0		1000						
Forecasted Test	Test Year:	Forecasted Test Year: 11/30/05 Base Test Year: 07/24/04		Forecasted Test Year: Now	Year:	November-05		
Item 80 - 94	0.00%	Ιİ	CENTRAL	Dase les Lear		301½-04		
P's	100.00%	2		Balance	3,583,271	0	4,883,474	4,653,412
Investment	Code	Recented	Description	Budget	CWIP at		CWIP at	CWIP at
	2300	no locovi		Tien Tien Tien Tien Tien Tien Tien Tien	30I-04		Dec-04	11/30/200
12020080	-		Mains	12020080	450,000		382,000	345,12
12020080	-		Hydrants	12020080	5,000		11,000	11,000
12020080	-		Land	12020080	0		0	7,0
12020080			Elevated Tanks & Standpipes	12020080	0	4 (1)	117000	
						77.04.0.	***************************************	
12020081			Mains	12020081	48,000	0	48,000	53,400
					Ville		1470.d.	7001
12020082	-		Mains	19090089	20 000	0	000 08	20 808
				- 10/4	0	0	0	0
	1			,1				
12020083	-		Hydrants	12020083	2,000	0	5,000	4,0
	100	The state of the s			0 0	0 0	0	-
12020084		100	Hofrante	1000000	000			
				100000	000		oo'os	0 0
						. 33	-	
12020085	4-	3	Services	12020085	29,000	0	44,650	58,000
			Extraction			177.0		7764.00
12020086	- 1/2		Services	12020086	122,000	0	56,350	134,500
		5			- Wash	- P 1 1 A VA - A - A - A - A - A - A - A - A -	- P.	
12020087	410 A100		Meters Plastic Case Meter Other	12020087	25,000	0	20,000	15,0
12020087	***		Meter Installations	12020087	65,000	0	54,800	52,800

Base Test Year: ttem 80 - 94 100.00% IP's 100.00%	3	Forecasted Test Year: 11130105	Forecasted Test Year: Nove	/ear:	November-05		
	opc .	CENTRAL	Base Test Year:		July-04		
In the state of the	2		Balance	3,583,271	0	4,683,474	4,653,412
Item Code	Received	Description	Budget	CWIP at	100	CWIP at	CWIP at
				מיומר		DCC-04	11/30/2002
12020088 1		Meters Plastic Case	12020088	35,000	0	50,000	37,500
120200888		Meter Installations	12020088	25,000	00	5,350	21,900
		n		0	D	0	3
		77.1		i i	15.42		
12020089 12020089		Computers & Periph Mainframe	12020089	0 00		0 00	C
		Communication Equip-non-tele	12020089	000.5		000'61	3,300
12020089		Misc Equipment	12020089	0		0	
0		Computer Equip & Periph Other	0	0	77	0	0 0
			100		177 1	}	
12020090 1	1000	Misc Equipment	12020090	0	0	0	100
12020090 1	-	Mise Structures) 	
12020090		Communication Equipment Non-Telephone			271		300
				}	1	197.4	
12020091 1		Trans Equipment Light Trucks	12020091	0	0	0	
12020091 1	70.	Trans Equipment Other	12020091	0	0	0	3
12020091 1		Trans Equipment Heavy Trucks	12020091		0 0	0	
12020091	77.0	Power Operated Equipment	12020091	0	0	0	
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				= = # A/.	7	
12020092 1		Electric pumpling equipment	12020092	0	0	0	
12020092 1		WT equipment non-media	12020092	0	0	0	
12020092 1		Tools, Shop, & Garage Equipment	12020092	2,000	0	0	7,000
12020092 1		Laboratory Equipment Miscellaneous Equipment	12020092	3,000	0 0	6,400	2,9
4				1			
12020093 1		Electric pumping equipment	12020093	0	0	0	
12020093 1	4:	Water freatment equipment Water Treatment Non-Media	12020093	0 0	0	4.750	20,000
12020093 1		Laboratory Equipment	12020093	0	0	4,500	18,90
12020093 1		Other tangible property	12020093	0	0	0	-
The second secon			- 1	o vite.		1000	
12020094 1	14 000	Computer software	12020094	0	0	0	
12020094 1		Laboratory Equipment	12020094	0	0	0	7,500

Schedule of Forecasted Capital E	Forecasted	Capital Expe	Expenditures	Calculation of CWIP- CENTRAL	WIP-CENTRAL	Noncombon		1
Base Test Year	ear:	07/31/04	CHITRA	Base Test Year:	- dal -	July-04		, , , , ,
Item 80 - 94	100.00%	2 2		Balance	3,583,271	0	4,883,474	4,653,412
Investment Item	Code	Reserved	Description	Budget Item	CWIP at Jul-04		CWIP at Dec-04	CWIP at 11/30/2005
12020003	2	AVII.	Harrodsburg Road relocation	12020003	, was			000
12020101	2		LEX-Security System Improvem,	12020101	10 10 10 10 10 10 10 10 10 10 10 10 10 1			0
12020102	5		LEX-Clays Mill Tank 3.0 MG	12020102	30.00			
12020103	2		LEX-SCADA Improvements	12020103		- 10 A L L L L L L L L L L L L L L L L L L		
12020105	2 2		LEX-Russell Cave Road Tank LEX-Russell Cave Road Tank	12020105	289,897	0	1,012,826	0 0
12020110 0	2 2 2		LEX-Richmond Rd Stat Hyd	12020110	0 0	7411	0 0)
12020201 12020201 0 0	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		Lesstown Rd Main Impr Lesstown Rd Main Impr	12020201 12020201 - 0	230,993			
12020202 0 0 0	2 2 2	, , , , , , , , , , , , , , , , , , , ,	LEX-Major Highway Relocation	120%			0 0	
12020203 0 0 0	2 2 2 2 6	10,000 mm	LEX-Rpl Travel Screen Housing	- 0 - 0 - 0 - 0 - 0	00000	Park Andrews	0 0	
12029212 12020204 0 0	2 2 2 2	Transfer of the state of the st	LEX-Source of Supply Proj	12029212 - 12020204 - 0	429,165		519,067 0 0	1,889,06
12029619 0 0 0	7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7		LEX-Customer Service Software	- 12029619 - 0 - 0	2,263		2,263	2,263
12029801	7 2 2 2 2		LEX-Integrated Resource P	120%	305,365		305,365	
700	2 2 2	77	LEX-Surge Protection KRS	12029808 - 0 - 0	0 0 0 0		79,757	
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L					Nentucky-American Water Company	TOO ISTRUCT	Dainy		
Schedule of Ferecasted Capital	casted Capit		Expenditures		Calculation of CWIP- CENTRAI	VIP- CENTRAL			
Forecasted Test	Year: 11/30				Forecasted Test Year;	Year:	November-05		
Base Test Year:	07/31/04	1/04			Base Test Year:	A AND THE PARTY OF	July-04	3	
	4	Code				4400			
Item 80 - 94 100	100.00%	-							
-	%00.001	7	77. 6		Balance	3,583,271	0	4,883,474	4,653,412
eut			77 8454		Budget	CM/ID at		to all the	
_	Code Rese	served	escription	7744	Item	Jul-04		Dec-04	14/30/000E
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	2				0	0	0		

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KRS Filter Media Replacement - Hyd 3 & 4

Replace Trac-Vac System at RRS

Ground Storage Tank - 3.0 MG

Description

Reserved

Sode

Investment S.

CENTRAL

Code

100.00%

Item 80 - 94

Kentucky-American Water Company
Schedule of Forecasted Capital Expenditures
Forecasted Test Year: 11/30/05
Base Test Year: 07/31/04

Russell Cave Road Main - 34,000' of 12"

495,000

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Reserved

Reserved

Reserved

Reserved

4,653,412

4,883,474

0

3,583,271

Balance

November-05 July-04

Kentucky-American Water Company Calculation of CWIP - CENTRAL Forecasted Test Year: Nove Base Test Year: July-(

CWIP at 11/30/2005

CWIP at Dec-04

CWIP at Jul-04

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4,653,412

4,883,474

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Totals

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Controlled For Vision Controlled Formation Controlled Formatio	Kentucky-American V	Nater Cor	npany		Kentucky-Amer	ican Water Comp	any		
1	Schedule of Forecast	ted Capita	al Expenditure.		Calculation of C	WIP-TRI VILLAG	Щ		
1	Base Test Year:			•	rorecasted les	r rear.	ţ		
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Total Processor Processo		%00.0	2		Balance	518,880		17,750	16,500
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Page 200 Page 200	Kentucky-Americ	an Water Co	ompany		Lentucky-American Water Company	later Company			
Comparison Com	Forecasted Test	faster capt	11/30/05	7	orecasted Test Year	IKI VILLAGE Novemi	her-05		
1	Base Test Year:	· ·	07/31/04		lase Test Year:				
Fig. 100.100% 2 2 2 2 2 2 2 2 2		100.00%	Code	T TWA					
Decided Proceedings Decided Colore of		100.00%	2	TOTAL .		18,880		17,750	16,500
Computer Special Comp	Investment	u, man			$\frac{1}{1}$	IP at		CWIP at	CWIP at
1	Item	Code	Reserved	1200112021		-04		Dec-04	11/30/2005
1500 1500	12020088	-		Meters Plastic Case	12020088	0	0	0	0
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CODES 1 Electric pumping equipment 1 1 1 0 <th< td=""><td>12020091</td><td></td><td></td><td>Power Operated Equipment</td><td>12020091</td><td>o</td><td>0</td><td>0</td><td>0</td></th<>	12020091			Power Operated Equipment	12020091	o	0	0	0
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Kentucky-Ame Schedule of Fo	orican Water Co	Kentucky-American Water Company Schedule of Forecasted Capital Expenditures		Kentucky-American Water Company Calculation of CWIP- TRI VILLAGE	ican Water Co	mpany AGE		
Forecasted Te	st Year:	11/30/05	T Contin	Forecasted Test	t Year:	November-05		
Base Test Yea	u .	07/31/04 Code	TRI-VILLAGE	Base Test Year:	- Valence -	July-04		
Item 80 - 94	100.00%	2		Balance	518,880		17,750	16,500
Investment Item	Code	Reserved	Description	Budget Item	CWIP at Jul-04	VI TO THE TOTAL TO	CWIP at Dec-04	CWIP at 11/30/2005
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Forecasted Test Year.	t Year.	11/30/05	2		Forecasted Test Year:	Forecasted Test Year: Nove	November-05		
Base Test Year:		07/31/04		TRI-VILLAGE	Base Test Year:	ar:	July-04		
		Code							
. Item 80 - 94	100.00%	-							
S _I dl	100.00%	2		17	Balance	518,880		17,750	16,500
Investment				17.11	Budget	CWIP at		CWIP at	CWIP at
Item	Code	Reserved	Description		Item	Jul-04		Dec-04	11/30/2005
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Kentucky-Amer Schedule of Fo	Kentucky-American Water Company Schedule of Forecasted Capital Expenditures		Base Per, Fore Per	July 31, 2004 November 30, 2005	
CENTRAL					
Investment		2	Amount in	Transfer	
# qor	Description	Acet	Jan-04	Expenditures	Reserved
12020080	Item 80 - Mains and Hyd, Deposit Agreement				
12020080	Mains	331001	767,993	0	0
12020080	Hydrants	335000	40,238	0	0
12020080	Land	303500	2 164		0
12020080	Elevated Tanks & Standpipes	330100	\$ 74	0	
				7,2	
	Total for Budget Item 80		\$ 828.298	€	e
12020004				in the second se	
12020081	item o1 - Mains replacements/relocations @ Co expense Mains	331001	69,754	.	€
	Total for Budget Item 84		146.00	7,1	i
, 1	101101105		+C / SO	0	D
12020082	Item 82 - Network extensions @ Co expense				1
12020082		331001	83,869	0	0
70007071	Total for Budget Item 82	303200	\$ 83.908	0	0 '
					•
12020083	Item 83 - Hydrant replacements	1	3.		ą.
12020083	Hydrants	335000	0	57,670	
74.	Total for Budget Item 83		\$	\$ 57,670	69
12020084	Item 84 - Hydrant new Hydrants	335000	000 23		10.1
		000000		64,699	7.15
	Total for Budget Item 84		\$ 67,820	\$ 64,699	- -
12020085	Item 85 - Services replacement				700
12020085	Services	333000		€	\$
1202085	Hydrants (move to item 83) Total for Budget Item 85	335000	\$ 57,670		-
					•
12020086	Item 86 - Services new				
12020086	Hydrants (move to Item 84)	333000	(27,827)	eo eo	υ,
	Total for Budget Item 86		\$ 23,463		· 6
12020087	Item 87 - Meters & meter settings replaced			THE REAL PROPERTY OF THE PERSON OF THE PERSO	
12020087	Meters Plastic Case	334120	0	-	•
12020087	Meter Other	334130	840		
10007071	Weder Historia	334200	181		ļ
	Total for Budget Item 87		\$ 1,020	€	\$
12020088	Harr 89 - Matara & materia antitions			71/13	
12020088	Meters Plastic Case	334120	C	.	U
12020088	Meter Other	334130	69,160	7.75	·
12020088	Services (move to Item 84)	334200 333000	50,330	(13.409)	
	1/2 =		П		
	Total for Budget item 88		\$ 132,899	\$ (13,409)	- -
	Constru-04.xls Ite	Items 80 - 94			

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Budget item so thrus4 CENTRAL	thru s4				
			Amount in		
Investment Job #	Description	JDE	CWIP at Jan-04	Transfer	Reserved
	11.1	7/10			
12020089	Item 89 - ITS Equipment & systems				
12020089	Computers & Periph Mainframe	346218	Đ	100-1	
902009	Communication Equip-non-tale	346100	0 2 4		9
020089	Misc Equipment	347000		_	9+
2020089	Computer Equip & Pench Other	340230	\$ 12,977		-
	Total for Budget form 80				1
	oo iliga ahaa sa sa sa sa sa sa sa sa sa sa sa sa s		QCZ'SI	A	*
12020090	Hem 90 - Office & Onerstone Center			470	
12020090	Misc Equipment	347000	er:	e	9
12020090	Office Structures	304600		+	9
020090	Misc Structures	304800	69		
12020090	Communication Equipment Non-Telephone	346100	3		
	Total for Budget Item 90		69	S	6/
	The state of the s				
12020091	Item 91 - Vahirles				; ;
1202001	Trans Equipment Light Trucks	241400		•	e
	Equipment Other	341400) i	•	9
393999 3	Frans Equipment Autos	341300	8		
2020091	Talls Equipment Heavy Trucks	341200	\$ 7,461	*	
020031	Fower Operated Equipment	345000			
12020091	Tranit for Budget Item 91		3 7.461	es.	€.
12020081	Down			╂╼┈	
200000	# CO - 1				
12020092	Item 92 - 1 ools & Equipment				
12020092	WT equipment con-media	311200	2,804		49
020092	Tools, Shop, & Garage Equipment	343000			
020092	Laboratory Equipment	344000	69	-	
020092	Miscellaneous Equipment	347000	\$ 7,676		
	Total for Budget Item 92		11		
		37	2	-	o
12020093	Item 93 - Process Plant Replacement	4			
12020093	Electric pumping equipment	304600		}	4.
020093	Water treatment equipment	311200	\$ 64,496		•
12020093	Water Treatment Non-Media	320100	\$		
020003	Laboratory Equipment	344000	f		
osnozo.	Orner rangible property	348000	\$ 5,604	77.4	
	VII. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.	7970			
į	Total for Budget Item 93		\$ 123,352	\$	co
020094	Item 94 - Process Plant additions			7.10	
12020094	Computer software	340300	\$ 12,307		
12020094	Laboratory Equipment	344000	↔	,	

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Budget Item 80 thru 94	Surgeruse of the caster Capital Experiments Budget Item 80 thru 94		Fore Per	November 30, 2005	
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		JDE	CWIP at	Transfer	
2020080	Hom 80 - Maine and Lind Donnels Accomment	Acct	Jan-04	Expenditures	Reserved
12020080	Mains	20000			
2020080	Services	333000		move and	
12020080	Hydrants	335000			
į	The state of the s			72.	
	Total for Budget Item 80		- ده	· •	ss
2020084	Hom 84 - Maine me lacomandamentian & Canadi			77.1	j
12020081	Mains	331001			
	77/7/				
	Total for Budget Item 81		- \$	*	89
CROOCOC	form 09 Metronel automotions @ A.				
202002	Mains	200700			
12020082	puel	303500			
	Total for Budget Item 82	2000	65	4	4
	PARTIE PA		,	•	7
12020083	Item 83 - Hydrant replacements		7750	*****	-
12020083	Hydrants	335000			
		,			
	lotal for Budget Item 83		€		\$
12020084	Item 84 - Hydrant new	-			
12020084	Hydrants	335000			
	7,011				
	l otal for Budget Item 84		- 5	· •	es.
2020085	item 85 - Services replacement			-	1
12020085	Services	333000			
	Total for Division than 00				
	Total for Sudger Item 65		T EFF	69	es.
12020086	Item 86 - Services new				
2020086	Services	333000	11.		
	l otal for Budget Item 86		€	မာ	\$
2020087	Item 87 - Meters & meter settings replaced	ì			
12020087	Meters Plastic Case	334120		400	
12020087	Meter Other	334130			
12020087	Meter Installations	334200			
	Total for Rudnet Ifem 87		e		•
			9	6	æ
12020088	Item 88 - Meters & meter settings new			77000	-
12020088	Meters	334100	2,250		
2020088	Meters Plastic Case	334120			19.00
2020088	Meter Other	334130			
12020088	Meter Installations	334200			3
	Total for Budget Item 88	;	\$ 2.250	·	65
	7777				.
12020089	Item 89 - ITS Equipment & systems			5.	
COZOCOS	Computers & Periph Maintrame	340210		7744	
207070	Computed & Feripir Personal	340220			
	Total for Budget Item 89		- -		U :

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Schedule of Fo	Schedule of Forecasted Capital Expenditures		Fore Per	November 30, 2005	
Budget Item 80 thru 94	thru 94			744	
B	The same of the sa		Amount in		1
		JDE	CWIP at	Transfer	
		Acct	Jan-04	Expenditures	Reserved
12020080	Item 80 - Mains and Hyd, Deposit Agreement				;
12020090	Item 90 - Office & Operations Center				
12020090	Misc Equipment	347000			
12020090	Misc Structures	304800			
	Total for Budget Item 90		69		69
12020091	Item 91 - Vehicles				ì
12020091	Trans Equipment Light Trucks	341100			
12020091	Trans Equipment Other	341400			77444
12020091	Trans Equipment Autos	341300			
12020091	Trans Equipment Heavy Trucks	341200	7		i
1					
	Total for Budget Item 91		60	-	-
12020092	Hem 92 . Toole & Equipment	3			
12020092	Tools Shop & Garage Frainment	OUCERO			
1000000	200 and 200 an	000040			į
	Total for Budget Item 92		49	69	65
	7/10 1/10 1/10 1/10 1/10 1/10 1/10 1/10	-			
12020093	Item 93 - Process Plant Replacement				
12020093	Electric pumping equipment	SOJEO	-		
12020093	Water treatment equipment	311200			
12020093	Water Treatment Non-Media	320100			1
12020093	Laboratory Equipment	344000			
12020093	Other tangible property	348000	,		
	lotal for Budget Item 93		·		69
12020094	Item 94 - Process Plant additions	1			
12020094	Computer software	340300		[,
12020094	Laboratory Equipment	344000			
	Total for Budget Item 94	-	•	сэ	

