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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

JAN 03 2012

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF: )

THE APPLICATION OF KENTUCKY-AMERICAN )  
WATER COMPANY FOR A CERTIFICATE OF )  
CONVENIENCE AND NECESSITY AUTHORIZING )  
THE CONSTRUCTION OF KENTUCKY RIVER )  
STATION II, ASSOCIATED FACILITIES AND )  
TRANSMISSION MAIN )

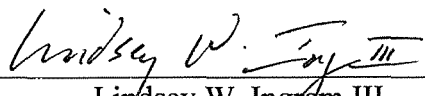
CASE NO. 2007-00134

**ORDERING PARAGRAPH 12 REPORT**

In accordance with Ordering Paragraph 12 of the Commission's April 25, 2008 Order, Kentucky-American Water Company ("KAW") provides the attached project progress report for the fourth quarter of 2011 for the facilities approved in that order. By this filing, KAW informs the Commission that the final invoice for the approved facilities has now been received and processed for payment and it is reflected in the attached. Therefore, any further progress reports would be redundant. Accordingly, KAW understands its obligations under Ordering Paragraph 12 of the April 25, 2008 Order to have been fulfilled with this filing and requests the Commission's approval of that understanding.

Respectfully submitted,

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BY:   
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CERTIFICATE OF SERVICE

This is to certify that the original and ten (10) copies of the foregoing have been filed with the Public Service Commission this the 3<sup>rd</sup> day of January, 2012, and a copy mailed to:

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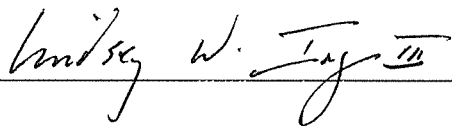
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By 

**Kentucky American Water  
Pool 3 Water Treatment Plant  
Progress Report**

Report Period: October 1, - October 31, 2011

Water Treatment Plant:						
Warranty work ongoing.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	\$2,623,999	\$3,105,747	\$81,741,105	\$77,416,006	105.59%	

Pipeline:						
Contract Completed.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	\$2,154,158	\$2,108,394	\$65,808,282	\$63,711,087	103.29%	

Booster Station:						
Contract complete.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	\$257,999	\$193,629	\$11,050,354	\$10,131,679	109.07%	

Total Project:						
Overall the project is 100% complete and is on schedule and on budget. Final warranty work is being completed. Final payments accrued in previous months.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	(\$138,954)	\$230,843	\$163,619,032	\$163,885,837	99.84%	
Budget	\$0	\$200,000	\$163,885,837	\$163,885,837	100.00%	
Variance	(\$138,954)	\$30,843	(\$266,805)			

1) Financial results are as of September 30, 2011.

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 tax-exempt financing debt was transferred as soft costs during the month.

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

**Kentucky American Water  
Pool 3 Water Treatment Plant  
Progress Report**

Report Period: November 1 - November 30, 2011

<b>Water Treatment Plant:</b>						
Work complete.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	\$62,730	\$3,168,477	\$81,803,835	\$77,416,006	105.67%	

<b>Pipeline:</b>						
Contract Completed.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	(\$1,605)	\$2,106,789	\$65,806,677	\$63,711,087	103.29%	

<b>Booster Station:</b>						
Contract complete. Final invoice paid.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	\$268,844	\$462,473	\$11,319,199	\$10,131,679	111.72%	

<b>Total Project:</b>						
Overall the project is 100% complete.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$329,969	\$560,812	\$163,949,001	\$163,885,837	100.04%	
Budget	\$0	\$200,000	\$163,885,837	\$163,885,837	100.00%	
Variance	\$329,969	\$360,812	\$63,164			

1) Financial results are as of October 31, 2011.

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. Accruals were corrected from previous month and final invoice on booster station paid.

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

**Kentucky American Water  
Pool 3 Water Treatment Plant  
Progress Report**

Report Period: December 1 - December 31, 2011

<b>Water Treatment Plant:</b>						
Work complete. Final invoice received and processed for payment.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	\$124,497	\$3,292,974	\$81,928,332	\$77,416,006	105.83%	

<b>Pipeline:</b>						
Contract Completed.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	\$0	\$2,106,789	\$65,806,677	\$63,711,087	103.29%	

<b>Booster Station:</b>						
Contract complete.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	(\$117,999)	\$344,474	\$11,201,199	\$10,131,679	110.56%	

<b>Total Project:</b>						
Overall the project is 100% complete.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$35,217	\$596,029	\$163,984,219	\$163,885,837	100.06%	
Budget	\$0	\$200,000	\$163,885,837	\$163,885,837	100.00%	
Variance	\$35,217	\$396,029	\$98,381			

1) Financial results are as of November 30, 2011.

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. Accruals were corrected from previous month and final invoice received and accrued on treatment plant.

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