

Kentucky-American Water Company			Kentucky-American Water Company		
Schedule of Forecasted Capital Expenditures			Calculation of CWIP - CENTRAL		
Forecasted Test Year: 11/30/05			November-05		
Base Test Year: 07/31/04			July-04		
Item	Code	Reserved	Budget Item	CWIP at Dec-04	CWIP at 11/30/2005
Item 80 - 94	100.00%	1	Balance	3,583,271	4,653,412
IP's	100.00%	2			
<b>CENTRAL</b>					
Investment Item	Code	Reserved	Description	CWIP at Jul-04	
12020080	1		Mains	450,000	345,120
12020080	1		Services	40,000	11,000
12020080	1		Hydrants	5,000	2,000
12020080	1		Land	0	0
12020080	1		Elevated Tanks & Standpipes	0	0
12020081	1		Mains	48,000	48,000
12020082	1		Mains	20,000	30,000
12020083	1		Hydrants	2,000	4,000
12020084	1		Hydrants	20,000	26,700
12020085	1		Services	29,000	58,000
12020086	1		Services	122,000	134,500
12020087	1		Meters Plastic Case	25,000	15,000
12020087	1		Meter Other	0	0
12020087	1		Meter Installations	65,000	52,800

Kentucky-American Water Company		Kentucky-American Water Company		Kentucky-American Water Company		
Schedule of Forecasted Capital Expenditures		Calculation of CWIP - CENTRAL		November-05		
Forecasted Test Year: 11/30/05		Forecasted Test Year: July-04		November-05		
Base Test Year:		Base Test Year:		July-04		
Item	Code	Description	Budget Item	CWIP at Jul-04	CWIP at Dec-04	CWIP at 11/30/2005
Item 80 - 94	100.00%	CENTRAL	Balance	3,583,271	0	4,653,412
IP's	100.00%					
Investment Item	Code	Description	Budget Item	CWIP at Jul-04	CWIP at Dec-04	CWIP at 11/30/2005
12020088	1	Meters Plastic Case	12020088	35,000	50,000	37,500
12020088	1	Meter Other	12020088	0	0	0
12020088	1	Meter Installations	12020088	25,000	5,350	21,800
				0	0	0
				0	0	0
12020089		Computers & Periph Mainframe	12020089	0	0	0
12020089	1	Computers & Periph Personal	12020089	5,000	15,000	3,300
12020089	1	Communication Equip-non-tele	12020089	0	0	0
12020089		Misc Equipment	12020089	0	0	0
	0	Computer Equip & Periph Other	0	0	0	0
				0	0	0
				0	0	0
12020090	1	Misc Equipment	12020090	0	0	0
12020090	1	Office Structures	12020090	0	0	1,000
12020090	1	Misc Structures				
12020090	1	Communication Equipment Non-Telephone				300
						0
						0
						0
12020091	1	Trans Equipment Light Trucks	12020091	0	0	0
12020091	1	Trans Equipment Other	12020091	0	0	0
12020091	1	Trans Equipment Autos	12020091	0	0	0
12020091	1	Trans Equipment Heavy Trucks	12020091	0	0	0
12020091		Power Operated Equipment	12020091	0	0	0
						0
						0
						0
						0
12020092	1	Electric pumping 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	7,000
12020092	1	Laboratory Equipment	12020092	0	6,400	2,900
12020092	1	Miscellaneous Equipment	12020092	3,000	0	0
						0
						0
						0
12020093	1	Electric pumping equipment	12020093	0	0	0
12020093	1	Water treatment equipment	12020093	0	0	20,000
12020093	1	Water Treatment Non-Media	12020093	0	4,750	26,000
12020093	1	Laboratory Equipment	12020093	0	4,500	18,900
12020093	1	Other tangible property	12020093	0	0	0
						0
						0
12020094	1	Computer software	12020094	0	0	0
12020094	1	Laboratory Equipment	12020094	0	0	7,500
						0

Kentucky-American Water Company			Kentucky-American Water Company			
Schedule of Forecasted Capital Expenditures			Calculation of CWIP - CENTRAL			
Forecasted Test Year: 11/30/05			Forecasted Test Year: November-05			
Base Test Year: 07/31/04			Base Test Year: July-04			
CENTRAL			CENTRAL			
Item	Code	Description	Budget Item	CWIP at Jul-04	CWIP at Dec-04	CWIP at 11/30/2005
Item 80 - 94	100.00%		Balance	3,583,271	4,883,474	4,653,412
IP's	100.00%					
Investment Item	Code	Reserved				
12020003	2	Harrodsburg Road relocation	12020003			0
12020101	2	LEX-Security System Improvem.	12020101			0
12020102	2	LEX-Clays Mill Tank 3.0 MG	12020102			0
12020103	2	LEX-SCADA Improvements	12020103			0
12020105	2	LEX-Russell Cave Road Tank	12020105	0	0	0
12020105	2	LEX-Russell Cave Road Tank	12020105	289,897	1,012,826	0
12020110	2	LEX-Richmond Rd Stat Hyd	12020110	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
12020201	2	Lesstown Rd Main Impr	12020201	0	0	0
12020201	2	Lesstown Rd Main Impr	12020201	230,993	0	0
0	2		0	0	0	0
0	2		0	0	0	0
12020202	2	LEX-Major Highway Relocation	12020202	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
12020203	2	LEX-Rpl Travel Screen Housing	12020203	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
12020212	2	LEX-Source of Supply Proj	12020212	429,165	519,067	1,889,067
12020204	2		12020204	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
12029619	2	LEX-Customer Service Software	12029619	2,263	2,263	2,263
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
12029801	2	LEX-Integrated Resource P	12029801	305,365	305,365	305,365
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
0	2		0	0	0	0
12029808	2	LEX-Surge Protection KRS	12029808	79,757	79,757	79,757
0	2		0	0	0	0
0	2		0	0	0	0

Kentucky-American Water Company		Kentucky-American Water Company		Kentucky-American Water Company	
Schedule of Forecasted Capital Expenditures		Calculation of CWIP - CENTRAL		November-05	
Forecasted Test Year:	11/30/05	Forecasted Test Year:	July-04	November-05	July-04
Base Test Year:	07/31/04	Base Test Year:	July-04	November-05	July-04
Item 80 - 94	100.00%	Balance	3,583,271	0	4,653,412
IP's	100.00%				
Investment Item	Code	Description	CWIP at Jul-04	CWIP at Dec-04	CWIP at 11/30/2005
0	2		0	0	0
0	2		0	0	0
12029809	2	Minch KRS	76,445	76,445	76,445
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
12020301	2	Elevated Stor	0	0	0
0	2	nk 2 MG	157,000	1,100,000	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
12020302	2	Major Highway Relocations	12020302	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
12020303	2	Electrical Reliability Impr	12020303	741,325	0
0	2		0	1,017,951	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
12020404	2	Business Process Efficiency Project & Orcom Budg	12020404	200,061	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
12020402	2	ay Relocations	12020402	175,000	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2	hway Relocations	0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0
0	2	Incline Car Replacement @KRS	0	0	230,000
0	2		0	0	0
0	2		0	0	0
0	2		0	0	0



Kentucky-American Water Company Schedule of Forecasted Capital Expenditures			Kentucky-American Water Company Calculation of CWIP- TRI VILLAGE				
Forecasted Test Year:			Forecasted Test Year:				
Base Test Year:	Code	Reserved	Description	Budget Item	CWIP at Jul-04	CWIP at Dec-04	CWIP at 11/30/2005
Item 80 - 94	100.00%	1		Balance	518,880	17,750	16,500
IP's	100.00%	2					
<b>Investment Item</b>	<b>Code</b>	<b>Reserved</b>	<b>Description</b>	<b>Budget Item</b>	<b>CWIP at Jul-04</b>	<b>CWIP at Dec-04</b>	<b>CWIP at 11/30/2005</b>
12020080	1		Mains	12020080	5,000	5,000	5,000
12020080	1		Services	12020080	0	0	0
12020080	1		Hydrants	12020080	0	0	0
12020081	1		Mains	12020081	2,000	2,000	2,000
12020082	1		Mains	12020082	0	0	0
12020083	1		Hydrants	12020083	0	0	0
12020084	1		Hydrants	12020084	0	0	0
12020085	1		Services	12020085	1,000	1,000	1,000
12020086	1		Services	12020086	4,000	3,050	3,000
12020087	1		Meters Plastic Case	12020087	0	0	0
12020087	1		Meter Other	12020087	0	0	0
12020087	1		Meter Installations	12020087	250	200	500

Kentucky-American Water Company		Kentucky-American Water Company		Kentucky-American Water Company	
Schedule of Forecasted Capital Expenditures		Calculation of CWIP- TRI VILLAGE		November-05	
Forecasted Test Year:	11/30/05	Forecasted Test Year:	July-04	CWIP at	CWIP at
Base Test Year:	07/31/04	Base Test Year:	July-04	Dec-04	11/30/2005
Item 80 - 94	Code	Item	Balance		
IP's	Reserved	Budget	518,880		17,750
100.00%	1	Item			16,500
100.00%	2				
Investment	Code				
Item	Reserved				
12020088	1	Meters Plastic Case	12020088	0	0
12020088	1	Meter Other	12020088	0	0
12020088	1	Meter Installations	12020088	0	0
12020089	1	Computers & Periph Mainframe			
12020089	1	Computers & Periph Personal	12020089	0	0
12020089	1	Communication Equip-non-tele	12020089	0	0
12020089	1	Misc Equipment			
12020089	1	Computer Equip & Periph Other			
12020090	1	Misc Equipment	12020090	0	0
12020090	1	Office Structures	12020090	0	0
		Communication Equipment Non-Telephone			
12020091	1	Trans Equipment Light Trucks	12020091	0	0
12020091	1	Trans Equipment Other	12020091	0	0
12020091	1	Trans Equipment Autos	12020091	0	0
12020091	1	Trans Equipment Heavy Trucks	12020091	0	0
12020091	1	Power Operated Equipment	12020091	0	0
12020092	1	Electric pumping equipment	12020092	0	0
12020092	1	WT equipment non-media	12020092	0	0
12020092	1	Tools, Shop, & Garage Equipment	12020092	0	5,000
12020092	1	Laboratory Equipment	12020092	0	0
12020092	1	Miscellaneous Equipment	12020092	0	0
12020093	1	Electric pumping equipment	12020093	0	0
12020093	1	Water treatment equipment	12020093	0	0
12020093	1	Water Treatment Non-Media	12020093	0	0
12020093	1	Laboratory Equipment	12020093	0	0
12020093	1	Other tangible property	12020093	0	0
12020094	1	Computer software	12020094	0	0
12020094	1	Laboratory Equipment	12020094	0	0









Kentucky-American Water Company		July 31, 2004	
Schedule of Forecasted Capital Expenditures		November 30, 2005	
Budget Item 80 thru 94		Base Per.	
Investment	Description	Fore Per	
Job #		Amount in	Transfer
		CWIP at	Expenditures
		Jan-04	Reserved
		JDE	
		Acct	
<b>Item 80 - Mains and Hyd. Deposit Agreement</b>			
12020080	Mains	331001	767,993
12020080	Services	333000	40,238
12020080	Hydrants	335000	17,829
12020080	Land	303500	2,164
12020080	Elevated Tanks & Standpipes	330100	74
	<b>Total for Budget Item 80</b>		\$ 828,298
<b>Item 81 - Mains replacements/relocations @ Co expense</b>			
12020081	Mains	331001	69,754
	<b>Total for Budget Item 81</b>		69,754
<b>Item 82 - Network extensions @ Co expense</b>			
12020082	Mains	331001	83,869
12020082	Land	303500	40
	<b>Total for Budget Item 82</b>		\$ 83,908
<b>Item 83 - Hydrant replacements</b>			
12020083	Hydrants	335000	0
	<b>Total for Budget Item 83</b>		\$ 57,670
<b>Item 84 - Hydrant new</b>			
12020084	Hydrants	335000	64,699
	<b>Total for Budget Item 84</b>		\$ 67,820
<b>Item 85 - Services replacement</b>			
12020085	Services	333000	(51,413)
12020085	Hydrants (move to Item 83)	335000	57,670
	<b>Total for Budget Item 85</b>		\$ 6,257
<b>Item 86 - Services new</b>			
12020086	Services	333000	(27,827)
12020086	Hydrants (move to Item 84)	335000	51,290
	<b>Total for Budget Item 86</b>		\$ 23,463
<b>Item 87 - Meters &amp; meter settings replaced</b>			
12020087	Meters Plastic Case	334120	0
12020087	Meter Other	334130	840
12020087	Meter Installations	334200	181
	<b>Total for Budget Item 87</b>		\$ 1,020
<b>Item 88 - Meters &amp; meter settings new</b>			
12020088	Meters Plastic Case	334120	0
12020088	Meter Other	334130	69,160
12020088	Meter Installations	334200	50,330
12020088	Services (move to Item 84)	333000	13,409
	<b>Total for Budget Item 88</b>		\$ 132,899

Kentucky-American Water Company		July 31, 2004	
Schedule of Forecasted Capital Expenditures		Best Pfr.	November 30, 2005
Budget Item 80 thru 94		Fore Par	Transfer
Investment	Description	Amount in	Expenditures
Job #	JDE	CWIP at	Reserved
	Acct	Jan-04	
	<b>Item 89 - ITS Equipment &amp; Systems</b>		
12020089	Computers & Periph Mainframe	0	
12020089	Computers & Periph Personal	0	
12020089	Communication Equip-non-tele	6,239	
12020089	Misc Equipment	40	
12020089	Computer Equip & Periph Other	12,977	
	<b>Total for Budget Item 89</b>	\$ 19,256	\$ -
	<b>Item 90 - Office &amp; Operations Center</b>		
12020090	Misc Equipment		
12020090	Office Structures		
12020090	Misc Structures		
12020090	Communication Equipment Non-Telephone		
	<b>Total for Budget Item 90</b>	\$ -	\$ -
	<b>Item 91 - Vehicles</b>		
12020091	Trans Equipment Light Trucks		
12020091	Equipment Other		
12020091	Trans Equipment Autos		
12020091	Trans Equipment Heavy Trucks		
12020091	Power Operated Equipment		
12020091	Trans for Budget Item 91		
12020091	Trans		
12020091	Pow		
	<b>Total for Budget Item 91</b>	\$ 7,461	\$ -
	<b>Item 92 - Tools &amp; Equipment</b>		
12020092	Electric pumping equipment		
12020092	WT equipment non-media		
12020092	Tools, Shop, & Garage Equipment		
12020092	Laboratory Equipment		
12020092	Miscellaneous Equipment		
	<b>Total for Budget Item 92</b>	\$ 77,545	\$ -
	<b>Item 93 - Process Plant Replacement</b>		
12020093	Electric pumping equipment		
12020093	Water Treatment equipment		
12020093	Water Treatment Non-Media		
12020093	Laboratory Equipment		
12020093	Other tangible property		
	<b>Total for Budget Item 93</b>	\$ 123,352	\$ -
	<b>Item 94 - Process Plant additions</b>		
12020094	Computer software		
12020094	Laboratory Equipment		
	<b>Total for Budget Item 94</b>	\$ 12,307	\$ -

Kentucky-American Water Company		Base Per.		July 31, 2004	
Schedule of Forecasted Capital Expenditures		Fore Per		November 30, 2005	
Budget Item 80 thru 94					
Tri-Village		JDE Acct	Amount in CWIP at Jan-04	Transfer Expenditures	Reserved
12020080	Item 80 - Mains and Hyd, Deposit Agreement	331001			
12020080	Mains	331001			
12020080	Services	333000			
12020080	Hydrants	335000			
	<b>Total for Budget Item 80</b>		\$ -	\$ -	\$ -
12020081	Item 81 - Mains replacements/relocations @ Co expense	331001			
12020081	Mains	331001			
	<b>Total for Budget Item 81</b>		\$ -	\$ -	\$ -
12020082	Item 82 - Network extensions @ Co expense				
12020082	Mains	331001			
12020082	Land	303500			
	<b>Total for Budget Item 82</b>		\$ -	\$ -	\$ -
12020083	Item 83 - Hydrant replacements				
12020083	Hydrants	335000			
	<b>Total for Budget Item 83</b>		\$ -	\$ -	\$ -
12020084	Item 84 - Hydrant new				
12020084	Hydrants	335000			
	<b>Total for Budget Item 84</b>		\$ -	\$ -	\$ -
12020085	Item 85 - Services replacement				
12020085	Services	333000			
	<b>Total for Budget Item 85</b>		\$ -	\$ -	\$ -
12020086	Item 86 - Services new				
12020086	Services	333000			
	<b>Total for Budget Item 86</b>		\$ -	\$ -	\$ -
12020087	Item 87 - Meters & meter settings replaced				
12020087	Meters Plastic Case	334120			
12020087	Meter Other	334130			
12020087	Meter Installations	334200			
	<b>Total for Budget Item 87</b>		\$ -	\$ -	\$ -
12020088	Item 88 - Meters & meter settings new				
12020088	Meters	334100	2,250		
12020088	Meters Plastic Case	334120			
12020088	Meter Other	334130			
12020088	Meter Installations	334200			
	<b>Total for Budget Item 88</b>		\$ 2,250	\$ -	\$ -
12020089	Item 89 - ITS Equipment & systems				
12020089	Computers & Periph Mainframe	340210			
12020089	Computers & Periph Personal	340220			
	<b>Total for Budget Item 89</b>		\$ -	\$ -	\$ -

