

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2004-00103
PUBLIC SERVICE COMMISSION DATA REQUEST NO. 1
ITEMS 1 – 34

Witness Responsible:

L. C. Bridwell

8. Describe the process that Kentucky-American uses to plan and approve construction projects.

Response:

The long-term construction planning begins with the Least Cost/Comprehensive Planning Study which evaluates the distribution system, storage facilities and production capacities. The study identifies projects for construction over a fifteen-year planning horizon, with immediate needs identified for construction within five years.

The Director Engineering works with the Operations Superintendents and the Water Quality Director to prioritize projects and identify any projects that may not have been included in the five-year plan. This is reviewed by the President and submitted to the Capital Investment Management Committee. The five-year plan is utilized to develop immediate year budgets based on urgency of the projects. Project authorization is submitted with the annual budget to the Capital Investment Management Committee. Projects over \$10 million are approved by the Board of Directors individually, otherwise the projects are authorized by the Board of Directors as part of the entire annual strategic capital expenditure plan. The CIMC also authorizes changes to project scope or cost within the Strategic Capital Expenditure Plan. Projects for compliance with local, state, and federal regulations, improvement of service and fire flows, and reductions of maintenance problems are given priorities.

The 1992 LC/CPS is the most recent study and was filed with the PSC in July 1992.
For electronic version, see [KAW_R_PSCDR1#8_052004.pdf](#)