

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF THE CITY OF)	
LIVINGSTON AND KENTUCKY-AMERICAN)	CASE NO.
COMPANY FOR THE TRANSFER OF CONTROL)	2025-00364
AND ASSETS)	

ORDER

On November 12, 2025, Kentucky-American Water Company (Kentucky-American) and the city of Livingston (Livingston) (collectively, Joint Applicants) filed an application, pursuant to KRS 278.020, and 807 KAR 5:001, requesting approval of Kentucky-American's acquisition of Livingston Municipal Water Works, a city-owned water utility. By Order entered November 20, 2025, the Commission found good cause to continue the proceeding for 30 additional days to February 10, 2026, in order to ensure the orderly review of the application and establish a procedural schedule.¹ There were no intervenors in this matter. The Joint Applicants responded to two requests for information.² A joint statement requesting a decision on the evidentiary record was filed on January 9, 2026.³ The record is complete, and the matter stands ready for a decision.

¹ Order (Ky. PSC Nov. 20, 2025).

² Kentucky-American's Response to Commission Staff's First Request for Information (filed Dec. 8, 2025); Livingston's Response to Commission Staff's First Request for Information (filed Dec. 8, 2025); Kentucky-American's Response to Commission Staff's Second Request for Information (filed Jan. 6, 2026); Livingston's Response to Commission Staff's Second Request for Information (filed Jan. 8, 2026).

³ Joint Applicants' Statement Regarding Hearing (filed Jan. 9, 2026).

LEGAL STANDARD

At issue is the Commission's approval of the application pursuant to KRS 278.020. Livingston, as a city-owned water utility, is not subject to Commission jurisdiction.⁴ Therefore, KRS 278.020(6) and 278.020(7), which require prior Commission approval of the transfer or control of any "utility," do not apply. However, in this case, a jurisdictional utility will be acquiring a system operated by a city and Commission approval is required pursuant to KRS 278.020(1)(a). KRS 278.020(1)(a) provides, in part, that, "[n]o person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public . . . until that person has obtained from the Public Service Commission a certificate that public convenience and necessity require the service or construction."⁵

Kentucky-American proposes to acquire Livingston's water system, which is not a utility as defined by KRS 278.010(3), but, upon approval of this transaction, the system that Livingston currently owns will be owned by a jurisdictional utility and will begin providing service to its customers as a jurisdictional utility. As such, Commission approval in the form of a certificate of public convenience and necessity (CPCN) is required prior to Kentucky-American's acquisition of Livingston. To obtain a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.⁶

"Need" requires:

[A] showing of a substantial inadequacy of existing service,
involving a consumer market sufficiently large to make it

⁴ KRS 278.010(3).

⁵ KRS 278.020(1)(a).

⁶ *Kentucky Utilities Co. v. Public Service Commission*, 252 S.W.2d 885 (Ky. 1952).

economically feasible for the new system or facility to be constructed or operated.

[T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.⁷

“Wasteful duplication” is defined as “an excess of capacity over need” and “an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties.”⁸ Pursuant to KRS 278.020(1)(a), the Commission must determine that public convenience and necessity require the services that Kentucky-American will provide to the former Livingston customers and that determination includes analysis as to whether the proposed acquisition would result in wasteful duplication of services provided or wasteful duplication of facilities.⁹

Requiring approval under KRS 278.020(1)(a) ensures that the Commission discharges its statutory duty to ensure that the acquiring utility’s ability to provide adequate service at fair, just and reasonable rates is not impaired. Additionally, insofar as the acquisition of a non-utility’s system may impact a jurisdictional utility’s ability to provide adequate and reasonable service, either to customers of the system to be acquired or the customers of the acquiring utility, it follows that the Commission has such

⁷ *Kentucky Utilities Co. v. Public Service Commission*, 252 S.W.2d. 885, 890 (Ky. 1952).

⁸ *Kentucky Utilities Co. v. Public Service Commission*, 252 S.W.2d. 885, 890 (Ky. 1952).