Kentucky-American Water Company		Base Per.		July 31, 2004	
Schedule of Forecasted Capital Expenditures		Fore Per		November 30, 2005	
Budget Item 80 thru 94					
Tri-Village					
		JDE Acct	Amount in CWIP at Jan-04	Transfer Expenditures	Reserved
12020080	Item 80 - Mains and Hyd, Deposit Agreement				
12020080	Item 90 - Office & Operations Center				
12020090	Misc Equipment	347000			
12020090	Misc Structures	304800			
	<b>Total for Budget Item 90</b>		\$ -	\$ -	\$ -
12020091	Item 91 - Vehicles				
12020091	Trans Equipment Light Trucks	341100			
12020091	Trans Equipment Other	341400			
12020091	Trans Equipment Autos	341300			
12020091	Trans Equipment Heavy Trucks	341200			
	<b>Total for Budget Item 91</b>		\$ -	\$ -	\$ -
12020092	Item 92 - Tools & Equipment				
12020092	Tools, Shop, & Garage Equipment	343000			
	<b>Total for Budget Item 92</b>		\$ -	\$ -	\$ -
12020093	Item 93 - Process Plant Replacement				
12020093	Electric pumping equipment	304600			
12020093	Water treatment equipment	311200			
12020093	Water Treatment Non-Media	320100			
12020093	Laboratory Equipment	344000			
12020093	Other tangible property	348000			
	<b>Total for Budget Item 93</b>		\$ -	\$ -	\$ -
12020094	Item 94 - Process Plant additions				
12020094	Computer software	340300			
12020094	Laboratory Equipment	344000			
	<b>Total for Budget Item 94</b>		\$ -	\$ 69	\$ -

Investment Job #	Description	JDE Acct	Forecasted Capital Expenditures												Including CWIP Transfer
			Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	
12020080	Meins	331001	40,000	197,000	237,000	328,000	429,000	450,000	377,000	444,000	319,000	362,000	382,000	4,342,993	
12020080	Services	333000	4,500	5,000	5,000	5,000	12,000	40,000	13,000	45,000	24,000	11,000	11,000	216,738	
12020080	Hydrants	333600	500	3,000	3,000	12,000	4,000	5,000	5,000	6,000	2,000	2,000	2,000	62,328	
12020080	Land	303500	0	0	0	0	0	0	0	0	0	0	0	0	
12020090	Elevated Tanks & Standpipes	330100	0	0	0	0	0	0	0	0	0	0	0	2,164	
														74	
	<b>Total for Budget Item 80</b>		\$ 45,000	\$ 195,000	\$ 245,000	\$ 345,000	\$ 445,000	\$ 495,000	\$ 395,000	\$ 495,000	\$ 345,000	\$ 365,000	\$ 365,000	\$ 4,623,298	
20081	Item 81 - Meins replacements/relocations @ Co expense	331001	\$ 26,000	\$ 23,000	\$ 33,000	\$ 43,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 43,000	\$ 43,000	\$ 48,000	\$ 822,754	
20081	Meins		26,000	23,000	33,000	43,000	48,000	48,000	48,000	48,000	43,000	43,000	48,000	522,754	
	<b>Total for Budget Item 81</b>		\$ 26,000	\$ 23,000	\$ 33,000	\$ 43,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 43,000	\$ 43,000	\$ 48,000	\$ 822,754	
12020082	Item 82 - Network extensions @ Co expense	331001	5,000	5,000	10,000	20,000	20,000	20,000	30,000	40,000	30,000	30,000	30,000	323,989	
12020082	Meins	303500	0	0	0	0	0	0	0	0	0	0	0	40	
12020082	Land		5,000	5,000	10,000	20,000	20,000	20,000	30,000	40,000	30,000	30,000	30,000	323,989	
	<b>Total for Budget Item 82</b>		\$ 5,000	\$ 5,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 30,000	\$ 40,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 323,989	
12020083	Item 83 - Hydrant replacements	335000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	80,670	
12020083	Hydrants		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	80,670	
	<b>Total for Budget Item 83</b>		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 80,670	
12020084	Item 84 - Hydrant new	335000	10,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	30,000	372,519	
12020084	Hydrants		10,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	30,000	372,519	
	<b>Total for Budget Item 84</b>		\$ 10,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 372,519	
12020085	Item 85 - Services replacement	333000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	383,237	
12020085	Services	336100	-	-	-	-	-	-	-	-	-	-	-	-	
12020085	Hydrants (move to Item 83)		49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	383,237	
	<b>Total for Budget Item 85</b>		\$ 49,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 49,000	\$ 383,237	
12020086	Item 86 - Services new	333000	57,000	57,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	579,981	
12020086	Services	336000	-	-	-	-	-	-	-	-	-	-	-	-	
12020086	Hydrants (move to Item 84)		57,000	57,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	579,981	
	<b>Total for Budget Item 86</b>		\$ 57,000	\$ 57,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 72,000	\$ 579,981	
12020087	Item 87 - Meters & meter settings replaced	334120	450	450	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	165,000	
12020087	Meters Plastic Case	334130	-	-	-	-	-	-	-	-	-	-	-	-	
12020087	Meter Other	334200	20,000	35,000	35,000	75,000	55,000	65,000	75,000	65,000	45,000	55,000	54,800	579,981	
12020087	Meter installations		20,000	35,000	35,000	75,000	55,000	65,000	75,000	65,000	45,000	55,000	54,800	579,981	
	<b>Total for Budget Item 87</b>		\$ 20,000	\$ 50,000	\$ 60,000	\$ 60,000	\$ 70,000	\$ 60,000	\$ 80,000	\$ 80,000	\$ 70,000	\$ 74,800	\$ 74,800	\$ 745,920	
2020088	Item 88 - Meters & meter settings new	334120	450	450	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	165,000	
2020088	Meters Plastic Case	334130	-	-	-	-	-	-	-	-	-	-	-	-	
2020088	Meter Other	334200	20,000	35,000	35,000	75,000	55,000	65,000	75,000	65,000	45,000	55,000	54,800	579,981	
2020088	Meter installations		20,000	35,000	35,000	75,000	55,000	65,000	75,000	65,000	45,000	55,000	54,800	579,981	
2020088	Services (move to Item 84)	333000	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Total for Budget Item 88</b>		\$ 20,000	\$ 20,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 754,840	

Investment Job #	JDE Acct	Description	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 Total 2005	Forecasted Test Year Expenditures
<b>Kentucky-American Water Company</b>																
<b>Schedule of Forecasted Capital Expenditures</b>																
<b>Budget Item 80 thru 84</b>																
<b>CENTRAL</b>																
12020080	331001	Mains	194,000	287,840	333,800	301,160	276,620	305,400	291,920	315,640	307,720	285,840	345,120	806,240	3,795,000	3,970,760
12020080	333000	Services	4,500	4,500	5,000	5,000	5,000	12,000	40,000	13,000	45,000	24,000	11,000	11,000	180,000	180,000
12020080	336000	Hydrants	500	500	3,000	3,000	12,000	4,000	5,000	5,000	6,000	2,000	2,000	2,000	45,000	45,000
12020080	303500	Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020080	330100	Elevated Tanks & Standpipes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Budget Item 80</b>			\$ 198,000	\$ 292,840	\$ 341,800	\$ 309,160	\$ 286,920	\$ 321,400	\$ 296,920	\$ 333,640	\$ 338,120	\$ 292,840	\$ 358,120	\$ 619,240	\$ 4,020,000	\$ 3,795,760
12020081	331001	Mains	29,600	27,200	40,400	56,600	49,400	42,000	37,400	34,400	40,400	57,200	53,400	88,000	556,000	516,000
<b>Total for Budget Item 81</b>			29,600	27,200	40,400	56,600	49,400	42,000	37,400	34,400	40,400	57,200	53,400	88,000	556,000	516,000
<b>Item 82 - Network extensions @ Co expense</b>																
12020082	331001	Mains	12,750	18,615	21,675	18,635	18,870	20,400	18,870	21,165	22,885	18,615	31,695	30,015	255,000	254,985
12020082	303500	Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Budget Item 82</b>			\$ 12,750	\$ 18,615	\$ 21,675	\$ 18,635	\$ 18,870	\$ 20,400	\$ 18,870	\$ 21,165	\$ 22,885	\$ 18,615	\$ 31,695	\$ 30,015	\$ 255,000	\$ 254,985
<b>Item 83 - Hydrant replacements</b>																
12020083	335000	Hydrants	1,400	1,300	1,900	2,200	2,200	3,400	1,700	1,600	1,800	2,800	4,000	2,000	20,500	23,500
<b>Total for Budget Item 83</b>			\$ 1,400	\$ 1,300	\$ 1,900	\$ 2,200	\$ 2,200	\$ 3,400	\$ 1,700	\$ 1,600	\$ 1,800	\$ 2,800	\$ 4,000	\$ 2,000	\$ 20,500	\$ 23,500
<b>Item 84 - Hydrant new</b>																
12020084	335000	Hydrants	12,000	20,300	23,500	21,100	22,200	24,000	22,200	24,900	26,700	23,500	28,700	27,900	275,000	277,100
<b>Total for Budget Item 84</b>			\$ 12,000	\$ 20,300	\$ 23,500	\$ 21,100	\$ 22,200	\$ 24,000	\$ 22,200	\$ 24,900	\$ 26,700	\$ 23,500	\$ 28,700	\$ 27,900	\$ 275,000	\$ 277,100
<b>Item 85 - Services replacement</b>																
12020085	333000	Services	11,000	18,500	39,500	23,500	37,000	34,000	40,400	58,900	76,500	45,500	58,000	39,500	482,000	487,150
12020085	336000	Hydrants (move to Item 83)	11,000	18,500	39,500	23,500	37,000	34,000	40,400	58,900	76,500	45,500	58,000	39,500	482,000	487,150
<b>Total for Budget Item 85</b>			\$ 22,000	\$ 37,000	\$ 79,000	\$ 47,000	\$ 74,000	\$ 68,000	\$ 80,800	\$ 99,300	\$ 135,400	\$ 91,000	\$ 116,500	\$ 79,000	\$ 964,000	\$ 974,300
<b>Item 86 - Services new</b>																
12020086	333000	Services	27,800	44,500	88,400	56,000	87,200	80,300	94,400	96,600	177,600	134,800	134,500	96,100	1,121,000	1,078,250
12020086	335000	Hydrants (move to Item 84)	27,800	44,500	88,400	56,000	87,200	80,300	94,400	96,600	177,600	134,800	134,500	96,100	1,121,000	1,078,250
<b>Total for Budget Item 86</b>			\$ 55,600	\$ 89,000	\$ 176,800	\$ 112,000	\$ 174,400	\$ 160,600	\$ 188,800	\$ 191,000	\$ 355,200	\$ 269,600	\$ 269,000	\$ 192,200	\$ 2,242,000	\$ 2,156,500
<b>Item 87 - Meters &amp; meter settings replaced</b>																
12020087	334120	Meters Plastic Case	12,000	25,000	15,000	40,000	10,000	15,000	15,000	15,000	15,000	20,000	15,000	10,000	182,000	202,000
12020087	334130	Meter Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020087	334200	Meter Installations	10,500	28,700	96,900	87,200	77,200	68,600	40,800	41,100	73,300	52,200	52,800	23,400	612,800	644,200
<b>Total for Budget Item 87</b>			\$ 22,500	\$ 53,700	\$ 111,900	\$ 127,200	\$ 87,200	\$ 83,600	\$ 55,900	\$ 41,100	\$ 88,300	\$ 72,200	\$ 67,800	\$ 33,400	\$ 804,800	\$ 846,200
<b>Item 88 - Meters &amp; meter settings new</b>																
12020088	334120	Meters Plastic Case	11,100	37,800	38,000	92,700	35,000	45,450	15,000	33,000	25,450	20,000	37,500	20,700	412,700	442,000
12020088	334130	Meter Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020088	334200	Meter Installations	10,000	1,000	22,500	20,000	42,400	29,000	34,300	33,300	37,400	38,500	21,900	8,500	286,800	285,650
12020088	333000	Services (move to Item 84)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Budget Item 88</b>			\$ 21,100	\$ 38,800	\$ 60,500	\$ 112,700	\$ 77,400	\$ 74,450	\$ 48,300	\$ 66,300	\$ 62,850	\$ 58,500	\$ 59,400	\$ 29,200	\$ 709,500	\$ 735,650



Kentucky American Water Company Schedule of Proportionate Capital Expenditures Budget Item 80 thru 94 CENTRAL														
Investment Job #	Description	JDE Acct	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	including CWIP Transfer Forecasted Total 2004
12020089	<b>Item 89 - ITS Equipment &amp; systems</b>													
12020089	Computers & Periph Mainframe	340210		2,100										
12020089	Computers & Periph Personal	340220		2,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	10,000	15,000	2,100
12020089	Communication Equip-non-tele	346100												62,900
12020089	Misc Equipment	347000												6,239
12020089	Computer Equip & Periph Other	340230												40
	<b>Total for Budget Item 89</b>			5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	10,000	15,000	12,977
12020090	<b>Item 90 - Office &amp; Operations Center</b>													84,256
12020090	Misc Equipment	347000	20,000											
12020090	Office Structures	304600									5,000	5,000		30,000
12020090	Misc Structures	304800	20,000											
12020090	Communication Equipment Non-Telephone	346100												20,000
	<b>Total for Budget Item 90</b>		40,000								5,000	5,000		50,000
12020091	<b>Item 91 - Vehicles</b>													
12020091	Trans Equipment Light Trucks	341100			15,000									
12020091	Trans Equipment Other	341400		30,000										15,000
12020091	Trans Equipment Autos	341300												30,000
12020091	Trans Equipment Heavy Trucks	341200												
12020091	Power Operated Equipment	345000			20,000									
	<b>Total for Budget Item 91</b>		30,000	30,000	35,000									57,461
12020092	<b>Item 92 - Tools &amp; Equipment</b>													102,461
12020092	Electric pumping equipment	311200												
12020092	WT equipment	320100												2,804
12020092	Tools Shop & Garage Equipment	343000					5,000	2,900	5,000	1,400	1,600	6,400		67,064
12020092	Laboratory Equipment	344000		19,900						3,000	3,400	3,800	6,400	26,800
12020092	Miscellaneous Equipment	347000						3,000						36,900
	<b>Total for Budget Item 92</b>		25,000	30,000	35,000		5,000	5,000	5,000	5,000	5,000	10,000	6,400	143,945
12020093	<b>Item 93 - Process Plant Replacement</b>													
12020093	Electric pumping equipment	304600												
12020093	Water treatment equipment	311200												53,283
12020093	Water Treatment Non-Media	320100		20,000	10,000									64,986
12020093	Laboratory Equipment	344000											4,750	84,750
12020093	Other tangible property	346000												4,500
	<b>Total for Budget Item 93</b>		60,000	20,000	10,000								9,250	222,602
12020094	<b>Item 94 - Process Plant additions</b>													
12020094	Computer software	340300												
12020094	Laboratory Equipment	344000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	12,307
	<b>Total for Budget Item 94</b>		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	20,000
	<b>Total for Budget Item 80 thru 94</b>		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	32,307