Page 1 of 4

Kentucky-Ame	Kentucky-American Water Company													
Budget Item 80	the easted Capital Expenditures						li							
CENTRAL	# n n n		444											
Investment	77 - 77	JDE		160									-	Including CWIP
# 000	Description	Acet	Feb-04	Mar-04	01-04	Mayor								Transfer
12020080	Mains					integ-ora	to-line	70I-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004
12020080	Services	232000	40,000	-	237,000	328,000	429,000	450.000	377 000	444 000	000			
12020080	Hydrants	335000	4,500	9,000	5,000	5,000	12,000	40,000	13.000	45.000	319,000	382,000	382,000	4,342,993
12020080	Land	303500	0		3,000	12,000	4,000	5,000	5,000	6,000	2,000	2,000	000,11	215,738
12020000	Cievaled Lanks & Standpipes	330100	0	0	0	5	0	0	0	0	0	5	2,000	92,328
							>		0	0	0	0	0	74
	Total for Dudoce the con			704										
	i orda itor Budget item 80		\$ 45,000	\$ 195,000	\$ 245,000	\$ 345,000	\$ 445 000 4	405,000	000 300	Ιİ	-			
20081	Item 81 - Mains replacements/relocations @ Co. expense						000	000'ca+		495,000	345,000 \$	\$ 395,000	\$ 395,000	\$ 4,623,298
20081	Mains	331001	28.000	5	ļ		H							
				A	33,000	\$ 43,000	\$ 48,000 \$	48,000	\$ 48,000 \$	45.000	43,000 \$	\$ 43,000	S 48 000	2007 754
	Total for Budget Item 81	Ī												
			28,000	23,000	33,000	43,000	48,000	48,000	48,000	48.000	43.0 10	42 000	40000	
12020082	Item 82 - Network extensions @ C.							2				200,00	40,000	522,754
12020082	Mains				İ	A.								
12020082	Land	331001	8,000	5,000	10,000	20,000	20,000	20.000	30 000	40.000				
	Total for Budget Item 82	200000	\$ 5000	0 00	0	\rightarrow	0	0	0	000,5	00,000	30,000	30,000	323,869
		Ì			000,01	\$ 20,000 \$	\$ 20,000 \$	20,000 \$	\$ 30,000 \$	40,000 \$	30,000	30.000	30 000	40
12020083	Kem 83 - Hydrant raplacements											-	3	П
12020083	Hydrants	335000		j										
			2,000	0	2,000	2,000	2,000	2,000	2,000	2,000	2.0410	2 000	4	00.00
	Total for Budget Rem 83		\$ 2,000		\$ 2,000	\$ 2.000 \$	2 000 \$	2 000	0000	+			200	0,000
		İ			i			-1-		2,000 \$	2,010 \$	2,000 \$	2,000	\$ 80,670
12020084	Hem 84 - Hydrant new													
	- years	335000	10,000	10,000	20,000	20,000	20.000	000 00	000 00					
	Total for Budget Item 84		40 000	40,000	000				000,02	30,000	0.000	30,000	30,000	\$ 372,519
		-		10,000	20,000	\$ 20,000 \$	20,000 \$	20,000 \$	20,000 \$	30,000 \$	30,000	30,000	30.000	372 540
ì	Item 85 - Services replacement											-		
12020085	Services	Ť	. A9 000	000 07										
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	OO HINN TORNING TO THE		\$ 49,000	\$ 49,000 \$	49,000	39,000	39,000	29 000 \$	- 000 02	. 000 00	17			
12000088									000,02		39,00.0	\$ 000,65	44,650	\$ 383,237
ſ	Services					-		ļ						
12020086	Hydrants (move to Rem 84)	333000	\$ 57,000	57,000	72,000 \$	\$ 000,78	122,000 \$	122,000	122.000	122 000 8		-		Ш
	Total for Budget Item 88		57.000	57 000 6	1 22 000	1	\rightarrow	-		3 '	20,00	\$ 000,7	56,350	973,523
				3	72,000	000/78	122,000 \$	122,000 \$	122,000 \$	122 000 \$	\$ 0.00'Z6	77,000 \$	56,350	\$ 973.523
П.	Item 87 - Meters & meter settings replaced									-				
12020087		334120 \$,	\$ 15,000 \$	25.000 \$	2000	45 000 4	-	\rightarrow	П	-			
Г		334130			,	000	2000,01	25,000 \$	2,000	15,000 \$	25,000 \$	15,000 \$	20,000 \$	165,000
П		334200	20,000	\$ 35,000 \$	35,000 \$	75,000	\$ 000'99	65,000 \$	75.000 \$	A5 000 a	•	Θ.	باسمة	Ш
	Total for Budget Item 87	93	20,000	50.000	80 000 6	00000	$\overline{}$	\cdot	-	00000	20,04	\$ 000,54	54,800	579,981
			1			\$ CDO'DO	70,000 \$	\$0,000	\$0,000 \$	\$ 000 08	70,000	\$ 000'02	74,800 \$	745,820
2020088	Herm 88 - Meters & meter settings new													
Т	Meter Other	334120 \$	450	\$ 15,000 \$	55,000	15.000 \$	35.450 €			₩				
П		-		•		3	400450	32,000	33,000 \$	35,450 \$	40,00	47,500 \$	\$0,000 \$	
	(tem 84)	333060 \$	19,550	5 5,000 \$	5,000	45,000 \$	24,550 \$	25,000 \$	42,000 \$	39.550 \$	\$ 50 S	\$ - 07 500	- 020	
	Total for Budoot form on	+-			1	1	*	•		ŀ		3	S .	
	See House Roll of	55	20,000	\$ 20,000 \$	\$ 000'09	\$ 000'09	80.000	80.000 8	9 000 32	\rightarrow		_		
										\$ 000.07	/2°00	\$ 000,67	55,350 \$	754,840
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Kentucky-Ameria	Kentucky-American Water Company Schedule of Forecasted Capital Expenditures															
Budget Item 80 t CENTRAL	hru 94					7000								7		
Investment Job #	Description	JDE	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Forecasted T	Forecasted Test Year Expenditures
12020080	Mains	331001	194,000						251,920	315.640	307,120	265.840	345 120	RD6 240	10	2 570 780
12020080	Services	335000	4,500				5,000	12,000	40,000	13,000	45,000	24,000	11,000	11,000	180,000	180,000
12020080	Land Eleveted Tanks & Standpipes	303500	0	0	0 0				000	000%	000 9	2,000	2,000	2,000	45,000	45,000
	Total for Budget Item 80		\$ 199,000	\$ 292,840	341,800	309,160	\$ 296,920	\$ 321,400	\$ 296.920	\$ 333.640	358 120	202 840	3 358 120 6	6 610 230 6	000 000 F	0 0 202.502
12020081	Item 81 - Mains replacements/relocations @ Co expense	331001	\$ 29,600	\$ 27,200	3 40,400	\$ 56,600	49	\$ 42,000	37,400	34.400	40.400	57 200	53 400	88 000	258 000	
	Total for Budget Item 81		29,600	27,200	40,400	58,600	49,400			34,400	40,400	57,200	53,400	88,000	i I I I	516,000
12020082	Item 82 - Network extensions @ Co expense Mains	331001	12,750	18,615	21,675	19,635	18,870	20,400	18,870	21.165	22.695	18.615	31695	30.075	255,000	264 OB5
70007071	Total for Budget tem 82	303500	\$ 12,750	\$ 18,615	\$ 21,675	ம	\$ 18,870	\$ 20,400		- 1 -	\$ 22,695 \$		0 0 31,695 \$		+	\$ 254,985
12020083	Kem 83 - Hydrant replacements Hydrants	335000	\$ 1,400	\$ 1,300	1,900	9	\$ 2,200	69	1,700	1,600	1.800	2.600	4 000 \$	2 000	30 800	22 500
	Total for Budget Item 83		\$ 1,400 \$	\$ 1,300	1,900	€ 0	\$ 2,200	\$	1,700	1,600	i i	2,600	4,000	2,000		
12020084	item 84 - Hydrant new Hydrants	335000	\$ 12.000	\$ 20.300	23.500	\$ 21100	\$ 22.200	\$ 2000	000	000	100					
	Total for Budget Item 84			69	\$ 23,500	\$ 21.	. 69	\$ 24,000	22,200			23,500 \$	26,700 \$	27,900 \$	275,000 \$	277,100
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12020086 12020086 12020686	Item 66 - Services new Services Hydrants (move to Item 84) Total for Budget Item 86	333000	\$ 27,800	\$ 44,500	\$ 88,400	000'99 \$	\$ 87,200	\$ 80,300	\$ 94,400	\$ 66,600 & 8 6.6	177,600 \$	134,600 \$	134,500 \$	99,100 \$	1,121,000	1,078,250
12020087 12020087 12020087	Hem 87 - Meters & meter settings replaced Meters Plastic Case Meter Other	334120 334130	\$ 12,000	\$ 25,000	15,000	\$ 40,000		\$ 15,000	15,000	-	15,000	20,000	15,000	10,000	192,000	
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12020093	Item 93 - Process Plant Replacement						-				-					
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1000000	water rearment equipment	311200	•>				69	65	65				١			2
12020033	water I reatment Non-Wedia	320100	· •	₩.	s		9	69			Market			9 4		0
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12020094	Item 94 - Process Plant additions											È				-
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Kentucky-A	Kentucky-American Water Company Schedule of Forecasted Canital Expanditures			Base Per	07/31/04													
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	704			Amount in				-										
dof.	Description	100	Sub	CWIP at	Transfer	Bacamad	NO Mal	Mor D4	FO may								+	Forecasted
12020003	Harrodsburg Road ralo		Τ'n.	450		20000				MISS-04	oun-Oa	Jul-D4	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004
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	Total for Investment Project 1 ->	12020003		150	0	0	o	¢							9 6		5 6	0
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12020102	LEX-Clays Mill Tank 3.0 MG		330100	776.510			\$ 29,941	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 88,632	9	,		\$		1,495,082
	The state of the s			1									100					
	Total for Investment Project 3>	12020102		776,510	0	0	28,941	150,000	150,000	150,000	150,000	88,632	0	0	0	0	0	1,495,082
12020103	LEX-SCADA Improvements LEX-SCADA Improvements		340330	\$ 77,615	(77,615)	9	\$ 808	- 000	69	- 50 02	6	65	. o	S	S S	9		•
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	Total for Investment Project 4>	12020103		339,486	0	0	6.809	10.000	10.000	39 835	c		0	d				1.00
12020104	12020104 LEX-Soott County Mains		331001	77.1	c		9	(4 646)	6								5	405,230
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	Total for Investment Project 5>	12020104		177	0	0	96	(1,546)!	0	0	0	0	0	0	0	0	0	(1,274)
12020105	LEX-Russell Cave Road Tank LEX-Russell Cave Road Tank		303500	5 1,644	(1,644)		1 1198	35,000	- 90	. 00	\$	59	49		57	69		0
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	Total for Investment Project 6>	12020105		63 539		-	1 200 1	900	200	200								0.
12020110			00,000	200,000	+			000,00	\rightarrow	25,000		100,000	\rightarrow	150,000	150,000	150,000	122,929	1,012,826
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	Total for Investment Project 7 —>	12020110		229,008	0	0	80	0	0	0	0	0	0	0	0	0	0	229,088
12020201	Lesstown Rd Main Inpr Lesstown Rd Main Impr		331001	\$ 15,145	(15, 145) \$	- 0	\$ 746	1.000	3 ,000	\$ 20.400	\$ 50,000	* 000	\$ 75,000	\$	1 0000	- 000	1 (
	77.4						,,,,								200	000	8	123, 131
	Total for Investment Project 8 ->	12020201		107,846	0	0	746	1,000	1,000	20,400	50,000	90,000	75,000	100,000	150,000	100,000	67.158	723.151
12020202	LEX-Major Highway Relocation		331001	\$ 2,776	0		\$ 29	-		· ·	8	49	\$	١.				2.804
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	Total for Investment Project 9>	12020202		2,776	0	0	90	-	c							c		
12020203			204000		-		$ \cdot $			1		+		+	2	0	0	2,804
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	Total for Investment Project 10>	12020203	\parallel	0	0	0	228,882	2,000	2,000	30,000	180,207	0	0	0	0	0	0	449.089
12029212	LEX-Source of Supply Proj		306000	\$ 304,165	0	4	69	\$ 25,000	\$ 25,000	\$ 45,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000 \$	20,000 \$	24,902 \$	519,067
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	Schedule of Investment	Forecasted Capital Expenditures Projects (IP's)							-								
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Section Sect	12020101	LEX-Security System Improvem.		304800	0	0		11	9	va	0	67		0		0	9
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Ţ	Total for Investment Project 11 ->	12029212		304 165	0		c	25 000	25.000	78 000	45.000	900 37	500	45.000	000	200	000 F0	100000
12029619 LE	12029619 LEX-Customer Service Software		340300	\$ 2,263	0					,						9	24,904	200.61
	Topics							7.100	-	1		700						
Ď	Total for Investment Project 12>	12029619		2,263	0	0	0	0	0	0	0	0	0	0		0	0	2,263
12029801 LE	LEX-integrated Resource P		339600	\$ 305,365	0		,		69		-	•	9	\$		9		\$ 305,365
3	Total Control				1													
Į.	Total for Investment Project 13>	12029801		305,365	0	0	0	0	0	0	0	0	0	0	0	0	0	305,365
12029808 LE	12029808 LEX-Surge Protection KRS		331001	\$ 79,757	0	9	·	693	69		69	49	-	1	\$	-	-	\$ 79,757
	700		,	7,744	-	7111		- Pr. Cal.										
P	Total for Investment Project 14->	12029808		79,757	0	0	0	0	0	0	0	0	0	0	0	0	0	79,757
12029809 LE	12029909 LEX-Upgrade Cart Winch KRS		304800	\$ 76,445		·	59	1	· •	69	•	69	ψ ₃	'	9	•		\$ 76,445
	1984 - 1984												170					
Ţ	Total for Investment Project 15->	12029809		76,445	0	0	0	0	0	0	o	0	0	٥	o	0	0	76,445
12020301 Ele	Elevated Storage Tank 2 MG		330100				\$ 2,000	\$ 75,000	\$ 60,000	10,000	\$ 10,000	\$ 10,000	\$ 10,000	200,000	\$ 200,000	\$ 200,000 \$	333,000	1,100,000
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To	Total for Investment Project 16—>	12020301		0	0	0	2,000	75,000	900'09	10,000	10,000	10,000	10,000	200,000	200,000	200,000	333,000	1,100,000
12020302 ME	12020302 Major Highway Relocations		331001	\$ 2,891		4	\$ 693	9	9		59	9	•		69	9		\$ 3,585
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To	Total for Investment Project 17→	12020302		2,891	0	0	693	0	0	0	0	0	0	0	0	0	0	3,585
12020303 Ele	Electrical Reliability Impr		304800	\$ 25,092			\$ 6,233	\$ 150,000	\$ 400,000	\$ 70,000	\$ 60,000	\$ 30,000	\$ 30,000	150,000	\$ 95,000 \$	\$ 1,626		\$ 1,017,951
[2]	Total for Investment Project 18→	12020303		25,092	0	0	6,233	150,000	400,000	70,000	000'09	30,000	30,000	150,000	000'56	1,626	0	1,017,951
12020404 Bu	12020404 Business Process Efficiency Project & Orcom Budget		340300			·	\$ 5,061	30,000	\$ 30,000	\$ 30,000	\$ 45,000	\$ 60,000	\$ 60,000			\$ 109,992 \$	121,000	611,063
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antucky-American shedule of Forecasi	Water Compar	y senditures	Utility Plant Pi	Placed into Service	93									
Base Test Year; 11/3/104 Base Test Year; 71/3/104 Ism 80 - 84; 100.00% 7	Code (%)				Section 1				AND LANGUE			Trees, person		
1 1 1 1	Reserved	Description	2005 Jan-05 Jan-2005	L 0	2005 Mar-05 Mar-2005	2005 API-05 API-05	2005 May-05 May-2005	2005 Jun-05 Jun-2005	2005 Jul-06 Jul-2005	2005 Aug-05 Aug-2005	\$ 2005 Sep-05 Sep-2005	10 2005 Oct-05 Oct-2005	11 2005 Nov-05 Nov-205	102
12020080 1 12020080 1 12020080 1 12020080 1		Mains Sentices Hydrangs Land Elevered Tanks & Standpipes	382,000 11,000 2,000 0	194,000 4,500 500 0			301,160 5,000 3,000	1111			h		1 1 1 1 1	
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12020081 1		Mains	48,000	29,600	27,200	40,400	56,600	49,400	42,000	37,400	34,400	40,400	67,200	937,354
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12020082	# Prod	Mains	30,000	12,750	18,615	21,675	19,635	18,670	20,400	18,870	21,165	22,685	18,615	517,158
12020083 1		Hydranis	5,000	1,400	1,300	1,900	0	2,200	0	1,700	1,600	1,800	2,600	95,170
12020084	// // // // // // // // // // // // //	Hydrants	30,000	12,000	20,300	29,500	21,100	22,200	24,000	22,200	24,900	26,700	23,500	592,918
12020085 1		Services	44,650	11,000	18,500	39,500	23.500	37,000	34,000	40,500	58,500	0 28.500	48.300	0
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12020088 1 12020088 1		Meters Plastic Case Meter Other Meter Installations	50,000	11,100	37,800	39,000 22,500 6	92,700 20,000	35,000 42,400 0	45,450 0 29,000	15,000 0 34,300 0	33,000 33,300 0	25,450 0 37,400	20,000 0 36,500 0	716,350 69,160 590,230
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Schedule of Fo	recasted Capil	Schedule of Forecasted Capital Expenditures	85	Oullity Plain Placeu IIIIO Service	illo service	5.					
Forecasted Test Base Test Year:	st Year:	11/30/05	TRI-VILLAGE								
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Investment				4	2004 Mar-04		2004 May-04	2004 Jun-04	2004	2004 Aug-04	2004 Sep.04
Item	Code	Reserved	Description	Feb-2004 Ma	Mar-2004		May-2004	Jun-2004	Jul-2004	Aug-2004	Sep-2004
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			, visit and the second of the	7772							,
							440	723.5			
12020086	-		Services	0	3,000	3,000	3,000	3,000	3,000	4,000	4,000
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12020087	1		Meters Plastic Case	0	0	0	0	0	1,150	0	0
12020087	1		Meter Other	0	0	0	0	0	0	0	0

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Kentucky-American Water Company	r Company	i I				Kility Plant Pla	Utility Plant Placed into Service	92	, Academ	
Torecasted Test Year:	11130105	TRI-VILLAGE				77.74	,, <u> </u>		-	
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ltem 80 - 94 100.00% IP's 100.00%	% % 2	TO MALL.	100	11	12	200	2005	3	2005	9 9 9 9 9
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12020081 1		Mains	2.000	2,000	2,000	2,000	2,000	2,000	2.000	2,000
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12020085 1		Services	1,000	1,000	1,000	1,000	1.000	1,000	1,000	1,000
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-12020086		Services	4,000	3,000	2,950	3,050	0	3,000	3,000	3,000
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12020087		Meters Plastic Case	0	0	0	0	1.000		0	0
		Meter Other	0	0	0	0	0	0	0	0

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Forecasted Tes	it Year:	11/30/05	2								Topic Profit in the State of th
Base Test Year	411111111111111111111111111111111111111	07/31/04 Code		TRI-VILLAGE							
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Investment	Code	Recented	Description	The second of	Jun-05		Aug-(Sep-	Oct-05	Nov-05	1-1-1
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12020083	1		Hydrants	TOTAL STATE OF THE	0	2,500	0	0	0	0	5,000
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12020086	-		Services	100	3,000	3,000	4,000	4,000	4,000	3,000	000'99
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Schedule of Forecasted Capital Expenditures Forecasted Test Year: 1130/05	ecasted Capit Year:	tal Expenditure	- Halifa		TOTAL SECTION						
Base Test Year:		07/31/04	TRI-VILLAGE		J479 L.			4.6	Ī		
Item 80 - 94	100.00%	1	77.74			***					
P's	100.00%	2	777	2004	3	4	5		7	8	9000
Investment		3		Feb-04	Mar-04	Apr-04	May-04		Jul-04	Aug-04	Sep-04
Item	Code	Reserved	Description	Feb-2004	Mar-2004	Apr-2004	May-2004	Jun-2004	Jul-2004	Aug-2004	Sep-2004
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12020088		145	Meter Installations	0	0	0000,1	0	o	0000,1	0) <u>(</u>
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						- TAN PART					
12020089			Computers & Periph Mainframe	00		c	0		c		c
12020089	-		Communication Equip-non-tele	0	0	0	0	0	0	0	, 0
12020089	-		Misc Equipment				, i				
-~ 69007071	-		Computer Equip & Periph Other								
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12020090	-		Misc Equipment	0	0	0	0	0	0	0	0
12020090	-	}	Office Structures	0	0	0	0	0	٥	0	0
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12020091		0.11	Trans Equipment Light Trucks	-	C	0	C	C		c	
12020091	-		Trans Equipment Other	D	0	0	0	0	0	0	0
12020091			Trans Equipment Autos	0	0	0	0	0	0	0	o
12020091	-		Irans Equipment Heavy Irucks Power Operated Equipment	5	0	0	D	5	0	5	0
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12020092	-		Electric pumping equipment	0	0	0	0	0	0	0	0
12020092	-	77.11	WT equipment non-media	0	0	0	0	0	0	0	0
12020092	-		Tools, Shop, & Garage Equipment	0	0	0	0	٥	0	P	0
1202032	-	-	Missellane in Famont								
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12020093			Electric pumping equipment	0	0	0	0	0	0	0	0

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Kentucky-American Water Company Schedule of Forecasted Canital Expanditures	rican Water C	ompany	900				tility Plant Pla	Utility Plant Placed into Service			
Forecasted Test Year:	st Year:	11/30/05								3	100
Base Test Year:		07/31/04 Code	TRI-VILLAGE		-	-		-	-	-	
Item 80 - 94	100.00%	2 - 2		440	777			7		4	
tacontactual			10		11	71 23004	2005	2005		2005	2005
Item				OG-04-07 NR	NOV-04003	Dec-0404	Jan-20 05	Feb-05	Mar-2005	Apr-05	Maş-05 May-2005
12020087			Meter Installations	8	250	250	200	200	500	900	500
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12020088			Meter Installations	0	0	0	0	0	0	0	0
12020089	_							71	107		i l
12020089			Computers & Periph Personal	0	0	0	0	0	0	0	0
12020089	- -		Misc Fairbment	a	2	0	0	9	0	0	0
12020089		,	& Periph Other	100							
											11.
12020090	~~		Misc Equipment	0	0	0	0	0	0	0	0
12020090	-		Office Structures	0	0	0	0	0	0	0	0
		100	Misc Structures Communication Equipment Non-Telephone							100	***
						1					
12020091			Trans Equipment Light Trucks	0	0	0	0	0	0	0	0
12020091	-		Trans Equipment Other	0	0	0	0	0	0	0	0
12020091			Trans Equipment Autos	0	0	0	0	0	0	0	0
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	1,000				1,1		14/4		78.74		
12020092	1	- A-1	Electric pumping equipment	0	0	0	0	0	0	0	0
12020092	-		WT equipment non-media	0	0	0	0	0	0	0	0
12020092	- -		Tools, Shop, & Garage Equipment	0	0	0	5,000	0	0	0	0
12020092	- -		Latonatory Equipment Miscellaneous Equipment							7.0	

12020093	_		Electric pumping equipment	0	0	0	0	0	O	0	0

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Kentucky-American Water Company Schedule of Forecasted Capital Expenditures	rican Water Co	ompany tal Expenditure	\$6		- 63.4					
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Item 80 - 94	100.00%	1					, mar.			A) Life
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Investment			To the state of th	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	21
Item	Code	Reserved	Description	Jun-2005	Jul-2005	Aug-2005	Sep-2005	Oct-2005	Nov-2005	Total
12020087	-		Meter Installations	200	500	200	200	200	500	8,200
						7,000			1976	
12020088			Meters Plastic Case	0	0	0	0	0	0	2,250
12020088			Meter Installations	>	0	0	00	one'L	00	000,01
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0000000		3	Truncia Control							
12020089	-	i i	Computers & Periph Mannramo Computers & Periph Personal	C	0	6	C		C	0
12020089	-		Communication Equip-non-tele	0	0	0	0	0	0	0
12020089			Misc Equipment							7
1			- Daniel de La disha candino		71.112				1700	
; f						,				
			Tonal Control							
06002021			Misc Equipment	0	٥	0	0	0,000	3,000	000'6
06007071	-		Misc Structures	0	D	5	>	0	0	5
			Equipment Non-Telephone	+ +	100					
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				37.00		121.00	7,41,42		777	3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
12020091	-		Trans Equipment Light Trucks	0	0	0	0	0	0	0
12020091			Trans Equipment Autos	0	0	0	0 0	0	0	0 0
12020091	-		Trans Equipment Heavy Trucks	0	0	0	0	0	0	0
12020091			Power Operated Equipment					11100		
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12020092	-		Electric pumping equipment	0	0	0	0	0	0	0
12020092	-		WT equipment non-media	0	0	0	0	0	0	0
12020092	-		Tools, Shop, & Garage Equipment	0	0	5,000	1,000	0	0	11,000
12020092			Laboratory Equipment Miscellaneous Equipment							
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12020093			Electric pumping equipment	C	0	0	0	0	0	0
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Kentucky-American Water Company	rican Water Co	ompany		Ilfility Plant Pla	Ilfility Plant Placed into Seprice						
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Item 80 - 94	100.00%	1						444			
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-			700.	2004	2004	2004	2004	2004	2004	2004	2004
Investment			Α	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04
rrem	Code	Reserved	Description	Feb-2004	<u>Mar-2004</u>	Apr-2004	May-2004	Jun-2004	Jul-2004	Aug-2004	Sep-2004
4000000											
12020093	-		Water treatment equipment	0	0	0	0	0	0	0	C
12020093	-		Water Treatment Non-Media	0	0	0	0	0	0	0	C
12020093	1		Laboratory Equipment						-	•	
12020093			Other tangible property						-		
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		70.00	The Control of the Co	-				-			
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12020094			Computer software	0	0	0	0	0	0	C	C
12020094	_		Laboratory Equipment	0	0	0	0	0	0	0	C
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	1		Tow Countries I I Olect (I I village)		5	0	445,076	0	0	0	a
		727	114			-	7111				
20000			77 - 7								
12020402	2		Owen County Main Extensions	0	0	0	0	0	0	0	0

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Kentucky-Ame	Kentucky-American Water Company	mpany					Utility Plant Pla	Utility Plant Placed into Service	9		
Schedule of Fc	Schedule of Forecasted Capital Expenditures	tal Expenditure	94								
Forecasted Test Year:	st Year:	11/30/05							ĺ		
Base Test Year:	ני	07/31/04	TRI-VILLAGE								
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Item 80 - 94	100.00%	~ -									
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Investment				Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	, ,	May-05
Item	Code	Reserved	Description	Oct-2004	Nov-2004	Dec-2004	<u>Jan-2005</u>	Feb-2005	Mar-2005	Apr-2005	May-2005
										. Y	
12020093	1		Water treatment equipment	0	0	0	0	0	0	0	0
12020093	1		Water Treatment Non-Media	0	0	0	0	0	0	0	0
12020093			Laboratory Equipment								
12020093	_		Other tangible property								
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12020094	1		Computer software	0	٥	0	0	0	0	0	0
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Kentucky-American Water Company	rican Water Co	ompany								
Schedule of Fo	recasted Capi	Schedule of Forecasted Capital Expenditures	56							
Forecasted Test Year:	st Year:	11/30/05	The state of the s							ĺ
Base Test Year:	į.	07/31/04	TRI-VILLAGE							
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lP's	100.00%	2		9	7	80	0	4	11	
				2005	2005	2005	2005	2005	2005	
Investment				Jun-05	Jul-05	Aug-05	Sep-05	Octo	Nov-05	
Item	Code	Reserved	Description	Jun-2005	Jul-2005	Aug-2005	Sep-2005	Oct-2005	Nov-2005	Total
12020093			Water treatment equipment	C	C	C	C	C	C	c
12020093		1	Water Treatment Non-Media	0	0	0	0	0	0	
12020093			Laboratory Equipment	,)	
12020093	-		Other tangible property						7	
				,					7	
12020094	1		Computer software		0	0	0	0	0	0
12020094	-		Laboratory Equipment	0	0	0	0	0	0	0
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12300111	2		New Columbus Project (TriVillage)	0	0	0	0	0	0	234,422
12300111	2		New Columbus Project (TriVillage)	0	0	0	0	0	0	445,076
										1
12020402	2		Owen County Main Extensions	0	0	0	0	0	300,000	300,000

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Kentucky-American Water Company Book/Tax AFUDC By Month	Vater Company Month			Current Rate Full Rate Mo	nthly	Proposed I	Rate Monthly			200		
Base Test Year:	07/31/04	Tax AFUDC Rate	Rate:	- 1 - 1	0,52500%	6.30%	0.52500%					
Item A - H 100.00%	٥	70000		- Proposition of the Control of the				A CANADA				
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ltem Code	Reserved Description	Book AFUDC Feb-04	Mar-0	Apr-04	May-04	Jun-04		Aug-04 Sep-04		Nov-04		Jan-05
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CWIP/CONSTRUCTION PROGRAM W/P-1-5
Page 50 of 182

Book/Tax AFUDC By Month				Full Rate	-	Full Rate	1						-
Forecasted Test Year: 11/	30/05	Book AFUDC Rai	te:	9.20%	0.76867%	9.58%	0.79833%						
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CWIP/CONSTRUCTION PROGRAM W/P-1-5

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Kentucky-American Water Company Book/Tax AFIIDC By Month	r Company #h			Current Rate	Sid	Propose Full Pate	Proposed Rate					NI THE STATE OF TH	
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Kentucky-American Water Company												
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CWIP/CONSTRUCTION PROGRAM W/P-1-5
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STRATEGIC CAPITAL EXPENDITURE PLAN

Units = \$

Program

State Kentucky
evision Date Mar 2, 2004
Status Approved Q1 Refored

		Ī	STATE	Approved	owns Approved at Reforedast												
District	CPS Code	Project Code	Brief Description of Processed Expenditures	Stage (PNI, PIA, PCA, New)	Business Plan 6-year fotal	o la	2004 Period	•	4	u .	u	,	a		•	Ţ	Total
			Contribution	New	21,232,394		16,164 280	0,322 20.0	16,164 280,312 200,000 250,00 N 350,0 00450.	N 350,0 00	6	500,∞0 400	00.00	,0 0 500,0 00 5 0,00	00000	303,454	9,
		04-81	Network - Replacement Renewal	New	3.465.000		1,609 3	36.021 25	25. 00 35.000	0 45 000	50.000	50000	50.000 5		45000 45000		305
****			Network - Extension	New	1,522,100						20,000			4000 30		11.205	250.08
			Hydrants - Replacement	New	132,540						2000						
		04-84	Hydrants - New Services - Deals comment	New	1,561,066				8 8		20,000		20,000	30,000			
			Services - New Services - New	Me Z	2,736,500		N 1			40,000	40,000		E 000 S	0,000 1,000 1,000			
			Meters - Replacement	New N	4 250 836			50,000	000's/ 000's	90,00	nno ezt		200,621		30,000 30,000		
		04-88	Meters - New	New	3,754,512						25,000			2500 25		20 ZOJEU	957 23
		04-89	ITS Equipment & Systems	New	528,500						5000			4			
		04-90	Offices and Operations Centers	New	426,600		0				0						
		04-91	Vehicles	New	953,500		0	24,365 30		35,605	0	0	0				
	•	04-82	Tools and Equipment	New	487,000		0		5,00 5,000		5,000	5,000	90,	8	5,000 0,1	0,000 11,400	
		04-93	Process Plant - Replacement	New	1,355,000					47	0	0	0	0		₹.	
		04-94	Process Plant - Adeitions	New	351,500				o O	33	0	o	a	0	0		9
		04-95	Treatment Media Keplacement and Process Renabilitation (capitalized) Tank Rebabilitation / Dainting (capitalized)	New	0		0 0	0 (0 (0	0 (0 (۰ ،		
		04-97	(100)	New	300,000		00		ם כ		0	9 0			- 0	, 0	00
			TOTAL RECURRING PROJECTS		49,077,804		348,877 9.9	9 9 1 9 7 8 505,000	100	6,000 81 0,64	822,000	. 2 00 C 98	7720∞ 8 2	2000 5) 12 000'	000 6 52982	8.69380
			Cammier					0.00									
		01-02	Clays Mill Ground Storage Tank - 3.0 MG (342)	AIQ.	c	833 150	51,73	9,941,150	29,941,150,000,150,000,15	8	1 5000	28	c	c	c		
		01-03	SCADA Improvements (391.2)	<u>4</u>	0 0			5.909 10	10,000 10,000		-			· c	, -	, ,	l Cocion
		01-04	Scott County Mains (343)		0	-			-1.546	,	2	5	,	Þ	,		
		01-05	Russell Cave Road Tank - 1.0 MG (342)	PIA	451,600	98,400			25,000 25,000	0 2,00	00,	0,00	50,00 151	00∞ 150	000 1 50	, 00 150,00 15,000 150,000 150,000 122,92	B50.000
		01-10	RRS Hydraulic Improvements (332)		0											-	-11.370
		01-11	New Columbus Project (343)	PIA	o	1,970,431		26,475 50	50,000 50,000		0	,	0	0	0	0	150.000
		02-01	Leestown Road Main Improvements (343)	PIA	0	84,000	969	746	1,000 1,000		8	8		0000 150	0.0000 150,000 1.00000	151, 8 000	m
		02-02	Major Highway Relocations 2002 (343)				-3,645										
		02-03	Replace Travelling Screen Housing (311)	PIA	0	0	911 22			000'06 00	1 07			0	0		,
		02-04	Source of Supply Project Development (343)	A P	135,170	283,100	0				8		15,000 1		,000 20,	0	
		10-01	Elevated Storage Tank - Z.U MG (342)	¥.	1,600,000	0			75,000 0,000	10,000	8	0 8	10,000 20		,000 200,000 200,	0 333,000	Ξ.
		13.03	major ingimaly Netocations 2005 (545) Flactical Reliability mercates (System Deliability (223)	ž	000 000	•		0000	0000 4000 0000	8			00 00	ç	9	(
		04-04	Business Process Efficiency Project & Organ Budget (391.2)	X 2	onn'one	· c	18,047	5081	0,000 4,000		3 8	00000	000, 81 000, 08	36	95,000 T,	2 2 2	000,010,1
		04-02	Major Highway Relocations (343)	. Z	2.730 000) C			000 05 0000				28.00	9 6	-		
		04-03	Owen County Main Extensions (343)	Z	640.000	0	0))		20000		
			Incline Car Replacement @KRS (311)	New	1,900,000	0)	
	•		North Broadway Main Replacement (343)	New	1,900,000	o											
			Ground Storage Tank - 3.0 MG (342)	New	1,675,000	-											
			Replace Trac-Vac System at RRS (332)	New	250,000												
			Neplace Hand (# NAS (911) Valve Hande II handes at KRS (323)	New	350,000												
			KRS Filter Media Replacement, Hvd 3,8,4 (332)	New	250,000												
			Sudge Handling Improvements - RRS (332)	New	2 000 000												
			Yarnaliton Road Main (343)	New	200,000												
			North Upper Street Main Replacement Project (343)	New	1,300,000												
-			UV Installation - KRS/RRS (332)	New	7,800,000												
			Leestown Road Main Improvements (343)	New	700,000												
_			Russell Cave Road Main - 34,000' of 12" (343)	New	1,800,000												
			Rockwell Village Wastewater Pipeline	New	350,000												
			MAS Cleanuel techniques (223)	New Y	5,000,000												
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	-		TOTAL INVESTMENT PROJECTS		33,156,770		-37,108,31	6,151 568	-37,108 316,151 568,4 4 7 6 00 49 a 58520 378,6 2 3 5 0 0 7 5 ∞ 74 000 651 0 7 8 9B	49 6	5 8520 3	78,6 2 3	5007	20 74	000 651	7 89B	632 57