⁹ *Kentucky Utilities Co. v. Public Service Commission*, 252 S.W.2d 885, 890 (Ky. 1952); *Citizens for Alternative Water Solutions v. Kentucky Public Service Commission* 358 S.W.3d 488 (Ky. App. 2011) (review denied).

authority to prevent such an acquisition and its approval for such an acquisition is required.¹⁰

BACKGROUND

Parties

Kentucky-American: Kentucky-American is a wholly owned subsidiary of American Water Works Company, Inc. (American Water) and is engaged in the distribution and sale of water in its Central Division, consisting of Bourbon, Clark, Fayette, Harrison, Jessamine, Nicholas, Scott, and Woodford counties, Kentucky; its Northern Division, consisting of Gallatin, Owen, Grant, and Franklin counties, Kentucky; and the Southern Division, consisting of Rockcastle and Jackson counties, Kentucky.¹¹ Kentucky-American has also been granted approval for the acquisition and merger of Water Service Kentucky's water systems in Bell and Hickman counties, Kentucky.¹² Kentucky-American currently owns, operates, and maintains potable water production, treatment, storage, transmission, and distribution systems for the purpose of furnishing potable water for residential, commercial, industrial, and governmental users in its service territory.¹³ Kentucky-American is also engaged in the collection and treatment of wastewater in Franklin, Owen, Bourbon, and Clark counties, Kentucky.¹⁴

¹⁰ Case No. 2020-00028, *Electronic Proposed Acquisition by Bluegrass Water Utility Operating Company, LLC of Wastewater System Facilities and Subsequent Tariffed Service to Users Presently Served by Those Facilities* (Ky. PSC June 19, 2020), Order at 14. See also *Public Service Commission v. Cities of Southgate and Highland Heights*, 268 S.W.2d 19 (Ky.1954).

¹¹ Application at 1.

¹² Case No. 2025-00171, *Electronic Application of American Water Works Company, Kentucky-American Water Company, Nexus Regulated Utilities, LLC, and Water Service Corporation of Kentucky for Approval of the Transfer of Control of Water Service Corporation of Kentucky* (PSC Ky. Sept. 9, 2025).

¹³ Application at 1.

¹⁴ Application at 1.

Livingston: Livingston owns and operates Livingston Municipal Water Works, by which Livingston provides water to its citizens.¹⁵ Livingston purchases all its water from Wood Creek Water District and distributes it to its approximately 126 connections.¹⁶

PROPOSED ACQUISITION

On October 22, 2025, the Joint Applicants entered into an Agreement for Purchase of Livingston Water System (Agreement).¹⁷ The proposed purchase includes all of Livingston's tangible assets and real property interests devoted to the provision of water service except for the limited exclusions set forth in the Agreement.¹⁸

The consideration to be exchanged will be \$400,000 total.¹⁹ Kentucky-American will not be assuming Livingston's outstanding debts, which consist of \$66,130 to United States Department of Agriculture for a loan, and outstanding balances in the amounts of \$39,029.75 and \$19,232.05 to Wood Creek District for wholesale water purchases.²⁰ Pursuant to the Agreement, Livingston shall satisfy these debts upon closing.²¹ Assuming all debt on the water utility assets is satisfied, sale proceeds are unrestricted and can be used by Livingston to advance community priorities or invest in the future.²²

¹⁵ Application at 2.

¹⁶ Kentucky-American's Response to Staff's First Request (filed Dec. 8, 2025) Item No. 9, at 13.

¹⁷ Joint Application at 9, Exhibit 1.

¹⁸ Joint Application at 2.

¹⁹ Joint Application at 35.

²⁰ Livingston's Response to Staff's First Request, Item 7.

²¹ Application, Exhibit 1, Agreement, Section 2.5 (a)(iii), Closing Obligations.

²² Kentucky-American's Response to Staff's First Request at 117.

In response to discovery, Kentucky-American provided its own appraisal of Livingston's known assets using an Estimated Original Cost Less Depreciation analysis, driving the estimated net book value of Livingston's known assets.²³ In this appraisal, Kentucky-American first estimated the costs assuming they were to be installed in 2024 and then applied conversion factors to estimate the costs at the actual time of the asset's installation, using the "Handy-Whitman Index of Public Utility Construction Costs, Trends of Construction Costs" bulletin.²⁴ This appraisal supported a net book value of Livingston's known assets of \$1,441,798.²⁵ Kentucky-American asserted that typically, certain financial schedules are finalized throughout the process that occurs between execution of the Agreement and the closing. According to the joint application, Livingston's documentation of its system and its appurtenances is limited, and some information may not be available at completion of this process. Joint Applicants stated they are working to finalize the financial and asset schedules or indicate which are not applicable due to the limited amount of information possessed by Livingston.²⁶ Kentucky-American stated the schedules requested by the Commission will be submitted as they are completed, or in the event information to complete a schedule is not available, the impacted schedule will be so noted.²⁷

²³ Kentucky-American's Response to Staff's First Request, Item 12.