Investment Job #	Description	JDE Acct	Forecasted Capital Expenditures												Forecasted Total 2005	Forecasted Next Year Expenditures
			Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05		
<b>Kentucky-American Water Company</b>																
<b>Schedule of Forecasted Capital Expenditures</b>																
<b>Budget Item 80 thru 94</b>																
<b>CENTRAL</b>																
12020089	Item 89 - ITS Equipment & systems															
12020089	Computers & Periph Mainframe	340210	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020089	Computers & Periph Personal	340220	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020089	Communication Equip-non-tele	340100	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020089	Misc Equipment	341000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020089	Computer Equip & Periph Other	340230	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	<b>Total for Budget Item 89</b>		\$ 500	\$ 5,800	\$ 6,100	\$ 7,700	\$ 10,400	\$ 14,200	\$ 4,200	\$ 3,300	\$ 3,200	\$ 3,800	\$ 3,300	\$ 500	\$ 5,800	\$ 68,300
12020090	Item 90 - Office & Operations Center															
12020090	Misc Equipment	347000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020090	Office Structures	304600	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020090	Misc Structures	304800	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020090	Communication Equipment Non-Telephone	346100	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	<b>Total for Budget Item 90</b>		\$ 300	\$ 4,200	\$ 4,400	\$ 5,500	\$ 7,500	\$ 10,200	\$ 3,000	\$ 2,000	\$ 500	\$ 300	\$ 300	\$ 500	\$ 28,000	\$ 27,500
12020091	Item 91 - Vehicles															
12020091	Trans Equipment Light Trucks	341100	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020091	Trans Equipment Other	341400	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020091	Trans Equipment Autos	341300	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020091	Trans Equipment Heavy Trucks	341200	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020091	Power Operated Equipment	345000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	<b>Total for Budget Item 91</b>		\$ 20,000	\$ 35,000	\$ 60,000	\$ 65,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,000
12020092	Item 92 - Tools & Equipment															
12020092	Electric pumping equipment	311200	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020092	WT equipment non-medio	320100	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020092	Tools Shop & Garage Equipment	343000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020092	Laboratory Equipment	344000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020092	Miscellaneous Equipment	347000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	<b>Total for Budget Item 92</b>		\$ 10,000	\$ 10,000	\$ 14,200	\$ 15,000	\$ 33,300	\$ 6,800	\$ 10,000	\$ 10,000	\$ 12,800	\$ 9,800	\$ 3,000	\$ 3,000	\$ 150,000	\$ 153,400
12020093	Item 93 - Process Plant Replacement															
12020093	Electric pumping equipment	304600	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020093	Water treatment equipment	311200	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020093	Water Treatment Non-Media	320100	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020093	Laboratory Equipment	344000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12020093	Other tangible property	348000	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	<b>Total for Budget Item 93</b>		\$ 13,600	\$ 21,300	\$ 14,000	\$ 20,300	\$ 54,100	\$ 8,200	\$ 23,500	\$ 23,500	\$ 37,900	\$ 64,900	\$ 300,000	\$ 309,250		
2020004	Item 94 - Process Plant additions															
2020004	Computer software	340300	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2020004	Laboratory Equipment	340600	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	<b>Total for Budget Item 94</b>		\$ 2,000	\$ 3,000	\$ 2,000	\$ 2,900	\$ 3,500	\$ 2,300	\$ 1,200	\$ 3,700	\$ 3,400	\$ 7,600	\$ -	\$ -	\$ 35,000	\$ 35,000

Kentucky-American Water Company Schedule of Forecasted Capital Expenditures Budget Item 80 thru 84 TRI-Village														including CMWF Transfer	
														Forecasted Total 2004	
														Dec-04	
	JDE Acct	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04			
12020080	Item 80 - Mains and Hyd. Deposit Agreement														
12020080	Mains		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 55,000
12020080	Services														
12020080	Hydrants														
<b>Total for Budget Item 80</b>			\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 55,000
12020081	Item 81 - Mains replacements/relocations @ Co expense														
12020081	Mains		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000
<b>Total for Budget Item 81</b>			\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 20,000
12020082	Item 82 - Network extensions @ Co expense														
12020082	Mains														
12020082	Land														
12020082	Land														
<b>Total for Budget Item 82</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020083	Item 83 - Hydrant replacements														
12020083	Hydrants														
<b>Total for Budget Item 83</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020084	Item 84 - Hydrant new														
12020084	Hydrants														
<b>Total for Budget Item 84</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020085	Item 85 - Services replacement														
12020085	Services		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 11,000
<b>Total for Budget Item 85</b>			\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 11,000
12020086	Item 86 - \$														
12020086	Service		\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000
<b>Total for Budget Item 86</b>			\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000
12020087	Item 87 - Meters & meter settings replaced														
12020087	Meters														
12020087	Plastic Case														
12020087	Meter 1														
12020087	Meter 1		\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 5,500
<b>Total for Budget Item 87</b>			\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 5,500
12020088	Item 88 - Meters & meter settings new														
12020088	Meters														
12020088	Meters														
12020088	Meter 4														
12020088	Meter 4														
12020088	Meter 4		\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 5,500
<b>Total for Budget Item 88</b>			\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 5,500
12020089	Item 89 - TS Equipment & Systems														
12020089	Comput														
12020089	Comput														
12020089	Comput														
<b>Total for Budget Item 89</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Kentucky-American Water Company Schedule of Forecasted Capital Expenditures Budget Item 80 thru 94 Tri-Village		JDE Acct	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 Total 2005	Forecasted Total Year Expenditures
12020080	Item 80 - Mains and Hyd. Deposit Agreement															
12020080	Mains	331001	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 60,000	\$ 60,000
12020080	Services	333000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020080	Hydrants	335000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
	<b>Total for Budget Item 80</b>		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 60,000	\$ 60,000
12020081	Item 81 - Mains replacements/relocations @ Co expense															
12020081	Mains	331001	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000	\$ 24,000
	<b>Total for Budget Item 81</b>		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000	\$ 24,000
12020082	Item 82 - Network extensions @ Co expense															
12020082	Mains	331001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020082	Land	303500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
	<b>Total for Budget Item 82</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020083	Item 83 - Hydrant replacements															
12020083	Hydrants	335000	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
	<b>Total for Budget Item 83</b>		\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
12020084	Item 84 - Hydrant raw															
12020084	Hydrants	335000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
	<b>Total for Budget Item 84</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020085	Item 85 - Services replacement															
12020085	Services	333000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000	\$ 12,000
	<b>Total for Budget Item 85</b>		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000	\$ 12,000
12020086	Item 86 - Services new															
12020086	Services	333000	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 3,000	\$ 3,000	\$ 36,950	\$ 36,950
	<b>Total for Budget Item 86</b>		\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 3,000	\$ 3,000	\$ 68,950	\$ 68,950
12020087	Item 87 - Meters & meter settings replaced															
12020087	Meters Plastic Case	334120	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000
12020087	Meter Other	334130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020087	Meter Installations	334200	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000	\$ 6,000
	<b>Total for Budget Item 87</b>		\$ 1,500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 1,500	\$ 500	\$ 500	\$ 1,500	\$ 500	\$ 500	\$ 500	\$ 9,000	\$ 9,000
12020088	Item 88 - Meters & meter settings new															
12020088	Meters	334100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020088	Meters Plastic Case	334120	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ 1,500	\$ 6,000	\$ 6,000
12020088	Meter Other	334130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020088	Meter Installations	334200	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000	\$ 6,000
	<b>Total for Budget Item 88</b>		\$ 500	\$ 500	\$ 2,000	\$ 500	\$ 500	\$ 2,000	\$ 500	\$ 500	\$ 2,000	\$ 500	\$ 500	\$ 2,000	\$ 12,000	\$ 12,000
12020089	Item 89 - ITS Equipment & systems															
12020089	Computers & Periph Mainframe	340210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020089	Computers & Periph Personal	340220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 5,200	\$ -	\$ -	\$ 8,200	\$ 8,200
	<b>Total for Budget Item 89</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 5,200	\$ -	\$ -	\$ 8,200	\$ 8,200

Kentucky-American Water Company Schedule of Forecasted Capital Expenditures Budget Item 80 thru 94 Tri-Village													
	JBE Acct	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	including CWIP Transfer Forecasted Total 2004
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020081	Item 81 - Vehicles												
12020081	Trans Equipment Light Trucks												
12020081	Trans Equipment Other												
12020081	Trans Equipment Autos												
12020081	Trans Equipment Heavy Trucks												
	Total for Budget Item 81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020092	Item 92 - Tools & Equipment												
12020092	Tools, Shop, & Garage Equipment	\$ 343000											\$ 5,000
	Total for Budget Item 92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
12020093	Item 93 - Process Plant Replacement												
12020093	Electric pumping equipment												
12020093	Water treatment equipment												
12020093	Water Treatment Non-Media												
12020093	Laboratory Equipment												
12020093	Other tangible property												
	Total for Budget Item 93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020094	Item 94 - Process Plant additions												
12020094	Computer software												
12020094	Laboratory Equipment												
	Total for Budget Item 94	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Kentucky-American Water Company Schedule of Forecasted Capital Expenditures Budget Item 80 thru 84 Tri-Village															
	JDE Acct	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 Total 2005	Forecasted Test Year Expenditures
12020080	Item 80 - Mains and Hyd. Deposit Agreement														
12020090	Item 80 - Office & Operations Center														
12020090	Misc Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 3,000	\$ 1,000	\$ -	\$ 10,000	10,000
12020080	Misc Structures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
	<b>Total for Budget Item 80</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 3,000	\$ 1,000	\$ -	\$ 10,000	\$ 10,000
12020091	Item 81 - Vehicles														
12020091	Trans Equipment Light Trucks	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15,000
12020091	Trans Equipment Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
12020091	Trans Equipment Autos	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
12020091	Trans Equipment Heavy Trucks	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
	<b>Total for Budget Item 81</b>	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 15,000
12020092	Item 82 - Tools & Equipment														
12020092	Tools, Shop, & Garage Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 1,000	\$ -	\$ -	\$ 4,000	\$ -	\$ 10,000	15,000
	<b>Total for Budget Item 82</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 1,000	\$ -	\$ -	\$ 4,000	\$ -	\$ 10,000	\$ 15,000
12020093	Item 83 - Process Plant Replacement														
12020093	Electric pumping equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
12020093	Water treatment equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
12020093	Water Treatment Non-Media	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
12020093	Laboratory Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
12020093	Other tangible property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
	<b>Total for Budget Item 83</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020084	Item 84 - Process Plant additons														
12020084	Computer Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
12020084	Laboratory Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
	<b>Total for Budget Item 84</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Kentucky-American Water Company		07/31/04															
Schedule of Forecasted Capital Expenditures		17/30/05															
Central																	
IP	Description	Sub Acct	Amount in CWIP at 8/31/04	Transfer Expenditures	Reserved	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Forecasted Total 2004
12020003	Hartshorn Road relocation	331001	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150
	<b>Total for Investment Project 1 -&gt;</b>		150	0	0	0	0	0	0	0	0	0	0	0	0	0	150
12020101	LEX-Security System Improv.	304800	\$ 763	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763
	<b>Total for Investment Project 2 -&gt;</b>		763	0	0	0	0	0	0	0	0	0	0	0	0	0	763
12020102	LEX-Clays Mill Tank 3.0 MG	330100	\$ 776,510	\$ 29,841	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 88,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,495,092
	<b>Total for Investment Project 3 -&gt;</b>		776,510	29,841	150,000	150,000	150,000	150,000	150,000	150,000	88,632	0	0	0	0	0	1,495,092
12020103	LEX-SCADA Improvements	340330	\$ 77,616	\$ (77,616)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12020103	LEX-SCADA Improvements	340330	\$ 261,871	\$ 77,616	\$ 0	\$ 6,909	\$ 10,000	\$ 39,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,230
	<b>Total for Investment Project 4 -&gt;</b>		339,486	0	0	6,909	10,000	39,835	0	0	0	0	0	0	0	0	465,230
12020104	LEX-Scott County Mains	331001	\$ 177	\$ 0	\$ -	\$ 95	\$ (1,546)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,274)
	<b>Total for Investment Project 5 -&gt;</b>		177	0	0	95	(1,546)	0	0	0	0	0	0	0	0	0	(1,274)
12020105	LEX-Russell Cave Road Tank	303500	\$ 1,644	\$ (1,644)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020105	LEX-Russell Cave Road Tank	330100	\$ 61,865	\$ 1,644	\$ 0	\$ 1,365	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 100,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 1,012,929
	<b>Total for Investment Project 6 -&gt;</b>		63,522	0	0	1,365	25,000	25,000	25,000	50,000	100,000	150,000	150,000	150,000	150,000	150,000	1,012,929
12020110	LEX-Richmond Rd Slab Hyd	330100	\$ 229,008	\$ 0	\$ -	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,008
	<b>Total for Investment Project 7 -&gt;</b>		229,008	0	0	80	0	0	0	0	0	0	0	0	0	0	229,008
12020201	Lexdown Rd Main Impr	303500	\$ 15,146	\$ (15,146)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
12020201	Lexdown Rd Main Impr	331001	\$ 92,702	\$ 15,146	\$ 0	\$ 746	\$ 1,000	\$ 20,400	\$ 1,000	\$ 50,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 723,151
	<b>Total for Investment Project 8 -&gt;</b>		107,846	0	0	746	1,000	20,400	1,000	50,000	50,000	75,000	100,000	150,000	100,000	100,000	723,151
12020202	LEX-Major Highway Relocation	331001	\$ 2,776	\$ 0	\$ -	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,804
	<b>Total for Investment Project 9 -&gt;</b>		2,776	0	0	29	0	0	0	0	0	0	0	0	0	0	2,804
12020203	LEX-Rpl Travel Screen Housing	304800	\$ -	\$ 228,882	\$ 5,000	\$ 5,000	\$ 30,000	\$ 5,000	\$ 180,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446,099
	<b>Total for Investment Project 10 -&gt;</b>		0	228,882	5,000	5,000	30,000	180,207	0	0	0	0	0	0	0	0	446,099
12020212	LEX-Source of Supply Pro	306000	\$ 304,195	\$ 0	\$ -	\$ -	\$ 25,000	\$ 45,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 20,000	\$ 24,902	\$ 619,087
12020204																	

Kentucky American Water Company Schedule of Forecasted Capital Expenditures Investment Projects (I/P's) Central		Job #	Description	Acct	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 Total 2005
12020003			Harrodsburg Road Resealment	331001													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 1</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020101			LEX-Security System Improvement	304800													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 2</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020102			LEX-Clayr Mill Tank 3.0 MG	330100													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 3</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020103			LEX-SCADA Improvements	340230													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 4</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020104			LEX-Scott County Mainline	331001													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 5</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020105			LEX-Russell Cave Road Tank	303500													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 6</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020110			LEX-Richmond Rd. S&L Hyd	320100													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 7</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020201			Lexstown Rd Main Impr	203500													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 8</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020202			LEX-Major Highway Relocation	331001													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 9</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020203			LEX-Rpl Travel Screen Housing	304800													
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
			<b>Total for Investment Project 10</b>		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12020204			LEX-Source of Supply Proj	305000	\$ 10,000	\$ 10,000	\$ 50,000	\$ 50,000	\$ 75,000	\$ 150,000	\$ 150,000	\$ 200,000	\$ 250,000	\$ 250,000	\$ 175,000	\$ 130,000	\$ 1,500,000
					\$ 10,000	\$ 10,000	\$ 50,000	\$ 50,000	\$ 75,000	\$ 150,000	\$ 150,000	\$ 200,000	\$ 250,000	\$ 250,000	\$ 175,000	\$ 130,000	\$ 1,500,000
					\$ 10,000	\$ 10,000	\$ 50,000	\$ 50,000	\$ 75,000	\$ 150,000	\$ 150,000	\$ 200,000	\$ 250,000	\$ 250,000	\$ 175,000	\$ 130,000	\$ 1,500,000
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
					\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0



Job #	Description	Sub Asst	Base Pay For Per	07/01/04 11/30/05	Transfer Expenditures	Reserved	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Forecasted Total 2004
12029212	Total for Investment Project 11 ->																	
12029219	LEX-Customer Service Software	340300	\$ 2,263															\$ 2,263
12029219	Total for Investment Project 12 ->																	
12029280	LEX-Integrated Resource P	334600	\$ 305,365															\$ 305,365
12029301	Total for Investment Project 13 ->																	
12029308	LEX-Surtag Protection KRS	331001	\$ 79,757															\$ 79,757
12029309	LEX-Upgrade Cart Winch KRS	304800	\$ 76,445															\$ 76,445
12029309	Total for Investment Project 14 ->																	
12029309	Total for Investment Project 15 ->																	
12029301	Elevated Storage Tank 2 MG	330100					\$ 2,000	\$ 75,000	\$ 50,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 333,000	\$ 1,100,000
12029302	Total for Investment Project 16 ->																	
12029302	Major Highway Relocations	331001	\$ 2,881															\$ 2,881
12029302	Total for Investment Project 17 ->																	
12029303	Electrical Reliability Impr	304800	\$ 2,881															\$ 2,881
12029303	Total for Investment Project 18 ->																	
12029404	Business Process Efficiency Project & Orcom Budget	340300	25,092															25,092
12029404	Total for Investment Project 19 ->																	
12029402	Major Highway Relocations	331001																