Program

STRATEGIC CAPITAL EXPENDITURE PLAN

Units = \$

State Kentucky Revision Date Mar 16, 2004 Status Draft

	-			Ď													
				Stage (PNI, PIA,	Business		2005										
District	CPS Code	Project	Brief Description of Proposed Expenditures	PCA, New)	Plan 5-year total P	Prior	riod 1	2 3	4	5	9	7	80	o	10	12	Total 2005
		04-80	Mains, Hydrants, Valves, Meters - Deposit/Contribution	New	21,657,014	204,	204,000 297,840	10 346,800	314,160	301,920 3	326,400 30	301,920 338,	338,640 363,120	120 297,840	40 363,120	624,240	4,080,000
		04-81	Network - Replacement Renewal	New	3,645,300	33,						41,400 38	38,400 44,	44,400 61,200	00 55,400		000'009
		04-82	Network - Extension	wew	1,631,240	12,	_	•••	·-					•			• •
		04-83	Hydrants - Replacement	New	135,050	+ !				2,200							25,500
		94-94	Hydranis - New	× Sex	1,591,890	15.				24,200							300,000
		04-85 86 86	Services - Replacement	New	2,836,750	12,	12,000 19,500		25,500	39,000	38,000 4		60,500 77,500	77,500 46,500			500,000
		04-87	Meters - Replacement	New	4 336 582	7 7		72 900		98 200		56.400 100		99 80 72 700	000,761,000	32.000	000,101,1
		04-88	Meters - New	New	3,829,518	7 2			113 200	77 900							724 500
		04-89	ITS Equipment & Systems	New	556.040	1			7 700	10.400							78 500
		04-90	Offices and Operations Centers	New	454.832					7.500							55.000
		04-91	Vehicles	New	935,570	20		w	~	15.000							200,000
		04-92	Tools and Equipment	New	753,000	9				33,300	15,000 1	15,000 7	7,800 10,	10,000 12,800	13,90	3,00	160,000
		04-93	Process Plant - Replacement	New	1,255,000	13				44,100							350,000
		04-94	Process Plant - Additions	New	386,600					2,900						10,500	50,000
		04-95	Treatment Media Replacement and Process Rehabilitation (capitalized)	New	0		٥			0		0	0	0		0	0
		04-98	Tank Rehabilitation / Painting (capitalized)	New	0		0	0	0	0	0	٥	o	0	0	0	0
		04-97	Comprehensive Planning Studies	weN.	300,000		o	0	0	0	٥	0	0	0	- 0	0	o
			TOTAL RECLIBEING PROFICE		50 284 732	207	207 050 640 555	25 246 975	964 306	000 000	790.050.87	משל מסב חלם	Tab and and agr	220 777 250	EE 005 44E	*******	0 0 2 4 7 9 0 0
		5	Direcal Cove Dood Tank - 4 0 MC (949)	á	3	900	1	1	90	90							000,110,000
		02-04	Nuissell Cave Noad Tally 1.0 Mid (542) Source of Supply Development Project (343)	<u> </u>			10,000 79,000	70,000	20 000	75,000	150,000 15	21,500	000 250	000 2501	21,50,00 250,000 250,000 350,000 125,000	130 000	1 500 000
		03-04		. ₫			100 000 150 00		300,000	200,000		100 000 150	150,000,100,000	000 50 000	200		1,500,000
		03-03	Electrical Reliability upgrades /System Reliability (332)	<u>. a</u>	0 0		105,400 106,200	00 96,400	5.200	2.200	2,200	2,200	90				319.800
		04-03	Owen County Main Extensions (343)	P.			20,000 20,000		.,	20,000				20,000 20,000	20,00		240,000
			Major Highway Relocations (343)	P. A.						50,000						15,000	
			Incline Car Replacement @KRS (311)	ΡΙΑ	1,650,000	0	0			10,000		50,000 50				20,000	
			Ground Storage Tank - 3.0 MG (342)	PIA	1,800,000	0	0	0		0	0	5,000 10	10,000 10,	10,000 20,000	20,000		75,000
			Replace Trac-Vac System at RRS (332)	PIA	300,000		5,000 5,000	000'5 00	5,000	0	0	0		4		0	245,000
			KRS Filler Medla Replacement - Hyd 3 & 4 (332)	¥.	0	6	0	0 50,000	50,000 150,000	30,000	20,000	0	0	0	0	0 0	250,000
			Russell Cave Road Main - 34,000' of 12" (343)	Z.	1,300,000	0	0		5,000	10,000			,000 100,	,000 100,0	000'09 000	000'9 (200,000
			Rockwell Village Wastewater Pipeline	Z	0		10,000 25,000	000'09 00	50,000	100,000	50,000 5	50,000 15	15,000		0	0	350,000
			North Broadway Main Replacement (343)	New	1,900,000	0											0
			Replace Trash Rake @ KRS (311)	New	325,000	0											0
			Valve House Upgrades at KRS (332)	New	350,000	0											0
			Sludge Handling Improvements - RRS (332)	wew	2,000,000												0
		_	Tarrialitori Koso Mairi (646)	ž Z	200,000												· c
			Noth Opper Street Main Replacement Project (343)	X Sew	7 300,000												
			OV III Statistical III Statistical Instatistical Control (2022)	A I	000'000'												3 6
			Coescival road indicate in 1900 celleria (343)	A .	000,007												5 (
			Source of Supply Project - Consortium (543)	Yek.	4 500 800												> 6
	_		KAS Clearwell improvements (332)	New:	000,000,1												5
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			TOTAL INVESTMENT PROJECTS		49,255,000	340	340,400 416,200 676,400 685,200 672,200 467,200 508,800 655,000 580,000 640,000 360,000	00 676,400	0 685,200	672,200	167,200 50	8,800 655	,000 580	000 640	000 360,00	0 180,000	6,181,400



Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502 • (859) 269-2386 • Fax (859) 2686327

September 21, 2001 Revised IP 01-02 Project No. 11106

KENTUCKY-AMERICAN WATER COMPANY REVISED CAPITAL INVESTMENT PROJECT 01-02 CLAYS MILL 3 MG GROUND STORAGE TANK

Reference: Investment Project Memorandum dated September 5,2000, Strategic Business

Plans for 1999 and 2000

ESTIMATED COST

Previous Estimated Cost	\$ 100,000
Previous 2001 Expenditure	\$ 100,000
Revised Estimated Cost	\$1,500,000
Revised Prior Expenditure	\$ 100,000
Proposed 2002 Expenditure	\$ 100,000
Proposed 2003 Expenditure	\$1,300,000

It is recommended that the budget be revised to include construction funding. The original authorized expenditures were for design only. The purpose of the project is to equalize demand during peak periods, provide fire flows, and improve system reliability within the distribution network.

INVESTME	NT PROJECT REV	'IEW
DEPARTMENT	BY	DATE
ENGINEERING	John S. Jany 1	10-10-01
WATER QUALITY	N/A RIGHT	
INFO. SYSTEMS	t	
OTHERS		
1	OR APPROVAL:	10-15-01
PRESI	DENT -	

Kentucky-American Water Company Revised 2001 IP 01-02 Clays Mill 3 MG Ground Storage Tank Project No. 11106 September 21, 2001 Page 2

DISCUSSION

On June 13,2000, Kentucky-American Water Company pumped a record amount of water into its Lexington area distribution system. That day, a total of 66.37 MGD was pumped from its treatment plants. The previous maximum day of record was 64.67 MGD in 1998. Additionally, the maximum hourly pumpage rate on that day was 107 MGD, an increase of approximately 12 MGD over the previous maximum hour event that took place in 1998. A tank crucial to one of KAWC's largest customers was critically low for several hours this day, thus fire protection for this area was low and other tanks were at minimum volume levels. Finally, all available pumps were operating, including all tanks and the pumps at both plants which were operating at full rated capacity.

Kentucky-AmericanWater Company has twelve storage facilities in its distribution system with a total volume of 16.84 MG. These storage facilities are used to provide fire protection and equalize pressures during high demand periods. Reliability is provided through storage and diesel capabilities at the treatment plants. Kentucky-American has worked with the Kentucky Public Service Commission to determine an appropriate level of storage that is cost effective and meets the objectives of health, safety and reliability for its customers. Because of this continued dialogue with the Commission staff, Kentucky-American has received approval to operate with storage below the volume equal to one average day that is required by Kentucky regulations. However, based on the operations during the latest peak day event and continued growth within the system, it is imperative that Kentucky-American increase its storage capacity in order to continue to provide fire protection and reliability to its distribution system.

Since the maximum day of record, KAWC has added several new demands to its existing system. These system demands include sale for resale to Harrison County Water Association for 100,000 gpd, connecting 1100 customers in Clark County for 350,000 gpd, increased sale for resale to North Middletown of 100,000 gpd, and approximately 3000 new customers. The proposed tank is critical to meeting system reliability and is the most efficient way to meet peak period demands, provide fire protection and allow for continued growth. The tank will be located on property in south Lexington that is an existing tank site to minimize construction costs. This will allow Kentucky-American to utilize existing piping to the site and expand the existing pumping on-site capabilities. This existing tank site is located in the middle of a high growth area and is an excellent location to optimize the use of the additional facilities.

Kentucky-American Water Company Revised 2001 IP 01-02 Clays Mill 3 MG Ground Storage *Tank* Project No. 11106 September 21, 2001 Page 3

Design is scheduled for completion in 2001, with minor construction activities to begin in 2002 and completion in 2003. The cost estimate was based on the design engineer's estimate and will vary based upon contractor installation prices. This estimate is projected to be accurate within plus ten to **minus** twenty-five percent.

Richard C. Svindland, P.E. Senior Operations Engineer

Nick O. Rowe

Vice President - Operations

KENTUCKY-AMERICAN WATER COMPANY REVISED CAPITAL INVESTMENT PLAN PROJECT 01-02 CLAYS MILL 3 MG GROUND STORAGE TANK

ITEM	RESPONSIBLE ENTITY	ESTI	TOTAL MATED COST
Preliminary Design	KAWC /Consultant	\$	15,000
Final De <u>s'gn</u>	Consultant	\$	75.000
Construction Admin. / Inspection	KAWC / Consultant	\$	50,000
Materials	KAWC	\$	150,000
Construction	Contractor	\$	1,030,480
Misc. Company Labor	KAWC	\$.	4,520
	Sub-Total	\$	1,325,000
O&C (+/- 5%)		\$	64,380
Engineering Overhead (+/- 2%)		\$	26,540
	Sub-Total	\$	1,415,920
AFUDC		\$	79,180
	Total	\$	1,495,100
	Estimate	\$	1,500,000

				KENT	UCKY-	AMERIC	AN WA	KENTUCKY-AMERICAN WATER COMPANY	MPANY							•	
			REVI	SED C/	PITAL	INVES	'MENT	REVISED CAPITAL INVESTMENT PLAN PROJECT 01-02	ROJECT	.01-02							•
				CLAYS	MILL 3	MG GF	SOUND	CLAYS MILL 3 MG GROUND STORAGE TANK	SE TAN	¥							
DESCRIPTION	ENTITY	2001							2002							-	OTAL
OF ACTIVITY	RESPONSIBLE	Carryover	Jan	EB EB	Mar	Apr	May	Jung	III,	 	Aug	Sep	ö	Nov	Dec	Н	2002
Preliminary Design	KAWC / Consultant	\$ 15,000								$\frac{1}{1}$						69	-
Final Design	Consultant	\$ 75,000									+-					sa	-
Const. Admin. / Inspection	KAWC / Consultant	69													_	69	5,000
Materials	KAWC	г СР								$\frac{1}{1}$						64	40,000
Construction	Contractor	- چ								-						€9	37,000
										+	+				1	\sqcup	
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O&C (+/- 5%)		2,840	\$	10	10		130 \$ 3,860	\$ 10	63	10 \$	10 \$	2	\$ 10	\$ 10	\$	10	4,080
Overhead (+/- 2%)		\$ 1,890		\$ 10	\$ 10	\$ 50	\$ 1,550	\$ 10	69	10 &	5	10	\$ 10	5	67	6	1,690
		Į Į													_		
AFUDC		\$ 750	280	230	290	620	1,330	1,090	1,100		1,100	1,100	1,100	1,100		1,100 \$	11,410
CASH FORECAST		\$ 100,000	\$ 590	\$ 860 \$	\$ 860	69	3,300 \$ 83,990	\$ 1,360	69	1,370 \$ 1	1,370 \$	1,370 \$	\$ 1,370 \$	\$ 1,370 \$	1 1	1,370 \$	99,180

				KENTU	CKY-AM	ERICAN	KENTUCKY-AMERICAN WATER COMPANY	COMPA	¥						
			REV	REVISED CAPITAL INVESTMENT PLAN PROJECT 01-02	VITAL IN	VESTME	INT PLAN	N PROJE	CT 01-0	7					
				CLAYS	AILL 3 M	G GROU	CLAYS MILL 3 MG GROUND STORAGE TANK	RAGE TA	4NK						
DESCRIPTION	ENTITY	2001 & 02						2003	_						TOTAL
OF ACTIVITY	RESPONSIBLE	Camyover	Jan	Feb	Mar	Apr	May	hn	ĮΠ	Aug	Sep	ö	Nov	Dec	2003
Preliminary Design	KAWC / Consultant	\$ 15,000													
Final Design	Consultant	\$ 75,000													\$
Const. Admin. / Inspection	KAWC / Consultant	\$ 5,000													\$ 45,000
Materials	KAWC	\$ 40,000													\$ 110,000
Construction	Contractor	\$ 37,000													\$ 993,480
Misc. Company Labor	KAWC	\$ 4,520													- -
SUB-TOTAL		\$ 176,520	\$ 156,540	\$ 126,540	\$ 86,540 \$	\$ 86,540 \$	\$ 86,540 \$	\$ 86,540 \$	\$ 86,540	\$ 86,540	\$ 86,540	\$ 86,540	\$ 86,540	\$ 86,540	\$1,148,480
O&C (+/- 5%)		\$ 6,920	\$ 7,830	\$ 6,330 \$	\$ 4,330 \$	4,330	\$ 4,330 \$	\$ 4,330 \$	4,330	\$ 4,330	\$ 4,330	\$ 4,330	\$ 4,330	\$ 4,330	\$ 57,460
Overhead (+/- 2%)		\$ 3,580	\$ 3,130	\$ 2,530	\$ 1,730 \$	\$ 1,730 \$	1,730 \$ 1,730 \$	1,730	\$ 1,730 \$	1,730	\$ 1,730	\$ 1,730	\$ 1,730	\$ 1,730	\$ 22,960
AFUDC		\$ 12,160	2,570	3,270	3,680	4,220	4,770	5,310	5,850	6,390	6,930	7,470	8,010	8,550	\$ 67,020
CASH FORECAST		\$ 199,180	\$ 170,070	\$138,670 \$ 96,280 \$ 96,820 \$ 97,370 \$ 97,910 \$ 98,450 \$ 98,990 \$ 99,530 \$100,070 \$100,610 \$101,150 \$1,295,920	\$ 96,280	\$ 96,820	\$ 97,370	97,910	98,450	\$ 98,990	\$ 99,530	\$ 100,070	\$100,610	\$ 101,150	\$1,295,920

KENTUCKY-AMERICANWATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL CLAYS MILL 3 MG GROUND STORAGE TANK

Determination of Revenue Requirement Authorized Rate of Return on Common I Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Project Common Equity Ratio for Project Weighted Cost of Common Equity before	Equity			11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7.38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt				60.00% 8.00% 4.80%
Total Pre-Tax Cost of Capital				12.18%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	\$ 600 900			\$ 1,500,000 0 \$ 1,500,000
Total Revenue Requirement Required Pre-Tax Operating Income Depreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement		\$ 80% 37% \$ 37% <u>\$</u>	Amount 182,700 17,700 10,556 0 0 210,956 307 211,263	Rate 12.18% 1.18% 0.70% 0.00% 0.00% 14.06% 0.02% 14.08%
Latest 12 Months Revenue - 06/30/2001 Required Price Increase		<u>\$</u>	40,071,359 0.53%	:

IP-01-02-3mgtank-revised Econ Analysis 9/21/01 15:08 5 of 5

Approved at
Board of Directors Meeting
October 11, 2000



Kentucky-American Water Company

1025 Laurel Oak Road PO. Box 1770 • Voorhees, New Jersey 0804 Septem 9,2000

Proposed IP 01-02

Project No. 11106

KENTUCKY-AMERICAN WATER COMPANY PROPOSED DESIGN INVESTMENT PROJECT 01-THREE MILLION GALLON GROUND STORAGE TANK

Reference: 1992 Least/Comprehensive Planning Study, Project B-13; 1993 and 2000 Storage

Capacity Analyses, Strategic Business Plans for 1999 and 2000

SUBJECT OF STUDY

The need to equalize pressures and provide fire flows and system reliability through finished water storage located in the distribution system.

RECOMMENDATION

A 3.0 million gallon ground storage tank should be designed and constructed in the distribution system to provide fire flows and system reliability and to equalize demands within the system. This facility should be located on the site of existing storage to reduce costs.

ESTIMATED COST

Total Estimated Cost \$ 100,000 Proposed 2001 Expenditure \$ 100,000

ADEQUACY

The proposed investment project is adequate for engineering design, survey, and bidding services to properly locate the new tank. A revision to the current project will be made after construction bids are received.

INVESTMENT PROJECT REVIEW	
1	
DEPARTMENT BY DATE	
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WATER QUALITY (N/A)VY (_
INFO. SYSTEMS	
OTHERS	
RECOMMENDED FOR APPROVAL:	_
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PRESIDEN	

Kentucky-American Water Company Proposed 2001 IP 01-Three MG Ground Storage Tank Project No. 11106 September 5,2000 Page 2

DISCUSSION

This capital investment will initiate design services for the new three (3) MG tank. Using current and projected system demands, the IRP to be completed in late 2000 will determine which existing site (Hume Road, Clays Mill or Parkers Mill) will be most effective in having additional storage added to the site. The tank will be a ground storage facility, and will share the pump station with the existing tank on the site. Based on recent system operations, including the new record maximum day pumpage, it is obvious that this tank is necessary. Peak system demands in the northwestern and western sections of the distribution system caused low pressure for numerous residential and commercial customers. The continued residential growth in this area will only increase system demands during hot and dry weather. This additional tank is critical to meeting system reliability and is the most efficient way to meet peak period demands while providing fire protection. Design will also include dechlorination facilities on site to allow for dechlorination while the tank is drained for maintenance.

The Kentucky Public Service Commission Title 807, Chapter 5 - Utilities, Section 4 - Continuity of Service, paragraph (4) states "the minimum storage capacity for systems shall be equal to the average daily consumption." KAWC does not currently meet this requirement. The 1992 Least/Comprehensive Planning Study and the 1993 Storage Capacity Analysis outlined the need for three additional three (3) MG tanks in the main service area and two additional tanks in the north high service area. The 1993 Storage Capacity Analysis proposed the use of a 50-50 spilt between storage capacity and back-up power facilities. Kentucky-Americanwould be able to provide one-half average daily consumption in storage and be able to produce and pump one-half average daily consumption using backup or auxiliary power at the treatment facilities. In 1993 the Public Service Commission approved the Storage Capacity Analysis and granted a variance to KAWC until 2005. Two of the five necessary tanks have already been constructed with the completion of the three (3) MG Clays Mill ground storage tank and the 750,000 gallon elevated Briar Hill Road tank. In 2000, KAWC initiated discussions with the PSC to explore a further variance of storage needs, however, it is clear from system operations that this tank is necessary. Those discussions are still ongoing for future storage needs.

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Kentucky-American Water Company Proposed 2001 IP 01-Three MG Ground Storage Tank Project No. 11106 September 5,2000 Page 3

Design is scheduled for 2001, with construction to begin in 2002 and completion in 2003. A revision to the current proposed investment project will be presented once design is complete and construction costs can be accurately projected. It is estimated that construction will cost \$1,400,000. The proposed design cost is within an accuracy of plus or minus 10 percent.

Richard C. Svindland
Operations Engineer

Nick O. Rowe

Vice President – Operations

NOR/rcs

KENTUCKY-AMERICAN WATER COMPANY PROPOSED 2001 CAPITAL INVESTMENT PLAN PROJECT 01 THREE (3) MG GROUND STORAGE TANK

ITEM	RESPONSIBLE ENTITY	TOTAL NATED COST
Preliminary Design	KAWC / Consultant	\$ 15,000
Final Design	Consultant	\$ 75,000
Company Labor	KAWC	\$ 4,529
	Sub-Total	\$ 94,529
O&C (3%)		\$ 2,836
Engineering Overhead (2%)		\$ 1,891
	Sub-Total	\$ 99,255
AFUDC		\$ 744
	I Total	\$ 100,000

KENTUCKY-AMERICAN WATER COMPANY	PROPOSED 2001 CAPITAL INVESTMENT PLAN PROJECT 01- THREE (3) MG GROUND STORAGE TANK		SPONSIBLE JAN FEB MAR APR MAY JUN JUL AUG SEPT OCT NOV DEC 2001	\$ 5,000 \$ 5,000 \$ 5,000 \$ 5,000	ultant \$ 25,000 \$ 25,000 \$ 25,000 \$ 25,000 \$ 25,000	5 2,029 \$ 2,500				\$ 5,000 \$ 5,000 \$ 27,029 \$ 27,500 \$ -	\$ 150 \$ 150 \$ 811 \$ 825 \$ -	\$ 100 \$ 100 \$ 541 \$ 550 \$ -	39.38 39.38 236.25 212.85 216.58	
KE	PROPOSED		+	KAWC / Consultant	Consultant	KAWC		William I		\$	9	\$		
		DESCRIPTION	OF ACTIVITY	Preliminary Design K.	Final Design	Company Labor K				SUB-TOTAL	O&C (3%)	Overhead (2%)	AFUDC	

KENTUCKY-AMERICANWATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL <u>SPENDING PROPOSAL</u> THREE (3) MG GROUND STORAGE TANK

Determination of Revenue Requirement Authorized Rate of Return on Common Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Proj Common Equity Ratio for Project Weighted Cost of Common Equity before	Equi ect					11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7 38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt						60.00% 7.00% 4.20%
Total Pre-Tax Cost of Capital						11.58%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	\$	600,000 900,000			\$ \$	1,500,000 0 1,500,000
Total Revenue Reauirement Required Pre-Tax Operating Income Depreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement		2.200% 0.7037% 0.14537%	\$ \$	Amount 173,700 33,000 10,556 0 0 217,256 316 217,572		Rate 11.58% 2.20% 0.70% 0.00% 14.48% 0.02% 14.50%
Latest 12 Months Revenue - 06/30/2006 Required Price Increase	0		\$	39,128,658 0.56%	:	



Approved at Board of Directors' Meeting December 11, 2001

American Water Works Service Company, Inc.

1025 Laurel Oak Road. P.O. Box 1770 • Voorhees, New Jersey 08043 • (856) 346-8201 • Fax (856) 346-6360

October 1,2001 File No. 380-8362

KENTUCKY-AMERICAN WATER COMPANY REVISED INVESTMENT PROJECT 01-03 DISTRIBUTED CONTROL SYSTEM IMPROVEMENTS

Reference: Investment Project Memorandum dated September 13, 2000; 2000 and 2001

Strategic Business Plans.

\$94,000
94,000
\$650,000
94,000
100,000
456,000

An upward revision of the investment project budget is recommended to allocate funding for design/build system integration. The approved budget is only for the preliminary design and bidding phase, which is complete. The requested funding reflects actual bid pricing from system integrators.

INVESTMENT PROJECT REVIEW	
DEPARTMENT BY DATE	
ENGINEERING John J. J. 11-20-0	/
WATER QUALITY / /// ///	_
INFO. SYSTEMS	
OTHERS	_
RECOMMENDED FOR MANUAL: 12.66-0	ر د

Kentucky-American Water Company Revised IP 01-03 Distributed Control System Improvements October 1,2001

The proposed expenditures are to complete an upgrade of the existing distributed control system (DCS) at Kentucky-American Water Company. This system currently monitors and controls the Kentucky River Station and Richmond Road Station treatment plants, as well as the remote distribution storage tanks and booster stations. The existing system was installed in the mid-1980s and has been expanded several times. Much of the hardware and software is obsolete and no longer supported by the manufacturers. Additionally, the system has grown to a point that cannot be reliably supported by the existing hardware and software resulting in down time and loss of data.

The proposed improvements consist of minor hardware upgrades to the RTUs and data concentrators, replacement of the workstation hardware, installation of all new software, and improvements to the control logic, alarming strategies, and reporting capabilities. The upgraded system will include expanded remote access capabilities, which will improve response time to alarm events and allow for efficient and secure supervisory access to the system. The proposed improvements will be adequate to handle current needs as well as future expansion without concern for compromising the reliability and integrity of the system.

The total project cost estimate is accurate to within –20 to +0 percent given the fact that it reflects actual pricing from system integrators based on the detailed preliminary design.

David M. Reves, P.E.

Richard E. Hubel, P.E.

Director - Design

KENTUCKY-AMERICAN WATER COMPANY REVISED INVESTMENT PROJECT 01-03 DISTRIBUTED CONTROL SYSTEM IMPROVEMENTS

Detailed Cost Estimate

	September 2000	October 2001
Preliminary Engineering	\$80,000	\$65,000
Bidding	10,000	5,000
Construction Engineering & Management		45,000
Utility Plant Construction		
Acct # 346 – Communication Equipment		
Electrical & Controls		460,000
		\$575,000
Omissions & Contingencies		<u>50,000</u>
<u> </u>	\$90,000	\$625,000
AFUDC	4,000	25,000
TOTAL	\$94,000	\$650,000

/sdb 01kyip\01-03 Distributed Control System impr.doc

	Dec																\$5,000 Page 1 of 3
	Nov	:															\$4,500
	Oct																\$4,500
	thru Sep																\$58,000
	Aug																0\$
TS	Inf																0\$
m	Jun								-								0\$
F.AMERICAN WATER COMPANY ED CONTROL SYSTEM IMPROV	Мау																0\$
VATER C	Apr																20
RICAN V	Mar																95
KY-AME UTED CC	Feb																9\$
KENTUCKY DISTRIBUT IP 01-03	Jan																9\$
E0000000000000000000000000000000000000	RESP.	SYS, ENG.	SYS. ENG.	WAT. CO.	SYS. ENG.	SYS. ENG.	SYS. ENG.	WAT. CO.									
	DESCRIPTION OF ACTIVITY	PRELIMINARY DESIGN	S	KAWC ENGINEERING LIAISON	HARDWARE PURCHASE	INTEGRATION	TECHNICAL REVIEW SERVICES	KAWC INTEGRATION LIAISON									CASH FORECAST

	Dec																	\$0 Page 2 of 3
	Nov																	0\$
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KENTUCKY-AMERICAN WATER COMPANY DISTRIBUTED CONTROL SYSTEM IMPROI IP 01-03	Jan																	
Г	RESP,	SYS. ENG.	SYS. ENG.	WAT. CO.	SYS. ENG.	SYS. ENG.	SYS. ENG.	WAT. CO.										
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PERSON	DESCRIPTION OF ACTIVITY	PRELIMINARY DESIGN		KAWC ENGINEERING LIAISON	HARDWARE PURCHASE	ATION	TECHNICAL REVIEW SERVICES	KAWC INTEGRATION LIAISON										CASHFORECAST
		PRELIMII	BIDDING	KAWC E	HARDW	INTEGRATION	TECHNIC	KAWC IN										

	P 01-03
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Approved at Board of Directors Meeting October 11, 2000



American Water Works Service Company, Inc.

