

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE FEASIBILITY AND)	
ADVISABILITY OF KENTUCKY-AMERICAN)	CASE NO. 2001-00117
WATER COMPANY'S PROPOSED SOLUTION TO)	
ITS WATER SUPPLY DEFICIT)	

O R D E R

On January 11, 2002, this Commission issued its preliminary findings regarding the measures necessary to enable the Kentucky River to adequately supply the total requirements of Kentucky-American Water Company's ("Kentucky-American") customers in 2020 and the likely timetable for implementing these measures.¹ The parties have submitted both specific and general objections to these findings. Based upon our review of these objections, we have identified in this Order the issues in controversy and appended a list of these issues to this Order.

Our review of the parties' objections indicates a preference of several parties to discuss issues outside the scope of this proceeding. In our Order of September 26, 2001, we stated that the first phase of this proceeding will address only "the measures necessary to enable the Kentucky River to adequately supply the total requirements of Kentucky-American's customers in 2020" and "the cost and likelihood of implementing

¹ Pursuant to KRS 61.872, the Commission requested the documents from the Natural Resources and Environmental Protection Cabinet, the Kentucky River Authority, and Lexington-Fayette Urban County Government. Pursuant to 5 U.S.C. § 522, we also inspected and requested documents from the United States Army Corps of Engineers. On January 25, 2002, Commission Staff filed these documents in the record and served an electronic version of these documents to the parties of record.

these measures in a timely fashion.” We continue to hold that position and advise all parties that other possible solutions, including the construction of any transmission main, are outside the scope of this phase of the proceeding and, if necessary, will be addressed in later phases of this proceeding. The parties should direct their attention to Kentucky-American’s proposed solution.

We further remind the parties that the preliminary findings set forth in our Order of January 11, 2002 are merely preliminary findings and are subject to change. Our final findings and conclusions will be based upon the evidence already collected and evidence produced by the parties in the upcoming proceedings. We therefore encourage the full and active participation of all parties to ensure a complete review of the feasibility and adequacy of the proposed Kentucky River solution.

IT IS THEREFORE ORDERED that:

1. The scope of this phase of this proceeding shall be limited to the issues set forth in Appendix A of this Order.
2. The parties shall, no later than February 21, 2002, submit written testimony on the issues set forth in Appendix A of this Order.

Done at Frankfort, Kentucky, this 28th day of January, 2002.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2001-00117 DATED JANUARY 28, 2002

ISSUES LIST

- What is the current projected demand of Kentucky-American's customers in year 2020?
- In light of the results of the 2000 Census, are the demand projections considered in Case No. 93-434 still reasonable? If not, what modifications to these projections are required?
- How do Kentucky-American's business development planning and activities affect Kentucky-American's projected demands?
- What restrictions, if any, should be placed upon Kentucky-American's business acquisitions to reduce Kentucky-American's projected demand?
- What is the effect of Kentucky-American's present efforts to encourage conservation on existing and projected customer demand?
- What additional conservation measures, if any, can be undertaken by Kentucky-American to reduce existing and projected customer demand? What is the potential effect of these measures on existing and projected customer demand?
- What conservation measures can be imposed by local governmental authorities upon Kentucky-American's customers? What is the potential effect of these measures on existing and projected customer demand?
- When considered in light of their potential effects on the local and regional economy and the lifestyle of Kentucky-American's customers and their potential effect

on existing and projected customer demand, which, if any, of these additional conservation measures are reasonable?

- Without any improvements, how much Kentucky River supply capacity is available to Kentucky-American to meet projected customer demand?

- Will the current supply capacity of the Kentucky River, without any improvements, meet the total reasonable requirements of Kentucky-American's customers under maximum consumption in 2020? If not, what is the difference between this supply capacity and the total reasonable requirements of Kentucky-American's customers under maximum consumption in 2020?

- Is the current supply capacity of the Kentucky River, without any improvements, sufficient to meet Kentucky-American's current customer demand if a drought of record occurs?

- Is the current supply capacity of the Kentucky River, without any improvements, sufficient to meet Kentucky-American's current customer demand if a 100-year drought occurs?

- Is the current supply capacity of the Kentucky River, without any improvements, sufficient to meet Kentucky-American's customer demand in 2020 if a drought of record occurs?

- Is the current supply capacity of the Kentucky River, without any improvements, sufficient to meet Kentucky-American's customer demand in 2020 if a 100-year drought occurs?

- What measures are necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet projected customer demand in 2020?

- What regulatory approvals are required before implementation of the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet projected customer demand in 2020?

- What is the projected demand in 2020 of other regional water suppliers and others who withdraw water from the Kentucky River? How does that projected demand affect the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet projected customer demand in 2020?

- How much time should be allotted to plan, obtain the regulatory approvals, and construct each of the necessary improvements to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet projected customer demand in 2020?

- Which governmental or private entities have the authority and responsibility for implementing the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet projected customer demand in 2020?

- What is Kentucky-American's role in ensuring the performance of the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet its projected customer demand in 2020? What is its legal authority to compel performance of these measures?

- What is Lexington-Fayette Urban County Government's role in ensuring the performance of the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet its projected customer demand in 2020?

- What is the role of the Kentucky Natural Resources and Environmental Protection Cabinet in ensuring the performance of the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet its projected customer demand in 2020?

- What is the role of the Kentucky River Authority in ensuring the performance of the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet its projected customer demand in 2020?

- What is the role of the U.S. Army Corps of Engineers in ensuring the performance of the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet its projected customer demand in 2020?

- What is the role of other regional water suppliers in ensuring the performance of the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet its projected customer demand in 2020?

- What is the expected cost of the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet projected customer demand in 2020? How will these costs be financed? If government financing will be used, what is the likelihood of obtaining this financing, and what is the time period needed to secure such financing?

- What are Kentucky-American's plans for implementing the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet its projected customer demand in 2020?

- What actions has Kentucky-American taken, as of January 1, 2002, to implement the measures necessary to enable the Kentucky River to provide Kentucky-American with a supply adequate to meet projected customer demand in 2020?

- What revisions to its current water-withdrawal permit need to be made to allow Kentucky-American to withdraw adequate water from the Kentucky River to meet its projected customer demand in 2020? Will the Kentucky Natural Resources and Environmental Protection Cabinet likely approve such revisions?