Account	IP	Sub Ass't	Description	Forecasted Capital Expenditures												Forecasted Total '05	
				Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05		
<b>Total for Investment Project 11</b>				10,000	10,000	50,000	50,000	75,000	150,000	150,000	200,000	200,000	250,000	250,000	175,000	130,000	1,500,000
12029619		340300	LEX-Customer Service Software	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Total for Investment Project 12</b>				0	0	0	0	0	0	0	0	0	0	0	0	0	
12029601		333600	LEX-Integrated Resource P	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Total for Investment Project 13</b>				0	0	0	0	0	0	0	0	0	0	0	0	0	
12029601		331001	LEX-Surge Protection KRS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Total for Investment Project 14</b>				0	0	0	0	0	0	0	0	0	0	0	0	0	
12029609		304800	LEX-Upgrade Cart/Winch KRS	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Total for Investment Project 15</b>				0	0	0	0	0	0	0	0	0	0	0	0	0	
12029609		330100	Elevated Storage Tank 2 MG	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Total for Investment Project 16</b>				105,000	150,000	300,000	300,000	300,000	50,000	100,000	150,000	100,000	50,000	0	0	1,600,000	
12029302		331001	Major Highway Relocations	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Total for Investment Project 17</b>				0	0	0	0	0	0	0	0	0	0	0	0	0	
12029303		304900	Electrical Reliability Impr	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Total for Investment Project 18</b>				105,400	105,200	98,400	5,200	2,200	2,200	2,200	2,200	0	0	0	0	318,800	
12029404		340300	Business Process Efficiency Project & Ocrum Budget	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Total for Investment Project 19</b>				0	0	0	0	0	0	0	0	0	0	0	0	0	
12029402		331001	Major Highway Relocations	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	

IP #	Job #	Description	Sub Acct	Base P/R Forc Per	07/31/04 11/30/05	Transfer Expenditures	Reserved	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Forecasted Total 2004
		<b>Total for Investment Project 20 -&gt;</b>			0	0	0	0	50,000	25,000	25,000	25,000	25,000	25,000	50,000	50,000	50,000	50,000	400,000
	331001	Major Highway Relocations																	
		<b>Total for Investment Project 21 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	304100	Incline Car Replacement @RRS																	
		<b>Total for Investment Project 22 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	330400	Ground Storage Tank - 3.0 M/G																	
		<b>Total for Investment Project 23 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	330100	Replaces Trac-Vac System at RRS																	
		<b>Total for Investment Project 24 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	320100	RRS Filter Media Replacement - Hys 3 & 4																	
		<b>Total for Investment Project 25 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	331001	Russell Cave Road Main - 34,000' of 12"																	
		<b>Total for Investment Project 26 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	331001	Reserved																	
		<b>Total for Investment Project 27 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Reserved																	
		<b>Total for Investment Project 28 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Reserved																	
		<b>Total for Investment Project 29 -&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Reserved																	

IP	Sub	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 Total 2005
12020402		0	0	0	0	0	0	0	0	0	0	0	0	0
Major Highway Rehabilitation	337001	\$ 10,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 50,000	\$ 75,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 16,000	\$ 400,000
		0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 20 -&gt;</b>		10,000	25,000	25,000	25,000	50,000	75,000	50,000	50,000	25,000	25,000	25,000	15,000	400,000
Incline Car Replacement @KRS	304100	\$ -	\$ -	\$ -	\$ 25,000	\$ 10,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 20,000	\$ 20,000	\$ 250,000
		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 21 -&gt;</b>		0	0	0	25,000	10,000	25,000	50,000	50,000	50,000	25,000	20,000	20,000	250,000
Ground Storage Tank - 3.0 MG	330400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 10,000	\$ 75,000
		0	0	0	0	0	0	5,000	5,000	10,000	20,000	20,000	10,000	75,000
<b>Total for Investment Project 22 -&gt;</b>		0	0	0	0	0	0	5,000	5,000	10,000	20,000	20,000	10,000	75,000
Replace Traco-Vac System at RRS	320100	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 150,000	\$ 50,000	\$ -	\$ 245,000
		5,000	5,000	5,000	5,000	-	-	-	-	25,000	150,000	50,000	-	245,000
<b>Total for Investment Project 23 -&gt;</b>		5,000	5,000	5,000	5,000	-	-	-	-	25,000	150,000	50,000	-	245,000
KRS Filter Media Replacement - Hyd 3 & 4	320100	\$ -	\$ -	\$ 50,000	\$ 150,000	\$ 30,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
		0	0	50,000	150,000	30,000	20,000	0	0	0	0	0	0	250,000
<b>Total for Investment Project 24 -&gt;</b>		0	0	50,000	150,000	30,000	20,000	0	0	0	0	0	0	250,000
Russell Curve Road Main - 34,000 of 12"	337001	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 10,000	\$ 25,000	\$ 50,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 50,000	\$ 5,000	\$ 500,000
		0	0	5,000	5,000	10,000	25,000	50,000	150,000	100,000	100,000	50,000	5,000	500,000
<b>Total for Investment Project 25 -&gt;</b>		0	0	5,000	5,000	10,000	25,000	50,000	150,000	100,000	100,000	50,000	5,000	500,000
Reserved	331001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 26 -&gt;</b>		0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 27 -&gt;</b>		0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 28 -&gt;</b>		0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 29 -&gt;</b>		0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		0	0	0	0	0	0	0	0	0	0	0	0	0

Kentucky American Water Company Schedule of Forecasted Capital Expenditures Investment Projects (IP's)		07/31/04 115005	Base Per Fore Per												Forecasted Total 2004			
IP Job #	Description	Sub Acct	Amount In CWIP at Jan-04	Transfer Expenditures	Reserved	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04		
			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total for Investment Project 30 -&gt;</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Reserved				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total for Investment Project 31 -&gt;</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Reserved				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
					0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total for Investment Project 32 -&gt;</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Kentucky-American Water Company Schedule of Forencasted Capital Expenditures Investment Projects (IP #)														Forecasted Total 2005		
IP #	Sub Acct	Description	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05		
	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 30--&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 31--&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total for Investment Project 32--&gt;</b>			0	0	0	0	0	0	0	0	0	0	0	0	0	0

Kentucky American Water Schedule of Forecasted Capital Expenditures Investment Projects (IP's)																	
IP Job #	Description	Sub Acct	Amount In CWIP at Jan-04	Transfer Expenditures	Reserved	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Forecasted Total 2004
1230011	New Columbus Project (TriVillage)	303200	\$ 234,422	\$ -	\$ -	\$ 26,475	\$ 50,000	\$ 50,000	\$ 46,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,422
1230011	New Columbus Project (TriVillage)	304100	272,409	0	0	0	0	0	0	0	0	0	0	0	0	0	446,076
	<b>Total for Investment Project 1 →</b>	<b>1230011</b>	<b>506,830</b>	<b>0</b>	<b>0</b>	<b>26,475</b>	<b>50,000</b>	<b>50,000</b>	<b>46,393</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>679,498</b>
1202042	Owen County Main Extensions	331001				0	0	0	0	0	0	0	0	20,000	20,000	20,000	60,000
	<b>Total for Investment Project 2 →</b>	<b>1202042</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>60,000</b>
	<b>Total IPS</b>		<b>506,830</b>	<b>0</b>	<b>0</b>	<b>26,475</b>	<b>50,000</b>	<b>50,000</b>	<b>46,393</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>739,498</b>

Kentucky American Water Schedule of Forecasted Capital Expenditures Investment Projects (IP's) Tri-Village															
IP Job #	Description	Sub Acct	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 Total 2005
12300111	New Columbus Project (TriVillage)	305200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12300111	New Columbus Project (TriVillage)	304100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	<b>Total for Investment Project # →</b>	12300111	0	0	0	0	0	0	0	0	0	0	0	0	0
12020402	Oxen County Main Extensions	331001	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	20,000	20,000	20,000	0	240,000
	<b>Total for Investment Project # →</b>	12020402	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	20,000	20,000	20,000	0	240,000
	<b>Total IPS</b>		20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	20,000	20,000	20,000	0	240,000



Kentucky American Water Company Schedule of Forecasted Capital Expenditures Forecasted Test Year: 11/8/05 Base Test Year: 07/31/04 Utility Plant Placed Into Service														
Item	IP%	100.00%	1	2	3	4	5	6	7	8	9	10	11	12
Investment	Code	Reserv	Description	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Item	Code	Reserv	Description	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04
12020080	1	383,993	Mains	423,998	167,000	237,000	328,000	459,000	377,000	444,000	316,000	382,000	444,000	382,000
12020080	1	20,119	Services	24,619	5,000	5,000	5,000	12,000	45,000	45,000	24,000	11,000	24,000	11,000
12020080	1	8,914	Hydrants	9,414	3,000	3,000	12,000	4,000	5,000	5,000	6,000	2,000	2,000	2,000
12020080	1	1,082	Land	1,082	0	0	0	0	0	0	0	0	0	0
12020080	1	37	Elevated Tanks & Standpipes	37	0	0	0	0	0	0	0	0	0	0
12020081	1	34,877	Mains	62,877	23,000	33,000	43,000	48,000	48,000	48,000	48,000	48,000	43,000	43,000
12020092	1	41,934	Mains	46,834	5,000	10,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	30,000
12020093	1	28,835	Hydrants	30,835	0	2,000	2,000	2,650	2,650	2,000	2,000	2,000	2,000	2,000
12020084	1	66,259	Hydrants	76,259	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000
12020085	1	(25,706)	Services	23,294	49,000	49,000	39,000	39,000	29,000	29,000	29,000	29,000	38,000	38,000
12020086	1	(13,913)	Services	43,087	57,000	72,000	97,000	122,000	122,000	122,000	122,000	122,000	97,000	77,000
12020087	1	0	Meters Plastic Case	0	15,000	25,000	6,000	15,000	25,000	25,000	25,000	15,000	25,000	15,000
12020087	1	420	Meter Other	420	0	0	0	0	0	0	0	0	0	0
12020087	1	90	Meter Installations	20,080	35,000	35,000	75,000	55,000	55,000	85,000	75,000	65,000	45,000	85,000
12020088	1	0	Meters Plastic Case	450	15,000	55,000	15,000	35,450	35,450	35,000	35,450	40,000	40,000	47,500
12020088	1	34,590	Meter Other	34,590	0	0	0	0	0	0	0	0	0	0
12020088	1	25,165	Meter Installations	44,715	5,000	5,000	45,000	24,550	25,000	25,000	42,000	39,550	36,000	27,500
12020089	0	0	Computers & Periph Mainframe	0	2,100	2,900	5,000	5,000	5,000	5,000	5,000	5,000	5,000	10,000
12020089	1	3,120	Computer Equip-non-tele	3,120	0	0	0	0	0	0	0	0	0	0
12020089	0	20	Misc Equipment	20	0	0	0	0	0	0	0	0	0	0
12020089	0	5,488	Computer Equip & Periph Other	5,488	0	0	0	0	0	0	0	0	0	0
12020090	1	0	Misc Equipment	20,000	0	0	0	0	0	0	0	0	0	0
12020090	1	0	Office Structures	0	0	0	0	0	0	0	0	0	0	0
12020090	1	0	Misc Structures	0	0	0	0	0	0	0	0	0	0	0
12020090	1	0	Communication Equipment Non-Telepho	0	0	0	0	0	0	0	0	0	0	0
12020091	1	0	Trains Equipment Light Trucks	0	0	0	0	0	0	0	0	0	0	0
12020091	1	0	Trains Equipment Other	0	0	15,000	0	0	0	0	0	0	0	0
12020091	1	0	Trains Equipment Buses	0	0	30,000	0	0	0	0	0	0	0	0
12020091	1	3,731	Trains Equipment Hauler Trucks	3,731	0	0	0	0	0	0	0	0	0	0
12020091	1	0	Power Operated Equipment	0	0	20,000	0	0	0	0	0	0	0	0
12020092	1	1,402	Electric pumping equipment	1,402	0	0	0	0	0	0	0	0	0	0
12020092	1	33,532	Misc equipment non-media	33,532	0	0	0	0	0	0	0	0	0	0

Kentucky American Water Company														
Schedule of Forecasted Capital Expenditures														
For the Year: 11/30/05														
Base Test Year: 07/31/04														
Item 80 - 84	IP%	Reserved	1	2	3	4	5	6	7	8	9	10	11	Total
Item	Code	Description	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
12020080	1	Mains	382,000	164,000	287,840	333,800	301,160	279,920	305,400	251,920	315,640	307,120	266,840	7,186,632
12020080	1	Services	11,000	4,500	5,000	5,000	5,000	5,000	12,000	12,000	13,000	45,000	24,000	373,388
12020080	1	Hydrants	2,000	500	500	3,000	3,000	12,000	4,000	5,000	5,000	6,000	103,328	
12020080	1	Elevated Tanks & Standpipes	0	0	0	0	0	0	0	0	0	0	2,164	
12020081	1	Mains	46,000	28,600	27,200	40,400	56,600	49,400	42,000	37,400	34,400	40,400	57,200	837,364
12020082	1	Mains	30,000	12,760	18,675	21,675	19,635	18,670	20,400	18,670	21,195	22,895	18,615	517,158
12020083	1	Hydrants	5,000	1,400	1,300	1,900	2,200	2,200	0	1,700	1,600	1,800	2,600	95,170
12020084	1	Hydrants	30,000	12,000	20,300	23,600	21,100	22,200	24,000	22,200	24,600	26,700	23,900	592,918
12020085	1	Services	44,650	11,000	18,650	89,600	23,600	37,000	34,000	40,600	59,600	76,500	45,900	787,798
12020086	1	Services	58,360	27,600	44,500	86,400	56,000	87,200	80,300	94,400	86,600	177,600	134,600	1,860,924
12020087	1	Meters Plastic Case	20,000	12,000	25,000	15,000	40,000	10,000	15,000	15,000	0	15,000	20,000	332,000
12020087	1	Meter Other	54,800	0	0	0	0	0	0	0	0	0	0	840
12020087	1	Meter Installations	10,500	10,500	29,700	56,000	87,200	77,200	68,600	40,800	41,100	73,300	62,200	1,116,580
12020088	1	Meters Plastic Case	50,000	11,100	37,800	39,000	92,700	35,000	45,450	15,000	33,000	25,450	20,000	718,350
12020088	1	Meter Other	0	0	0	0	0	0	0	0	0	0	0	69,160
12020088	1	Meter Installations	3,360	10,000	1,000	22,800	20,000	42,400	29,000	34,300	33,800	37,400	36,500	590,230
12020089	1	Computers & Peripherals	0	0	0	0	0	0	0	0	0	0	0	0
12020089	1	Communication Equipment	15,000	500	5,800	6,100	7,700	5,400	9,200	4,200	3,800	3,200	3,800	12,100
12020089	0	Misc Equipment	0	0	0	0	0	0	0	0	0	0	0	5,240
12020089	0	Computer Equip & Periph Other	0	0	0	0	0	0	0	0	0	0	0	12,976
12020090	1	Misc Equipment	0	0	0	0	0	0	0	0	0	0	0	0
12020090	1	Office Structures	0	0	0	0	0	2,500	8,200	0	0	0	0	30,000
12020090	1	Communication Equipment Non-Telephone	0	300	4,200	4,400	5,600	5,000	2,000	3,000	2,000	1,400	3,000	20,000
12020091	1	Tram Equipment Light Trucks	0	0	0	0	0	0	0	0	0	0	0	0
12020091	1	Tram Equipment Other	0	0	0	15,000	30,000	15,000	0	0	0	0	0	75,000
12020091	1	Tram Equipment Autos	0	0	0	0	0	0	0	0	0	0	0	30,000
12020091	1	Tram Equipment Heavy Trucks	0	20,000	0	0	0	0	0	0	0	0	0	20,000
12020091	1	Power Operated Equipment	0	0	35,000	35,000	35,000	0	0	0	0	0	0	162,462
12020092	1	Electric pumping equipment	0	0	0	0	0	0	0	0	0	0	0	0
12020092	1	WT equipment non-media	0	0	0	0	0	0	0	0	0	0	0	2,604

