testing of the raw water pipe. A progress meeting was held April 21, with conference calls on April 7, 14, and 28. Work is on budget and on schedule.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	\$6,151,938	\$11,354,946	\$68,686,093	\$77,416,006	88.72%	

Pipeline:						
Pressure testing was completed on all segments of the pipeline. Disinfection is scheduled for the first week in May. Final paving in Franklin County and final clean-up is underway. Progress conference calls were held on April 6, 13, and 20.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	(\$2,148,251)	\$315,447	\$58,872,947	\$63,711,087	92.41%	

Booster Station:						
Work continued on the testing of equipment including the generator and piping. A progress conference call was held April 20. The tank will be disinfected the first week of May and high service pumps tested.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	\$168,379	\$519,057	\$10,233,851	\$10,131,679	101.01%	

Total Project:						
A start-up meeting was held on April 21 to plan and coordinate start-up issues between the three components. Work continues on budget and on schedule with the overall project approximately 85% complete.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$4,039,856	\$12,969,295	\$147,681,745	\$163,885,837	90.11%	
Budget	\$3,196,919	\$13,921,119	\$148,242,038	\$163,885,837	90.45%	
Variance	\$842,937	(\$951,824)	(\$560,293)			

1) Financial results are as of March 31, 2010.

2) Financial information on individual portions of the project are revised beginning in January 2010 from previous progress reports which reflected only the construction budget, and now include projected soft costs for each individual portion. The individual component financial information above does not include land, tax-exempt interest charges, and preliminary supply development charges which were (\$132,209) for the month, \$779,846 for the YTD, \$9,888,856 for the total project and \$12,627,065 for the Total Budget.

3) Negative monthly charges are the result of the reversal of an accounting accrual from the previous month.

Report Period: May 1 - May 31, 2010

Water Treatment Plant:						
Work continued through May on interior of treatment building. Raw water intake construction continued equipment installation and testing of the raw water pipe. A progress meeting was held May 14, with conference calls on May 5, 19 and 26. Work is on budget and on schedule.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	(\$1,656,799)	\$9,698,148	\$67,029,294	\$77,416,006	86.58%	

Pipeline:						
Disinfection was successfully completed the first week in May. Final paving was completed in May. Final clean-up is underway. A progress call was held on May 25.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	\$1,170,423	\$1,485,870	\$60,043,370	\$63,711,087	94.24%	

Booster Station:						
Work continued on testing of equipment including the generator and piping at the booster station. The tank was disinfected the week of May 10 and all pumps were operated. The SCADA equipment is being installed and programmed. Final grading, landscaping and paving have been completed. No progress meetings or calls were held during the month of May.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	\$306,658	\$825,715	\$10,540,510	\$10,131,679	104.04%	

Total Project:						
Overall the project is 88 % complete and is on schedule and on budget.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$2,165,949	\$15,135,244	\$149,847,694	\$163,885,837	91.43%	
Budget	\$2,504,487	\$16,425,606	\$150,746,525	\$163,885,837	91.98%	
Variance	(\$338,538)	(\$1,290,362)	(\$898,831)			

- 1) Financial results are as of April 30, 2010.
- 2) Financial information on individual portions of the project are revised beginning in January 2010 from previous progress reports which reflected only the construction budget, and now include projected soft costs for each individual portion. The individual component financial information above does not include land, tax-exempt interest charges, and preliminary supply development charges which were \$2,345,667 for the month, \$3,125,513 for the YTD, \$12,234,523 for the total project and \$12,627,065 for the Total Budget.
- 3) Negative monthly charges are the result of the reversal of an accounting accrual from the previous month.

Report Period: June 1 - June 30, 2010

Water Treatment Plant:						
Work continued through June on equipment installation and electrical installation. All filter media was installed and SCADA installation was begun. Raw water intake construction continued. Progress meetings were held June 2, 16, and 30 with conference calls on June 9 and 23. Work is on budget and on schedule.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	\$4,398,394	\$14,096,541	\$71,427,688	\$77,416,006	92.26%	

Pipeline:						
Final clean-up continued.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	(\$261,773)	\$1,224,097	\$59,781,597	\$63,711,087	93.83%	

Booster Station:						
Final clean-up work and SCADA installation continued.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	(\$197,997)	\$627,718	\$10,342,512	\$10,131,679	102.08%	

Total Project:						
Overall the project is 91% complete and is on schedule and on budget.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$2,318,069	\$17,453,312	\$152,165,763	\$163,885,837	92.85%	
Budget	\$2,453,962	\$18,879,568	\$153,200,487	\$163,885,837	93.48%	
Variance	(\$135,893)	(\$1,426,256)	(\$1,034,725)			

1) Financial results are as of May 31, 2010.

2) Financial information on individual portions of the project are revised beginning in January 2010 from previous progress reports which reflected only the construction budget, and now include projected soft costs for each individual portion. The individual component financial information above does not include land, tax-exempt interest charges, and preliminary supply development charges which were (\$1,620,555) for the month, \$1,504,958 for the YTD, \$10,613,968 for the total project and \$12,627,065 for the Total Budget.

3) Negative monthly charges are the result of the reversal of an accounting accrual from the previous month.