²⁴ Kentucky-American's Response to Staff's First Request, Item 12.

²⁵ Kentucky-American's Response to Staff's First Request, Item 12, Attachment 1.

²⁶ Kentucky-American's Response to Staff's First Request, Item 4.

²⁷ Kentucky-American's Response to Staff's Second Request, Item 3.

Kentucky-American proposed to serve Livingston's customers in accordance with Kentucky-American's existing water service tariff, except for the rates to be charged.²⁸ Kentucky-American stated that Livingston's customers' rates would remain the same under Livingston's current Water and Sewer Rate Ordinance, until Kentucky-American's next rate case.²⁹

The Livingston Water System does not employ dedicated personnel to staff the water system and currently has only two part-time employees.³⁰ Kentucky-American will not be hiring any Livingston employees nor will it be hiring additional staff to operate the Livingston water system, as it will be fully incorporated into KAWC's existing Eastern Rockcastle water system and operated by existing KAWC employees.³¹ However, Kentucky-American has obtained a verbal agreement with Livingston's part-time hourly individual who currently reads meters and has the greatest institutional knowledge regarding the location of system assets, to provide consulting services and assist Kentucky-American's Geographic Information System (GIS) and operations in physically locating system assets and getting them added to Kentucky-American's GIS mapping database.³²

²⁸ Joint Application at 2.

²⁹ Joint Application at 2, 3, Exhibit 2 at 37–39.

³⁰ Livingston's Response to Staff's First Request, Item 9; Kentucky-American's Response to Staff's First Request, Item 16.

³¹ Kentucky-American's Response to Staff's First Request, Items 14, 16.

³² Kentucky-American's Response to Staff's Second Request, Item 8.

Livingston is subject to an Agreed Order (AO) with the Kentucky Division of Water (DOW), DOW 23-3-0071, filed on September 7, 2023.³³ Per the terms of the AO, Livingston was to hire a certified operator for the water system, provide a staffing plan to the DOW for review, and complete the prescribed corrective action plan included in the AO.³⁴ The most recent sanitary survey inspection of Livingston's water system was conducted on September 30, 2025 by the DOW.³⁵ The inspection cited various administrative deficiencies related to failure to respond to prior inspection findings and failure to send customer notifications related to their Lead and Copper Rules Revisions program.³⁶ In addition, Livingston does not have a certified operator, does not properly record chlorine data, does not properly submit monthly operating reports, does not track and report water loss, and has not repaired the faulty altitude valve to control tank level properly.³⁷

Kentucky-American asserted that, once it has closed the sale of the system with Livingston, Kentucky-American will enter into a new AO with the DOW to formally address the various system deficiencies.³⁸ The new order will include Kentucky-American's new corrective action plan to address the system deficiencies noted in the September 30, 2025 sanitary survey report and a proposed timeline by which the deficiencies will be resolved

³³ Kentucky-American's Response to Staff's First Request, Item 11 at 75–76.

³⁴ Kentucky-American's Response to Staff's Second Request, Item 1.

³⁵ Kentucky-American's Response to Staff's Second Request, Item 1.

³⁶ Kentucky-American's Response to Staff's Second Request, Item 1.

³⁷ Kentucky-American's Response to Staff's Second Request, Item 1.

³⁸ Kentucky-American's Response to Staff's Second Request, Item 1.

post system sale.³⁹ Kentucky-American stated most deficiencies will be resolved upon final closing, since the Livingston system will be incorporated into Kentucky-American's existing Eastern Rockcastle water system.⁴⁰ As a result, the Livingston system will be covered by Kentucky-American's existing certified operator, monthly operations and chlorine reporting will be administered by Kentucky-American's statewide water quality department, and Livingston's water loss reporting will be incorporated into KAW's existing Southern District water loss report.⁴¹

Kentucky-American has further committed to investing approximately \$600,000 in infrastructure improvements to the Livingston water system within the first five years of ownership,⁴² including replacement of aging and leaking water mains, replacement of customer meters, installation of SCADA equipment and systems at Livingston's existing storage tank site to allow for remote tank level monitoring.⁴³ Kentucky-American stated the immediate and long-term investments made in the Livingston water system will enhance water quality, system reliability and support the community.⁴⁴ Kentucky-American stated it would work with city officials in Livingston to coordinate investment projects such as pipeline replacement projects with municipal paving plans.⁴⁵

³⁹ Kentucky-American's Response to Staff's Second Request, Item 1.