Kentucky-American Water Company		Utility Plant Placed into Service																
Schedule of Forecasted Capital Expenditures																		
Item	Code	Reserved	Description	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Item 80 - 54	IP's	100.00%	100.00%	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Base Test Year:	1	100.00%	100.00%	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Base Test Year:	2	100.00%	100.00%	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Item	Code	Reserved	Description	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
12020082	1	Tools, Shop, & Garage Equipment.	0	5,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020082	1	Laboratory Equipment	0	19,800	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020082	1	Miscellaneous Equipment	3,898	3,898	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020083	1	Electric pumping equipment	26,626	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020083	1	Water treatment equipment	32,248	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020083	1	Water Treatment Non-Mileage	60,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020083	1	Other tangible property	2,802	2,802	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020084	1	Computer software	6,153	6,153	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020084	1	Laboratory Equipment	5,000	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020083	2	Harrodsburg Road relocation	160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020091	2	LEX-Security System Improvment.	763	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020102	2	LEX-Cherry Mill Tank 2.0 MG	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020103	2	LEX-SCADA Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020105	2	LEX-Russell Cave Road Tank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020105	2	LEX-Russell Cave Road Tank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020110	2	LEX-Richmond Rd Sta Hyd	229,089	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020201	2	Lexstoun Rd Main Impr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020201	2	Lexstoun Rd Main Impr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020202	2	LEX-Major Highway Relocation	2,804	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020203	2	LEX-Rep Travel Screen Housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020212	2	LEX-Source of Supply Proj	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020204	2	LEX-Customer Service Software	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020204	2	LEX-Integrated Resource P	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020208	2	LEX-Surge Protection KRS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020208	2	LEX-Upgrade Cart Winch KRS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020301	2	Elevated Storage Tank 2 MG	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020302	2	Major Highway Relocations	3,585	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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Line Item	Description	Code	Utility Plant Placed Into Service												Total			
			Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05				
12020094	Computer software	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020094	Laboratory Equipment	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020403	Harrodsburg Road relocation	2	0	0	0	2,000	0	0	0	0	0	0	0	0	0	0	0	0
12020101	LEX Security System Improvem	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020102	LEX-Cleves Mill Tank 3 C.M.S	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020103	LEX-SCADA Improvements	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020105	LEX-Russell Cive Road Tank	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020105	LEX-Russell Cive Road Tank	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020110	LEX-Richmond Rd Biol Hyd	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020201	Lexslown Rd Main Impr	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020201	Lexslown Rd Main Impr	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020202	LEX-Major Highway Retention	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020203	LEX-Rpl Travel Screen Housing	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020213	LEX-Source of Supply Proj	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020204	LEX-Source of Supply Proj	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020619	LEX-Customer Service Software	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020901	LEX-Integrated Resource P	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020608	LEX-Surge Protection KRS	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020608	LEX-Surge Protection KRS	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020808	LEX-Upgrade Cart Winch KRS	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020501	Elevated Storage Tank 2 MG	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020302	Major Highway Relocations	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020302	Major Highway Relocations	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020302	Major Highway Relocations	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0





Kentucky-American Water Company			Utility Plant Placed into Service														
Schedule of Forecasted Capital Expenditures																	
Forecasted Test Year: 11/30/05																	
Base Test Year: 07/31/04			TRI-VILLAGE														
Item 80 - 94	Code	Reserved	Description	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	2004	2004	2004	2004	2004	2004
IP's	100.00%	Code		2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Investment Item	Code	Reserved	Description	Feb-2004	Mar-2004	Apr-2004	May-2004	Jun-2004	Jul-2004	Aug-2004	Sep-2004	2004	2004	2004	2004	2004	2004
12020080	1		Mains	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
12020080	1		Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020080	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020081	1		Mains	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
12020082	1		Mains	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020083	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020084	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020085	1		Services	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
12020086	1		Services	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
12020087	1		Meters Plastic Case	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020087	1		Meter Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Kentucky-American Water Company		Schedule of Forecasted Capital Expenditures		Utility Plant Placed into Service														
Forecasted Test Year: 11/30/05		Base Test Year: 07/31/04		TRI-VILLAGE														
Item	Code	Reserved	Description	Oct-04	Nov-04	Nov-04	Dec-04	Dec-04	Jan-05	Jan-05	Feb-05	Feb-05	Mar-05	Mar-05	Apr-05	Apr-05	May-05	May-05
Item	Code	Reserved	Description	Oct-04	Nov-04	Nov-04	Dec-04	Dec-04	Jan-05	Jan-05	Feb-05	Feb-05	Mar-05	Mar-05	Apr-05	Apr-05	May-05	May-05
Item 80 - 94	100.00%			10	10	11	12	12	1	2	3	4						
IP's	100.00%			2004	2004	2004	2004	2004	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005
Investment	Code	Reserved	Description	Oct-04	Nov-04	Nov-04	Dec-04	Dec-04	Jan-05	Jan-05	Feb-05	Feb-05	Mar-05	Mar-05	Apr-05	Apr-05	May-05	May-05
12020080	1		Mains	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
12020080	1		Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020080	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020081	1		Mains	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
12020082	1		Mains	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020083	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,500
12020084	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020085	1		Services	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
12020086	-1		Services	4,000	3,600	3,600	2,950	2,950	3,050	3,050	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
12020087	1		Meters Plastic Case	0	0	0	0	0	0	0	1,000	1,000	0	0	0	0	0	0
12020087	1		Meter Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Kentucky-American Water Company		Schedule of Forecasted Capital Expenditures											
Forecasted Test Year:		11/30/05											
Base Test Year:		07/31/04											
Item 80 - 94		TRI-VILLAGE											
Item	Code	100.00%	1	2	3	4	5	6	7	8	9	10	11
Investment	Reserved												
Item	Code	Description	Jun-05 Jun-2005	Jul-05 Jul-2005	Aug-05 Aug-2005	Sep-05 Sep-2005	Oct-05 Oct-2005	Nov-05 Nov-2005	Total				
12020080	1	Mains	5,000	5,000	5,000	5,000	5,000	5,000	105,000				
12020080	1	Services	0	0	0	0	0	0	0				
12020080	1	Hydrants	0	0	0	0	0	0	0				
			0	0	0	0	0	0	0				
			0	0	0	0	0	0	0				
			0	0	0	0	0	0	0				
12020081	1	Mains	2,000	2,000	2,000	2,000	2,000	2,000	42,000				
12020082	1	Mains	0	0	0	0	0	0	0				
12020083	1	Hydrants	0	2,500	0	0	0	0	5,000				
12020084	1	Hydrants	0	0	0	0	0	0	0				
12020085	1	Services	1,000	1,000	1,000	1,000	1,000	1,000	21,000				
12020086	1	Services	3,000	3,000	4,000	4,000	4,000	3,000	66,000				
12020087	1	Meters Plastic Case	0	1,000	0	0	0	0	4,150				
12020087	1	Meter Other	0	0	0	0	0	0	0				

Kentucky-Amwen Water Company		Utility Plant Placed into Service											
Schedule of Forecasted Capital Expenditures													
Forecasted Test Year: 11/30/05													
Base Test Year: 07/31/04		TRIVILLAGE											
Item 80 - 94	Code	1	2	3	4	5	6	7	8	9			
IP's	100.00%	100.00%	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	
Investment Item	Code	Reserved	Description	Feb-04 Feb-2004	Mar-04 Mar-2004	Apr-04 Apr-2004	May-04 May-2004	Jun-04 Jun-2004	Jul-04 Jul-2004	Aug-04 Aug-2004	Sep-04 Sep-2004		
12020087	1		Meter Installations	0	500	500	250	250	250	250	250	250	
12020088	1		Meters Plastic Case	1,125	1,125	0	0	0	0	0	0	0	
12020088	1		Meter Other	0	0	1,500	0	0	1,500	0	0	0	
12020088	1		Meter Installations	0	0	0	0	0	0	0	0	0	
12020089	1		Computers & Periph Mainframe	0	0	0	0	0	0	0	0	0	
12020089	1		Computers & Periph Personal	0	0	0	0	0	0	0	0	0	
12020089	1		Communication Equip-non-tele	0	0	0	0	0	0	0	0	0	
12020089	1		Misc Equipment										
12020089	1		Computer Equip & Periph Other										
12020090	1		Misc Equipment	0	0	0	0	0	0	0	0	0	
12020090	1		Office Structures	0	0	0	0	0	0	0	0	0	
			Misc Structures										
			Communication Equipment Non-Telephone										
12020091	1		Trans Equipment Light Trucks	0	0	0	0	0	0	0	0	0	
12020091	1		Trans Equipment Other	0	0	0	0	0	0	0	0	0	
12020091	1		Trans Equipment Autos	0	0	0	0	0	0	0	0	0	
12020091	1		Trans Equipment Heavy Trucks	0	0	0	0	0	0	0	0	0	
12020091	1		Power Operated Equipment										
12020092	1		Electric pumping equipment	0	0	0	0	0	0	0	0	0	
12020092	1		WT equipment non-media	0	0	0	0	0	0	0	0	0	
12020092	1		Tools, Shop, & Garage Equipment	0	0	0	0	0	0	0	0	0	
12020092	1		Laboratory Equipment										
12020092	1		Miscellaneous Equipment										
12020093	1		Electric pumping equipment	0	0	0	0	0	0	0	0	0	

Kentucky-American Water Company		Schedule of Forecasted Capital Expenditures		Utility Plant Placed into Service																				
Forecasted Test Year:	11/30/05																							
Base Test Year:	07/31/04		TRI-VILLAGE																					
Item 80 - 94	100.00%	Code																						
IP's	100.00%	1																						
Investment Item		2																						
12020087	1		Meter Installations	-	250									250							500			500
12020088	1		Meters Plastic Case	-										0										
12020088	1		Meter Other	-	1,500									0							0	1,500		0
12020088	1		Meter Installations	-	0									0							0			0
12020089	1		Computers & Periph Mainframe	-																				
12020089	1		Computers & Periph Personal	-	0									0							0			0
12020089	1		Communication Equip-non-tele	-	0									0							0			0
12020089	1		Misc Equipment	-																				
12020089	1		Computer Equip & Periph Other	-																				
12020090	1		Misc Equipment	-	0									0							0			0
12020090	1		Office Structures	-	0									0							0			0
			Misc Structures	-																				
			Communication Equipment Non-Telephone	-																				
12020091	1		Trans Equipment Light Trucks	-	0									0							0			0
12020091	1		Trans Equipment Other	-	0									0							0			0
12020091	1		Trans Equipment Autos	-	0									0							0			0
12020091	1		Trans Equipment Heavy Trucks	-	0									0							0			0
12020091	1		Power Operated Equipment	-																				
12020092	1		Electric pumping equipment	-	0									0							0			0
12020092	1		WT equipment non-media	-	0									0							0			0
12020092	1		Tools, Shop, & Garage Equipment	-	0									0							5,000			0
12020092	1		Laboratory Equipment	-																				
12020092	1		Miscellaneous Equipment	-																				
12020093	1		Electric pumping equipment	-	0									0							0			0

Kentucky-American Water Company												
Schedule of Forecasted Capital Expenditures												
Forecasted Test Year: 11/30/05												
Base Test Year: 07/31/04												
TRI-VILLAGE												
Item 80 - 94	100.00%	Code	Reserved	Description	6	7	8	9	10	11		
IP's	100.00%	Code	Reserved	Description	2005	2005	2005	2005	2005	2005	Nov-05	Total
Investment Item	Code	Reserved	Description	Jun-2005	Jul-2005	Aug-2005	Sep-2005	Oct-2005	Nov-2005	Total		
12020087	1			Meter Installations	500	500	500	500	500	500	8,200	
12020088	1			Meters Plastic Case	0	0	0	0	0	0	2,250	
12020088	1			Meter Other	0	1,500	0	0	1,500	0	10,500	
12020088	1			Meter Installations	0	0	0	0	0	0	0	
12020089	1			Computers & Periph Mainframe								
12020089	1			Computers & Periph Personal	0	0	0	0	0	0	0	
12020089	1			Communication Equip-non-tele	0	0	0	0	0	0	0	
12020089	1			Misc Equipment								
12020089	1			Computer Equip & Periph Other								
12020090	1			Misc Equipment	0	0	0	0	6,000	3,000	9,000	
12020090	1			Office Structures	0	0	0	0	0	0	0	
				Misc Structures								
				Communication Equipment Non-Telephone								
12020091	1			Trans Equipment Light Trucks	0	0	0	0	0	0	0	
12020091	1			Trans Equipment Other	0	0	0	0	0	0	0	
12020091	1			Trans Equipment Autos	0	0	0	0	0	0	0	
12020091	1			Trans Equipment Heavy Trucks	0	0	0	0	0	0	0	
12020091	1			Power Operated Equipment								
12020092	1			Electric pumping equipment	0	0	0	0	0	0	0	
12020092	1			WT equipment non-media	0	0	0	0	0	0	0	
12020092	1			Tools, Shop, & Garage Equipment	0	0	5,000	1,000	0	0	11,000	
12020092	1			Laboratory Equipment								
12020092	1			Miscellaneous Equipment								
12020093	1			Electric pumping equipment	0	0	0	0	0	0	0	

Kentucky-American Water Company		Utility Plant Placed into Service												
Schedule of Forecasted Capital Expenditures														
Forecasted Test Year:														
Base Test Year:														
Item 80 - 94	100.00%	Code	Reserved	Description	Feb-2004	Mar-2004	Apr-2004	May-2004	Jun-2004	Jul-2004	Aug-2004	Sep-2004		
JP'S	100.00%	1			2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
		2			2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
				TRI-VILLAGE										
Investment		Code	Reserved	Description	Feb-2004	Mar-2004	Apr-2004	May-2004	Jun-2004	Jul-2004	Aug-2004	Sep-2004		
12020093		1		Water treatment equipment	0	0	0	0	0	0	0	0	0	0
12020093		1		Water Treatment Non-Media	0	0	0	0	0	0	0	0	0	0
12020093		1		Laboratory Equipment										
12020093		1		Other tangible property										
12300111		2		New Columbus Project (TriVillage)	0	0	234,422	0	0	0	0	0	0	0
12300111		2		New Columbus Project (TriVillage)	0	0	0	445,076	0	0	0	0	0	0
12020402		2		Owen County Main Extensions	0	0	0	0	0	0	0	0	0	0



Kentucky-American Water Company		Schedule of Forecasted Capital Expenditures															
Forecasted Test Year:		11/30/05															
Base Test Year:		07/31/04															
		TRI-VILLAGE															
Item 80 - 94	Code	100.00%	1	2	3	4	5	6	7	8	9	10	11				
IP's																	
Investment Item	Code	Reserved	Description	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Total	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Total
12020093	1		Water treatment equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020093	1		Water Treatment Non-Media	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020093	1		Laboratory Equipment														
12020093	1		Other tangible property														
12020094	1		Computer software	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12020094	1		Laboratory Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12300111	2		New Columbus Project (TriVillage)	0	0	0	0	0	0	0	0	0	0	0	0	0	234,422
12300111	2		New Columbus Project (TriVillage)	0	0	0	0	0	0	0	0	0	0	0	0	0	445,076
12020402	2		Owen County Main Extensions	0	0	0	0	0	0	0	0	0	0	0	0	0	300,000

Kentucky-American Water Company																		
Book/Tax AFUDC By Month																		
Forecast Test Year: 11/30/05																		
Base Test Year: 07/31/04																		
Item A - H		100.00%		100.00%		Code		Reserved		Description		Book AFUDC Rate:						
IP's		1		2								Tax AFUDC Rate:						
Budget	Item	Code	Reserved	Description		Book AFUDC	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05
12020080	1			Mains		0	0	0	0	0	0	0	0	0	0	0	0	0
12020080	1			Services		0	0	0	0	0	0	0	0	0	0	0	0	0
12020080	1			Hydrants		0	0	0	0	0	0	0	0	0	0	0	0	0
12020080	1			Land		0	0	0	0	0	0	0	0	0	0	0	0	0
12020080	1			Elevated Tanks & Standpipes		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020081	1			Mains		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020082	1			Mains		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020083	1			Hydrants		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020084	1			Hydrants		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020085	1			Services		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020086	1			Services		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020087	1			Meters Plastic Case		0	0	0	0	0	0	0	0	0	0	0	0	0
12020087	1			Meter Other		0	0	0	0	0	0	0	0	0	0	0	0	0
12020087	1			Meter Installations		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020088	1			Meters Plastic Case		0	0	0	0	0	0	0	0	0	0	0	0	0
12020088	1			Meter Other		0	0	0	0	0	0	0	0	0	0	0	0	0
12020088	1			Meter Installations		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
0	0					0	0	0	0	0	0	0	0	0	0	0	0	0
12020089	0			Computers & Periph Mainframe		0	0	0	0	0	0	0	0	0	0	0	0	0
12020089	1			Computers & Periph Personal		0	0	0	0	0	0	0	0	0	0	0	0	0
12020089	1			Communication Equip-non-tele		0	0	0	0	0	0	0	0	0	0	0	0	0
12020089	0			Misc Equipment		0	0	0	0	0	0	0	0	0	0	0	0	0
0	0			Computer Equip & Periph Other		0	0	0	0	0	0	0	0	0	0	0	0	0



