

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY-AMERICAN WATER)	
COMPANY FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY AUTHORIZING THE)	97-347
CONSTRUCTION OF A 750,000 GALLON ELEVATED)	
STORAGE TANK ON BRIAR HILL ROAD)	

O R D E R

On September 3, 1997, Kentucky-American Water Company ("Kentucky-American") applied for a Certificate of Public Convenience and Necessity to construct a 750,000 gallon water storage tank at an estimated cost of \$953,900. The construction will be initially funded by either available funds from a previous financing or short-term bank borrowings and subsequently converted to permanent financing consisting of long-term debt and equity.

The proposed construction will provide additional water storage in the northeastern part of Kentucky-American's service territory. Drawings and specifications for the proposed improvements prepared by Quest 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. The proposed construction consists of a 750,000 gallon elevated storage tank on Briar Hill Road in Bourbon County east of the Fayette/Bourbon County line, 900 feet of 12-inch water main to connect the tank to the existing system, and related appurtenances. After allowances are made for fees, contingencies, and other indirect costs, the total cost of this project is approximately \$953,000.

2. The northeastern part of Kentucky-American's service territory is experiencing growth. The storage tank proposed in this case will better enable Kentucky-American to meet its obligations as a public utility in this portion of its service territory.

3. A water utility is required by Commission Regulation 807 KAR, Section 4(4), to have sufficient water storage capacity to provide a minimum of one-day's supply of its average daily water usage. Kentucky-American's existing storage capacity falls short of meeting this requirement and a deviation through the year 2005 was granted in Case No. 93-432.¹ This deviation was granted, in part, based on representations by Kentucky-American that it planned to construct additional water storage facilities totaling 10.75 million gallons by December 31, 2005. The 750,000 gallon storage tank proposed in this case is one of the facilities identified in Case No. 93-432.


4. Any deviation from the construction approved should be undertaken only with the prior approval of the Commission.

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

¹ Case No. 93-432, Application of Kentucky-American Water Company For A Determination By the Public Service Commission of the Adequacy of Its Water Storage Capacity Analysis and For A Deviation From 807 KAR 5:066, Section 4(4), Until December 31, 2005 Pursuant to 807 KAR 5:066, Section 18.

Done at Frankfort, Kentucky, this 17th day of October, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director