⁴⁰ Kentucky-American's Response to Staff's Second Request, Item 1.

⁴¹ Kentucky-American's Response to Staff's Second Request, Item 1.

⁴² Joint Application at 21.

⁴³ Kentucky-American's Response to Staff's First Request, Item 11 at 117; Item 23.

⁴⁴ Kentucky-American's Response to Staff's First Request, Item 11 at 123.

⁴⁵ Kentucky-American's Response to Staff's First Request, Item 11 at 117.

Kentucky-American requested a decision regarding the proposed acquisition no later than 90 days from the date of filing of this Joint Application, as they contemplated a March 1, 2026 closing, if approved.⁴⁶ The Joint Application stated Kentucky-American will assume responsibility for the operation of Livingston's water utility operations and service to Livingston's citizens after closing and make any necessary improvements over time to ensure that the existing and future customers are provided with the same quality of service as is currently being provided to Kentucky-American customers.⁴⁷

DISCUSSION

Approval Pursuant to KRS 278.020(1)

The Commission must determine whether public convenience and necessity require the proposed acquisition and whether the transaction would result in wasteful duplication of facilities or services.

Need. The record demonstrates that Livingston's water system is experiencing operational and compliance deficiencies.⁴⁸ Livingston is currently subject to an AO with the Kentucky Division of Water and has been cited for failure to maintain a certified operator, failure to properly record and report chlorine residuals, failure to submit monthly operating reports, failure to track and report water loss, and failure to correct certain infrastructure deficiencies identified in a sanitary survey.⁴⁹ These conditions establish a

⁴⁶ Joint Application at 2.

⁴⁷ Joint Application at 2–3.

⁴⁸ Kentucky-American's Response to Staff's First Request, Item 6.

⁴⁹ Kentucky-American's Response to Staff's First Request, Item 2, Attachment to PSC 1-2.

substantial inadequacy of existing service beyond what could reasonably be remedied through routine improvements in the ordinary course of business.

Kentucky-American has committed to immediately incorporating the Livingston system into its existing Eastern Rockcastle operations, which will provide certified operator oversight, regulatory reporting compliance, water quality administration, and system management infrastructure. Kentucky-American has also committed to invest approximately \$600,000 in infrastructure improvements within five years, including main replacement, meter replacement, and installation of SCADA equipment.⁵⁰

The Commission finds that the acquisition is necessary to ensure continued provision of safe and reliable water service to Livingston customers and that the record demonstrates a need for Kentucky-American to assume operation of the system in order to remedy existing deficiencies and ensure long-term viability.

Wasteful Duplication. The Commission must also determine whether the proposed acquisition would result in wasteful duplication of facilities or services. Wasteful duplication refers to an excess of capacity over need, excessive investment relative to productivity, or an unnecessary multiplicity of physical properties.

The Livingston system is geographically contiguous with Kentucky-American's existing Eastern Rockcastle system. The proposed transaction does not involve construction of parallel facilities, expansion into a new service territory, or duplication of water production capacity. Instead, the existing Livingston distribution infrastructure will be incorporated into Kentucky-American's current system and operated using Kentucky-American's existing personnel and management structure.

⁵⁰ Joint Application at Exhibit 1.

Because the transaction consolidates facilities into a single jurisdictional system and eliminates the need for separate municipal operation, the Commission finds that the acquisition will not result in wasteful duplication. Rather, it promotes operational efficiency and economies of scale.

Based on the evidence of operational deficiencies, compliance concerns, and the benefits of consolidation into a contiguous, existing jurisdictional system, the Commission finds that public convenience and necessity require the proposed acquisition and that the transaction will not result in wasteful duplication of facilities or services. Therefore, the requirements of KRS 278.020(1) are satisfied.

Approval Pursuant to KRS 278.020(6)

Joint Applicants argued that Kentucky-American has the financial, technical, and managerial expertise to operate and manage the Livingston water system.⁵¹ Kentucky-American noted that American Water serves 3.5 million customer connections in fourteen states through its regulated operating subsidiaries and American Water's transmission and distribution network includes 795 water and wastewater treatment plants, 1,700 pumping stations, 1,200 groundwater wells, 1,100 treated water storage facilities, 74 dams, and approximately 54,000 miles of main and collection pipes.⁵² Kentucky-American further stated it currently serves more than 138,000 customers in Kentucky and provides wholesale water service to ten public water systems.⁵³ Additionally, Joint Applicants pointed out that Kentucky-American's financial integrity could be found in its

⁵¹ Joint Application at 3.