Kentucky-American Water Company		Book/Tax AFUDC By Month													
Forecasted Test Year: 11/30/05		07/31/04		Aug-04		Sep-04		Oct-04		Nov-04		Dec-04		Jan-05	
Base Test Year:		Book AFUDC Rate:		Full Rate		Monthly		Full Rate		Monthly		Full Rate		Monthly	
Item A - H		100.00%		9.20%		0.76667%		9.20%		0.76667%		9.20%		0.76667%	
IP's		100.00%		6.30%		0.52500%		6.30%		0.52500%		6.30%		0.52500%	
Budget Item	Code	Reserved	Description	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	
	0	0		0	0	0	0	0	0	0	0	0	0	0	
	0	0		0	0	0	0	0	0	0	0	0	0	0	
	0	0		0	0	0	0	0	0	0	0	0	0	0	
	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020090	1		Misc Equipment	0	0	0	0	0	0	0	0	0	0	0	
12020090	1		Office Structures	0	0	0	0	0	0	0	0	0	0	0	
12020090	1		Misc Structures	0	0	0	0	0	0	0	0	0	0	0	
12020090	1		Communication Equipment Non-Telephone	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020091	1		Trans Equipment Light Trucks	0	0	0	0	0	0	0	0	0	0	0	
12020091	1		Trans Equipment Other	0	0	0	0	0	0	0	0	0	0	0	
12020091	1		Trans Equipment Autos	0	0	0	0	0	0	0	0	0	0	0	
12020091	1		Trans Equipment Heavy Trucks	0	0	0	0	0	0	0	0	0	0	0	
12020091	0	0	Power Operated Equipment	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020092	1		Electric pumping equipment	0	0	0	0	0	0	0	0	0	0	0	
12020092	1		WT equipment non-media	0	0	0	0	0	0	0	0	0	0	0	
12020092	1		Tools, Shop. & Garage Equipment	0	0	0	0	0	0	0	0	0	0	0	
12020092	1		Laboratory Equipment	0	0	0	0	0	0	0	0	0	0	0	
12020092	1		Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020093	1		Electric pumping equipment	0	0	0	0	0	0	0	0	0	0	0	
12020093	1		Water treatment equipment	0	0	0	0	0	0	0	0	0	0	0	
12020093	1		Water Treatment Non-Media	0	0	0	0	0	0	0	0	0	0	0	
12020093	1		Laboratory Equipment	0	0	0	0	0	0	0	0	0	0	0	
12020093	1		Other tangible property	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020094	1		Computer software	0	0	0	0	0	0	0	0	0	0	0	
12020094	1		Laboratory Equipment	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020003	2		Harrodsburg Road relocation	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020101	2		LEX-Security System Improvem.	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020102	2		LEX-Clays Mill Tank 3.0 MG	6,022	7,848	8,986	10,130	1,255	1,825	2,776	3,918	5,086	6,200	7,536	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020103	2		LEX-SCADA Improvements	2,605	2,742	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	2,696	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020105	2		LEX-Russell Cave Road Tank	489	589	779	969	1,255	1,825	2,776	3,918	5,086	6,200	7,536	
12020105	2		LEX-Russell Cave Road Tank	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020110	2		LEX-Richmond Rd Stat Hyd	0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
0	0	0		0	0	0	0	0	0	0	0	0	0	0	
12020201	2		Lesstown Rd Main Impr	0	0	0	0	0	0	0	0	0	0	0	
12020201	2		Lesstown Rd Main Impr	823	830	830	919	1,187	1,587	2,043	2,709	3,680	4,611	5,388	





Kentucky-American Water Company			Book/Tax AFUDC By Month												Bk AFUDC Forecast Amount
Forecasted Test Year: 1/1/30/05			07/31/04												
Base Test Year:															
Item A - H	100.00%	Code	Description	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05		
IP's	100.00%	Reserved													
12020080	1		Mains	0	0	0	0	0	0	0	0	0	0	0	
12020080	1		Services	0	0	0	0	0	0	0	0	0	0	0	
12020080	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	
12020080	1		Land	0	0	0	0	0	0	0	0	0	0	0	
12020080	1		Elevated Tanks & Standpipes	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
12020081	1		Mains	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
12020082	1		Mains	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
12020083	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
12020084	1		Hydrants	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
12020085	1		Services	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
2020086	1		Services	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
12020087	1		Meters Plastic Case	0	0	0	0	0	0	0	0	0	0	0	
12020087	1		Meter Other	0	0	0	0	0	0	0	0	0	0	0	
12020087	1		Meter Installations	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
12020088	1		Meters Plastic Case	0	0	0	0	0	0	0	0	0	0	0	
12020088	1		Meter Other	0	0	0	0	0	0	0	0	0	0	0	
12020088	1		Meter Installations	0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
0	0			0	0	0	0	0	0	0	0	0	0	0	
12020089	0		Computers & Periph Mainframe	0	0	0	0	0	0	0	0	0	0	0	
12020089	1		Computers & Periph Personal	0	0	0	0	0	0	0	0	0	0	0	
12020089	1		Communication Equip-non-tele	0	0	0	0	0	0	0	0	0	0	0	
12020089	0		Misc Equipment	0	0	0	0	0	0	0	0	0	0	0	
0	0		Computer Equip & Periph Other	0	0	0	0	0	0	0	0	0	0	0	

Kentucky-American Water Company		Book/Tax AFUDC By Month												BKAFUDC
Forecasted Test Year: 11/30/05		07/31/04												Forecast
Base Test Year:														Amount
Item A - H	Code	Reserved	Description	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	
IP's														
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020090	1		Misc Equipment	0	0	0	0	0	0	0	0	0	0	0
12020090	1		Office Structures	0	0	0	0	0	0	0	0	0	0	0
12020090	1		Misc Structures	0	0	0	0	0	0	0	0	0	0	0
	0		Communication Equipment Non-Telephone	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020091	1		Trans Equipment Light Trucks	0	0	0	0	0	0	0	0	0	0	0
12020091	1		Trans Equipment Other	0	0	0	0	0	0	0	0	0	0	0
12020091	1		Trans Equipment Autos	0	0	0	0	0	0	0	0	0	0	0
12020091	1		Trans Equipment Heavy Trucks	0	0	0	0	0	0	0	0	0	0	0
12020091	0		Power Operated Equipment	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020092	1		Electric pumping equipment	0	0	0	0	0	0	0	0	0	0	0
12020092	1		WT equipment non-media	0	0	0	0	0	0	0	0	0	0	0
12020092	1		Tools, Shop, & Garage Equipment	0	0	0	0	0	0	0	0	0	0	0
12020092	1		Laboratory Equipment	0	0	0	0	0	0	0	0	0	0	0
12020092	1		Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020093	1		Electric pumping equipment	0	0	0	0	0	0	0	0	0	0	0
12020093	1		Water treatment equipment	0	0	0	0	0	0	0	0	0	0	0
12020093	1		Water Treatment Non-Media	0	0	0	0	0	0	0	0	0	0	0
12020093	1		Laboratory Equipment	0	0	0	0	0	0	0	0	0	0	0
12020093	1		Other tangible property	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020094	1		Computer software	0	0	0	0	0	0	0	0	0	0	0
12020094	1		Laboratory Equipment	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020003	2		Harrodsburg Road relocation	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020101	2		LEX Security System improvem.	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020102	2		LEX Security System improvem.	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020103	2		LEX-SCADA Improvements	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020105	2		LEX-Russell Cave Road Tank	0	0	0	0	0	0	0	0	0	0	0
12020105	2		LEX-Russell Cave Road Tank	8,952	9,546	10,143	10,734	11,229	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
12020110	2		LEX-Richmond Rd Stat Hyd	0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
	0			0	0	0	0	0	0	0	0	0	0	0
3201	2		Lesstown Rd Main Impr	0	0	0	0	0	0	0	0	0	0	0
1201	2		Lesstown Rd Main Impr	0	0	0	0	0	0	0	0	0	0	0









Kentucky American Water Company				Book/Tax AFUDC By Month											
Forecasted Test Year: 11/30/05				Book AFUDC Rate:		Tax AFUDC Rate:		Current Rate		Proposed Rate		Monthly		Jan-05	
Base Test Year: 07/31/04				9.20%		0.76667%		9.20%		9.58%		0.79633%			
Code				6.30%		0.52500%		6.30%		6.30%		0.52500%			
Item A - H	IP's	100.00%	2	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	
Budget	Code	Reserved	Description	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Misc Equipment	52	52	0	0	0	0	0	0	13	26	13	0
	1	1	Office Structures	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Misc Structures	52	52	0	0	0	0	0	0	0	0	0	0
	1	1	Communication Equipment Non-Telephone	0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Trans Equipment Light Trucks	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Trans Equipment Other	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Trans Equipment Autos	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Trans Equipment Heavy Trucks	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Power Operated Equipment	0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Electric pumping equipment	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	WT equipment non-media	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Tools, Shop, & Garage Equipment	0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Laboratory Equipment	52	52	0	0	0	0	0	0	0	0	0	0
	1	1	Miscellaneous Equipment	20	10	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Electric pumping equipment	139	70	0	0	0	0	0	0	0	0	0	0
	1	1	Water treatment equipment	168	84	0	0	0	0	0	0	0	0	0	0
	1	1	Water Treatment Non-Media	157	208	0	0	0	0	0	0	0	0	0	0
	1	1	Laboratory Equipment	0	0	78	26	0	0	0	0	0	0	0	0
	1	1	Other tangible property	15	7	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	1	1	Computer software	32	16	0	0	0	0	0	0	0	0	0	0
	1	1	Laboratory Equipment	13	26	26	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	2	2	Harrodsburg Road relocation	0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	2	2	LEX-Security System Improvern.	0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	2	2	LEX-Clays Mill Tank 3.0 MG	4,089	4,527	5,264	5,994	6,776	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	2	2	LEX-SCADA Improvements	1,776	1,802	1,854	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	2	2	LEX-Russell Cave Road Tank	0	0	0	0	0	0	0	0	0	0	0	0
	2	2	LEX-Russell Cave Road Tank	332	397	523	647	833	1,210	1,842	2,599	3,350	4,094	4,764	5,247
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	2	2	LEX-Richmond Rd Stat Hyd	0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	0	0		0	0	0	0	0	0	0	0	0	0	0	0
	2	2	Lesstown Rd Main Impr	0	0	0	0	0	0	0	0	0	0	0	0
	2	2	Lesstown Rd Main Impr	561	561	561	561	787	1,037	1,350	1,787	2,416	3,069	0	0

Kentucky-American Water Company	Book/Tax AFUDC By Month	Forecasted Test Year: 11/30/05	Base Test Year: 07/31/04	Code	Reserved	Description	Tax AFUDC		Current Rate		Proposed Rate		Jan-05						
							Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04		Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	
																			Full Rate
							Book AFUDC Rate: Tax AFUDC Rate:	9.20% 6.30%	0.76667% 0.52500%	9.58% 6.30%	0.79833% 0.52500%								
Item A - H	100.00%																		
IP's	100.00%																		
Budget Item	Code																		
0	2																		
0	2																		
0	2																		
12020202	2					LEX-Major Highway Relocation													
0	2																		
0	2																		
0	2																		
0	2																		
12020203	2					LEX-Rpi Travel Screen Housing													
0	2																		
0	2																		
0	2																		
0	2																		
0	2																		
12020212	2					LEX-Source of Supply Proj	1,578	1,628	1,743	1,810	2,050	2,111	2,171	2,231	2,290	2,351	2,411	2,471	2,531
12020204	2																		
0	2																		
0	2																		
0	2																		
12020619	2					LEX-Customer Service Software													
0	2																		
0	2																		
0	2																		
0	2																		
0	2																		
12020901	2					LEX-Integrated Resource P	1,563	1,571	1,568	1,546	1,534	1,522	1,510	1,498	1,486	1,473	1,460	1,448	1,436
0	2																		
0	2																		
0	2																		
0	2																		
12020908	2					LEX-Surge Protection KRS	413	410	407	404	401	398	394	391	388	385	381	378	375
0	2																		
0	2																		
0	2																		
0	2																		
12020909	2					LEX-Upgrade Cart Winch KRS													
0	2																		
0	2																		
0	2																		
12020301	2					Elevated Storage Tank 2 MG													
0	2																		
0	2																		
0	2																		
12020302	2					Major Highway Relocations													
0	2																		
0	2																		
0	2																		
12020303	2					Electrical Reliability Impr	143	536	1,948	3,148	3,458	3,663	3,766	4,218	4,817	5,028	4,968	5,214	5,214
0	2																		
0	2																		
0	2																		
12020404	2					Business Process Efficiency Project & Orcom Budget	12	102	255	407	597	862	1,163	1,463	1,769	2,203	2,203	2,203	2,203
0	2																		
0	2																		
0	2																		
12020402	2					Major Highway Relocations		127	383	574	688	821	942	1,127	1,376	1,637	1,637	1,637	1,637
0	2																		
0	2																		
0	2																		
0	2																		
0	2																		
0	2																		
0	2																		



Kentucky-American Water Company		Book/Tax AFUDC By Month	Forecasted Test Year: 11/30/05	Base Test Year: 07/31/04	Item A - H	IP's	Budget	Reserved	Description	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Tax AFUDC Forecast Amount	
Item Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code	Code
12020080	1								Mains	1,258	1,623	1,658	1,617	1,528	1,455	1,482	1,626	1,498	1,598	18,743	
12020080	1								Services	24	25	26	28	44	136	138	151	180	91	93	
12020080	1								Hydrants	3	9	16	39	42	24	28	29	21	10	235	
12020080	1								Land	0	0	0	0	0	0	0	0	0	0	0	
12020080	1								Elevated Tanks & Standpipes	0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12020081	1								Mains	148	177	258	277	239	207	187	185	256	288	2,868	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12020082	1								Mains	82	105	108	101	103	103	105	115	108	131	1,330	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12020083	1								Hydrants	7	8	5	6	8	4	9	9	11	17	117	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12020084	1								Hydrants	0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12020085	1								Services	77	151	165	158	185	195	259	353	319	270	2,485	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12020086	1								Services	0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12 20087	1								Meters Plastic Case	0	0	0	0	0	0	0	0	0	0	0	
12 20087	1								Meter Other	0	0	0	0	0	0	0	0	0	0	0	
12 20087	1								Meter Installations	0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12 20088	1								Meters Plastic Case	128	201	344	333	210	188	125	153	119	150	2,336	
12 20088	1								Meter Other	0	0	0	0	0	0	0	0	0	0	0	
12 20088	1								Meter Installations	29	61	111	163	186	177	185	185	163	152	1,548	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
0	0									0	0	0	0	0	0	0	0	0	0	0	
12 20089	1								Computers & Periph Mainframe	0	0	0	0	0	0	0	0	0	0	0	
12 20089	1								Computers & Periph Personal	0	0	0	0	0	0	0	0	0	0	0	
12 20089	1								Communication Equip-non-tel	0	0	0	0	0	0	0	0	0	0	0	
12 20089	1								Misc Equipment	0	0	0	0	0	0	0	0	0	0	0	
0	0								Computer Equip & Periph Other	0	0	0	0	0	0	0	0	0	0	0	

Kentucky-American Water Company		Book/Tax AFUDC By Month	Forecasted Test Year: 11/30/05	Base Test Year: 07/31/04	Code	Reserved	Description	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Tax AFUDC Forecast Amount	
Item A - H	100.00%																		
IP's	100.00%																		
Budget																			
Item	Code																		
0	0																		
0	0																		
0	0																		
12020090	1																		
12020090	1																		
12020090	1																		
12020090	1																		
0	0																		
0	0																		
0	0																		
12020091	1																		
12020091	1																		
12020091	1																		
12020091	0																		
0	0																		
0	0																		
0	0																		
12020092	1																		
12020092	1																		
12020092	1																		
12020092	1																		
0	0																		
0	0																		
0	0																		
12020093	1																		
12020093	1																		
12020093	1																		
12020093	1																		
0	0																		
0	0																		
0	0																		
12020094	1																		
12020094	1																		
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STRATEGIC CAPITAL EXPENDITURE PLAN