1025 Laurel Oak Road • P.O. Box 1770 • Voorhees, New Jersey 08043 • (856) 346-8201 ∎ Fax (856) 346-8360

September 13,2000 File No. 380-8362 IP 01-03 Proje+1D - 11107

KENTUCKY-AMERICAN WATER COMPANY PROPOSED INVESTMENT PROJECT DISTRIBUTED CONTROL SYSTEM IMPROVEMENTS

Reference: 2000 Strategic Business Plan

SUBJECT

Deficiencies and obsolescence of the existing distributed control system (DCS) for the production facilities and distribution system.

RECOMMENDATION

A comprehensive upgrade of the DCS is recommended to modernize and integrate the present monitoring and control functions

ESTIMATED COST

Total Estimated Cost \$94,000 Proposed 2001 Expenditure \$94,000

DEPARTMENT PROJECT REVIEW

DEPARTMENT BY DATE

ENGINEERING 1.16.00

WATER QUALITY DIRECT MON 9/18/00

INFO. SYSTEMS

OTHERS

RECOMMENDED FOR APPROVAL.

PRESIDENT 9/25/00

Kentucky-American Water Company Proposed 2001 IP Distributed Control System Improvements September 11,2000

ADEQUACY

The recommended funding is adequate for design and bidding of the DCS improvements.

Kentucky-American Water Company Proposed 2001 Investment Project Distributed Control System Improvements September 13,2000

DISCUSSION

Kentucky-American Water Company (KAWC) owns and operates an intake at the Kentucky River, two water treatment plants, and numerous distribution system facilities. Computer based distributed control system (DCS) technology was installed at these facilities in a step-wise manner over the past ten years. The equipment in the earliest DCS that was installed at the Richmond Road Station is obsolete and unreliable resulting in the occasional loss of data. The Kentucky River Station DCS cannot communicate with the Richmond Road Station DCS. More recently installed DCS hardware and software at the Richmond Road Station is not compatible with the original DCS at Richmond Road. Furthermore, the existing DCS has minimal reserve capacity for additional functions and very limited capabilities to export data for operational reports and other functions.

This Investment Project is recommended to: replace the existing data concentrators and operator interfaces (i.e., work stations); upgrade 40 of the existing remote telemetry units; upgrade the software, programs, displays and reports; provide a frame relay for communication and data access from anywhere in the system; provide a structured query logic server and firewall to permit the sharing of data with other Water Company functions, but without affecting the integrity of the data. The recommended improvements will create an integrated DCS to handle all current monitoring, control and reporting functions and to accommodate additional functions in the future.

The total project cost for the recommended improvements is estimated at \$650,000 within -20 to +10 percent.

Norman R. Ansell, P.E.

Richard E. Hubel, P.E.

Director - Design

KENTUCKY-AMERICAN WATER COMPANY DISTRIBUTED CONTROL SYSTEM IMPROVEMENTS

Detailed Cost Estimate

Item	Category	Estimate
Design	Company	\$70,000
Bidding	Company	10,000
KAWC Engineering	Company	_10,000
-		\$90,000
AFUDC		_4,000
		\$94,000

REH/bern 911 3100 0kyip\Distributed Control System Impr.doc

\$3,000	\$2,000 \$3,000 \$10 \$3,030

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL DESIGN SCADA IMPROVEMENTS

Determination of Revenue Requirement Authorized Rate of Return on Common E Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Project Common Equity Ratio for Project Weighted Cost of Common Equity before	ct		11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7.38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt	Tux		60.00% 7.00% 4.20%
Total Pre-Tax Cost of Capital		=	11.58%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	5 260,000 390,000		\$ 650,000 \$ 650,000
Total Revenue Requirement Required Pre-Tax Operating Income Depreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement	4.790% 0.7037% 0.14537%	Amount \$ 75,270 31,135 4,574 0 0 \$ 110,979 162 \$ 111,141	Rate 11.58% 4.79% 0.70% 0.00% 0.00% 17.07% 0.02%
Latest 12 Months Revenue - 06/30/2000 Required Price Increase		\$ 39,128,658 0.28%	

CWIP/CONSTRUCTION PROGRAM W/P-1-5 Page 91 of 182

Approved at
Board of Directors Meeting
October 11, 2000



Kentucky-American Water Company

1025 Laurel Oak Road • PO. Box 1770 • Voorheer, New Jersey08043 • (609) 346-8200

September 5,2000 Proposed IP 01-05 Project No. 11201

KENTUCKY-AMERICANWATER COMPANY PROPOSED DESIGN INVESTMENT PROJECT 01-ONE MILLION GALLON PUMPED STORAGE FACILITY

Reference: 1992 Least/Comprehensive Planning Study, Project B-8; 1993 and 2000 Storage Capacity Analyses, Strategic Business Plans 1997, 1998, 1999,2000

SUBJECT

The need to equalize pressures, provide fire flows, and improve system reliability through finished water storage located in the north section of the distribution system.

RECOMMENDATION

A one (1) million gallon pumped storage tank should be designed and constructed in the northern Fayette County section of the distribution system to provide fire flows and system reliability, and to equalize demands within the system.

ESTIMATED COST

Total Estimated Cost	\$ 200,000
Proposed 2001 Expenditure	\$ 150,000
Proposed 2002 Expenditure	\$ 50,000

ADEQUACY

The proposed investment project funds are adequate for engineering design, survey, and land acquisition and bidding services to properly locate the new tank.

INVESTME	ENT PRO)JECT RE	EVIEW
DEPARTMENT		BY /	DATE
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OTHERS			
RECOMMENDED I	FOR APPI	ROVAL:	9/25/00
PRES	IDENT	and the same	1/
' /	•		•

Kentucky-American Water Company Proposed 2001 IP 01-Russell Cave Road Pumped Storage Facilities September 5,2000 Page 2

DISCUSSION

This capital investment will initiate design services for the new one (1) MG tank to be located on a new site in the northern section of the distribution system as recommended in the 1992 Least Cost/Comprehensive Planning Study. Part of that task will be to negotiate land acquisition. This tank is critical to the continued operations and reliability in the rapidly growing Scott County area. On peak demand days, many high elevation areas in Scott County experience low pressure. It is anticipated that this tank will provide better reliability for Toyota Motor Manufacturing and will reinforce the area where new bulk sales will be provided to the Harrison County Water Association. The tank will also allow for the Muddy Ford tank to be taken out of service for maintenance. The Muddy Ford tank, which was built in 1989, is currently so critical to Scott County and Toyota operations that it could not be painted without shutting down Toyota. A recent inspection projected the life of the paint on the tank to be an additional five years. In that time frame, additional storage for the area must be available. Design will also include dechlorination facilities on site to allow for disinfection and adequate treatment during tank draining.

The Kentucky Public Service Commission Title 807, Chapter 5 • Utilities, Section 4 • Continuity of Service, paragraph (4) states "the minimum storage capacity for systems shall be equal to the average daily consumption." KAWC does not currently meet this requirement. The 1992 Least/Comprehensive Planning Study and the 1993 Storage Capacity Analysis outlined the need for an additional three (3) MG tank in the main service area and two additional tanks in the north high service area. The 1993 Storage Capacity Analysis proposed the use of a 50-50 spilt between storage capacity and back-up power facilities. In 1993 the Public Service Commission approved the Storage Capacity Analysis and granted a variance to KAWC until 2005. Two of the five necessary tanks have already been constructed with the completion of the three (3) million gallon Clays Mill ground storage tank and the 750,000 gallon elevated Briar Hill Road tank. In 2000, KAWC initiated discussion with the PSC to explore the possibility of a further variance, however, it is clear from operational history that this proposed tank is absolutely necessary. The discussions with the PSC are ongoing with regard to future storage needs.

Kentucky-American Water Company Proposed 2001 **IP 01-**Russell Cave Road Pumped Storage Facilities September 5,2000 Page 3

Design will be complete in 2002, and construction will begin in 2003 with completion in 2004. It is estimated that construction will cost \$1,300,000 including pumping facilities. The accuracy of this estimate is plus/minus 15 percent.

Kevin W. Kennoy

Operations Engineer

Nick O. Rowe

Vice President – Operations

NOR/kwk

KENTUCKY-AMERICAN WATER COMPANY PROPSOED DESIGN INVESTMENT PLAN PROJECT 01-ONE MILLION GALLON PUMPED STORAGE FACILITY

Detailed Cost Estimate

Item	Category	Estimate
Preliminary and Final Design	Contract	\$75,000
Administration	Company	5,000
Surveying	Contract	4,000
Land Purchase and Legal Services	Company	96,200
		\$180,200
O&C (5%)		9,010
Engineering Overhead (2%)		3,604
		\$192,814
AFUDC		<u>6,722</u>
		\$199,536
SAY		\$200,000

/sdb 9/21/00 0kyip\01 1MG Pumped Storage Fac.doc

	:		PRC	KENTI POSED	KENTUCKY-AMERICAN WATER COMPANY OPOSED DESIGN INVESTMENT PLAN PROJECT 01-	TERICA!	N WAT	TER CC F PLAN	MPAN	ү :ст 01-	_					
				Russe	Russell Cave Road Pumped Storage Facilities	ad Pum	ped St	torage I	-acilitie	ø.						
DESCRIPTION OF ACTIVITY	RESPONSIBLE	JAN	a	MAR	APR	MAY		NOS NOS	JUL	onv	SEPT	130	-	NOV	DEC	101AL 2001
Design	Consultant				-	_								-+-		\$ 65,000
Administration	KAWC								8							\$ 5,000
Surveying	Consultant						$\frac{1}{1}$	++								\$ 4,000
and Purchase	KAWC						++						69	2,200	\$ 44,000	\$ 46,200
lega!	Consultant						+						#			\$ 15,000
							\parallel						$\frac{\prod}{\prod}$			
						-	+	 	 				╂	++-		
SUB-TOTAL				\$ 25,000 \$	\$ 11,000	69	26,000 \$	\$ 26,000 \$	\$ 1,000	, en	· У	65	₽ 9	2,200 \$		44,000 \$ 135,200
O&C (5%)				\$ 1,250	\$ 550	69	1,300 \$	1,300 \$	90	ب	г 69	69	69	110	\$ 2,200	\$ 6,760
Overhead (2%)				\$ 500	\$ 220	es les	\$ 520	\$ 250	8	69	9	69	69	4	\$ 880	\$ 2,704
AFUDC				\$ 94	\$229		\$368	\$563	\$664	\$668	\$668		\$668	\$676	\$662	\$ 5,256
CASH FORECAST				\$ 26,844	\$ 11,999	69	28,188 \$ 3	\$ 28,383 \$	\$ 1,734	\$ 668 \$	\$ 668	69	\$ 899	3,030 \$	\$ 47,742	47,742 \$ 149,920

_			PR	KENTUCKY-AMERICAN WATER COMPANY PROPOSED DESIGN INVESTMENT PLAN PROJECT 01-	rucky) Desic	-AMER	ICAN W	ATER C	KENTUCKY-AMERICAN WATER COMPANY OSED DESIGN INVESTMENTPLAN PROJEC	іҮ ЕСТ 01-				:			
				Russ	ell Cave	Road	Pumpe	d Storag	Russell Cave Road Pumped Storage Facilities	Se							
DESCRIPTION	ENTITY	Ш						2002	2						TOTAL	-	Project
OF ACTIVITY	RESPONSIBLE	NAN	FEB	MAR	APR	۲	MAY	NO	707	AUG	SEPT	DCT	ΛON	DEC	2002	+	ogal Gran
Design	Consultant														\$ 10,000	B	75,000
Administration	KAWC														6	69	5.000
						-										_	
Surveying	Consultant														€5	9	4,000
															- 1	_	1
Land Purchase	KAWC					\dagger							69	69	000'58 \$	А	81,200
Legal	Consultant					+									*	\$	15,000
																+	
				\downarrow		+										1	
					_	+										<u> </u>	
SUB-TOTAL				s/)	69		-	- 69	\$ 10,000	\$ 27,000	\$ 2,000	\$ 3,000	\$ 3,000		\$ 45,000		\$ 180,200
O&C (5%)				y	u	-	,	y	500	4 1 350	400	150	150	4	9	2 250 \$	0 040
(2) 25 25 25 25 25 25 25 25 25 25 25 25 25					•	+			Į	·	1	•	,	•	ı		2
Overhead (2%)	1			\$	\$>	\$, 10	\$ 200	\$ 240	\$ 40	\$ 60	\$ 60	, 49	9	\$ 006	3,604
AFUDC				69	-	SS SS	80	0\$	\$38	\$176	\$285	\$304	\$326	\$338	es.	1,466 \$	6,722
						H						1 1					
CASH FORECAST				\$	ક	•		- -	\$ 10,738	\$10,738 \$ 29,066 \$ 2,425 \$	\$ 2,425	\$ 3,514	\$ 3,536	€9	338 \$ 49,616		\$ 199,536

AFUDC InterestRate 0.0075

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL Russell Cave Road Pumped Storage Facilities

Determination of Revenue Reauirement Authorized Rate of Return on Common Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Proj Common Equity Ratio for Project Weighted Cost of Common Equity before	Equi ect				11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7.38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt					60.00% 7.00% 4.20%
Total Pre-Tax Cost of Capital					11.58%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	\$	600,000 900,000		\$ \$	1,500,000 0 1,500,000
Total Revenue Requirement Required Pre-Tax Operating Income Depreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement		2.200% 0.7037% 0.14537%	\$ Amount 173,700 33,000 10,556 0 0 217,256 316 217,572		Rate 11.58% 2.20% 0.70% 0.00% 0.00% 14.48% 0.02% 14.50%
Latest 12 Months Revenue - 06/30/2000 Required Price Increase)		\$ 39,1 <u>28,658</u> 0. 56%		

01russell cave tank.xls EconomicAnal 9/27/00 2:24 PM Page 1 of 1.

AMERICAN WATER - SOUTHEAST REGION - KENTUCKY CAPITAL INVESTMENT MANAGEMENT COMMITTEE - 1112003

AW/CMF3.50 ISSUE 1.0

Project 01-11 : Kentuck

Kentucky American - New Columbus Mains/Owen County

Project Manager:

Rich Svindland

Project Status

PROJECT CHANGE REQUEST

1.0 SUMMARY

This project was approved as Investment Project in 2001 **as** part of the conditions for the acquisition of the Tri-Village Water District in Owen County. Kentucky American agreed to invest \$1,800,000 towards the design and construction of water mains, a storage tank, and booster pumps to feed the New Columbus area of Owen County. It was anticipated that 240,000 feet of 3, 4 and 6-inch mains be installed to serve approximately 235 new customers.

1.1 Project Objectives

A key driver for the acquisition of the Tri-Village Water District in Owen County was the extension of new water lines to **unserved** areas of rural Owen County. Kentucky American Water committed to the project and the acquisition closed in August 2001.

1.2 Changes Requested

The extensions of water mains has been very successful in Owen County. Nearly 115 more customers than originally anticipated have signed up for water service. The project was anticipated to be complete in the fall of 2003. Because of extremely favorable pipe installation costs and in order to fully leverage grant money received in Owen County for water main extensions, Kentucky American has proposes to extend additional mains under the current contracts for an additional \$315,000. PVC pipe cost increases eliminated any O & C in the budge! of the project. This additional work will serve another 100 customers. The additional work will extend the project until February 2004.

1.3 Reasons for Changes

The Owen County Judge Executive has been very successful in receiving grant monies and is supportive of Kentucky American Water. His support was instrumental in the acquisition and has been key to the additional acquisition of the Elk Lake Homeowners Water Association and now the City of Owenton water and sewer operations. This additional work will provide additional customers at a lower per customer cost than the original work.

1.4 Revised Cost and Program

- Increase project cost \$315,000.
- Extend project program completion to February 2004.

1.5 Project Issues and Risks

There is I risk as with this project. Ken I meric in W would like to continue to work with the Owen Doubly Judge Executive to leverage available grant monies for extensions into unserved areas.

2.0 INTRODUCTION

2.1 I j oj is at 90% complete. The nk has been p act in service a 1 water is on some of the mains. This r will be spent 1 D nber 2003 and January-February 2004 and represents an increase of 17.5 %.

3.0 THE CHANGE PROPOSAL

3.1 The Owen County Judge Executive has been very aggressive in promoting water line extensions,

AMERICAN WATER – **SOUTHEAST REGION - KENTUCKY**CAPITAL INVESTMENT MANAGEMENT COMMITTEE – 1112003

AW/CMF3.50

ISSUE 1.0

which has generated an enthusiasm among residents in Owen County. Kentucky American hopes to continue to work with the residents to provide water line extensions in a timely manner.

- 3.2 If the expenditure increase is deferred, it would likely promote hard feelings with residents in Owen County, and the price would likely be much higher for installation at a future date. A local contractor has provided a very favorable installation cost of less than \$10 per foot to continue work efforts. Because this area is close to Scott County and the Toyota Manufacturing facility, it is anticipated that residential growth will occur with water service and improved infrastructure in the area.
- 3.3 There are essentially no other options than deferring the project for future work. Because the Judge has successfully received \$1.4 million in state grants, it is anticipated that with Kentucky American's partnership the Judge will continue to be successful in receiving grants.
- 3.4 It is recommended that the price increase and additional expenditures be approved at this time, to allow the project to continue as currently tracked.
- 3.5 Detail the effect of any change in the investment driver targets under which the project is being undertaken utilizing Purpose Codes. Include primary and secondary business drivers.

Purpose Code	Description	%	Measure	Units	Target
AC02	Post Acquisition Committed Expenditures	100			

4.0 POST PROJECT APPROVAL FINANCIAL STATEMENT

- 4.1 See attachment.
- 4.2 There is no anticipated significant variation in operational expenditure since the Investment Project Memoranda was approved.
- **4.3** Since there were no other alternatives, an economic analysis has not been performed.

5.0 EFFECT OF CHANGE ON PROJECT COMPLETION

5.1 Easement acquisition has delayed some of the main installation, which was originally scheduled to be completed in August 2003 but was revised in early 2003 to the end of the year. With the additional main installations, the project will carryover into 2004. The tank was placed in service in October 2003 and the booster station will be placed in service in November 2003.

6.0 ISSUES AND RISKS

6.1 Currently, there are no significant issues or risks other than maintaining the enthusiasm and support of the Owen County residents. The additional main extensions are not expected to cause any significant increase in operational expenditures.

7.0 RECOMMENDATION

7.1 It is recommended that the Capital Investment Management Committee grant approve for the incression it all expenditures of \$315,000 for a total expenditures of \$315,000 for a total expenditures of \$315,000 for a total expenditures of \$315,000 for a total expenditures of \$315,000 for a total expenditures of \$315,000 for a total expenditures of \$315,000 for a total expenditure expension of \$315,000 for a total expension of \$315,000 for a tota

AMERICAN WATER – SOUTHEASTREGION - KENTUCKY CAPITAL INVESTMENT MANAGEMENT COMMITTEE – 1112003

AW/CMF3.50 ISSUE 1.0

of project completion until February 2004.

PROJECT REVIEW		
	Signature:	Date:
Asset Owner or nominated Asset Manager ■ Capital Program Manager	1	
Operations Manager		
Project Manager (Deliverer)		
Finance Representative		
RECOMMENDED FOR APPROVA	L - PNI Only	
VP Technical Service		
Others (as nominated by VP Technical Services)		

APPENDICES

A1 PCA Control Data Sheet

Associated form - CMF3.55

A2 Detailed Estimate of Cost

le of estimated costs presented in sufficient detail to support the recommended expenditure. To facilitate "budget to actual" expenditure analysis, it primary it estimate line items (see "Utility Plant Construction") shall form the basis for project set-up in the "job cost" accounting system. Secondary cost estimate line item detail shall be provided if necessary to better convey the scope of the primary line item expenditure. Cost categories for the convex of the primary line item expenditure. The system is system to be support the recommended expenditure analysis, it primary in the "job cost" accounting system.

Standard primary cost categories have also been established for indirect capital costs such as preliminary engineering, detailed design, permit acquisition, etc. A list of these prime categories is attached. Line items for AFUDC, capitalization of utility subsidiary charges, omissions and contingencies (O&C), etc. are to be included, if appropriate. Expenditures transferred from other investment projects shall also be itemized. The estimate shall also include any costs of removal associated with the project but these costs are not to be included in the "Estimated Cost" for the project.

A3 Economic Analysis

An "Economic Analysis of the Impact of Capital Spending Proposal" will be attached. The analysis will address the revenue requirement and rate impact of the project's capital expenditure and operating costs. If an investment will result in an operating expense increase/reduction, or

AMERICAN WATER - SOUTHEASTREGION - KENTUCKY CAPITAL INVESTMENT MANAGEMENT COMMITTEE - 1112003

AWICMF3.50 ISSUE 1.0

an increase in revenue through additional sales, the analyses will consider the economic impacts. Present Value Spreadsheet Summary

A4 Schedule Forecast

A bar chart presenting the anticipated schedule of significant components of the project (study, design, permitting, construction, easement acquisition, etc.), and the American Water System entity (Utility Subsidiary, System Engineering, etc.) responsible for the activity.

A5 Sketches

If appropriate, a legible and informative drawing or sketch should be appended to show the location of facilities, such as main extensions. When large drawings are needed, they should be folded as **neatly** as possible to a size of 8 1/2" by 11". Also, if appropriate, include an area map of the system so the project can be identified as to its relationship with the system in general.

A6 Other project specific information

Author's Name(s)
Date

Version (1.0 for first submission)

Page 4 of 5 05/18/04

AMERICAN WATER - SOUTHEASTREGION - KENTUCKY	AW/CMF3.50
CAPITAL INVESTMENT MANAGEMENT COMMITTEE - 1112003	ISSUE 1.0

Revision History:

Version	Date	Summary of Changes
1.0	1111 0103	Issue

Page 5 of 5 05/18/04

KENTUCKY AMERICAN WATER

REVISED INVESTMENT PLAN PROJECT 01-11

NEW COLUMBUS MAIN EXTENSIONS TRI-VILLAGE WATER DISTRICT - OWEN COUNTY

		TOTAL ORIGINAL	TOTAL REVISED
ITEM	RESPONSIBLE ENTITY	ESTIMATED COST	ESTIMATED COST
A da la fata Mara	((A)A(O)	10.000	<i>(</i> 40.000.00
Administration	KAWC	\$ 10,000	\$ 10,000.00
Design	Consultant	\$ 125,000	\$ 475,000.00
Materials	KAWC	\$ 500,000	\$ 440,000.00
Inspection	KAWC	\$ 38,500	\$ 50,000.00
Construction	Contractor	\$ 925,000	\$ 1,100,000.00
	Sub-Total	\$ 1,598,500	\$ 2,075,000
O&C		\$ 79,940	\$ -
Engineering Overhead		\$ 31,990	\$ 2,070.00
	Sub-Total	\$ 1,710,430	\$ 2,077,070
AFUDC		\$ 84,890	\$ 37,930.00
	Total	\$ 1,795,320	\$ 2,115,000
	Estimate	\$ 1,800,000	\$ 2,115,000.00,

KENTUCKY AMERICAN WATER

REVISED INVESTMENT PLAN PROJECT 01-11

				_	JEW COL	-UMBUS	MAINE	NEW COLUMBUS MAIN EXTENSIONS	SN					
DESCRIPTION	ENTITY						7	2003						TOTAL
OF ACTIVITY	RESPONSIBLE	Jan	Feb	Mar	l Apr	May	unr ,	105	Ang	des	Oct	Nov	Dec	2003
Administration	KAWC													\$ 10,000
Design	Consultant													\$ 441,170
Materials	KAWC													\$ 440,000
Inspection	KAWC													\$ 43,500
Construction	Contractor													\$ 950,760
								1						
SUB-TOTAL												\$ 1,841,270	\$ 44,160	\$ 1,885,430
O&C					_					1		, &	s	4
Overhead												\$	\$	·
AFIIDC												37 930	,	\$ 37 930
TOYUNG TOYU												000 020 0	0 44 460	-
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					KEN	TUCKY,	KENTUCKY AMERICAN WATER	AN WATE	ĸ						
				RE	VISED IN	IVESTME	REVISED INVESTMENT PLAN PROJECT 01-11	N PROJE	CT 01-1	-					
					NEW C	OLUMBL	NEW COLUMBUS MAIN EXTENSIONS	EXTENS	IONS						
SCRIPTION	ENTITY	2003						2004	74						TOTAL
JF ACTIVITY	RESPONSIBLE	Carryover	Jan	Feb	Mar	Apr	May	Lan	B	Aug	Sep	ö	λον	Dec	2004
Administration	KAWC	\$ 10,000													69
		ŀ													
Design	Consultant	\$ 441,170													\$ 33,830
Materials	KAWC	\$ 440.000													64
Inspection	KAWC	\$ 43,500													\$ 6,500
To contract the second		- 1													
Construction	Contractor	a son'van													\$ 149,240
SUB-TOTAL		E 1 885 430	\$ 136 000	£ 53 570	¥	e	e								400 570
	<u> </u>	001,000,1 W	20,00	3	l										
080		\$ -	. \$. \$	S	چ									, es
Overhead		- \$. \$	\$ 2,070	- \$		- دع								\$ 2,070
		- 1													
AFUDC		\$ 37,930	,	-	1	•									- -
CASH FORFCAST		\$ 1 923 360 \$ 136 000	-	S SE FAID			پ	,	,		9	,	9	6	C 101 6/0
		2000000	-1	20,00									•	,	

KENTUCKY AMERICAN WATER ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL NEW COLUMBUS MAIN EXTENSIONS REVISED 12-03-03

Determination of Revenue Reauirement						
Authorized Rate of Return on Common I	Equi	ty				11.00%
Federal Income Tax Rate	·	•				35.00%
Return on Common Equity before FIT						16.92%
State Income Tax Rate						8.25%
Required Rate of Return on CE for Proje	ect					18.44%
Common Equity Ratio for Project						40.00%
Weighted Cost of Common Equity before	e Ta	X				7.38%
Long Term Debt Ratio for Project						60.00%
Estimated Cost Rate for New Debt						6.30%
Weighted Cost of Debt						3.78%
3						
Total Pre-Tax Cost of Capital						11.16%
·						
Total Estimated Cost of Project					\$	2,115,000
Investment by Others						0
Net Investment Financed by Company					¢	2 115 000
New Common Equity	\$	846,000		•		
New Long Term Debt	·	1,269,000				
3 3		,,				
Total Revenue Reauirement				<u>Amount</u>		Rate
Required Pre-Tax Operating Income			\$	236,034		11.16%
Depreciation Rate		1.180%		24,957		1.18%
Property Tax Rate		0.8810%		18,633		0.88%
Change in Operation & Maint. Expense				28,402		1.34%
Revenue from New Customers				(213,252)		-10.08%
Total Net Revenue Requirement			\$	94,774		4.48%
Revenue Tax Rate		0.14537%	•	137		0.01%
Total Revenue Requirement			\$	94.911		4.49%
Latest 12 Months Revenue - 11/30/2002	ŀ		\$	753,801		
Required Price Increase				12.59%		
Noquilou i noc moreasc			_	12.00 /1		

Approved at Board of Directors' Meeting October 24, 2001



Kentucky-American Water Company

1025 Laurel Oak Road • P.O. Box 1770 ■ Voorhees, New Jersey 08043 • (609) 346-8200 August 24, 2001

Proposed IP 01-11

Project No. 11112

KENTUCKY-AMERICAN WATER COMPANY PROPOSED INVESTMENT PLAN PROJECT 01-11 NEW COLUMBUS AREA MAIN EXTENSIONS TRI-VILLAGE WATER DISTRICT - OWEN COUNTY

Reference: Investment Project Memorandum 01-08 dated November 24, 1999.

SUBJECT

The extension of mains in rural Owen County.

RECOMMENDATION

It is recommended that approximately 240,000 feet of 3, 4 and 6-inch PVC mains, along with a booster pump station and storage tank be installed in the southeast portion of Owen County to serve the New Columbus area.

ESTIMATED COST

Total Estimated Cost	\$1,800,000
Proposed 2001 Expenditure	\$ 51,000
Proposed 2002 Expenditure	\$1,355,000
Proposed 2003 Expenditure	\$ 394,000

ADEQUACY

The proposed investment project funds are adequate far design, property acquisition and construction.