⁵² Kentucky-American's Response to Staff's First Request, Item 7.

⁵³ Kentucky-American's Response to Staff's First Request, Item 7.

annual reports filed with the Commission.⁵⁴ Kentucky-American further argued that it has continuously provided water service to areas of Kentucky since 1882 and its continued operation of water facilities within the state is evidence of its ability to provide reliable service to residential, commercial, and industrial customers.⁵⁵

Additionally, Kentucky-American argued that American Water, due to being a publicly traded company, can readily access the equity and bond markets to obtain additional capital and Kentucky-American can access lower cost capital through American Water Capital Corp, as an American Water affiliate.⁵⁶ Kentucky-American also pointed to its economies of scale and access to public debt markets that provide lower all-in interest rates than can typically be achieved in the private placement market.⁵⁷

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that, based on the evidence provided in the application, Kentucky-American has the financial, technical, and managerial abilities to provide reasonable service to the current Livingston water system. As discussed above, however, Joint Applicants have failed to provide some financial information requested in discovery, but have agreed to provide that information when available.⁵⁸ While the Commission notes the limitations inherent in estimating original cost using scaled 2024 construction cost indices, the limited historical documentation available regarding Livingston's system would make any valuation method challenging. The Commission would note that Joint

⁵⁴ Joint Application at 3.

⁵⁵ Kentucky-American's Response to Staff's First Request, Item 7.

⁵⁶ Kentucky-American's Response to Staff's First Request, Item 11.

⁵⁷ Kentucky-American's Response to Staff's First Request, Item 11.

⁵⁸ Kentucky-American's Response to Staff's Second Request, Item 3.

Applicants have not provided certain completed financial schedules because they are still working together to complete these schedules.⁵⁹ The Commission finds that Joint Applicants shall file the completed financial schedules, or documentation explaining why certain schedules cannot be completed, once all available information is obtained, into the post-case correspondence in this case. Also discussed above, Kentucky-American will not be assuming Livingston's current indebtedness. Further, Livingston is currently in possession of grant monies from KIA, for which they have been unable to complete the intended projects. The Commission finds that Joint Applicants shall file a Notice of Satisfaction for Livingston's outstanding debts from the proceeds of the sale, as well as proof of either expenditure or return of grant monies from KIA currently being held by Livingston.

The Commission further finds that public necessity and convenience will be met by this merger. Livingston's system is contiguous with parts of Kentucky-American's existing Eastern Rockcastle water system and will be incorporated into Kentucky-American's water system in that area.⁶⁰ The existing need for these services will continue after the transfer and there is no wasteful duplication of services or resources as the current demand for services will be met by Kentucky-American using existing systems, as the current Livingston system will be incorporated into Kentucky-American's Eastern Rockcastle water system. Kentucky-American has further committed to entering a new AO with the DOW to satisfy any outstanding deficiencies with the current Livingston

⁵⁹ Kentucky-American's Response to Staff's First Request, Item 4.

⁶⁰ Kentucky-American's Response to Staff's First Request, Item 7.

system to bring it into compliance.⁶¹ The Commission finds that the proposed acquisition meets the requirement in KRS 278.020(1) and should be approved. The Commission further finds that Kentucky-American shall file a copy of any further AO reached with DOW regarding the current Livingston system, into the post-case correspondence in this case. The Commission emphasizes that approval of this acquisition does not relieve Kentucky-American of its ongoing obligation to comply with all applicable state and federal water quality and reporting requirements.

Finally, in accordance with KRS 224A.300(1) and KRS 74.361(1), the public policy of Kentucky is to encourage regionalization, consolidation, and merger of water utilities. The proposed transaction carries out that public policy.

Approval Pursuant to KRS 278.020(7)

Joint Applicants argued this application is made in accordance with the law, for a proper purpose, and is consistent with public interest.⁶² Kentucky-American asserted the proposed acquisition will bring significant benefits by combining Livingston with the larger, more robust company—Kentucky American Water.⁶³ Kentucky-American asserted that acquisition will result in greater access to capital for infrastructure investment, operational efficiencies, and enhanced service quality. Kentucky-American further stated customers will benefit from greater access to advanced water treatment and operations capabilities as well as economies of scale.⁶⁴ More importantly, there will be no immediate impact on

⁶¹ Kentucky-American's Response to Staff's Second Request, Item 3.