Units = \$

State Kentucky  
Revision Date Mar 2, 2004  
Status Approved Q1, Reforecast

Program

District	CFS Code	Project Code	Brief Description of Proposed Expenditures	Stage (PNI, PIA, PCA, New)	Business Plan 5-year total	Prior	2004 Period	1	2	3	4	5	6	7	8	9	10	11	12	Total 2004
		04-80	Mains, Hydrants, Valves, Meters - Deposit/Contribution	New	21,232,394		16,164	280,322	20,000	250,000	350,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,000,000
		04-81	Network - Replacement Renewal	New	3,495,000		1,609	36,021	25,000	36,000	45,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	525,000
		04-82	Network - Extension	New	1,522,100		-16,364	65,155	5,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	250,000
		04-83	Hydrants - Replacement	New	132,540		381	2,919	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	25,000
		04-84	Hydrants - New	New	1,561,066		19,832	36,978	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	260,000
		04-85	Services - Replacement	New	2,738,500		0	23,776	50,000	50,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	465,000
		04-86	Services - New	New	6,020,996		28,398	52,539	50,000	60,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	1,034,300
		04-87	Meters - Replacement	New	4,250,836		242,022	406,760	20,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	650,970
		04-88	Meters - New	New	3,754,512		0	5,669	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	957,230
		04-89	ITS Equipment & Systems	New	528,500		0	0	0	0	0	0	0	0	0	0	0	0	0	75,000
		04-90	Offices and Operations Centers	New	426,600		0	0	0	0	0	0	0	0	0	0	0	0	0	50,000
		04-91	Vehicles	New	963,500		0	24,365	30,000	5,000	35,005	0	0	0	0	0	0	0	0	125,000
		04-92	Tools and Equipment	New	487,000		0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	1,400,000
		04-93	Process Plant - Replacement	New	1,355,000		51,466	3,366	20,000	0,000	50,000	0	0	0	0	0	0	0	0	76,400
		04-94	Process Plant - Additions	New	351,500		5,369	1,212	5,000	5,000	3,359	0	0	0	0	0	0	0	0	60,000
		04-95	Treatment Media Replacement and Process Rehabilitation (capitalized)	New	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
		04-96	Tank Rehabilitation / Painting (capitalized)	New	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
		04-97	Comprehensive Planning Studies	New	303,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			TOTAL RECURRING PROJECTS		49,077,804		346,877	9,917	78,505,000	5,620,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	8,622,000	6,639,801
		01-02	Canyovers	PIA	0		\$7,732	\$8,642												16,374
		01-03	Clays Mill Ground Storage Tank - 3.0 MG (342)	PIA	0		-51,723	29,941	150,000	150,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	666,850
		01-04	SCADA Improvements (391.2)	PIA	0		4,255	5,909	10,000	10,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	60,000
		01-05	Scott County Mains (343)	PIA	0		1,451	96	-15,46											0
		01-10	Russell Cave Road Tank - 1.0 MG (342)	PIA	451,800		706	1,365	25,000	25,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	950,000
		01-11	RRS Hydraulic Improvements (332)	PIA	0		-11,450	80	0	0	0	0	0	0	0	0	0	0	0	-11,370
		02-01	New Columbus Project (343)	PIA	0		-22,868	26,475	50,000	50,000	4,83	0	0	0	0	0	0	0	0	150,000
		02-02	Leestown Road Main Improvements (343)	PIA	0		84,000	0	0	0	0	0	0	0	0	0	0	0	0	84,000
		02-03	Major Highway Relocations 2002 (343)	PIA	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
		02-04	Replace Travelling Screen Housing (311)	PIA	0		-3,645	29												-3,616
		03-01	Source of Supply Project Development (343)	PIA	0		911	228,882	5,000	5,000	30,000	1	07	0	0	0	0	0	0	450,000
		03-02	Elevated Storage Tank - 2.0 MG (342)	PIA	135,170		0	0	25,000	5,000	45,000	00	15,000	15,000	1,000	15,000	2,000	24,902	0	214,902
		03-02	Major Highway Relocations 2003 (343)	PIA	1,600,000		0	0	75,000	0,000	10,000	.00	10,000	10,000	20,000	20,000	20,000	20,000	20,000	1,100,000
		03-03	Electrical Reliability upgrades / System Reliability (332)	PIA	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
		04-04	Business Process Efficiency Project & Orom Budget (391.2)	PNI	300,000		0	17,142	6,233	1,000	400,000	70,000	00	30,000	30,000	15,000	95,000	1,000	1,010,000	
		04-02	Major Highway Relocations (343)	PNI	2,730,000		0	16,947	5,081	0,000	30,000	30,000	00	80,000	80,000	60,000	60,000	60,000	60,000	630,000
		04-03	Owen County Main Extensions (343)	PNI	640,000		0	0	0	0,000	50,000	25,000	.00	25,000	25,000	5,000	50,000	0,000	50,000	400,000
			Incline Car Replacement @ KRS (311)	New	1,900,000		0	0	0	0	0	0	0	0	0	0	0	0	0	60,000
			North Broadway Main Replacement (343)	New	1,900,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Ground Storage Tank - 3.0 MG (342)	New	1,675,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Replace Trac-Vac System at RRS (332)	New	250,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Replace Trash Rake @ KRS (311)	New	325,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Valve House Upgrades at RRS (332)	New	350,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			KRS Filter Media Replacement - Hyd 3 & 4 (332)	New	250,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Sludge Handling Improvements - RRS (332)	New	2,000,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Yarmilton Road Main (343)	New	200,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			North Upper Street Main Replacement Project (343)	New	1,300,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			UV Installation - KRS/RRS (332)	New	7,800,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Leestown Road Main Improvements (343)	New	1,800,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Russell Cave Road Main - 34,000' of 12" (343)	New	1,800,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Rockwell Village Wastewater Pipeline	New	350,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			Source of Supply Project (343)	New	5,000,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			KRS Cleanwell Improvements (332)	New	1,500,000		0	0	0	0	0	0	0	0	0	0	0	0	0	0
			TOTAL INVESTMENT PROJECTS		33,165,770		-37,108	316,151	568,447	6,000	49,000	5,952,000	378,000	2,350,000	7,500,000	74,000,000	681,000	7,800,000	632,570	



Program

State Kentucky  
Revision Date Mar 15, 2004  
Status Draft

STRATEGIC CAPITAL EXPENDITURE PLAN

Units = \$

District	CPS Code	Project Code	Brief Description of Proposed Expenditures	Stage (PNI, PIA, PCA, New)	Business Plan 5-year total	Prior	2005 Period	1	2	3	4	5	6	7	8	9	10	11	12	Total 2005	
		04-80	Mains, Hydrants, Valves, Meters - Deposit/Contribution	New	21,657,014		204,000	297,840	348,800	314,160	301,920	328,400	301,920	338,840	363,120	287,840	363,120	624,240		4,080,000	
		04-81	Network - Replacement Renewal	New	3,845,300		33,600	31,200	44,400	60,600	53,400	46,000	41,400	38,400	44,400	61,200	55,400	90,000		600,000	
		04-82	Network - Extension	New	1,531,240		12,750	18,615	21,675	19,635	18,870	20,400	18,870	21,765	22,685	18,615	31,695	30,015		255,000	
		04-83	Hydrants - Replacement	New	135,050		1,400	1,300	1,900	2,500	2,200	2,500	1,700	1,800	2,600	2,900	4,000	2,000		25,500	
		04-84	Hydrants - New	New	1,591,890		15,000	22,300	25,500	23,100	24,200	28,000	24,200	28,900	28,700	25,900	28,700	29,900		300,000	
		04-85	Services - Replacement	New	2,836,750		12,000	19,500	41,500	25,800	38,000	36,000	42,500	60,800	77,500	46,500	59,000	40,500		500,000	
		04-86	Services - New	New	6,081,347		27,800	47,500	81,400	59,000	90,200	83,900	88,400	100,600	181,600	137,600	137,500	102,100		1,157,000	
		04-87	Meters - Replacement	New	4,335,582		24,500	54,700	72,900	128,200	88,200	85,600	56,400	41,800	89,800	72,700	68,300	33,900		816,800	
		04-88	Meters - New	New	3,829,518		21,600	38,300	63,500	113,200	77,900	76,450	49,800	66,800	64,950	57,000	59,800	31,200		721,500	
		04-89	ITS Equipment & Systems	New	556,040		500	5,800	6,100	7,700	10,400	14,200	4,200	3,300	6,200	9,000	3,300	5,800		76,500	
		04-90	Offices and Operations Centers	New	454,632		300	4,200	4,400	5,500	7,500	10,200	3,000	2,900	7,900	6,300	2,300	500		55,000	
		04-91	Vehicles	New	935,570		20,000	35,000	65,000	65,000	15,000	0	0	0	0	0	0	0		200,000	
		04-92	Tools and Equipment	New	759,000		10,000	10,000	14,200	15,000	33,300	15,000	15,000	7,800	10,000	12,800	13,900	3,000		160,000	
		04-93	Process Plant - Replacement	New	1,255,000		13,600	21,300	14,000	20,300	44,100	31,500	8,700	51,400	47,200	23,000	74,900	0		350,000	
		04-94	Process Plant - Additions	New	366,600		0	2,000	3,000	2,000	2,900	6,500	4,500	1,200	7,300	6,700	3,400	10,500		50,000	
		04-95	Treatment Media Replacement and Process Rehabilitation (capitalized)	New	0		0	0	0	0	0	0	0	0	0	0	0	0		0	
		04-96	Tank Rehabilitation / Painting (capitalized)	New	0		0	0	0	0	0	0	0	0	0	0	0	0		0	
		04-97	Comprehensive Planning Studies	New	300,000		0	0	0	0	0	0	0	0	0	0	0	0		0	
			TOTAL RECURRING PROJECTS		50,354,733		397,050	610,555	816,275	861,395	809,090	780,050	870,580	762,805	953,065	777,355	905,415	#####		9,347,300	
		01-05	Russell Cave Road Tank - 1.0 MG (342)	PIA	0	1,048,400	80,000	75,000	75,000	75,000	75,000	50,000	21,600	0	0	0	0	0		451,600	
		02-04	Source of Supply Development Project (343)	PIA	5,000,000	589,000	10,000	10,000	50,000	50,000	75,000	150,000	150,000	200,000	250,000	250,000	290,000	175,000	130,000		1,500,000
		03-01	Elevated Storage Tank - 2.0 MG (342)	PIA	0	1,100,000	100,000	150,000	300,000	300,000	300,000	50,000	100,000	150,000	100,000	100,000	50,000	0	0		1,600,000
		03-03	Electrical Reliability upgrades / System Reliability (332)	PIA	0	780,200	105,400	106,200	96,400	5,200	2,200	2,200	2,200	0	0	0	0	0	0		319,800
		04-03	Owen County Main Extensions (343)	PIA	400,000	60,000	20,000	20,000	20,000	20,000	20,000	20,000	30,000	30,000	20,000	20,000	20,000	20,000	0		240,000
			Major Highway Relocations (343)	PIA	2,830,000	0	10,000	25,000	25,000	50,000	50,000	75,000	50,000	50,000	50,000	50,000	25,000	25,000	15,000		400,000
			Incline Car Replacement @KRS (311)	PIA	1,950,000	0	0	0	0	0	10,000	25,000	50,000	50,000	50,000	50,000	20,000	20,000	20,000		250,000
			Ground Storage Tank - 3.0 MG (342)	PIA	1,800,000	0	0	0	0	0	0	0	0	5,000	10,000	10,000	20,000	20,000	10,000		75,000
			Replace Trac-Vac System at RRS (332)	PIA	300,000	0	5,000	5,000	5,000	5,000	0	0	0	0	25,000	150,000	50,000	0	0		245,000
			KRS Filler Media Replacement - Hyd 3 & 4 (332)	PNI	0	0	0	0	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)	PNI	1,300,000	0	0	0	5,000	5,000	10,000	25,000	50,000	50,000	100,000	100,000	100,000	50,000	5,000		500,000
			Rockwell Village Wastewater Pipeline	PNI	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			North Broadway Main Replacement (343)	New	1,900,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			Replace Trash Rake @ KRS (311)	New	325,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			Valve House Upgrades at KRS (332)	New	350,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			Sludge Handling Improvements - RRS (332)	New	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			Yamallott Road Main (343)	New	200,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			North Upper Street Main Replacement Project (343)	New	1,300,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			UV Installation - KRS/RRS (332)	New	7,800,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			Leestown Road Main Improvements (343)	New	700,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			Source of Supply Project - Consortium (343)	New	20,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			KRS Clearwell Improvements (332)	New	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
				New	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
				New	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
				New	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
				New	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
				New	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
				New	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
				New	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	
			TOTAL INVESTMENT PROJECTS		48,255,000		340,400	416,200	676,400	685,200	672,200	467,200	508,800	655,000	580,000	640,000	360,000	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.

INVESTMENT PROJECT REVIEW		
DEPARTMENT	BY	DATE
ENGINEERING	<i>[Signature]</i>	10-10-01
WATER QUALITY	N/A <i>[Signature]</i>	
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		10-15-01
<i>[Signature]</i>		
PRESIDENT		

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-American Water 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	TOTAL ESTIMATED COST
Preliminary Design	KAWC / Consultant	\$ 15,000
Final Design	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



KENTUCKY-AMERICAN WATER COMPANY																							
REVISED CAPITAL INVESTMENT PLAN PROJECT 01-02																							
CLAYS MILL 3 MG GROUND STORAGE TANK																							
DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2001 & 02 Carryover	2003																				
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL 2003								
Preliminary Design	KAWC / Consultant	\$ 15,000																					
Final Design	Consultant	\$ 75,000																					
Const. Admin. / inspection	KAWC / Consultant	\$ 5,000																					
Materials	KAWC	\$ 40,000																					
Construction	Contractor	\$ 37,000																					
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	\$ 86,540	\$ 86,540	\$ 86,540	\$ 86,540	\$ 86,540	\$ 86,540	\$ 86,540	\$ 86,540	\$ 1,148,490
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	\$ 4,330	\$ 4,330	\$ 4,330	\$ 4,330	\$ 4,330	\$ 4,330	\$ 4,330	\$ 4,330	\$ 57,460
Overhead (+/- 2%)		\$ 3,560	\$ 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	\$ 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	9,090	9,630	10,170	10,710	11,250	11,790	12,330	12,870	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	\$ 101,690	\$ 102,230	\$ 102,770	\$ 103,310	\$ 103,850	\$ 104,390	\$ 104,930	\$ 105,470	\$ 1,295,920

KENTUCKY-AMERICAN WATER 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 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before 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	\$ 1,500,000
Investment by Others	0
Net Investment Financed by Company	\$ 1,500,000
New Common Equity	\$ 600,000
New Long Term Debt	900,000

<u>Total Revenue Requirement</u>	<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income	\$ 182,700	12.18%
Depreciation Rate	17,700	1.18%
Property Tax Rate	10,556	0.7037%
Change in Operation & Maint. Expense	0	0.00%
Revenue from New Customers	0	0.00%
Total Net Revenue Requirement	\$ 210,956	14.06%
Revenue Tax Rate	307	0.14537%
Total Revenue Requirement	\$ 211,263	14.08%
Latest 12 Months Revenue - 06/30/2001	\$ 40,071,359	
Required Price Increase	0.53%	





# Kentucky-American Water Company

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

September 3, 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		
DEPARTMENT	BY	DATE
ENGINEERING	<i>John S. Long</i>	9.21.00
WATER QUALITY	N/A <i>RW</i>	
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		9/25/00
<i>Timothy...</i>		
PRESIDENT		

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

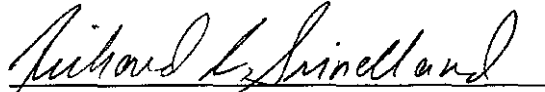
## DISCUSSION


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 split between storage capacity and back-up power facilities. Kentucky-American would 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.

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 ESTIMATED 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
	Total	\$ 100,000

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

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2001												TOTAL 2001			
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC				
Preliminary Design	KAWC / Consultant			\$ 5,000	\$ 5,000	\$ 5,000											\$ 15,000
Final Design	Consultant					\$ 25,000	\$ 25,000	\$ 25,000									\$ 75,000
Company Labor	KAWC						\$ 2,029	\$ 2,500									\$ 4,529
SUB-TOTAL				\$ 5,000	\$ 5,000	\$ 30,000	\$ 27,029	\$ 27,500	\$ -	\$ -							\$ 94,529
O&C (3%)				\$ 150	\$ 150	\$ 900	\$ 811	\$ 825	\$ -	\$ -							\$ 2,836
Overhead (2%)				\$ 100	\$ 100	\$ 600	\$ 541	\$ 550	\$ -	\$ -							\$ 1,891
AFUDC				39.38	39.38	236.25	212.85	216.58									\$ 744
CASH FORECAST				\$ 5,289	\$ 5,289	\$ 31,736	\$ 28,593	\$ 29,092	\$ -	\$ -							\$ 100,000

KENTUCKY-AMERICAN WATER COMPANY  
ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL  
SPENDING PROPOSAL  
THREE (3) MG GROUND STORAGE TANK

Determination of Revenue Requirement

Authorized Rate of Return on Common 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before Tax	7.38%
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	\$ 1,500,000
Investment by Others	0
Net Investment Financed by Company	\$ 1,500,000
New Common Equity	\$ 600,000
New Long Term Debt	900,000

<u>Total Revenue Requirement</u>	<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income	\$ 173,700	11.58%
Depreciation Rate 2.200%	33,000	2.20%
Property Tax Rate 0.7037%	10,556	0.70%
Change in Operation & Maint. Expense	0	0.00%
Revenue from New Customers	0	0.00%
Total Net Revenue Requirement	\$ 217,256	14.48%
Revenue Tax Rate 0.14537%	316	0.02%
Total Revenue Requirement	\$ 217,572	14.50%
Latest 12 Months Revenue - 06/30/2000	\$ 39,128,658	
Required Price Increase	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.