INVESTMENT PROJECT I	REVIEW
DEPARIMENT BY	DATE
ENGINEERING VILL SUM	10-1-01
WATER QUALITY MA WATER	<u> </u>
INFO. SYSTEMS	
OTHERS	
RECOMMENDED FOR ANDVAL	10-24-01
PRESIDENT	

Kentucky-American Water Company Proposed IP 01-11 Project No. 11112 New Columbus Area Main Extensions August 24,2001 Page 2

DISCUSSION

Kentucky-American Water Company (KAWC) closed the acquisition of the Tri-Village Water District in Owen County (TVWD) on August 2, 2001. The acquisition was approved by the KAWC Board of Directors under IP 01-08.

During negotiations with TVWD Board of **Directors**, it was **agreed** as part of **the** merger that KAWC would invest \$1,800,000 towards the design and construction of water mains, water storage tank and booster pumps as required to feed the New Columbus area of Owen County. The estimated \$1,800,000 amount was derived using a financial model of the existing 1,635 customers in TVWD service area and the potential for an additional 280 customers in the proposed New Columbus area The agreement between TVWD and KAWC was made with the understanding that rates for TVWD would be increased at the next rate case filed with the PSC (expected within 2 years of closing) in order to recover the investment.

Due to the large amount of pipe length on this project, construction methods will follow typical TVWD standards for rural main installation. The mains will be installed in road right-of-way wherever easements cannot be negotiated at no cost. The mains are being sized for domestic use only, and PVC pressure class pipe will be used in lieu of ductile iron wherever possible.

The project may increase or decrease in scope, or if requested by the County Judge Executive, the budget amount increased to provide water service to other rural areas in the vicinity (Leaning Oak and Natlee Slatin roads) with the understanding that these additional costs would be recovered in rates and the next rate case filing.

This project is part of the commitment required under the acquisition of TVWD and the additional revenue requirement will be funded with a future rate increase for the entire Tri-Village System.

Richard C. Svindland, P.E. Senior Operations Engineer

Nick O. Rowe

Vice President – Operations

KENTUCKY-AMERICAN WATER COMPANY

PROPOSED DESIGN INVESTMENT PLAN PROJECT 01-11

NEW COLUMBUS MAIN EXTENSIONS TRI-VILLAGE WATER DISTRICT - OWEN COUNN

ITEM	RESPONSIBLE ENTITY	TOTAL MATED COST
Administration	KAWC	\$ 10,000
Design	Consultant	\$ 125,000
Materials	KAWC	\$ 500,000
Inspection	KAWC	\$ 38,500
Construction	Contractor	\$ 925,000
	Sub-Total	\$ 1,598,500
O&C (5%)		\$ 79,940
Engineering Overhead (2%)		\$ 31,990
	Sub-Total	\$ 1,710,430
AFUDC		\$ 84,890
	Total	\$ 1,795,320
	Estimate	\$ 1,800,000

				KENT	KENTUCKY-AMERICAN WATER COMPANY	ERICAN V	NATER (OMPA	}					
			PRO	POSED [POSED DESIGN INVESTMENT PLAN PROJECT 01-11	NVESTME	ENT PLAN	N PROJI	ECT 01-'	Ξ				
_				H	NEW COLUMBUS MAIN EXTENSIONS	/BUS MAI	N EXTEN	SNOIS						
DESCRIPTION	ENTITY						2001	-						TOTAL
OF ACTIVITY	RESPONSIBLE	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Öct	Nov	Dec	2001
Administration	KAWC													\$ 4,500
Design	Consultant													\$ 42,500
Materials	KAWC													
Inspection	IKAWC						1							
Construction	Contractor													
		i												
											-1			- 1
SUB-TOTAL											1,000	8,500	\$ 37,500	\$ 47,000
O&C (5%)											\$ 50	\$ 430	\$ 1,880	\$ 2,360
(200)						_					6	470	450	9
Overnead (270)											₽	Ð	9	9
AFUDC											-	30	180	\$ 210
											- 1			
CASH FORECAST											\$ 1,070 \$		9,130 \$ 40,310 \$	\$ 50,510

				x	ENTUC	KENTUCKY-AMERICAN WATER COMPANY	RICANW	'ATER C	OMPAN						
			_	PROPO	SED DES	PROPOSED DESIGN INVESTMENT PLAN PROJECT 01-11	ESTME	AT PLAN	PROJE)T 01-11					
					NEW	NEW COLUMBUS MAIN EXTENSIONS	US MAIN	EXTEN	SIONS						
DESCRIPTION	ENTITY	2001						2	2002						TOTAL
OF ACTIVITY	RESPONSIBLE	Carryover	Jan	Feb	Mar	Apr	May	nŋſ	П	Aug	Sep	Ö	Nov	Dec	2002
Administration	KAWC	\$ 4,500													\$ 5,500
Desido	Consultant	42 500													
	Consequent														000,20
Materials	KAWC	•													\$ 375,000
Inspection	KAWC	us.													\$ 19,250
Construction	Contractor	ω												İ	\$ 750,000
														Ì	
SUB-TOTAL		\$ 47,000	\$ 13,000	\$ 13,000		\$ 13,000 \$ 13,000	\$ 13,000	\$ 13,000	\$133,000	\$154,350	\$ 279,350	\$154,350	\$ 279,100	\$ 154,100	\$1,232,250
O&C (5%)		\$ 2,360	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 650	\$ 6.650	\$ 7.720	\$ 13.970	\$ 7,720	\$ 13.960	\$ 7.710	\$ 61,630
		1							L	1		1		1	ı
Overhead (2%)		\$ 940	\$ 260	\$ 260	\$ 260	\$ 260	\$ 260	\$ 260	\$ 2,660	\$ 3,090	\$ 5,590	\$ 3,090	\$ 5,580	\$ 3,080	\$ 24,650
		ı													
AFUDC		\$ 210	420	200	280	099	740	820	2,030	3,060	5,200	5,770	2,900	8,480	\$ 36,160
CASH FORECAST		\$ 50,510	50,510 \$ 14,330	\$ 14,410		\$ 14,490 \$ 14,570 \$ 14,650	\$ 14,650	\$ 14,730	\$ 144,340	\$ 168,220	\$304,110	\$170,930	\$ 306,540	\$ 173,370	\$ 1,354,690

				2	KENTICKY-AMEDICANWATED COMPANY									
-					Z JMEL									
		4	PROPOSE	OPOSED DESIGN INVESTMENT PLAN PROJECT 01-11	3N INVE	STMEN	r PLAN F	PROJEC	;T 01-11					
				NEW CC	NEW COLUMBUS MAIN EXTENSIONS	S MAIN E	EXTENS	SNOI						
							2003	5						TOTAL
	SIBLE Carryover	Jan	Feb	Mar	Apr	May	unr	Πſ	Aug	Şeb	ÖCT	Nov	Dec	2003
ACHIMISTERION NAVA	\$ 10,000													\$
Design Consultant	1 \$ 125,000													- \$
Materials KAWC	\$ 375,000													\$ 125,000
Inspection KAWC	\$ 19,250											·		\$ 19,250
Construction	r \$ 750,000													\$ 175,000
				T	+									
SHB-TOTAL	£ 1 270 250	C 183 850	39 960		0 30 9EO & 30 9EO	20 050								940.050
	-	200/201	,		20,00	20,00								002,010
O&C (5%)	\$ 63,990	8,190	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940								\$ 15,950
()ac/ Pro-Hou-O	\$ 6	ŀ	6	001	000									
Cyclificat (270)	086,02 &	2,200		200	8	no)								\$ 6,400
AFUDC	\$ 36,370	9,530	9,380	9,630	9,870	10,110								\$ 48,520
CASH FORECAST	\$ 1,405,200	\$ 184,850	\$ 50,950	\$ 51,200	\$ 51,440	\$ 51,680	. \$	\$ -	ج	es-	- \$	- \$	69	\$ 390,120

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL NEW COLUMBUS MAIN EXTENSIONS

Determination of Revenue Requirement Authorized Rate of Return on Common Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Project Common Equity Ratio for Project Weighted Cost of Common Equity before	Equ ect					11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7.38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt				•	·	60.00% 8.00% 4.80%
Total Pre-Tax Cost of Capital				:		12.18%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	\$	720,000 1,080,000		-	\$	1,800,000 0 1,800,000
Total Revenue Requirement Required Pre-Tax Operating Income Deoreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement		1.180% 0.8810% 0.14537%	\$ \$ \$	Amount 219,240 21,240 15,858 0 (134,400) 121,938 178 122,116		Rate 12.18% 1.18% 0.88% 0.00% -7.47% 6.77% 0.01% 6.78%
Latest 12 Months Revenue - 06/30/2001 Required Price Increase	1		\$	701,502 17.41%		

NewColumbus Econ Analysis 9/12/01 09:45 1 of 1



Kentucky-American Water Company

2300 Richmond Road . Lexington, Kentucky 40502 . (859)269-2386 • Fax (859)268-6327

September 21,2001 Proposed IP 02-01 Project No. 11205

KENTUCKY-AMERICAN WATER COMPANY PROPOSED INVESTMENT PROJECT 02- OF LEESTOWN ROAD WATER LINE IMPROVEMENTS

Reference: Strategic Business Plans for 2000 and 2001.

SUBJECT OF STUDY

To improve reliability and flows in the distribution system.

RECOMMENDATION

It is recommended that funds be authorized for the design, bidding, and construction of 10,000 feet of 16-inch water main along Leestown Road to improve fire flows and increase distribution system reliability. It is also recommended that funds be authorized for the design of an additional 33,000 feet of 16-inch water main along Leestown Road, with construction to occur in the future.

ESTIMATED COST

Total Estimated Cost \$700,000 Proposed 2002 Expenditure \$700,000

ADEQUACY

The proposed investment project is adequate for engineering design, bidding services and construction for the Leestown Road Water Line Improvements.

INVESTMENT PROJECT REVIEW	_
DEPARTMENT BY DATE	,
ENGINEERING John 10.1.0	<u>"</u>
WATER QUALITY (M/4) (1)	_
INFO. SYSTEMS	
OTHERS	
RECOMMENDATOR APPROVAL:	/
PRESIDENT	

Kentucky-American Water Company Proposed IP 02-01 Leestown Road Water Line Improvements Project No. 11205 September 21,2001 Page 2

DISCUSSION

This capital investment will initiate design, bidding, easement acquisition, and construction services for a new 16-inch water main along the Leestown Road (US 421) corridor. Installed in Leestown Road is an 8-inch water main that extends outward from the City of Lexington into rural Fayette County and into a small portion of Scott and Woodford Counties. The main heads in a northwesterly direction for approximately 10 miles with water sales along the way and ultimately to the City of Midway in Woodford County. Customers served by this main include the Federal Medical Center (FMC), which houses 1,800 inmates and is one of KAWC's top 10 customers, and the Veterans Administration(VA) Hospital.

In recent years, individual customers including industrial customers, Midway, FMC and the VA Hospital have increased their demands due to expansions. Additionally, the first four miles of the above mentioned corridor is experiencing rapid growth for residential and commercial customers. A 16-inch main has been installed parallel to the existing 8-inch main in new residential developments in the area The City of Midway has also indicated that it will increase its demands by 200,000 gallons per day due to the construction of an industrial park.

During the summers of 2000 and 2001, numerous customer complaints were received regarding low pressures along the Leestown Road corridor. The continued residential growth in this area will only increase system demands during hot and dry weather. This main is critical to maintaining system reliability not only for fire flows and system reinforcement but also for low pressure problems. This project also provides a future opportunity for regionalization with communities in the area and will enable continued growth.

This project is needed immediately to improve service and reliability for our existing customers. The main will be designed with adequate capacity to accommodate known future developments along the corridor. The potential for regionalization enhances the value of this project and will only help to facilitate future extensions of water lines in Fayette, Scott and Woodford Counties.

Kentucky-American Water Company Proposed IP 02-Leestown Road Water Line Improvements Project No. 11205 September 21,2001 Page 3

Construction for the first 10,000 feet of main is scheduled for 2002. Construction of the additional 33,000 feet of main is expected within the next five years depending on growth and regionalization efforts. To take advantage of economies of scale, the entire design work will be completed at this time. It is estimated that total construction will cost \$2,500,000. The proposed design and construction cost is within an accuracy of plus or minus 10 percent.

Richard C. Svindland, P.E. Senior Operations Engineer

Nick O. Rowe

Vice President \ Operations

NOR/rcs

RENTUCKY-AMERICAN WATER COMPANY PROPOSED INVESTMENT PROJECT 02-0/ LEESTOWN ROAD WATER LINE IMPROVEMENTS

ITEM	RESPONSIBLE ENTITY		TOTAL MATED COST
Administration	KAWC	\$	10,000
Design. Bidding, & Easements	Engineer Consultant	\$	130,000
Materials	KAWC	s	185,000
Construction	(Contractor	\$	331,310
	Sub-Total	\$	656,310
O&C (+/- 3%)		\$	19,680
Engineering Overhead (+/- 2%)		\$	13.540
	Sub-Total	\$	689,530
AFUDC		\$	10,470
	Total	\$	700,000

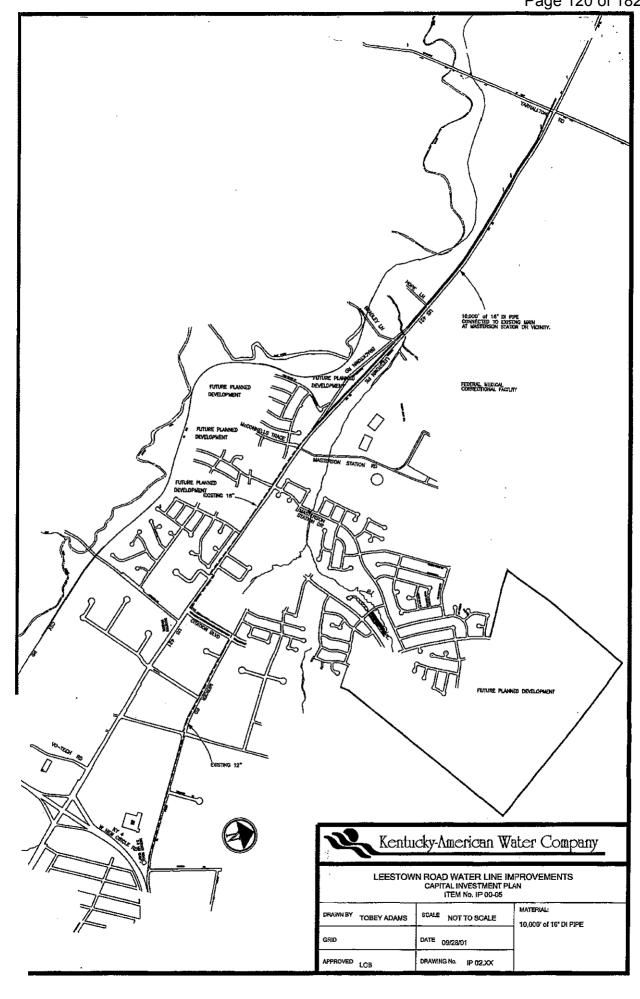
				KENTUC	KY-AM	ERICAN	KENTUCKY-AMERICAN WATER COMPANY	COMPA	λN					
				PROP	SED IN	VESTME	PROPOSED INVESTMENT PROJECT 02- & 1	JECT 0	10-2					
			LEE	STOWN	ROAD	WATER	EESTOWN ROAD WATER LINE IMPROVEMENTS	PROVE	MENTS					
DESCRIPTION	FNTITY						02	7007						TOTAL
OF ACTIVITY	RESPONSIBLE	JAN	FEB	MAR	APR	MAY	NOC	JUL	AUG	SEPT	130	NON	330	2002
Administration	KAWC													\$ 10,000
Design & Bidding	Consultant													\$ 130,000
Materials	KAWC													\$ 185,000
Construction	Contractor												-	\$331,310
SUB-TOTAL					\$ 18,970	\$ 47,420	\$ 47,420	\$ 47,420	\$47,420	\$ 47,420	\$ 47,420 \$ 47,420 \$47,420 \$ 47,420	\$131,000	\$ 174,310 \$ 656,310	\$ 656,310
O&C (+/- 3%)					\$ 570	\$ 1,420	\$ 1,420 \$	\$ 1,420	\$ 1,420	\$ 1,420	\$ 2,850	\$ 3,930	\$ 5,230	\$ 19,680
Overhead (+/- 2%)					\$ 390	\$ 980	\$ 980	\$ 980	\$ 980	980	\$ 1,960	\$ 2,700	\$ 3,590	\$ 13,540
AFUDC					\$ 70	\$ 180	\$ 089 \$	\$ 1,030	\$ 1,240	\$ 1,240	\$ 1,420	\$ 1,910	\$ 2,700	\$ 10,470
CASH FORECAST					\$ 20,000	\$ 50,000	\$ 50,500 \$		\$ 51,060	\$ 51,060	\$ 101,160	50,850 \$ 51,060 \$ 51,060 \$ 101,160 \$139,540	\$ 185,830	\$ 700,000

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL

LEESTOWN ROAD WATER LINE IMPROVEMENTS

Determination of Revenue Requirement Authorized Rate of Return on Common Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Proj Common Equity Ratio for Project Weighted Cost of Common Equity before	Equi ect	•				11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7.38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt						60.00% 8.00% 4.80%
Total Pre-Tax Cost of Capital						12.18%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	\$	280,000 420,000			\$	700,000 0 700,000
Total Revenue Requirement Required Pre-Tax Operating Income Depreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement		1.180% 0.7037% 0.14537%	\$ \$ \$	Amount 85,260 8,260 4,926 0 0 98,446 143 98,589		Rate 12.18% 1.18% 0.70% 0.00% 0.00% 14.06% 0.02% 14.08%
Latest 12 Months Revenue • 06/30/2001 Required Price Increase	I		<u>\$</u>	40,071,359 0.25%	:	

CWIP/CONSTRUCTION PROGRAM W/P-1-5 Page 120 of 182



AMERICAN WATER - SOUTHEASTREGION CAPITAL INVESTMENT MANAGEMENT COMMITTEE - 03/08/2004

AW/CMF3.50 ISSUE 1.1

Project 12020203: Replace Traveling Screens at Kentucky River Station Intake

Replace Haveling defects at Nethacky River diation in

Project Manager : Shannyn Walker

Project Status : PROJECT CHANGE REQUEST

1.0 SUMMARY

1.1 Project Objectives

The Kentucky River Station traveling screens are critical to the effective operation of the intake system. As they remove leaves, branches, fish and other debris larger than ½", they are responsible for protecting the raw water intake pumps from damage from these elements. The original screens are no longer effective and with replacement of **the** two traveling screens, the KRS intake pump efficiencies will be improved.

1.2 Changes Requested

It is requested that the approved Investment F oje budget be increased from 5450,000 to \$670,000 for a total increased amount of \$220,000.

1.3 Reasons for Changes

Bids for the installation of the intake screens were received in February 2004, and the low bid was higher than anticipated in the original cost estimate. The upward adjustment to the project budget will account for the actual installation bid received.

1.4 Revised Cost and Program

- Increase project cost \$220,000.
- Project completion of August 2004 has not changed from the approved SCEP.

1.5 Project Issues and Risks

There is some risk associated with weather related events causing a delay in the project completion. Most of the screen work will take place in the spring and will be subject to high water levels.

2.0 INTRODUCTION

This project was approved as Investment Project in 2002 to replace (2) traveling water screens at the KRS intake due to their deterioration. As portions of the traveling screens have been in **service** since their original Installation in the late 1950's, \$450,000 was approved to completely replace these screens and provide improved flow through the KRS intake.

The project is about 25% complete with the (2) traveling screens being purchased and delivered to KRS. Bids have been received and Kentucky American is prepared to award a contract.

3.0 THE CHANGE PROPOSAL

3.1 The existing traveling screens at the Kentucky River Station intake are critical to the operation of the intake. With the plant operating at or above capacity with increasing frequency, there is a very limited window of opportunity for replacement. The current screens are forty years old and are at imminent risk of failure. The chains have been repaired constantly, and broke during 2003, allowing the screen to fall in the river. The original cost estimate was prepared in 1999, then the sluice gate project was delayed and the traveling screen project was also delayed. There has been no change in the scope of the project. The IP memo was written in 2001, and the estimate still appeared to be good. However, it is apparent based on the actual bid prices that further investigation of the estimate should have been made considering the delay.

AMERICAN WATER - SOUTHEASTREGION CAPITAL INVESTMENT MANAGEMENT COMMITTEE - 03/08/2004

AW/CMF3.50 ISSUE 1.1

- 3.2 If the expenditure increase is deferred, the existing traveling screens would remain in service and operate with deficiencies. The KRS intake pumps would experience greater stress as they continue to operate at their maximum capacity. Further, the entire intake is at risk for shut down if the screens should fail during peak demand periods when the pump well has to be clear to operate as needed.
- 3.3 If the cost increase is deferred, one screen **could** still be replaced within the authorized expenditures. However, based on alternative bid pricing, there would be a remobilization expense of \$148,000 and the intake would still be at risk. There are no other options than deferring the project for future work.
- 3.4 It is recommended that the price increase and additional expenditures be approved at this time. It is also recommended that the project be extended to August 2004, to allow the project to be completely carried out as previously planned.
- 3.5 The traveling screen chains have failed repeatedly, while the screens themselves are in imminent danger of failure.

Purpose Code	Description	%	Measure	Units	Target
NA-PP01	Water – Poor Physical Performance	100			

4.0 POST PROJECT APPROVAL FINANCIAL STATEMENT

- 4.1 See attachment.
- 4.2 There is no anticipated significant variation in operational expenditure since the investment Project Memoranda was approved.
- 4.3 Since there were no other alternatives, an economic analysis was not performed.

5.0 EFFECT OF CHANGE ON PROJECT COMPLETION

5.1 With the **delay** of the sluice gate project due to budget constraints, the traveling screen project was directly affected and delayed. The traveling screens were **originally** to be completed by the end of 2003. Now that (4) new sluice gates are in service as of the end of 2002, the traveling screens can be isolated and **replaced**. Both traveling screens are scheduled to be in service and completed by June 2004.

6.0 ISSUES AND RISKS

6.1 There are no significant issues or risks to **carry** out this project as proposed. There is no anticipation of increase in operational expenditures.

7.0 RECOMMENDATION

7.1 It is recommended that the Capital investment Management Committee grant approval for the increased capital expenditures of \$220.000 for a **total** project cost of \$670,000 and an extension of project completion until June 2004.

STMENT MANAGEMENT COMMITTEE - 03/08/2004	ISSUE 1.1
	
trol Data Sheet	
d form = CMF3.55 - appropriately signed.	
Estimate of Cost	
c Analysis	
/ Forecast	
Nalker	
	/ Forecast

AMERICAN WATER - SOUTHEASTREGION	AW/CMF3.50
CAPITAL INVESTMENT MANAGEMENT COMMITTEE - 03/08/2004	ISSUE 1.1
Pavision History	
Revision History:	
(When using the template, delete this table – it is for template revision purpose	s only)

Version	Date	Summary of Changes
1.0	03/08/04	First revision of approved Investment Project

KENTUCKY-AMERICAN WATER COMPANY

REVISED - PROPOSED INVESTMENT PLAN PROJECT 02-013 REPLACE TRAVELING SCREENS AT KENTUCKY RIVER STATION INTAKE

		OR	IGINAL	F	REVISED
ITEM	RESPONSIBLE ENTITY	ESTIM <i>A</i>	ATED COST	ESTI	MATED COST
		<u> </u>			_
Administration	KAWC	\$	4,500	\$	5,831 _
 Materials	KAWC	\$	260,000	\$	225,414
			•	i i	_
Construction	Contractor	\$	150,000	\$	378,654
	Manufacturer Replinspection	\$	1	\$	8,000
	Sub-Total	\$	414,500	\$	617,899
O&C (+/- 3%)		\$	12,460	\$	18,550
Engineering Overhead (+/- 2%)		\$	8,530	\$	12,730
	Sub-Total	\$	435.490	\$	649.179
AFUDC		\$	11,330	\$	18,210
	Total	\$	446,820	\$	667,389
	Estimate	\$	450,000	\$	670,000

				KEN	TUCKY-,	AMERIC.	KENTUCKY-AMERICAN WATER COMPANY	ER COM	ANY							
			REV	ISED-PF	ROPOSE	:D INVE	REVISED-PROPOSED INVESTMENT PLAN PROJECT 02-0%	PLAN PF	ROJECT	02-0%	۸.					
		R	REPLACE T	RAVELII	NG SCR!	EENS AT	E TRAVELING SCREENS AT KENTUCKY RIVER STATION INTAKE	CKY RIVI	ER STA	NINOIL	TAKE					
DESCRIPTION	ENTITY						2004	4						TOTAL	TOTAL	Ā
OF ACTIVITY	RESPONSIBLE	NAP	BH 188	MAR	APR	MAY	NOC	JUL	AUG	SEPT	OCT	NON	DEC	2004	PROJECT	ECT
Administration	KAW	\$ 500	\$ 500		\$ 1,331	\$ 1,000	\$ 500 \$ 1,331 \$ 1,000 \$ 1,000 \$ 1,000	\$ 1,000						\$ 5,831	es	5,831
Materials	KAW		\$ 225,414											\$ 225,414	€>	225,414
Contract Labor	Contractor/Manufacturer		\$ 805		\$ 40,000	\$ 60,000	\$ 60,000 \$ 150,000	\$ 50,000	\$ 85,849					\$ 386,654	\$ 38	386,654
	Kep and inspector															
																Τ
SUB-TOTAL		\$ 500	500 \$ 226,719	\$ 500	\$ 41,331	\$ 61,000		\$ 151,000 \$ 51,000 \$ 85,849	\$ 85,849	-				\$ 617,899	69	617,899
O&C (+/- 3%)		\$ 20	\$ 6,800	\$ 20	69	1,240 \$ 1,830 \$	\$ 4,530 \$		1,530 \$ 2,580 \$					\$ 18,550	69	18,550
Overhead (+/- 2%)		\$	\$ 4,670	\$ 10	\$ 850	\$ 1,260 \$	\$ 3,110 \$	\$ 1,050 \$	\$ 1,770	· es				\$ 12,730	69	12,730
AFUDC		&	\$ 870	\$ 1,740	\$ 1,900	\$ 2,300	\$ 3,110	\$ 3,880	\$ 4,410	69				\$ 18,210	69	18,210
Tokon control		003														

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL

REPLACE TRAVELING SCREENS AT KENTUCKY RIVER STATION INTAKE REVISED - 03/08/04

Determination of Revenue Requirement					
Authorized Rate of Return on Common	Equity	У			11.00%
Federal Income Tax Rate					 35.00%
Return on Common Equity before FIT					16.92%
State Income Tax Rate					 8.25%
Required Rate of Return on CE for Proje	ect				18.44%
Common Equity Ratio for Project					40.00%
Weighted Cost of Common Equity before	e Tax				 7.38%
Long Term Debt Ratio for Project					60.00%
Estimated Cost Rate for New Debt					8.00%
Weighted Cost of Debt					4.80%
Total Pre-Tax Cost of Capital					12.18%
Total Estimated Cost of Project					\$ 667,389
Investment by Others					0
Net Investment Financed by Company					\$ 667,389
New Common Equity	\$	266,956			
New Long Term Debt		400,433			
Total Revenue Requirement				<u>Amount</u>	Rate
Required Pre-Tax Operating Income			\$	81,288	12.18%
Depreciation Rate		3.140%		20,956	3.14%
Property Tax Rate		0.7037%		4,696	0.70%
Change in Operation & Maint. Expense				0	0.00%
Revenue from New Customers				0	0.00%
Total Net Revenue Requirement			-\$	106,940	16.02%
Revenue Tax Rate	,	0.14537%		156	0.02%
Total Revenue Requirement				107,096	16.04%
Latest 12 Months Revenue • 06/30/2001			\$	40,071,359	
Required Price Increase				0.27%	



Kentucky-American Water Company

KENTUCKY-AMERICAN WATER COMPANY PROPOSED INVESTMENT PLAN PROJECT 02-03 REPLACE TRAVELING SCREENS AT KENTUCKY RIVER STATION INTAKE

Reference: Strategic Business Plans for 1999 and 2000

SUBJECT:

Deteriorating operation of the two (2) traveling screens at the Kentucky River Station Intake on the Kentucky River.

