

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)	98-180
CONSTRUCTION OF A 1.5 MGD PUMP STATION ON)	
BRIAR HILL ROAD)	

O R D E R

On April 16, 1998, Kentucky-American Water Company ("Kentucky-American") applied for a Certificate of Public Convenience and Necessity to construct a 1.5 million gallons per day ("MGD") pump station at an estimated cost of \$526,530. 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 supply water to a 750,000-gallon elevated storage tank currently under construction in the northeastern part of Kentucky-American's service territory. The water storage tank construction was previously granted a Certificate of Public Convenience and Necessity in Case No. 97-347.¹ Drawings and specifications for the proposed improvements in Kentucky-American's current application have been prepared by Quest Engineers, Inc. of Lexington, Kentucky ("Engineer").

¹ Case No. 97-347, The Application of Kentucky-American Water Company for a Certificate of Public Convenience and Necessity Authorizing the Construction of a 750,000-Gallon Elevated Storage Tank on Briar Hill Road.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. The proposed construction consists of a 1.5 MGD pump station on Briar Hill Road in Fayette County, a pipe connection to the existing distribution system, and related appurtenances. After allowances are made for fees, contingencies, and other indirect costs, the total cost of this project is approximately \$526,530.

2. The northeastern part of Kentucky-American's service territory is experiencing growth. The pump station proposed in this case will enable Kentucky-American to fill the elevated water storage tank currently under construction and to meet its obligations as a public utility in this portion of its service territory.

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

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

5. Kentucky-American should furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

6. Kentucky-American should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering.

7. Kentucky-American should furnish, within 60 days of the date of substantial completion of this construction, a copy of the "as-built" drawings and a signed statement of the Engineer that the construction has been satisfactorily completed in accordance with the contract drawings and specifications.

IT IS THEREFORE ORDERED that:


1. Kentucky-American is granted a Certificate of Public Convenience and Necessity to construct a 1.5 MGD pump station, and related appurtenances, on Briar Hill Road in Fayette County as set forth in the drawings and specifications of record herein.

2. Kentucky-American shall comply with the requirements contained in Findings 3 through 7 as if the same were individually so ordered.

Done at Frankfort, Kentucky, this 15th day of May, 1998.

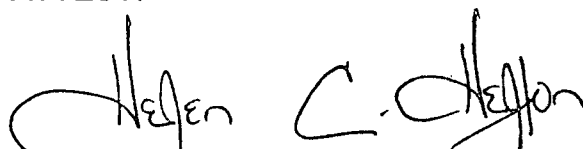
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director