⁶² Application at 3.

⁶³ Kentucky-American's Response to Staff's First Request, Item 6.

⁶⁴ Kentucky-American's Response to Staff's First Request, Item 6.

customer rates or regulatory oversight, and the transaction will strengthen Kentucky-American's ability to serve and respond to regulatory inquiries.⁶⁵ For the reasons discussed herein, the Commission finds that the proposed transaction is in accordance with law, is for a proper purpose, and is consistent with the public interest.

The Commission finds that the proposed transaction is in accordance with the law as the proposed transaction will only be consummated once all requisite regulatory approvals are obtained.⁶⁶

The purpose of the proposed merger is for Kentucky-American to assume responsibility for the operations of Livingston's water service area and facilities, in addition to making any necessary improvements to ensure that Livingston's customers will continue to receive safe, reliable drinking water.⁶⁷

The proposed merger should allow for greater access to capital needed to support investments into the facilities and systems that currently serve Livingston's customers.⁶⁸ Additionally, Kentucky-American has committed to remedy all existing deficiencies in the Livingston system pursuant to a new AO with DOW, including the provision of a certified operator, and completion of monthly testing and reporting requirements through the use of the existing Kentucky-American Eastern Rockcastle system staff and resources.⁶⁹

For all the reasons stated above, the Commission finds, to the extent lawful, the acquisition and merger of Livingston's water system into Kentucky-American is approved.

⁶⁵ Kentucky-American's Response to Staff's First Request, Item 6.

⁶⁶ Kentucky-American's Response to Staff's First Request, Item 11, at 122, 127.

⁶⁷ Application at 2–3.

⁶⁸ Kentucky-American's Response to Staff's First Request, Item 7.

⁶⁹ Kentucky-American's Response to Staff's Second Request, Item 1.

The Commission also finds that Kentucky-American should monitor water loss in the Livingston service territory, separately from the Eastern Rockcastle territory, on a monthly basis and file those reports in its next general rate adjustment proceeding. The Commission further finds that Kentucky-American should file updates upon completion of any investments made in the Livingston water system into the post-case correspondence in this file, and a summary of all investments should be filed in the next application for a general rate adjustment.

IT IS THEREFORE ORDERED that:

1. The Commission grants a CPCN for Kentucky-American pursuant to KRS 278.020(1)(a), to provide utility service to Livingston.
2. The Joint Application for approval of the acquisition and transfer of ownership and control of the Livingston Municipal Water Works to Kentucky-American Water Company is approved.
3. Within five days of the completion of the approved transfer, Joint Applicants shall file written notice setting forth the date that the acquisition was completed in a post-case correspondence in this file.
4. Joint Applicants shall file the financial schedules requested in discovery as post-case correspondence in this file.
5. Kentucky-American shall file a copy of any further AO reached with DOW regarding the previous violations, or any ongoing concerns or violations with the existing Livingston system, as post-case correspondence in this file.

6. Within 14 days of Livingston satisfying its USDA loan and outstanding debts to Wood Creek District, Joint Applicants shall provide notice of satisfaction of these debts to the Commission, as post-case correspondence in this file.

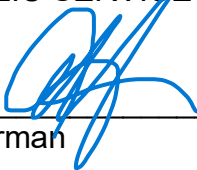
7. Within 14 days of the expenditure, or alternatively, the return of KIA grant monies, Livingston shall file notice of the resolution of those funds, as post-case correspondence in this file.

8. Kentucky-American shall monitor water loss in the Livingston service territory, separately from the Eastern Rockcastle system, on a monthly basis and file those reports in its next general rate adjustment proceeding.

9. Kentucky-American shall file updates upon completion of any investments made in the Livingston water system in the post-case correspondence in this file and file a summary of the investments in its next application for a general rate adjustment.

10. This case is now closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



*Anne Trout
Kentucky American Water Company
Lexington, KY

*Kentucky-American Water Company
2300 Richmond Road
Lexington, KY 40502

*Lindsey Ingram
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KY 40507-1801

*Molly Van Over
Kentucky-American Water Company
2300 Richmond Road
Lexington, KY 40502

*Jeremy B Rowe
Attorney at Law
205 Richmond Street
P.O. Box 1250
Mt. Vernon, KY 40456