RECOMMENDATION:

It is recommended that the traveling screens be completely replaced.

ESTIMATED COST:

Total Estimated Cost	\$ 450,000
Proposed 2002 Expenditure	\$ 200,000
Proposed 2003 Expenditure	\$ 250,000

ADEQUACY:

The proposed investment project funds are adequate for replacement of both traveling screens.

INVESTMENT PROJECT REVIEW
DEPARTMENT BY DATE
ENGINEERING John J. Juny 10.02.01
WATER QUALITY / N/A /SU 1
INFO. SYSTEMS
OTHERS
RECOMMENDED FOR APPLIVAL: 10-24-01
PRESIDENT

Kentucky-American Water Company Replace Traveling Screens at KRS Intake Proposed 2001 IP 02-*03* Project No. 11206 August 24,2001 Page 2

DISCUSSION

Two (2) traveling screens are located at the intake structure on the Kentucky River. These traveling screens are used to protect the raw water intake pumps from leaves, branches, fish, and other debris larger then ½". The traveling screens are located behind a coarse bar rack and can be isolated by the closure of sluice gates. A separate IP 01-06 was approved to replace the sluice gates used to isolate the traveling screens. Upon completion of IP 01-06, KAWC will be in a position to start the replacement of the traveling screens.

Portions of the traveling screens have been in service since their original installation in the late 1950's. In the late 1960's minor modifications were made as the drive mechanism for the two screens were vertically raised above the 100-year flood stage, and additional buckets were added to the screens, but no major changes were made to the original equipment. Since the late 1960's, continual maintenance has been required to keep the screens operational, with major overhauls and maintenance expense occurring in 1985, 1988,1992,1997 and 2000.

Effective operation of the screens also will improve the reliability of the intake pumps and maximize intake capacity. The existing screens have reached the end of their useful life with many structural components having severely corroded. Another major overhaul is not expected to increase the useful life. The screens should be replaced to ensure reliability, maintain intake capacity, and avoid extraordinary maintenance expenses.

The total project cost estimate is considered accurate to within 10 percent.

Richard C. Svindland, P.E.

Senior Operations Engineer

Nick O. Rowe

Vice President — Operations

NOR/rcs

KENTUCKYK-AMERICAN WATER COMPANY PROPOSED INVESTMENT PLAN PROJECT 02- 03 REPLACE TRAVELING SCREENS AT KENTUCKY RIVER STATION INTAKE

Cost Estimate

		Total Estimated Cost
Engineering		\$13,000
Utility Plant Construction		240,000
Account #306 – Intakes, Screens Installation		260,000 150,000
0		\$423,000
Omissions & Contingencies		12,490
		\$435,490
AFUDC		_12,090
		\$447,580
	SAY	\$450,000

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			PŖ	OPOSEI	PROPOSED INVESTMENT PLAN PROJECT 02-03	TMENT	PLANF	ROJEC	T 02-03	•				
	R	REPLACE TRAV		FINGS	FLING SCREENS AT KENTUCKY RIVER STATION INTAKE	S AT KE	NTUCK	Y RIVEF	STATI	ON INT	٨KE			
DESCRIPTION	ENTITY						20	2002						TOTAL
OF ACTIVITY	RESPONSIBLE	JAN	FEB	MAR	APR	MAY	NOS	JOE	AUG	SEPT	100	NOV	DEC	2002
Administration	KAWC													\$ 2,500
Materials	KAWC													\$110.000
														2
Construction	Contractor													\$ 75,000
SUB-TOTAL									\$ 500	\$ 500	\$110,500	\$ 38,000	\$ 38,000	\$ 187,500
O&C (+/- 3%)									\$ 20	\$ 20	\$ 3,320	\$ 1,140	\$ 1,140	\$ 5,640
Overhead (+/- 2%)									\$ 10	\$ 10	\$ 2,280	\$ 780	\$ 780	\$ 3,860
AFUDC									, sə	\$ 10	\$ 420	\$ 980	\$ 1,260	\$ 2,670
CASH FORECAST									\$ 530	\$ 540	\$116.520 \$ 40.900	\$ 40,900	\$ 41.180	\$ 199,670
									ı			2012	2	2122

				KEN	TUCKY.	AMERIC	KENTUCKY-AMERICAN WATER COMPANY	ER CON	IPANY						
				PROP	OSED IN	IVESTMI	ENT PLA	IN PROJ	PROPOSED INVESTMENT PLAN PROJECT 02- 53	So					
		REP	REPLACE TRA	RAVELI	NG SCR	EENS AT	r KENTU	ICKY RIV	VELING SCREENS AT KENTUCKY RIVER STATION INTAKE	TION IN	ITAKE				
DESCRIPTION	ENTITY						2003)3						TOTAL	TOTAL
OFACTIVITY	RESPONSIBLE	JAN	FEB	MAR	APR	MAY	NUL	JUL	AUG	SEPT	130	AON	330	2003	PROJECT
Administration	KAWC													000'2 \$	2 4,500
Materials	KAWC													\$150,000	\$260,000
Construction	Contractor													\$ 75,000	\$150,000
SUB-TOTAL		\$ 200	\$100,500	\$ 88,000	\$ 38,000									\$227,000	\$414,500
O&C (+/- 3%)		\$ 20	\$ 3,020	\$ 2,640	\$ 1,140									\$ 6,820	\$ 12,460
Overhead (+/- 2%)		\$ 10	\$ 2,070	\$ 1,810	\$ 780									\$ 4,670	\$ 8,530
AFUDC		\$1,410	\$ 1,790	\$ 2,490	\$ 2,970									\$ 8,660	\$ 11,330
CASH FORECAST		\$1,940	\$1,940 \$107,380	\$ 94,940	\$ 42,890									\$ 247 150	\$44B 820

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL

REPLACE TRAVELING SCREENS AT KENTUCKY RIVER STATION INTAKE

Determination of Revenue Reauirement Authorized Rate of Return on Common Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Project Common Equity Ratio for Project Weighted Cost of Common Equity before	Equi [,] ect					11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7.38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt						60.00% 8.00% 4.80%
Total Pre-Tax Cost of Capital						12.18%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	\$	178,728 268,092			\$	446,820 0 446,820
Total Revenue Requirement Required Pre-Tax Operating Income Depreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement		3.140% 0.7037% 0.14537%	\$ \$	Amount 54,423 14,030 3,144 (25,000) 0 46,597 68 46,665		Rate 12.18% 3.14% 0.70% -5.60% 0.00% 10.42% 0.02% 10.44%
Latest 12 Months Revenue - 06/30/2001 Required Price Increase	1		\$	40,071,359 0.12%	:	



Kentucky-American Water Company

2300 Richmond Road Lexington, Kentucky 40502 (859) 269-2386 Fax (859) 268-6327

March 11,2002 IP 02-04 Project No. 10212

KENTUCKY-AMERICAN WATER COMPANY PROPOSED INVESTMENT PLAN PROJECT 02- 04 WATER SUPPLY PROJECT DEVELOPMENT

Reference: Strategic Business Plans for 2002, Investment Project 92-12

SUBJECT:

Kentucky-American's current treatment capacity deficit and source of supply deficit.

RECOMMENDATION:

It is recommended that an investment project be established to facilitate water supply project plan development including the current Kentucky Public Service Commission proceeding and the Bluegrass Water Supply Consortium regional study efforts.

ESTIMATED COST:

Total Estimated Cost	\$ 600,000
Prior Expenditures	\$ 157,000
Proposed 2002 Expenditure	\$ 243,000
Proposed 2003 Expenditure	\$ 200,000

ADEQUACY:

The proposed investment project funds are estimated to be adequate for professional services toward obtaining regulatory and stakeholder concurrence of the project plan.

INVESTME	NT PROJECT RE	VIEW
DEPARTMENT	/ BY	DATE
ENGINEERING	John J. Yang 1	3.30.02
WATER QUALITY	Whall most	4/1/02_
INFO. SYSTEMS		
OTHERS		
RECOMMENDED	OR APPROVAL:	
PRESII	Jane O	4-4-02

Kentucky-American Water Company Water Supply Project Development Proposed 2002 IP 02-24 Project No. 10212 March 11,2002 Page 2

DISCUSSION

Kentucky-American has been working to resolve its long-term water supply deficit situation. This includes a source of supply deficit and a treatment capacity deficit. Upgrades have been made to maximize the treatment plant capabilities in the short term, and there have been efforts to optimize the use of the Kentucky River including valve installation on upstream dams for releases and permit modifications. Potential long-term solutions have created local controversy, which has delayed ultimate resolution of either pmblem individually.

In 1992, Kentucky-American proceeded with design and construction of a pipeline that would supply finished water that was to be purchased **from** the Louisville Water Company. Kentucky-American included design costs in its forward-looking rate case that year. In 1993, the Kentucky Public Service Commission established a separate proceeding to investigate the source of supply and treated water deficits. Kentucky-American agreed to halt work on the project until the conclusion of that case. Case No. 93-434 was finally resolved in August 1997 with an Order that the Kentucky River alternative solutions were insufficient and that Kentucky-American had the responsibility to solve the **problem** for its customers. Thus Kentucky-American initiated detailed design work on the pipeline. In 1999, with the pipeline design about 60% complete, the Lexington-Fayette Urban County Government Council established a technical forum to review the issue. The LFUCG Council, which represents over 80% of Kentucky-American's customers, passed a resolution in December 1999 that indicated a preference for a Kentucky River solution, provided a number of items could be concluded within specific **timeframes**. Accordingly, Kentucky-American terminated work on the design of the pipeline. The resolution also encouraged Kentucky-American to pursue a regional solution.

In 2000, Kentucky-American filed a rate case and among other issues sought relief of the \$6.2 million that had been expended on pursuing the pipeline solution up to that point. In May 2001, the PSC **provided** a final order in that case that granted Kentucky-American relief for the majority of expenditures to date. The nature of the various expenditures determined the different rate treatment of the expenditures.

In February 2001, the PSC requested a status update from Kentucky-American on the 1997 Order in Case No. 93-434. Kentucky-American filed a 20-page response, that detailed the situation, status of work since 1997, and issues that had to be resolved **in** order for a solution to be implemented, either on the Kentucky River or from another source. Kentucky-American indicated that it could not unilaterally implement a project to increase the supply of the Kentucky River, although the **LFUCG** had indicated a preference for a river solution and Kentucky-American acquiesced to that preference in its decision to stop work on the pipeline. The PSC established Case No 2001-117 to investigate the feasibility and advisability of the Kentucky-American proposed solution to its source of supply deficit.

Kentucky-American Water Company Water Supply Project Development Proposed 2002 IP 02-04 Project No. 10212 March 11,2002 Page 3

Additionally, Kentucky-American has been working with a group of other water utilities that have established themselves as the Bluegrass Water Supply Consortium. This group has received a grant from Congress and matched by the Kentucky Infrastructure Authority, to complete a regional water supply study. This study should provide an objective, detailed recommendation for a regional water supply including regional interconnections, source of supply, and treatment capacity.

The continued involvement in both of these efforts is critical to implementing a water supply solution in the near future. The continued effort to develop the project with stakeholders and parties responsible for implementation is part of the PSC proceeding and the work with the Consortium. The estimated expenditures are specifically for Company labor involved in the issue and professional service including legal services involved in the PSC investigation. These estimates are based on previous Commission proceedings. It is anticipated that the water supply project plan will be fully developed as a result of the Commission proceeding in conjunction with the Consortium efforts.

While the nature of these expenditures alone would normally not constitute an investment project, Kentucky-American believes that it is appropriate given the nature of this ongoing issue.

Linda C. Bridwell, PE
Director of Engineering

Nick O. Rowe

Vice President – Operations

NOR/rcs

KENTUCKY-AMERICAN WATER COMPANY PROPOSED INVESTMENT PLAN PROJECT 02-०५ WATER SUPPLY PROJECT DEVELOPMENT

ITEM	RESPONSIBLE ENTITY	TOTAL MATED COST
Priors		\$ 157,000
Project Development	KAWC	\$ 128,170
Legal Services	Consultant	\$ 262,000
Professional Services	Consultant	\$ 31.500
	Sub-Total	\$ 578.670
O&C (+/- 3%)		\$ 12,660
Engineering Overhead (+/- 2%)		\$ 8,670
	Sub-Total	\$ 600,000
AFUDC		\$ -
	Total	\$ 600,000

Estimate \$ 600,000

				KENTU	CKY-A	KENTUCKY-AMERICANWATER COMPANY	IWATER	COMP,	ANY						
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				WATER	SUPPL	WATER SUPPLY PROJECT DEVELOPMENT	CT DEV	/ELOPM	ĒNĪ						
DESCRIPTION	I ENTITY I							2002	2						TOTAL
OF ACTIVITY	RESPONSIBLE	Priors	JAN	FEB	MAR	APR	MAY	NUC	JUL	AUG	SEPT	100	NOV	DEC	2002
Project Development	KAWC		1			13. 10.000 (3. 2.000 (3. 2.000 (3. 5.00 (3. 5.00) (3. 5.00) (3. 5.000 (3. 5.00) (3. 5.00)	5 2 000	3,2,000	\$ 5,000	3 5,000	\$ 2,000	3 110,000	3 5,000	3, 1,300	\$ 45,800
Legal Services	Consultant		†		200	83. 2000 184 3 000 18 12 000 18 18 000 18 20 000 18 20 000 18 20 000 18 18 000 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 18 000 18 000 18 18 000 18 000 18 18 000 18 000 18 18 000 18 0	3 5,000	\$ 12,000 6	3 15,000	3 20,000	3 20 000	3-20,000	3 15,000	000 8 8	\$ 162,000
Professional Services	Consultant				2	136 22000 136 500 3 2,000 3 2,000 3 3,000 3 3,000 5 3,000 5 2,000 3 2,000	3,45,4500	\$ 2,000	.3 2,000.	3, 3,0000	(6) (5) (6)	(0)(0)(0)(0)(0)(0)	183-72/00/0	3 2000	\$ 23,500
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SUB-TOTAL		\$157,000				\$ 52,000	\$ 7,500	\$ 7,500 \$ 16,000 \$ 22,000 \$ 28,000	\$ 22,000	\$ 28,000	\$ 30,000	\$ 35,000	\$ 35,000 \$ 22,000 \$ 18,800	\$ 18,800	\$ 231,300
O&C (+/- 3%)						\$ 1,560	\$ 230	\$ 480	\$ 660	\$ 840	\$ 900	\$ 1,050	\$ 660	\$ 560	\$ 6,940
Overhead (+/- 2%)						040	150	330	450	£ 580	000	200	450	300	4 780
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AFUDC															· &9
CASH FORECAST		\$157,000				\$ 54,630	54,630 \$ 7,880	\$ 16,810	\$ 23,110	\$ 29,420	\$ 31,520	\$ 36,770	\$ 23,110	\$ 19,750	\$ 16,810 \$ 23,110 \$ 29,420 \$ 31,520 \$ 36,770 \$ 23,110 \$ 19,750 \$ 243,000

				KENT	UCKY-A	MERICA	N WATE	KENTUCKY-AMERICAN WATER COMPANY	AN⊀						
				PROPC	SED IN	/ESTMEI	NT PLAN	PROPOSED INVESTMENT PLAN PROJECT 02- 6식	CT 02-C	Ī					
				WATE	RSUPP	LYPRO	JECTDE	WATERSUPPLYPROJECTDEVELOPMENT	ENT						
DESCRIPTION	ENTITY						2003							TOTAL	TOTAL
OF ACTIVITY	RESPONSIBLE	JAN	FEB	MAR	APR	MAY	NUL	JUL	AUG	SEPT	OCT	NOV	DEC	2003	PROJECT
Project Development	KAWC	EES-1100,000 4554 (10,00)	100(0)01015	88-110/00/00	3-10,000	(2,47,500)	35 3000	00 EX 191900 13 10,000 12 7,4300 13 3,000 13 3,000 15 5,000 13 5,000 15 5,000 15 5,000 15 5,000 15 7,000	\$ 45,000 E	9.00009	s stotoo	3 (000)	\$ 44370	\$ 82,370	\$ 128,170
Legal Services	Consultant	(S) 1 2 2 3 2 3 2 3 3 3 3 3 3 3 3 3 3 3 3 3		43-100000	3 10,000	33400000	3 10,000	10 EX 10 10 CO 1 ST 10 10 0 CO 1 ST 10 CO CO 1 EX 10 CO CO 1 EX 10 CO CO 1 EX 10 CO CO CO CO CO CO CO CO CO CO CO CO CO	3. 720000	3: 2,0,00	5 240000	32.57240(6/0)	8	\$ 100,000	\$ 262,000
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Professional Services	Consultant	65 270000 65 270		000, 65, 22,0000, 65, 22,000	3 2 000									\$ 8,000	\$ 31,500
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SUB-TOTAL		\$ 32,000	\$ 27,000	\$ 22,000	\$ 22,000	\$ 17,500	\$ 15,000	\$ 15,000	\$ 12,000 \$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 6,870	\$ 190,370	\$ 578,670
O&C (+/- 3%)		\$ 960	\$ 810	\$ 660	\$ 660	\$ 530	\$ 450	\$ 450	\$ 360	\$ 210	\$ 210	\$ 210	\$ 210	\$ 5,720	\$ 12,660
Overhead (+/- 2%)		\$ 660	\$ 560	\$ 450	\$ 450	\$ 360	\$ 310	\$ 310	\$ 250	\$ 140	\$ 140	\$ 140	\$ 140	\$ 3,910	0298 \$
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AFUDC											1			&	S
CASH FORFCAST		33 620	\$ 28.370	\$ 23 110	\$ 23.110	C 18 300	\$ 15.780	\$ 15 750 6 15 750 6 19 510 6 7 350 6 7 350 6 7 350 6 7 30 6 900 000	£ 12 610	7 350	¢ 7 350	7 250	7 220	000 000	00000

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL WATER SUPPLY PROJECT DEVELOPMENT

Determination of Revenue Reauiremen	<u>ıt</u>				
Authorized Rate of Return on Common	Equ	ity			11.00%
Federal Income Tax Rate		_			35.00%
Return on Common Equity before FIT					16.92%
State Income Tax Rate					8.25%
Required Rate of Return on CE for Proj	ect				18.44%
Common Equity Ratio for Project					40.00%
Weighted Cost of Common Equity befo	re Ta	ЭХ			7.38%
Long Term Debt Ratio for Project					60.00%
Estimated Cost Rate for New Debt					8.00%
Weighted Cost of Debt					4.80%
Total Pre-Tax Cost of Capital				_	12.18%
Total Estimated Cost of Project				\$	600,000
Investment by Others					0
Net Investment Financed by Company				\$	600,000
New Common Equity	\$	240,000			
New Long Term Debt		360,000			
Total Revenue Requirement			Amount		Rate
Required Pre-Tax Operating Income			\$ 73,080		12.18%
Depreciation Rate		1.304%	7,824		1.30%
Property Tax Rate		0.7037%	4,222		0.70%
Change in Operation & Maint. Expense			0		0.00%
Revenue from New Customers			 0		0.00%
Total Net Revenue Requirement			\$ 85,126		14.18%
Revenue Tax Rate		0.14537%	 124		0.02%
Total Revenue Requirement			 85,250		14.20%
Latest 12 Months Revenue - 12/31/2001 Required Price Increase	I		\$ 41,477,827 0.21%	I	



Kentucky-American Water Company

1025 Laurel **Oak Road** • P.O. **Box** 1770 • Voorhees, New Jersey 08043 • (609) 346-8200 November 25, 2002 Proposed IP 03-01

KENTUCKY-AMERICAN WATER COMPANY PROPOSED DESIGN INVESTMENT PROJECT 03- △ I TWO MILLION GALLON ELEVATED STORAGE FACILITY

Reference: 1992 Least/Comprehensive Planning Study, Project B-13; 1993 and 2002 Storage

Capacity Analyses, Strategic Business Plans 1997, 1998, 1999,2000

SUBJECT

The need to equalize pressures, enhance fire flows and system reliability, and comply with Public Service Commission distribution storage requirements.

RECOMMENDATION

A two (2) million gallon elevated storage tank should be designed and constructed in the eastern Fayette County section of the distribution system to provide fire flows and system reliability, and to equalize demands within the system.

ESTIMATED COST

Total Estimated Cost	\$410,000
Proposed 2003 Expenditure	\$150,000
Previous 2004 Expenditure	\$260,000

ADEQUACY

The proposed investment project will be adequate for land acquisition, design, permitting and bidding for the proposed tank. Construction funds will be requested in a future revision to this Investment Project.

INVEST	ÆNT PROJ	IECT REVI	EW
DEPARTMENT	/B	v . 1	DATE
ENGINEERING	(// 1	lans 1	12.3.02
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WATER QUALITY	<u> </u>	100	
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OTHERS	\geq $\langle \cdot \rangle$		
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Kentucky-American Water Company Proposed IP 03-01 Two Million Gallon Elevated Storage Facility November 25,2002 Page 2

DISCUSSION

On August 15,2002, Kentucky-American Water Company pumped a record amount of water into its Lexington area distribution system. That day, a total of 71.82 MGD was pumped from its treatment plants. The previous maximum day of record was 66.37 MGD in 2000. More critical, however, was the power outage at the Kentucky River Station treatment plant on July 31, 2002 during peak demands. Pressure dropped throughout the main system in less than five minutes. Pressure remained low in some areas for 30 minutes while the tanks were activated and the Richmond Road Station pumping facilities were increased.

Kentucky-American Water Company has 12 storage facilities in its distribution system, with a total volume of 16.84 MG. These storage facilities are used to provide fire protection and equalize pressures during high demand periods. Ten of the tanks are pumped storage facilities.

Kentucky-American Water Company had previously received approval to operate with storage volume below one average day demand that is required by Kentucky regulations. As part of this deviation from the requirement, Kentucky-American Water Company proposed to construct five additional tanks between 1993 and 2005. The Public Service Commission had approved this schedule. Two of the tanks have been completed and are operational; two are designed and will be constructed in 2003-2004. The fifth was originally proposed as a 3.0 million gallon pumped storage facility in the 1993 Storage Analysis.

Kentucky-American Water Company has worked diligently to determine the appropriate level of storage that is cost effective and meets the objectives of health, safety **and** reliability for its customers. In previous analysis, it was determined that reliability would be provided through storage and standby power capabilities at the treatment plants. The recent power outage during peak demands demonstrated that immediate and **short-term** reliability cannot be met with the existing operational capabilities. Although existing storage and standby power capabilities were sufficient to provide reliability until the power was restored, it took a brief period of time to activate both. Because demands were so high during that brief period, system pressure was lost before the tanks and diesel capabilities could be implemented.

Kentucky-American has reviewed alternatives to improve the ability to implement those capabilities, which are being proposed in another Investment Project. However, it was determined that the most cost effective and reliable method to assure sustained system pressure during peak demands is with additional elevated storage. It is proposed that this elevated storage tank be built at this time instead of the additional pumped storage originally specified in the 1993 Storage Analysis. Kentucky-American in conjunction with System Engineering has recently updated the 1993 Storage Analysis and recommends that an additional 3.0 million gallon pumped storage facility be constructed between 2005 and 2010.

The proposed tank will be located along the Winchester Road **corridor** near Strader Drive, which is one of the highest points in the system. It will be centrally located, which will help sustain pressure throughout the system. Recent construction in the area has increased demands, which has resulted in increased low-pressure complaints in the area. By constructing the tank in this area, it

Kentucky-American Water Company Proposed IP 03- •! Two Million Gallon Elevated Storage Facility November 25,2002 Page 2

will not only meet the system-wide reliability needs but also address the area low-pressure incidents that frequently occur. During the July 31 incident, this area experienced no water pressure for nearly thirty minutes.

Land acquisition costs are likely to be higher than usual because the proposed site is in an urban area. Additional SCADA logic will be required to ensure adequate operations of the tank for sustained water quality during moderate demand periods.

It is absolutely critical that design begin in 2003 so that adequate time is available for land acquisition and construction throughout 2004-2005. Kentucky-American is currently under an order from the Public Service Commission to complete the five proposed tanks by December 31, 2005. Following the July 31 incident, Commission staff have indicated that they are extremely concerned that Kentucky-American does not currently have adequate elevated storage for reliability purposes. It is recommended that this proposed elevated storage project be filed with the Public Service Commission before the end of 2002.

The estimated cost for the full project, including construction, is \$3 million. Construction funds will he requested in a future Investment Project memorandum. The cost estimate is based on recent similar tank design and construction and will vary based upon contractor prices and land acquisition costs. This estimate is projected to be accurate within plus 10 to minus 25 percent.

Linda C. Bridwell, P.E. Director – Engineering

Nick O. Rowe

Vice President \ Operations

NOR/lcb

KENTUCKY-AMERICAN WATER COMPANY REVISED CAPITAL INVESTMENT PLAN PROJECT 03-01 2 MG ELEVATED STORAGE TANK

ITEM	TOTAL ESTIMATED COST		
Preliminary Engineering	\$ 12,000		
Detailed Design, Bidding &Award	\$ 102,320		
Permits	\$ 25,000		
Utility Plant Construction Acct #303 Land & I and Rights	\$ 250.000		
Engineering Overhead (+/- 2%)	\$ 7,410		
Subtotal	\$ 396,730		
AFUDC	\$ 13,270		
Total	\$ 410,000		
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						Z M(3 ELI	€VA1	CED S	TOR	Z MG ELEVATED STORAGE TANK	TANK								
DESCRIPTION	ENTITY										20	2003					-			TOTAL
OF ACTIVITY	RESPONSIBLE	Jan	_	Feb	_	Mar	Apr		May	\dashv	Jun	lης	\parallel	Aug	dəs	Ö		Nov	Dec	2001
Preliminary Design	KAWC / Consultant		\prod		\prod			563	2 00	9	5,000	\$\$ 2.000 BE 5.000 BS #5.000	100				\parallel			\$ 12,000
Final Design	Consultant		$\dagger \dagger$		\coprod			$\dagger \dagger$		+		\$ 10,610	0	25,000	\$ 25,000 \$ 25,000	0 \$ 25,000		25,000	\$ 25,000 \$ 15,000	\$ 125,610
Const. Admin. / Inspection KAWC / Consultant	KAWC / Consultant		\prod					\prod		\dashv						$\frac{1}{1}$				
Materials	KAWC		$\dagger \dagger$		\parallel					+						_	+			
Construction	Contractor				$\perp \downarrow$															
Misc. Company Labor	KAWC									+			+							, 69
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SUB-TOTAL		€9	1,1	59	69		မာ	1,	\$ 2,000	9	5,000	\$ 15,610		25,000	\$ 25,000 \$ 25,000 \$ 25,000	0 \$ 25,		\$ 25,000	\$ 15,000	\$ 137,610
O&C (+/- 5%)		65		٠ ج	69		ક્ઝ	1.	\$ 10	100	250	\$ 78	\$ 082	1,250	\$ 1,250	€÷	1,250 \$	1,250	\$ 750	8 6,880
Overhead (+/- 2%)		69		· &	69	$\ \cdot \ $	မာ		\$	40 \$	100	\$ 31	310 \$	500	\$ 200	6 9	\$ 200	500	\$ 300	3 2,750
AFUDC			†.†		\coprod			1.1		5	98)	86	220	380		530	980	810	\$ 2,760
CASH FORECAST		69		€9	69	$\left\ \cdot \right\ $	so	1	\$ 2,150	\$ 09	5,380	\$ 16,790	₩.	26,970	\$ 27,130	0 \$ 27,280	_	\$ 27,440	\$ 16,860	\$ 16,860 \$ 150,000

KENTUCKY-AMERICAN WATER COMPANY REVISED CAPITAL INVESTMENT PLAN PROJECT 03-6)

				2	MG ELE	VATED S	2 MG ELEVATED STORAGE TANK	E TANK							
DESCRIPTION	ENTITY	2003						2004	40						TOTAL
OF ACTIVITY	RESPONSIBLE	Carryover	lan	Feb	Mar	Apr	May	unf	P) P	Aug	Sep	Oct	Nov	Dec	2004
Preliminary Design	KAWC / Consultant	\$ 12,000													, 69
Final Design	Consultant	\$ 125,610	\$ 25,000 \$315,000 \$10000 000 15 1000	000/51/3	\$ 15,000	\$ 15,000	\$ 15,000								\$ 85,000
Const. Admin. / Inspection	KAWC / Consultant	٠ ب									. 500	Mary Hill Rood	1000	1000	\$ 3,500
Materials	KAWC	-									30000	30000	00000	30000	\$ 120,000
Construction	Contractor	\$									20000		. 50000	245000 2 S0000 Thirds 00000	\$ 165,000
Land Acquisition	KAWC	, 69		FIG. R		\$ 50,000	00000 200000 3 201000 3 201000 3 3 3 3 3 3 3 3 3	\$ 50,000	000005\$	\$ 50,000					\$ 250,000
SUB-TOTAL		\$ 137,610	\$ 25,000	\$ 15.000	\$ 15,000	\$ 65.000	\$ 65.000	\$ 50.000	\$ 50,000	\$ 50,000 \$	\$ 50.500	3 76,000	\$ 81.000	\$ 84.000	8 623.500
O&C (+/- 5%)			1 1	\$ 750	\$ 750	\$ 3,250	\$ 3,250	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,530				
Overhead (+/- 2%)		\$ 2,750	\$ 500	\$ 300	\$ 300	\$ 1,300	\$ 1,300	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,010	\$ 1,520	1	—	\$ 12,470
AFUDC		\$ 2,760	940	1,060	1,160	1,410	1,810	2,170	2,490	2,800	3,110	3,510	4,000	-	\$ 28,960
CASH FORECAST		\$ 150,000	\$ 27,690	\$ 17,110	\$ 17,210	\$ 70,960	\$ 17,110 \$ 17,210 \$ 70,960 \$ 71,360 \$ 55,670 \$ 55,090	\$ 55,670	\$ 55,990	\$ 56,300	56,300 \$ 57,150 \$ 84,830 \$ 90,670 \$ 91,170	\$ 84,830	\$ 90,670	\$ 91,170	\$ 696,110

				Ž	ENTUCK	KENTUCKY-AMERICAN WATER COMPANY	CAN WA	TER COM	IPANY						
				REVISE	ED CAPIT	AL INVE	STMENT	PLAN PR	REVISED CAPITAL INVESTMENT PLAN PROJECT 03- O	3-01					
					2 MG	2 MG ELEVATED STORAGE TANK	D STOR	4GE TAN	¥						
DESCRIPTION	ENTITY	Prior						2	2005						TOTAL
OF ACTIVITY	RESPONSIBLE	Carryover	Jan	Feb	Mar	Apr	May	Jun	al.	Aug	Sep	ð	ò	Dec	2005
Preliminary Design	KAWC / Consultant	\$ 12,000													· s
Final Design	Consultant	\$ 210,610													.
Const. Admin. / Inspection	KAWC / Consultant	\$ 3,500	2,000	\$ 5,000	\$	\$ 5,000	\$ 5000	000'9 - 5	000'5 \$	\$ 5,000	\$ 5,000	SEE 5,000 SEE 5,	\$ 5,000	\$ 5,060	\$ 60,060
Materials	KAWC	\$ 120,000	30,000	\$ 30,000	\$ 30,000	30,000	\$ 30,000	\$ 30,000	30,000	\$ 1:30:000	* 30,000	000.05 - 30.000 35 - 30.000	\$ 30,000	30,000	\$ 360,000
Construction	Contractor	\$ 165,000	\$ 50,000	\$ 100,000	\$ 100,000	\$ 100,000	000.001.1\$	S 100,000	\$ 300,000	\$ 200,000	\$ 123:000	\$ 100,000	\$_100,000	\$_100;000	\$ 50,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000 \$100,000
Land Acquisition	KAWC	\$ 250,000													€
SUB-TOTAL		\$ 761,110	\$ 85,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 335,000	\$ 235,000	\$ 158,000	\$ 135,000	\$ 135,000	\$ 135,060	\$ 1,893,060
O&C (+/- 5%)		\$ 38,060	\$ 4,250	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 16,750	\$ 11,750	\$ 7,900	\$ 6,750	\$ 6,750	\$ 6,750	\$ 94,650
Overhead (+/- 2%)		\$ 15,220	\$ 1,700	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700	\$ 6,700	\$ 4,700	\$ 3,160	\$ 2,700	\$ 2,700	\$ 2,700	\$ 37,860
AFUDC		\$ 31,720	5,020	5,710	099'9	7,400	8,240	060'6	10,550	12,340	13,560	14,480	15,320	16,170	\$ 124,430
CASH FORECAST		\$ 846,110	\$ 95,970	\$ 150,160	\$ 151,000	\$ 151,850 \$ 152,690	\$ 152,690	\$ 153,540	\$ 369,000	\$ 263,790	\$ 182,620	\$ 263,790 \$ 182,620 \$ 158,930	\$ 159,770	\$ 160,680	\$ 159,770 \$ 160,680 \$ 2,150,000

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL 2 MG ELEVATED STORAGE TANK

Determination of Revenue Requirement Authorized Rate of Return on Common Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Project Common Equity Ratio for Project Weighted Cost of Common Equity before	Equity		11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7.38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt			60.00% 8.00% 4.80%
Total Pre-Tax Cost of Capital			12.18%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	\$ 1,200,000 1,800,000		\$ 3,000,000 0 \$ 3,000,000
Total Revenue Requirement Required Pre-Tax Operating Income Depreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement	1.180% 0.7037% 0.14537%	\$ Amount 365,400 35,400 21,111 0 0 421,911 614 422,525	Rate 12.18% 1.18% 0.70% 0.00% 0.00% 14.06% 0.02% 14.08%
Latest 12 Months Revenue - 09/30/2002 Required Price Increase	2	\$ 42,262,154 1.00%	:

AMERICAN WATER - SOUTHEASTREGION CAPITAL INVESTMENT MANAGEMENT COMMITTEE - 0311112004

AWICMF3.50 ISSUE 1.1

Project 12020303 : Reliability Improvements

Project Manager : Linda Bridwell

Project Status : PROJECT CHANGE REQUEST

1.0 SUMMARY

1.1 Project Objectives

On July 31,2002 Kentucky American experiences a power outage at its Kentucky River Station treatment facility during peak demands. This resulted in a system-wideboil water advisory. After extensive review. it was recommended that reiiability improvements be made which included electrical improvements at the KRS as well as replacing ball valves at some distribution system tanks, installation of a booster station to the Tates Creek tank, and SCADA reprogramming.

1.2 Changes Requested

It is requested that the approved capital expenditures be decreased from \$1,320,000 to \$1,100,000 as **well** as extend the **project** until March 2005. This chanae will offset increased expenses on the Kentucky River **Station** traveling screens project.

1.3 Reasons for Changes

Kentucky Utilities indicated initially that improvements on their facilities would cost as much as \$200.000. That has now been revised based on further work with KU to \$50,000. Additionally, the estimated cost of an additional transformer has been reduced by \$70,000 based on updated information from KU although bids have not been received.

1.4 Revised Cost and Program

	Approved Budget	Proposed Budget
2003 Expenditure	\$10,000	\$10,000
2004 Expenditure	\$1,010,000	\$790,000
2005 Expenditure	\$300,000	\$300,000
Total	\$1,320,000	\$1,100,000

- Reduce project cost and 2004 expenditures by \$220,000
- Project completion extended to March 2005.

1.5 Project Issues and Risks

The project has been delayed due to the need to first complete other investment projects that were first necessary including the Richmond Road Station improvements and the SCADA project. Continued risk lies in the delay, as the system is vulnerable to a power outage until the project is complete. Further, this reduction is proposed to accommodate necessary increased expenditures on the KRS traveling screen replacement project.

2.0 INTRODUCTION

This project was approved as Investment Project IP 03-03 in 2003 to improve reliability following a power outage. Although KAW personnel followed pre-established emergency procedures, the outage exposed a serious vulnerability of the system.

The project is about 5% complete with the ball valve replacements having been made and

AMERICAN WATER – SOUTHEAST REGION CAPITAL INVESTMENT MANAGEMENT COMMITTEE – 03/11/2004

AW/CMF3.50 ISSUE 1.1

SCADA programming completed. Kentucky Utilities has been authorized to undertake the installation of sectionalizing breakers at the substation for completion before May 2004.

3.0 THE CHANGE PROPOSAL

- 3.1 The project has been delayed to date in working with Kentucky Utilities and awaiting completion of the SCADA project. After further discussions with KU, the scope of their efforts has been reduced and the breakers are now estimated at \$50,000. The transformer, which has also been delayed, is not as critical to reliability during peak periods, and can be delayed until after the summer peak periods. There is not a viable alternative to this proposed change, although there is some risk that an additional change may be necessary once bids are received.
- 3.2 The option of deferring the project is really not viable. The system is vulnerable to future power outages without these reliability improvements. An alternative to this project is a large diesel power installation at the KRS which was not cost effective. The Public Service Commission reviewed the power outage incident and agreed to these recommended changes.
- The transformer addition could be deferred or eliminated; however, the treatment plant would then continue to be at risk for failure of the transformer.
- 3.4 It is recommended that the decrease expenditures be approved at this time to allow the KRS traveling screen project to go forward. It is also recommended that the project be extended to March 2005, to allow the project to be completely carried out as previously planned.
- 3.5 The project increases reliability of the treatment plant from poor physical condition and reliability.

Purpose Code	Description	%	Measure	Units	Target
RQ-EM01	Water – Emergency Facilities (protect against external event)	100			

4.0 POST PROJECT APPROVAL FINANCIAL STATEMENT

- 4.1 See attachment.
- There is no anticipated significant variation in operational expenditure since the investment Project Memoranda was approved.
- 4.3 Since there were no other alternatives, an economic analysis was not performed.

5.0 EFFECT OF CHANGE ON PROJECT COMPLETION

The improvements to the electrical service should be completed by May 2004 so that the treatment plant reliability is increased prior to peak demand periods. The transformer cannot be worked on until the peak period demands have slackened and should start during the fall. Additionally, the Tates Creek tank booster should be completed in 2004. The entire project should be completed in early 2005.

6.0 ISSUES AND RISKS

The only significant risk is that the system is still vulnerable during power outage situations. While prior to 2002, an outage had not occurred for 19 years, it is critical that the project be completed.

AMERICAN WATER – SOUTHEAST REGION CAPITAL INVESTMENT MANAGEMENT COMMITTEE – 03/11/2004

AW/CMF3.50 ISSUE 1.1

7.0 RECOMMENDATION

7.1 It is recommended that the Capital Investment Management Committee grant approval for the decreased capital expenditures of \$220,000 for a total project cost of \$1,100,000 and an extension of project completion until March 2005.

APPENDICES

A1 PCA Control Data Sheet

Associated form - CMF3.55 - appropriately signed.

- A2 Detailed Estimate of Cost
- A3 Economic Analysis
- A4 Schedule / Forecast

Linda Bridwell March 11, 2004 Version 1.0

KENTUCKY AMERICAN WATER

PROJECT 12020303

RELIABILITY IMPROVEMENTS

ITEM	RESPONSIBLE ENTITY	ESTI	TOTAL MATED COST
4 kV Transformer at KRS	KAW	\$	771,800
Sectionalizing Breaker	Kentucky Utilities	\$	50,000
Ball Valve Improvements	KAW	\$	50,004
Tates Creek Tank Retrofit	KAW/Cont.	\$	150,000
Tank SCADA programming	KAW/Cons.	\$	10,000
	Sub-Total	\$	1,031,804
O&C (+/- 3%)		\$	29,730
Engineering Overhead (+/- 2%)		\$	20,430
	Sub-Total	\$	1,081,964
AFUDC		\$	22,315
	Total	\$	1,104,279

Estimate \$ 1,100,000

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					REL!	∆BILITY I	RELIABILITY IMPROVEMENTS	MENTS							
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4 kV Transformer at KRS	KAW		S. C. C. C.					\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000	\$3,100,000	(1) 1 (1)	\$284.800	\$ 481,800
Sectionalizing Breaker	Kentucky Utilities			A STATE OF THE STA			500.5 km s. 000.5 km s. 000.05	\$ 25,000	SW 5.000				· · · · · · · · · · · · · · · · · · ·		\$ 50,000
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Dail Valve Improvements	KAW	\$7,229	\$ 17,142	\$ 6,233	\$ 19,400	最高を持ちない。	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	がはきない。		はある大き	では、日本の	美国教育教育	\$ 50,004
Tates Creek Tank Retrofit KAW/Cont.	KAW/Cont.								\$ 10,000	\$ 50,000	\$ 40,000	\$ 30,000	\$ 20,000		\$ 150,000
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SUB-TOTAL			\$ 17,142	\$ 16,233	\$ 19,400	, 59	\$ 10,000	\$ 75,000 \$		75,000 \$100,000	\$ 90,000	\$ 130,000	\$ 90,000 \$ 130,000 \$ 120,000	\$ 81,800	\$ 734,575
O&C (+/- 3%)					\$ 580	69	\$ 300	\$ 2,250	\$ 2,250	\$ 3,000	\$ 2,700	\$ 3,900	\$ 3.600	\$ 2.450	\$ 21.030
Overhead (+/- 2%)					400	e e	040	e 1 550	1 550	0000	4 950	0000	6		
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AFUDC					\$ 309	\$ 383	\$ 423	\$ 742	69	69	\$ 1.734	\$ 2,022	\$ 2,234	\$ 2,324	\$ 10,171
CASH FORECAST		\$	\$ 17,142	\$ 16,233	\$ 20,689	\$ 383	- t	10,933 \$ 79,542	\$ 78,800 \$105,060 \$ 96,284	\$105,060	\$ 96,284	\$ 138,602 \$ 128,304 \$ 88,264	\$ 128.304	\$ 88.264	\$ 780.236

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					- -	PROJECT12020303	;T120;	20303									
					RELI	RELIABILITY IMPROVEMENTS	IMPRO	VEMI	ENTS								
DESCRIPTION	ENTITY						2.	2005							TOTAL	TOTAL	
	RESPONSIBLE	JAN	FEB	MAR	APR	MAY	NON	Н	JUL	AUG	SEPT	OCT	NOV.	DEC	2005	PROJECT	CT
4 kV Transformer at KRS KAW	KAW	1000008/88 1000000 V38 100000000 V38	KENDO DODE	SAMPOO OO	A CHARLES AND A SHARE OF			医	W. 100 May 1	12 C	**************************************	10000000000000000000000000000000000000	SOMETHINGS !		\$ 290,000	ų	771 800
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Sectionalizing Breaker	Kentucky Utilities 社会教育。														1 69	\$ 50	50,000
Ball Valve Improvements KAW	KAW														· 69	\$ 80	50,004
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Tank SCADA programming KAW/Cons.	KAW/Cons.						\prod	H							69	\$ 10	10,000
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SUB-TOTAL		\$ 100.000	\$100.000	000'06	. ↔	, 69	69	69- -		\$	1 5	69	\$	69	\$ 290,000	\$ 1,031,804	8,
O&C (+/- 3%)		3.000	3.000116	16 2.700	, 63	9	- L	 63			6/9	. 69	-	es	8.700	₩	29.730
Overhead (+/- 2%)			ω ,	₩	—	υ. υ.		<i>υ</i> :		€	es:	€	69	64		65	20,430
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AFUDC		\$ 372	1,118.9	\$ 1,834	\$ 2.182	\$ 2.197	€	2,213 \$	2,226						\$ 12.144	\$ 22	22.315
CASHFORECAST		\$ 105.432 \$106.179 \$ 96.384 \$	\$106.179	\$ 96.384	\$ 2,182 \$	\$ 2.197 \$		2213 \$	2228	•	ا چو	9	59	69	\$ 376.814 \$ 1.100.000	\$ 1.100	000.

KENTUCKY AMERICAN WATER ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL

PENDING PROPOSAL ABILITY IMPROVEMEN

Determination of Revenue Requirement				
Authorized Rate of Return on Common I	Equit	y		11.00%
Federal Income Tax Rate				 35.00%
Return on Common Equity before FIT				16.92%
State Income Tax Rate				8.25%
Required Rate of Return on CE for Proje	ect			 18.44%
Common Equity Ratio for Project				40.00%
Weighted Cost of Common Equity before	e Tax	(7.38%
Long Term Debt Ratio for Project				60.00%
Estimated Cost Rate for New Debt				8.00%
Weighted Cost of Debt				 4.80%
_				
Total Pre-Tax Cost of Capital				 12.18%
Total Estimated Cost of Project				\$ 1,100,000
Investment by Others				0
Net Investment Financed by Company				\$ 1.100.000
New Common Equity	\$	440,000		
New Long Term Debt	•	660,000		
Ç		·		
Total Revenue Requirement			<u>Amount</u>	Rate
Required Pre-Tax Operating Income			\$ 133,980	12.18%
Depreciation Rate		4.790%	52,690	4.79%
Property Tax Rate		0.7037%	7,741	0.70%
Change in Operation & Maint. Expense			0	0.00%
Revenue from New Customers			0	0.00%
Total Net Revenue Requirement			\$ 194,411	17.67%
Revenue Tax Rate		0.14537%	283	0.03%
Total Revenue Requirement			\$ 194,694	17.70%
-			 	
Latest 12 Months Revenue - 09/30/2002			\$ 42,262,154	
Required Price Increase			 0.46%	
			2	



Kentucky-American Water Company

1025 Laurel Oak Road • PO. Box 1770 • Voorhees, New Jersey 08043 • (609) 346-8200 November 15, 2002

Project No. 112

KENTUCKY-AMERICANWATER COMPANY PROPOSED INVESTMENT PLAN PROJECT 03-03 RELIABILITY IMPROVEMENTS

Reference: 2003 Proposed Annual Business Plan, 2002 Storage Analysis, 2002 July 31 Incident Report.

SUBJECT

The KAWC system is vulnerable to a disruption in water service if a power outage occurs during peak demands. A similar incident on July 31, 2002 resulted in customer outages and resultant Boil Water Advisory.

RECOMMENDATION

It is recommended that electrical, valving, pumping and SCADA improvements to KAWC's existing facilities be made to prevent customer disruption should a power outage occur during peak demand periods.

ESTIMATED COST

Total Estimated Cost	\$1,320,000
Proposed 2003 Expenditure	400,000
Proposed 2004 Expenditure	920,000

ADEQUACY

The proposed investment project funds are estimated to be adequate for design and construction of the proposed improvements.

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Kentucky-American Water Company Reliability Improvements Proposed 2003 IP 03-**03** November 15,2002 Page 2

DISCUSSION

On July 31, 2002, Kentucky-American Water Company (KAWC) lost power to its Kentucky River Station (KRS) treatment facility. At the time, KAWC was experiencing peak demands. KRS was producing 48 million gallons per day (mgd) and the Richmond Road Station (RRS) treatment plant was producing 16 mgd. Since there is very little floating storage in the KAWC system, the system de-pressurized quickly once the main supply from KRS was interrupted. Within two minutes of the power failure, the RRS discharge pressure dropped from 77 psi to 25 psi. The pressure recorder at the highest point in the system dropped to 0 psi. Pressure dropped throughout the southern half of KAWC's distribution system.

Kentucky Utilities (KU) employees were immediately dispatched to the KRS. Within five minutes of the power failure, KAWC began switching to the diesel engine back-up of one of its high service pumps at the KRS. Pumps at two of the storage tanks were turned on by remote signal and the RRS began pumping at 25 mgd. The RRS raw water source was switched from the Kentucky River to Jacobson Reservoir. The operator remotely activated three other tanks as system pressures began to rise.

Within thirty minutes, the back-up diesel engine had been activated at the KRS and was operating its high service pump at 10 mgd, pumping from the KRS clearwell. No other diesel back up is available at the KRS for treatment or pumping. System pressure was back to normal within forty minutes. KAWC issued a precautionary boil water advisory for its entire system that lasted 22 hours. KAWC has experienced some public criticism for the lack of reliability, and the Kentucky Public Service Commission has asked for a review of KAWC's storage facilities in light of the incident. As a follow-up to that incident, KAWC has undertaken a review of its operating procedures and facilities to determine the most effective way to prevent customer disruption if a similar event occurred in the future.

KAWC personnel followed pre-established emergency procedures, which accounted for efficient and swift response. No significant changes to the operating procedures are recommended.

A review of the facilities has determined that some modifications should be made that will minimize or even eliminate the customer impact if a similar event occurred in the future. KAWC has a dual feed of 69 kV overhead transmission lines for electrical power at the KRS. Transmission comes from two different substations that are fed from two different generating facilities. The dual feeds come into a single substation, with parallel but separate feeds for three miles into the KRS substation. The switch between the dual feeds currently must be done manually, which requires nearly an hour even if KU personnel are dispatched immediately. Power then feeds through a single transformer at the plant and is split to dual feeds for each of two halves of the plant. The single transformer is 40 years old and has been identified as a vulnerable point because failure would cause a minimum of 48 hours of outage.

Kentucky-American Water Company Reliability Improvements Proposed 2003 IP 03-**23** November 15,2002 Page 3

KAWC has twelve storage facilities and two treatment plant clearwell systems in the Lexington area that have a total volume of 20.71 million gallons. Eight of the tanks operate in what is considered the Main Service zone that covers all of Fayette, Woodford, and Jessamine Counties and the southern parts of Clark, Scott and Bourbon Counties. These tanks total 14.5 million gallons and all but one are pumped storage facilities. The Tates Creek Road tank with a volume of 0.5 million gallons is an elevated storage tank in this service zone. Because of the time of day, all but one of the pumped storage facilities were full and none were pumping into the distribution system in anticipation of peak hour demands later that evening. The Tates Creek tank is higher in elevation than the prevailing hydraulic grade line in the KAWC Main Service gradient. Therefore, it was less than one-third full when the power outage occurred, and it emptied within a few minutes.

In the event of an immediate loss of power during peak demand operations, the system must be able to stabilize pressures automatically for the first fifteen minutes to give operators time to respond. After reviewing all alternatives, it was determined that this can best be addressed by elevated storage, supported by automatic activation of the pumped storage tanks. The Tates Creek elevated tank, if full, could sustain system pressures with the loss of 48 mgd from KRS for ten to fifteen minutes.

The pumped storage facilities can currently be activated remotely but require the attention of the operators. With minimal SCADA programming, these facilities can be adjusted to activate automatically in a system-wide pressure loss. However, on July 31, the three largest pumped storage facilities could not be immediately activated because the ball valve system at those tanks would not open against the minimal system pressure. These ball valve systems can be modified to open on low system pressure at a moderate cost. The RRS production rate cannot be adjusted automatically without manually changing some chemical feed rates. This is being corrected during the ongoing DCS improvement project.

In a future event, within the first five to fifteen minutes, the pumped storage facilities would be activated automatically, to further stabilize system pressures. The RRS operator would be able to increase the production rate of the plant in this time period to further stabilize system pressures. Electric feed to the KRS could be switched to the second transmission within the first five minutes by a remote switching mechanism. KRS plant personnel could begin restarting the plant.

In order to provide immediate reliability improvements that will be further enhanced by future elevated storage, the following improvements are included under this Investment Project. KAWC will have KU install sectionalizing breakers at its substation and necessary electrical equipment adjustments, thus minimizing the time to switch electrical power feeds. KAWC will install a redundant 4 kV transformer at the KRS substation and install the necessary electrical equipment adjustments. KAWC will upgrade the SCADA controls so that the pumped storage tanks will be automatically activated when a system pressure drop is detected. KAWC will

Budwell

Kentucky-American Water Company Reliability Improvements Proposed 2003 IP 03-63 November 15,2002 Page 4

retrofit the Tates Creek tank with a booster station and altitude valve to allow greater use of the Tates Creek tank during peak demand periods. KAWC will improve the ball valve systems on the three large tanks and the Newtown Booster station to allow operation when system pressure is lost. The construction of floating storage is recommended, and will be proposed as a future project in the Strategic Business Plan.

The total cost estimate is within +/- ten percent based on equipment availability and can be completed over 2003-2004.

Linda C. Bridwell, PE Director of Engineering

Nick O. Rowe Vice President – Operations

NOR/lcb

KENTUCKY-AMERICAN WATER COMPANY ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL RELIABILITY IMPROVEMENTS

Determination of Revenue Reauirement					
Authorized Rate of Return on Common B	Equity				11.00%
Federal Income Tax Rate	, ,				35.00%
Return on Common Equity before FIT					16.92%
State Income Tax Rate					8.25%
Required Rate of Return on CE for Proje	ect				18.44%
Common Equity Ratio for Project					40.00%
Weighted Cost of Common Equity before	e Tax				7.38%
Tronginious Court Commissis = quity worth					
Long Term Debt Ratio for Project					60.00%
Estimated Cost Rate for New Debt					8.00%
Weighted Cost of Debt					4.80%
			,		
Total Pre-Tax Cost of Capital					12.18%
			•		
Total Estimated Cost of Project				\$	1,320,000
Investment by Others					0_
Net Investment Financed by Company			•	\$	1,320,000
, , ,	\$ 528,000		,		
New Long Term Debt	792,000				
Total nu Requirement			Amount		Rate
Required re (O ti Income		\$	160,776		12.18%
Depreciation Rate	4.790%		63,228		4.79%
Property Tax Rate	0.7037%		9,289		0.70%
Change in Operation & Maint. Expense			0		0.00%
Revenue from New Customers			0		0.00%
Total Net Revenue Requirement		\$	233,293		17.67%
Revenue Tax Rate	0.14537%	•	340		0.03%
Total Revenue Requirement		\$	233,633		17.70%
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Latest 12 Months Revenue - 09/30/2002		\$	42,262,154		
Required Price Increase			0.55%	i	
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DESCRIPTION	ENTITY						2004	4						TOTAL	TOTAL	
OF ACTIVITY	RESPONSIBLE	JAN	FEB	MAR	APR	MAY	NO.	J0L	AUG	SEPT	TOO	NOV	DEC	2004	PROJECT	넔
4 kV Transformer at KRS	KAWC	\$ 10,000 \$ 10,000	\$ 10,000	W-1	3\$1,10,000	\$ 100,00	\$1/0/000 14 1/0/000 14 1/100/000 15 7/00/000	* TO,009.	細原機器	Section of the section of		10000000000000000000000000000000000000	SAMPLE AND AND AND AND AND AND AND AND AND AND	\$ 850,000	\$ 820	850,000
Sectionalizing Breaker	Kentucky Utilities \$ 10,000	\$ 10,000	3500-11-0-11					等		01/41/58)24	NAME OF STREET			\$ 10,000	\$ 200	200,000
Ball Valve Improvements	KAWC													69	\$ 25	25,000
Tates Creek Tank Retrofit KAWC/Cont	KAWC/Cont.													69	\$ 150	150,000
Tank SCADA programming KAWC/Cons.	KAWC/Cons.														9	10,000
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SUB-TOTAL		\$ 20,000	\$ 10,000	\$ 10,000		\$ 10,000 \$ 100,000	\$ 700,000	\$ 10,000	sэ	69	, es	69	-	\$ 860,000	\$ 1,235,000	000'5
O&C (+/- 3%)		\$ 600	300	\$ 300	\$ 300	3,000	3 21,000	\$ 300	69	, ss	, 69	, 6 3	- &	\$ 25,800	\$ 37	37,050
Overhead (+/- 2%)		\$ 410	\$ 210	\$ 210	\$ 210	\$ 2,080	\$ 14,420	\$ 210	67	ı sə	, 69		- 69	\$ 17,730	\$ 25	25,460
AFUDC		\$ 74	186.6	\$ 262	\$ 336	\$ 750	3,732	\$ 6,401						\$ 11,745	48	18,475
CASH FORECAST		\$ 21,084	\$ 10,697	\$ 10,772	\$ 10,849	\$ 105,810	\$ 739,152	16,911	, &	٠ ده	\$	\$	69	\$ 915,275	\$ 1,320,000	000'0

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				PROPC	SED IN	FSTME	PROPOSED INVESTMENT PLAN PROJECT 03-53	PROJEC	∵ 03- z	9						
					RELIAB	ILITY IM	RELIABILITY IMPROVEMENTS	ENTS								
DESCRIPTION	ENTITY							2003	_							TOTAL
OF ACTIVITY	RESPONSIBLE	Priors	JAN	· FEB	MAR	APR	MAY	NO.	701	AUG	SEPT	00 <u>T</u>	NON .	H	DEC	2003
4 kV Transformer at KRS	KAWC		2	10000000000000000000000000000000000000	第1890年8月		SAC. SP. BESSELL	* (15 M)	が影響を							С
Sectionalizing Breaker	Kentucky Utilities		000'8 '\$	83,000	\$ 50,000	\$ 35,000	500. SESS,000 SES 50,000 (SESS,000)	\$ 49,000	では、河南の東西				a.v		S S S S S S S S S S S S S S S S S S S	\$ 190,000
Ball Valve Improvements KAWC	KAWC		\$ 2,000	\$ 7,000	\$ 1,000	000/51/6/8			いたが、							\$ 25,000
Tates Creek Tank Retrofit KAWC/Cont.	KAWC/Cont.		\$ 3,000	\$ 11,150	\$ 39,400	\$ 42,700	\$ 43,410	\$ 10,340				+	+	+		\$ 150,000
Tank SCADA programming KAWC/Cons.	KAWC/Cons.		\$ 2,000	\$ 2,500	\$ 4,200	\$ 1,300										\$ 10,000
											+	-	+	\dagger		
SUB-TOTAL			000'01 \$	2 23,650	\$ 94,600 5	2 94,000	93,410	\$ 59,340	1 (5)	5		6 7	69	€>		375,000
O&C (+/- 3%)			300	\$ 710	\$ 2,840	\$ 2,820	51008'2 \$	1,780	r 69	٠ س	· • •	€9	69	69		\$ 11,250
Overhead (+/- 2%)			\$ 210	\$ 490	\$ 1,950	\$ 1,940	\$ 1,920	\$ 1,220	69	€ 9	<u>-</u>	<u> 49</u>	69	€	<u> </u>	\$ 7,730
AFUDC			1 \$ 37	\$ 163	\$ 604	\$ 1,310	\$ 2,017	\$ 2,599	69	69	9	\$	\$	69	-	\$ 6,729
CASHFORECAST		\$0	\$ 10,547	\$ 10,547 \$ 25,013 \$	\$ 99,994		\$ 100,070 \$ 100,147	\$ 64,939	-	€9	\$	\$	\$	69	•	\$ 400,709

KENTUCKY-AMERICAN WATER COMPANY PROPOSED INVESTMENT PLAN PROJECT 03- ≈3

RELIABILITY IMPROVEMENTS

ITEM	RESPONSIBLEENTITY	ESTI	TOTAL MATED COST
4 kV Transformer at KRS	KAWC	\$	850,000
Sectionalizing Breaker	Kentucky Utilities	\$	200,000
Ball Valve Improvements	KAWC	\$	25,000
Tates Creek Tank Retrofit	KAWC/Cont.	\$	150,000
Tank SCADA programming	KAWC/Cons.	\$	10,000
	Sub-Total	\$	1,235,000
O&C (+/- 3%)		\$	37,050
Engineering Overhead (+/- 2%)		\$	25,460
	Sub-Total	\$	1,297,510
AFUDC		\$	18,475
	Total	\$	1,315,985

Estimate \$ 1,320,000

AWICMF3.30

ISSUE 1.0

Project 04-02 : Kentucky DOT Relocations

Project Manager : Shannyn Walker

Project Status : PROJECT NEED IDENTIFICATION

1.0 SUMMARY

Water main'relocations that conflict with road construction undertaken by the Kentucky Department of Transportation and the Lexington-Fayette Urban County Government as recommended in the Kentucky American Water 2003 Strategic Business Plan.

1.1 Project Objectives

It is estimated that approximately 5,000 feet of water lines will be in conflict with road reconstruction in 2004. It will be necessary for Kentucky American to relocate the pipe. The cost for relocating water mains that are located in private easement will be reimbursed by the appropriate agency.

1.2 Recommended Solution

It is recommended that approximately 5,000 of 24-inch and 12-inch be relocated as needed.

1.3 Cost and Program

- The request is for \$400,000 for engineering and construction 2004.
- All work wiii be completed by December 2004.

1.4 Project Issues and Risks

The primary risk is damage to the water lines if they are not moved in a timely manner before road construction begins. There is a risk of potential customer service problems if the mains are out of service during high demand periods.

1.5 Changes Since Previous Approval

None

2.0 BACKGROUND

2.1.1 Kentucky American Water is required to move water mains and other facilities when they conflict with roadway projects. In recent years, the KY DOT has increased its construction activity as a result of elevated federal funding, however, it appears that the level of construction will decrease through 2006.

It is estimated that there will be two major projects in 2004. One is the relocation of a 24" main on Wellington Drive at Trinity for stormwater improvements. This work was originally scheduled in 2003 but was delayed because of other construction. Additionally, the relocation of 24" main on Louden Avenue is expected in 2004. Finally, a smaller project to relocate a portion of main in Harrodsburg Road in conjunction with the final phase of that road construction is expected.

3.0 PROJECT JUSTIFICATION AND PRIORITIZATION

3.1

AWICMF3.30 ISSUE 1.0

Purpose Code	Description	%	Measure	Units	Target
OR01	Other regulations	100			

4.0 PROJECT OUTPUT AND BENEFITS

4.1 The intended outputs are relocated water lines in conjunction with road construction. in each case, the project is reviewed for the best alternative route to limit **service** disruption and minimize the necessary work. If reasonable, the water main is **upsized** during construction and service lines are replaced.

5.0 SCOPE AND OPTIONS

Relocated water lines are design with coordination of the road design engineers to minimize disruptions and construction. Where possible, the work is bid as a subcontract to the road construction. The improved coordination of this effort greatly reduces the overall project costs. Recent work for relocations have been as high as \$100 per foot of construction depending on traffic considerations and complexity of work. Because the work is required, there are no alternatives for the projects.

6.0 FINANCIAL STATEMENT

6.1 A detailed cost estimate of the projects is not yet available. It is estimated that work will generally cost \$400,000 but engineering to determine the scope and a firm cost estimate wiii be completed when the road design is complete.

Component	Total	Year 0	Year 1
\$ million			
Development Costs	\$0.0		
Design & Construction Cost	\$0.400		\$0.400
Project Total	\$0.400		\$0.400
Advances & Contributions	\$0.100		\$0.100

6.2 There will be a no additional operating costs or additional operating revenues as a result of this work.

7.0 PROCUREMENT

7.1 The intention is to complete design in-house. Construction will be completed by a contractor.

8.0 PROGRAM

8.1 Schedule:

Project Need Identification (PNI) 12/03
Project Implementation Approval (PIA) 2/04

	UCKY AMERICAN WATER		AW/CMF
PIT	TAL INVESTMENT MANAGEME	N I COMMITTEE - Dec 2003	ISSUE
	Construction Start	3/04	
	Substantial Completion	12/04	
	Take Over	12/04	
	Post Project Review	12/04	,
	ISSUES AND RISKS	•	
		e existing water lines if they are not moved to omer service during construction.	timely. Additionally
0	RECOMMENDATION		
1	The relocation of approximately with road construction.	5,000 feet of water main in 2004 is recomr	mended due to conf
	Linda Bridwell December 18,2003		
)	
	December 18,2003 Version (1.0 for first submission	Signature:	Date:
	December 18,2003 Version (1.0 for first submission		Date:
	December 18,2003 Version (1.0 for first submission PROJECT REVIEW Asset Owner or nominated Asset Manager Capital		Date:
	December 18,2003 Version (1.0 for first submission PROJECT REVIEW Asset Owner or nominated Asset Manager Capital Program Manager		Date:
	December 18,2003 Version (1.0 for first submission PROJECT REVIEW Asset Owner or nominated Asset Manager Capital Program Manager Operations Manager		Date:
	December 18,2003 Version (1.0 for first submission PROJECT REVIEW Asset Owner or nominated Asset Manager Capital Program Manager Operations Manager Project Manager (Deliverer) Finance Representative	Signature:	Date:
	December 18,2003 Version (1.0 for first submission PROJECT REVIEW Asset Owner or nominated Asset Manager Capital Program Manager Operations Manager Project Manager (Deliverer)	Signature:	Date:

APPENDICES

A1 PNI Control Data Sheet

None

AW/CMF3.30 ISSUE 1.0

A2 Detailed Estimate of Cost

A detailed estimate of the design and construction cost is not yet available. The request is \$400,000 for design and construction based on preliminary road construction engineering. The scope and firm cost estimates to complete the proposed relocations will be complete based on **final** road design.

A3 Economic Analysis

An "Economic Analysis of the Impact of Capital Spending Proposal" is attached to this form.

A4 Schedule Forecast

A bar chart is attached to this form.

KENTUCKY	Y AMERICAN \	NATER	AW/CMF3.30
CAPITAL IN	NVESTMENT N	MANAGEMENT COMMITTEE - Dec 2003	ISSUE 1.0
Revision H	istory:		
Version	Date	Summary of Changes	
1.0	12/18/03	Issue	
:			

KENTUCKY AMERICAN WATER

PROPOSED 2004 PROJECT NEED IDENTIFICATION

KYDOT MAIN RELOCATIONS

			TOTAL
ITEM	RESPONSIBLE ENTITY	ESTIN	TOTAL MATED COST
Design/Easement Acquisition	KAWC / Consultant	\$	10,000
Construction & Materials	Contractor	\$	343,950
Inspection	KAWC	\$	8,000
	Sub-Total	\$	361,950
O&C (3%)		\$	10,859
Engineering Overhead (2%)		\$	7,239
	Sub-Total	\$_	380,048
AFUDC		\$	20,280
<u> </u>	Total	\$	400,328

KENTUCKY AMERICAN WATER PROPOSED 2004 PROJECT NEED IDENTIFICATION

KYDOT MAIN RELOCATIONS

DESCRIPTION	ENTITY						7	2003						[5	<u>₹</u>
OF ACTIVITY	RESPONSIBLE	JAN	FEB	MAR	APR	MAY	NOC	JUL	AUG	SEPT	OCT	NOV	DEC	20	2002
Design/Easement Acquisition KAWC / Consultant	KAWC / Consultant													S	10,000
													·		
Construction	Contractor													\$	343,950
Company Labor	KAWC													s	8,000
SUB-TOTAL		\$ 47,500	\$ 47,100	\$ 46,750	\$ 46,500	\$ 22,400	\$ 22,200	\$ 22,000	\$ 21,500	\$ 22,000	\$ 22,000	\$ 21,000	\$ 21,000	64	361,950
17007 0 00				ľ									١٠	•	
U&C (3%)		3 1,425	3 1,413	7,403	1,395	\$ 672	\$ 000	299	\$ 040	099	099	\$ 630	\$ 930	•	10,859
Overhead (2%)		\$ 950	\$ 942	\$ 835	\$ 930	\$ 448	\$ 444	\$ 440	\$ 430	\$ 440	\$ 440	\$ 420	\$ 420	€\$	7,239
AFUDC		180	920	920	1,290	1,560	1,740	1,910	2,080	2,260	2,430	2,600	2,760	s	20,280
1040			6	- 000		000	01010		-	6		0.010			000
CASH FORECASI		\$ 50.055	\$ 50.005	\$0.00g ₽	50.115	3,25,060	\$ 25,050	\$ 25.010	24.655	\$ 25.36U	\$ 25.530	\$ 50,008 5 50,115 \$ 25,050 \$ 25,050 \$ 25,010 \$ 24,655 \$ 25,560 \$ 24,650 \$ 24,810 \$ 400,328	\$ 24.81C	\$	0.328

KENTUCKY-AMERICAN WATER COMPANY KYDOT MAIN RELOCATIONS REVISED INVESTMENT PROJECT 82-02 01-07.

Exhibit A List of 2003 DOT Projects

During (No. 1)	-	Din - Oi	Fatimatadoad
Project Name	Footage	Pipe Size	Estimated Cost
Wellington Way	800	24"	\$50,0 <u>00</u>
Louden Avenue	4,000	24", 6"	\$325,000
Harrodsburg Road	200	12"	\$25,000
Subtotal			\$400,000
Potential Reimbursements			
Harrodsburg load (2003&2004)			(\$75,000
Louden Avenue			(\$25,000)
Subtotal			(\$100,000)
Total Company Expenditures			\$300,000

KENTUCKY AMERICAN WATER ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL SPENDING PROPOSAL KY DOT MAIN RELOCATIONS 04-02

<u>Determination of Revenue Reauirement</u> Authorized Rate of Return on Common Federal Income Tax Rate		у				11.00% 35.00%
Return on Common Equity before FIT						16.92%
State Income Tax Rate						8.25%
Required Rate of Return on CE for Proje	ect					18.44%
Common Equity Ratio for Project						40.00%
Weighted Cost of Common Equity before	e Tax	(7 200/
Long Term Debt Ratio for Project						60.00%
Estimated Cost Rate for New Debt						7.00%
Weighted Cost of Debt						4.20%
Total Pre-Tax Cost of Capital						11.58%
Total Estimated Cost of Project					\$	400,328
Investment by Others						(100,000)
Net Investment Financed by Company					\$	300,328
New Common Equity	\$	120,131				
New Long Term Debt		180,197				
Total Revenue Requirement			_	<u>Amount</u>		<u>Rate</u>
Required Pre-Tax Operating Income			\$	34,778		11.58%
Depreciation Rate		1.180%		3,544		1.18%
Property Tax Rate		0.7037%		2,113		0.70%
Change in Operation & Maint. Expense				0		0.00%
Revenue from New Customers				0		0.00%
Total Net Revenue Requirement			\$	40,435		13.46%
Revenue Tax Rate		0.14537%		59		0.02%
Total Revenue Requirement			\$	40,494		13.48%
Latest 12 Months Revenue - 09/30/2002			\$	42,262,154	ī	
Required Price Increase				0.10%	:	

AW/CMF3.30 ISSUE 1.0

Project **04-03** : Owen County Main Extensions

Project Manager: Richard Svindland

Project Status : PROJECT NEED IDENTIFICATION

1.0 SUMMARY

Water main extensions in rural Owen County are recommended as part of the Strategic Business Plan for Kentucky American for 2003.

1.1 Project Objectives

The Owen County Fiscal Court has received grant funding for \$750,000 for water **!ines** in rural Owen County. This project will use capital expenditures to leverage a portion of that grant **to** provide new service in currently unserved areas. The County Judge-Executive is committed to providing water service throughout the county and is supportive of a partnership with Kentucky American Water to complete that goal.

1.2 Recommended Solution

Approximately 40,000 feet of 8-inch, 6-inch and 4-inch mains are recommended to be installed in Owen County. The exact location of the mains will be determined by the priorities set by the Owen County Fiscal Court.

1.3 Cost and Program

- The **initial** request is for \$60,000 for preliminary engineering in 2004 to define the scope and develop a firm cost estimate of the project.
- The project will be completed in December 2007, with construction in 2005, 2006 and 2007.

1.4 Project Issues and Risks

The risks are higher rates for the Owen County residents and potential water quality concerns by extending small mains with only few residents per mile. The project will grow the customer base and continue to meet the State's goal of providing water service to all residents by 2020.

1.5 Changes Since Previous Approval

None

2.0 BACKGROUND

- 2.1 In 2001, Kentucky American Water acquired the Tri-Village Water District's assets in rural Owen County. The County Judge Executive was successful at that time in receiving grants for water line extensions that required 100% matching. Kentucky American agreed to provide funds for the matching as part of the acquisition of the Tri-Village Water District. The project covered the extension of 240,000 feet of main and the construction of a tank. The project was also expected to be part of the next rate case to verify the appropriateness of the level of expenditures.
- 2.2 The Owen County Judge Executive has now successfully received additional grant funding from the Kentucky Infrastructure Authority for water line extensions at a level of \$750,000. The Judge Executive has asked Kentucky American to continue to serve as a partner on the extensions. The feasibility of the project will likely need a rate impact review by the Kentucky Public Service Commission.

AW/CMF3.30 ISSUE 1.0

3.0 PROJECT JUSTIFICATION AND PRIORITIZATION

3.1

Purpose Code	Description	%	Measure	Units	Target
LC01	Local capacity growth	100			

4.0 PROJECT OUTPUT AND BENEFITS

4.1 The intended outputs are additional water lines to serve new customer that currently do not have community water service. The specific water line extensions will continue to be prioritized on the highest density of population with the input of the Owen County Fiscal Court. This project will be a continuation of efforts to meet the Kentucky Governor' goal to provide treated, potable water to all Kentuckians by 2020.

5.0 SCOPE AND OPTIONS

- 5.1 Additional water line extensions are recommended to grow the water service system in Owen County. A prioritization of areas to be served needs to be completed, with design of water lines and easements following. Because of the rural nature of the area to be served, construction has been very cost effective, averaging \$15 per foot including engineering work. Additional booster stations may also be required depending on the location of the lines.
- 5.2 Preliminary engineering is recommended to determine the most cost effective installation of water lines and highest density of customers. Preliminary engineering will also include route selection and easement acquisition. There are no alternatives available to deliver the output.

6.0 FINANCIAL STATEMENT

6.1 A detailed estimate of the design and construction cost is at a a . The u is is for \$60,000 fit preliminary engineering to define the scope and develop a firm cost estimate to complete the project.

Component	Total	Year 0	Year 1	Year2	Year 3	Year 4
\$million						
Development Costs	\$0.06		\$0.06	\$0.040		
Design & Construction Cost	\$1.140			\$0.500	\$0.370	\$0.230
ProjectTotal	\$1.200	ļ	\$0.06	\$0.540	\$0.370	\$0.230
Advances & Contributions				\$0.300	\$0.200	

There will be a slight increase in operating costs for additional new **services** to have meters read and additional purchased water costs. There **will** also be an increase in operating revenues from new customers. For the sake of the economic analysis it is estimated that there will be 100 new customers. This is based on the average customer density from the previous project. Work will only be completed that will fit within the proposed capital expenditures.

AW/CMF3.30 ISSUE 1.0

7.0 PROCUREMENT

7.1 The intention is to prioritize the main extensions and determine routes in-house. Engineering for detailed route work and easement acquisition will be done by a consultant. Construction will be completed by a contractor.

8.0 PROGRAM

8.1 Schedule:

Project Need Identification (PNI)	12/03
Project Implementation Approval (PIA)	12/04
Construction Start	3/05
Substantial Completion	12107
Take Over	12107
Post Project Review	3/08

9.0 ISSUES AND RISKS

- 9.1 The risks are for higher rates for existing Owen County customers to help pay for the cost of the water line extensions and because of the higher operating costs for meter reading and maintenance. An additional risk is for potential low chlorine residuals resulting from extending small mains with low customer density.
- 9.2 It is anticipated that the Kentucky Public Service Commission will review the appropriateness of potential rate increases in the next rate case or through a Certificate of Convenience and Necessity process prior to initiating the project. The current water supplier is reviewing the potential to convert from free chlorine to chloramines which will reduce the risk of low chlorine residuals. This review is occurring because of necessary compliance with disinfection by-product regulations. If a conversion to chloramines is not made, there may be a need to include booster chlorination in the project or install automatic flushing devices.

10.0 RECOMMENDATION

10.1 Rural water main extensions in Owen County are recommended. The initial request is for \$60.000 for preliminary engineering to define the scope and develop a firm cost estimate to complete the project. The initial total project cost estimate is \$1,200,000 with \$500,000 of that coming as a contribution of grant money by Owen County.

Linda Bridwell December 18,2003 Version (1.0 for first submission)

AW/CMF3.30 ISSUE 1.0

PROJECT REVIEW		
	Signature:	Date:
Asset Owner or nominated Asset Manager Capital Program Manager		
Operations Manager		
Project Manager (Deliverer)		
Finance Representative		
RECOMMENDED FOR APPR	 OVAL - PNi Only	
VP Technical Services		
Others (as nominated by VP Technical Services)		

APPENDICES

A1 PNI Control Data Sheet

None

A2 Detailed Estimate of Cost

A detailed estimate of the design and construction cost is not yet available. The initial request is \$60,000 for preliminary engineering to define the scope and develop a firm cost estimate to complete the project.

A3 Economic Analysis

An 'Economic Analysis of the Impact of Capital Spending Proposal" is attached to this form.

A4 Schedule I Forecast

A bar chart is attached to this form.

	Y AMERICAN V NVESTMENT N	VATER IANAGEMENT COMMITTEE - Dec 2003	AWICMF3.30 ISSUE 1.0
Revision H	istory:		
Version	Date	Summary of Changes	
1.0	1211 8103	Issue	

KENTUCKY AMERICAN WATER

PROJECT NEED IDENTIFICATION 04-03

Owen County Main Extensions TRI-VILLAGE WATER DISTRICT - OWEN COUNTY

ITEM	RESPONSIBLE ENTITY		L ORIGINAL ATED COST
Administration	KAWC	\$	25,000
Donies	Caracitant	\$	00.000
Design	Consultant	1-2	90,000
Materials	KAWC	\$	200,000
Inspection	KAWC	\$	50,000
_			· · · · · · · · · · · · · · · · · · ·
Construction	Contractor	\$	640,000
	Sub-Total	\$	1,005,000
	Oub-10tal	<u>"</u>	1,000,000
O&C		\$	50,250
Engineering Overhead		\$	50.250
Engineering overhead		 	50.250
	Sub-Total	\$	1,105,500
AFUDC		\$	94,500
AFUDC		Ψ	3 1 ,300
	Total	\$	1,200,000
<u> </u>	Estimate	 \$	1.200.000

					KENTU	KENTUCKY AMERICAN WATER	ERICAN	WATER						
				ă	ROJECT	PROJECT NEED IDENTIFICATION 04-03	ENTIFIC	ATION O	EO P					
					Owen	Owen County Main Extensions	Main Ext∉	ensions						
DESCRIPTION	ENTITY						[²⁴	2004						TOTAL
OF ACTIVITY	RESPONSIBLE	Jan	Feb	Mar	Apr	May	-In	JuC	Aug	Sep	Oct	Nov	Dec	2004
Administration	KAWC													\$ 6,000
Design	Consultant													\$ 52,500
Materials	KAWC											\$	·	49
Inspection	KAWC											·	s S	, 65
Construction	Contractor											- s	\$	69
SUB-TOTAL											\$ 19,500 \$	\$ 19,500	\$ 19,500	\$ 58,500
												1		L
O&C											\$ 150	\$ 150	\$ 150	\$ 450
												İ		
Overnead											\$ 150	4 120	\$ 150	\$ 450
AFUDC											200	200	200	009 \$
CASH FORECAST											\$ 20,000 \$	\$ 20,000	\$ 20,000	\$ 60,000

KENTUCKY AMERICAN **WATER**ECONOMIC ANALYSIS **OF** THE IMPACT OF CAPITAL <u>SPENDING PROPOSAL</u>

Owen County Main Extensions 12/16/03

Determination of Revenue Reauirement Authorized Rate of Return on Common B Federal Income Tax Rate Return on Common Equity before FIT State Income Tax Rate Required Rate of Return on CE for Project Common Equity Ratio for Project Weighted Cost of Common Equity before	Equity ect					11.00% 35.00% 16.92% 8.25% 18.44% 40.00% 7.38%
Long Term Debt Ratio for Project Estimated Cost Rate for New Debt Weighted Cost of Debt						60.00% 6.30% 3.78%
Total Pre-Tax Cost of Capital						11.16%
Total Estimated Cost of Project Investment by Others Net Investment Financed by Company New Common Equity New Long Term Debt	\$	280,000 420,000			\$	1,200,000 500,000 700.000
Total Revenue Reauirement Required Pre-Tax Operating Income Depreciation Rate Property Tax Rate Change in Operation & Maint. Expense Revenue from New Customers Total Net Revenue Requirement Revenue Tax Rate Total Revenue Requirement		1.180% 0.8810% 0.14537%	\$ \$	Amount 78,120 8,260 6,167 10,000 (43,344) 59,203 86 59,289		Rate 11.16% 1.18% 0.88% 1.43% -6.19% 8.46% 0.01% 8.47%
Latest 12 Months Revenue - 11/30/2002 Required Price Increase			\$	753,801 7.87%	! :	

	-	-		-		-				ļ	-												
Djahet	28 Co	Code Code	ect Birk Deartofon of Proceed Exercitures	P. P. S.	Businees Plan S-year total		2005 Period	e	•	w.	2*	at	a	5	-	Total	2 6	Ple	P. S.	Z 5	<u>r</u>		Project
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			02 Network - Extension	New	1,651,240	17 (18) (18)	12,750 18,615	21,675	19,636 18,8	18,870 20,400	16.570	21,165 22	22,635 18,815	815 31,695	5 30,015	255.000	20.00	390,000	350,000	357,000	384.140		88240
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		97-05	DS Russell Cave Road Tank - 1.0 MG (342)	ž	104	3.400 BD	000 75.000	75,000	75.000 75.0	000 50 000		6	-	-	•		•	•	-	•			4 500 000
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	4	-	TOTAL INVESTMENT PROJECTS		18,955 000	*	400 418,200	340,406 416,200 676,400 685,200 672,209 467,200 508,890 655,000 540,000 540,000 340,000	5,200 672,	200 467,200	50B.800 E	SS 000 SB	.000 SMD	360,00	185,000	6,186,400		12,580,000	7,125,000 12,550,000 8,900,000 14,750,050		5.600.000	10	58.719.077

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Contributions
Advances
TOTAL CONTRIBUTIONS / ADVANCES (4 plus 5)
COMPANY FUNDED PROJECT EXPENDITURE (3 minus 6)
TOTAL REPUNDS
COMPANY FUNDED CAPITAL EXPENDITURE NOT INCLUDING
ACQUISITIONS (7 plus 8) Dinkling Water - Source of Supply
Dinkling Water - Treatment
Dinkling Water - Treatment
Dinkling Water - Treatment
Dinkling Water - Unupiling and Stronge
Drinkling Water - Wetworks (Includes services and hydrants)
Dinkling Water - Wetworks (Includes services and hydrants)
Dinkling Water - Werd - Operating Assets (Buildings, Equipment, Vehicles)
Wastewater - Newbork - Westwaler - Werd Devices
Wastewater - Pumping
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Wastewater - Treatment
Wastewater - Information Systems
Wastewater - Information Systems
Wastewater - Information Systems State Ravision Date Status TOTAL ACQUISITIONS
TOTAL COMPANY FUNDED EXPENDITURE (9 PIUS 10)
TOTAL INVESTMENT IN ASSETS (9 pius 10)
TOTAL GROSS CAPITAL EXPENDITURE (6 pius 11) Regulatory Compliance and Goals
Regulatory Compliance and Goals
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Growth - Acquisions, Regionalization & Develop Led
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STRATEGIC CAPITAL EXPENDITURE PLAN