Previous Estimated Cost	\$94,000
Budget 2001 Expenditures	94,000
Revised Estimated Cost	\$650,000
Revised 2001 Expenditure	94,000
Proposed 2002 Expenditure	100,000
Proposed 2003 Expenditure	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	<i>[Signature]</i>	11-20-01
WATER QUALITY	<i>[Signature]</i>	
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		
<i>[Signature]</i>		12-06-01
PRESIDENT		

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

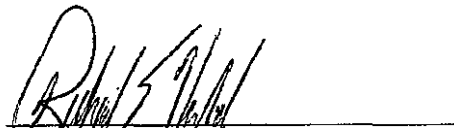
The proposed expenditures are to complete an upgrade of the existing distributed control system (DCS) at Kentucky-American Water Company. This system currently monitors and controls the Kentucky River Station and Richmond Road Station treatment plants, as well as the remote distribution storage tanks 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
<b>Preliminary Engineering</b>	\$80,000	\$65,000
<b>Bidding</b>	10,000	5,000
<b>Construction Engineering &amp; Management</b>		45,000
<b>Utility Plant Construction</b>		
<b>Acct # 346 –Communication Equipment</b>		
<b>Electrical &amp; Controls</b>		<u>460,000</u>
		\$575,000
<b>Omissions &amp; Contingencies</b>		<u>50,000</u>
	<u>\$90,000</u>	\$625,000
<b>AFUDC</b>	<u>4,000</u>	<u>25,000</u>
<b>TOTAL</b>	<u>\$94,000</u>	\$650,000

KENTUCKY-AMERICAN WATER COMPANY

DISTRIBUTED CONTROL SYSTEM IMPROVEMENTS  
IP-01-03

DESCRIPTION OF ACTIVITY	ENTITY RESP.	2001																
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	thru Sep	Oct	Nov	Dec					
PRELIMINARY DESIGN	SYS. ENG.																	
BIDDING	SYS. ENG.																	
KAWC ENGINEERING LIAISON	WAT. CO.																	
HARDWARE PURCHASE	SYS. ENG.																	
INTEGRATION	SYS. ENG.																	
TECHNICAL REVIEW SERVICES	SYS. ENG.																	
KAWC INTEGRATION LIAISON	WAT. CO.																	
CASH FORECAST		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,500	\$4,500	\$4,500	\$4,500	\$5,000





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

*Project ID - 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

INVESTMENT PROJECT REVIEW		
DEPARTMENT	BY	DATE
ENGINEERING	<i>John S. Young</i>	9-16-00
WATER QUALITY	<i>Richard Moore</i>	9/18/00
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		
<i>Ray W. Mumby II</i>		9/25/00
PRESIDENT		

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.

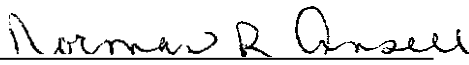
Kentucky-American Water Company  
Proposed 2001 Investment Project  
Distributed Control System Improvements  
September 13,2000


## 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. (S)

  
Richard E. Hubel, P.E.  
Director - Design

**KENTUCKY-AMERICAN WATER COMPANY  
DISTRIBUTED CONTROL SYSTEM IMPROVEMENTS**

**Detailed Cost Estimate**

<b>Item</b>	<b>Category</b>	<b>Estimate</b>
Design	Company	\$70,000
Bidding	Company	10,000
KAWC Engineering	Company	<u>10,000</u>
		\$90,000
AFUDC		<u>4,000</u>
		\$94,000

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Kentucky-American Water Company Proposed Investment Project 01- Distributed Control System Improvements 2001													
Description of Activity	Entity Responsible	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
		Design Concept	System Engineering										
Detailed Design	System Engineering												
Bidding & Award	System Engineering												
Cash Forecast	\$90,000	\$2,000	\$3,000	\$3,000	\$5,000	\$10,000	\$15,000	\$15,000	\$15,000	\$12,000	\$5,000	\$3,000	\$2,000
AFUDC	\$4,000	\$10	\$30	\$50	\$80	\$140	\$240	\$350	\$470	\$575	\$650	\$695	\$710
Total	\$94,000	\$2,010	\$3,030	\$3,050	\$5,080	\$10,140	\$15,240	\$15,350	\$15,470	\$12,575	\$5,650	\$3,695	\$2,710

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 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before Tax	7.38%
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	\$ 650,000
Investment by Others	0
Net Investment Financed by Company	\$ 650,000
New Common Equity	\$ 260,000
New Long Term Debt	390,000

<u>Total Revenue Requirement</u>		<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income		\$ 75,270	11.58%
Depreciation Rate	4.790%	31,135	4.79%
Property Tax Rate	0.7037%	4,574	0.70%
Change in Operation & Maint. Expense		0	0.00%
Revenue from New Customers		0	0.00%
Total Net Revenue Requirement		\$ 110,979	17.07%
Revenue Tax Rate	0.14537%	162	0.02%
Total Revenue Requirement		\$ 111,141	17.09%

Latest 12 Months Revenue - 06/30/2000	\$ 39,128,658
Required Price Increase	0.28%

Approved at  
Board of Directors Meeting  
October 11, 2000



# Kentucky-American Water Company

1025 Laurel Oak Road • PO. Box 1770 • Voorheer, New Jersey 08043 • (609) 346-8200

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

## KENTUCKY-AMERICAN WATER 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.

INVESTMENT PROJECT REVIEW		
DEPARTMENT	BY	DATE
ENGINEERING	<i>John J. Young</i>	8-21-00
WATER QUALITY	N/A	8/24
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		9/25/00
<i>Ray W. Hinkle</i>		
PRESIDENT		

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

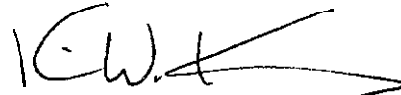
## DISCUSSION

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 split 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.

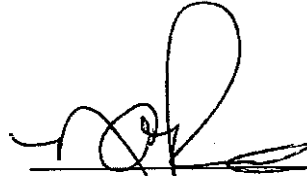
Kentucky-American Water Company  
Proposed 2001 IP 01-  
Russell Cave Road Pumped Storage Facilities  
September 5, 2000  
Page 3

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.



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Kevin W. Kennoy  
Operations Engineer



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Nick O. Rowe  
Vice President – Operations

NOR/kwk

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

**Detailed Cost Estimate**

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

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9/21/00  
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**KENTUCKY-AMERICAN WATER COMPANY**  
**PROPOSED DESIGN INVESTMENT PLAN PROJECT 01-**  
**Russell Cave Road Pumped Storage Facilities**

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2001												TOTAL 2001			
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC				
Design	Consultant																\$ 65,000
Administration	KAWC																\$ 5,000
Surveying	Consultant																\$ 4,000
Land Purchase	KAWC														\$ 2,200	\$ 44,000	\$ 46,200
Legal	Consultant																\$ 15,000
<b>SUB-TOTAL</b>				\$ 26,000	\$ 11,000	\$ 26,000	\$ 26,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,200	\$ 44,000	\$ 135,200
O&C (6%)				\$ 1,250	\$ 550	\$ 1,300	\$ 1,300	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110	\$ 2,200	\$ 6,760
Overhead (2%)				\$ 500	\$ 220	\$ 520	\$ 520	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44	\$ 880	\$ 2,704
AFUDC				\$ 94	\$ 229	\$ 368	\$ 664	\$ 664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 676	\$ 662	\$ 5,266
<b>CASH FORECAST</b>				\$ 26,844	\$ 11,999	\$ 28,188	\$ 1,734	\$ -	\$ 668	\$ 668	\$ 668	\$ 668	\$ 3,030	\$ 47,742	\$ 149,920		

**KENTUCKY-AMERICAN WATER COMPANY**  
**PROPOSED DESIGN INVESTMENT PLAN PROJECT 01-**  
**Russell Cave Road Pumped Storage Facilities**

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2002												TOTAL 2002	Project Total				
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC						
Design	Consultant																\$ 10,000	\$ 75,000	
Administration	KAWC																	\$ -	\$ 5,000
Surveying	Consultant																	\$ -	\$ 4,000
Land Purchase	KAWC																\$ -	\$ 35,000	\$ 81,200
Legal	Consultant																\$ -	\$ 15,000	
SUB-TOTAL																	\$ 45,000	\$ 180,200	
O&C (5%)																	\$ 2,250	\$ 9,010	
Overhead (2%)																	\$ 900	\$ 3,604	
AFUDC																	\$ 1,466	\$ 6,722	
CASH FORECAST																	\$ 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 Requirement

Authorized Rate of Return on Common Equity	11.00%
Federal Income Tax Rate	35.00%
Return on Common Equity before FIT	<u>16.92%</u>
State Income Tax Rate	8.25%
Required Rate of Return on CE for Project	<u>18.44%</u>
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before Tax	<u><u>7.38%</u></u>
Long Term Debt Ratio for Project	60.00%
Estimated Cost Rate for New Debt	7.00%
Weighted Cost of Debt	<u><u>4.20%</u></u>
Total Pre-Tax Cost of Capital	<u><u>11.58%</u></u>

Total Estimated Cost of Project	\$ 1,500,000
Investment by Others	0
Net Investment Financed by Company	<u>\$ 1,500,000</u>
New Common Equity	\$ 600,000
New Long Term Debt	900,000

<u>Total Revenue Requirement</u>		<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income		\$ 173,700	11.58%
Depreciation Rate	2.200%	33,000	2.20%
Property Tax Rate	0.7037%	10,556	0.70%
Change in Operation & Maint. Expense		0	0.00%
Revenue from New Customers		0	0.00%
Total Net Revenue Requirement		<u>\$ 217,256</u>	<u>14.48%</u>
Revenue Tax Rate	0.14537%	316	0.02%
Total Revenue Requirement		<u><u>\$ 217,572</u></u>	<u><u>14.50%</u></u>

Latest 12 Months Revenue - 06/30/2000	<u>\$ 39,128,658</u>
Required Price Increase	<u><u>0.56%</u></u>

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

AW/CMF3.50  
ISSUE 1.0

Project **01-11** : 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 budget 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 **no** risk associated with this project. Kentucky American Water would like to continue to work with the Owen County Judge Executive to leverage available grant monies for extensions into **unserved** areas.

**2.0** INTRODUCTION

The project is at 90% complete. The tank has been placed in service and water is on some of the mains. This work will be spent in December 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,

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 approval for the increase in total expenditures of \$315,000 for a total project cost of \$2,115,000 and an extension

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

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of project completion until February 2004.

PROJECT REVIEW		
	Signature:	Date:
Asset Owner or nominated Asset Manager Capital Program Manager		
Operations Manager		
Project Manager (Deliverer)		
Finance Representative		
RECOMMENDED FOR APPROVAL - 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

The estimate shall be of estimated costs presented in sufficient detail to support the recommended expenditure. To facilitate "budget to actual" expenditure analysis, the primary 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 construction items will follow the 1984 NARUC Water Utility Plant Cost 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 – SOUTHEAST REGION - KENTUCKY  
CAPITAL INVESTMENT MANAGEMENT COMMITTEE – 1112003

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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

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Author's Name(s)  
Date  
Version (1.0 for first submission)

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

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**Revision History:**

<b>Version</b>	<b>Date</b>	<b>Summary of Changes</b>
1.0	11110103	Issue

**KENTUCKY AMERICAN WATER**  
**REVISED INVESTMENT PLAN PROJECT 01-11**  
**NEW COLUMBUS MAIN EXTENSIONS**  
**TRI-VILLAGE WATER DISTRICT - OWEN COUNTY**

ITEM	RESPONSIBLE ENTITY	TOTAL ORIGINAL ESTIMATED COST	TOTAL REVISED ESTIMATED COST
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
	<i>Estimate</i>	\$ 1,800,000	\$ 2,115,000.00

KENTUCKY AMERICAN WATER

REVISED INVESTMENT PLAN PROJECT 01-11

NEW COLUMBUS MAIN EXTENSIONS

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2003												TOTAL 2003																																																																																																																																																																																																																																																																																																																																																																																																																																						
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Administration	KAWC																																		\$ 10,000	Design	Consultant																																		\$ 441,170	Materials	KAWC																																		\$ 440,000	Inspection	KAWC																																		\$ 43,500	Construction	Contractor																																		\$ 950,760																																																																																																																																																																			SUB-TOTAL																\$ 1,841,270	\$ 44,160	\$ 1,885,430	O&C																\$ -	\$ -	\$ -	Overhead																\$ -	\$ -	\$ -	AFUDC																37,930	-	\$ 37,930	CASH FORECAST																\$ 1,879,200	\$ 44,160	\$ 1,923,360
																	\$ 10,000	Design	Consultant																																		\$ 441,170	Materials	KAWC																																		\$ 440,000	Inspection	KAWC																																		\$ 43,500	Construction	Contractor																																		\$ 950,760																																																																																																																																																																			SUB-TOTAL																\$ 1,841,270	\$ 44,160	\$ 1,885,430	O&C																\$ -	\$ -	\$ -	Overhead																\$ -	\$ -	\$ -	AFUDC																37,930	-	\$ 37,930	CASH FORECAST																\$ 1,879,200	\$ 44,160	\$ 1,923,360																		
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KENTUCKY AMERICAN WATER  
ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL  
SPENDING PROPOSAL  
NEW COLUMBUS MAIN EXTENSIONS  
REVISED 12-03-03

Determination of Revenue Requirement

Authorized Rate of Return on Common 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before Tax	7.38%
Long Term Debt Ratio for Project	60.00%
Estimated Cost Rate for New Debt	6.30%
Weighted Cost of Debt	3.78%
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

Total Revenue Requirement

	<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income	\$ 236,034	11.16%
Depreciation Rate	24,957	1.18%
Property Tax Rate	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	137	0.01%
Total Revenue Requirement	\$ 94,911	4.49%

Latest 12 Months Revenue - 11/30/2002	\$ 753,801
Required Price Increase	12.59%



# 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 for design, property acquisition and construction.

INVESTMENT PROJECT REVIEW		
DEPARTMENT	BY	DATE
ENGINEERING	<i>[Signature]</i>	10-1-01
WATER QUALITY	N/A <i>[Signature]</i>	
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		
<i>[Signature]</i>		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

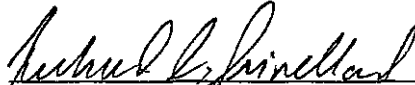
Kentucky-American Water Company (KAWC) closed the acquisition of the Tri-Village Water District in Owen County (TVWD) on August 2, 2001. The acquisition was approved by the KAWC Board of Directors under IP 01-08.

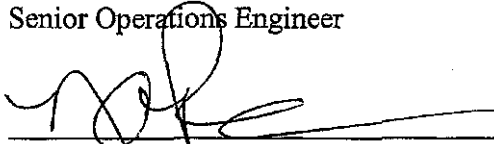
During negotiations with TVWD Board of Directors, it was agreed as part of the merger that KAWC would invest \$1,800,000 towards the design and construction of water mains, water storage tank and booster pumps as required to feed the New Columbus area of Owen County. The estimated \$1,800,000 amount 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 ESTIMATED 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

**KENTUCKY-AMERICAN WATER COMPANY**  
**PROPOSED DESIGN INVESTMENT PLAN PROJECT 01-11**  
**NEW COLUMBUS MAIN EXTENSIONS**

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2001												TOTAL 2001				
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec					
Administration	KAWC																	\$ 4,500
Design	Consultant																	\$ 42,500
Materials	KAWC																	
Inspection	KAWC																	
Construction	Contractor																	
<b>SUB-TOTAL</b>															\$ 1,000	\$ 8,500	\$ 37,500	\$ 47,000
O&C (5%)															\$ 50	\$ 430	\$ 1,880	\$ 2,360
Overhead (2%)															\$ 20	\$ 170	\$ 750	\$ 940
AFUDC																30	180	\$ 210
<b>CASH FORECAST</b>															\$ 1,070	\$ 9,130	\$ 40,310	\$ 50,510



DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2001 & 02 Carryover	2003												TOTAL 2003					
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec						
Administration	KAWC	\$ 10,000																\$ -		
Design	Consultant	\$ 125,000																	\$ -	
Materials	KAWC	\$ 375,000																	\$ 125,000	
Inspection	KAWC	\$ 19,250																	\$ 19,250	
Construction	Contractor	\$ 750,000																	\$ 175,000	
SUB-TOTAL		\$ 1,279,250	\$ 163,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 38,850	\$ 319,250	
		\$ -																		
O&C (5%)		\$ 63,980	\$ 8,190	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 15,950
		\$ -																		
Overhead (2%)		\$ 25,590	\$ 3,280	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 780	\$ 6,400
		\$ -																		
AFUDC		\$ 36,370	\$ 9,530	\$ 9,380	\$ 9,870	\$ 9,630	\$ 9,870	\$ 9,870	\$ 9,870	\$ 10,110										\$ 48,520
		\$ -																		
CASH FORECAST		\$ 1,405,200	\$ 184,850	\$ 50,950	\$ 51,200	\$ 51,440	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 51,680	\$ 390,120

KENTUCKY-AMERICAN WATER COMPANY

PROPOSED DESIGN INVESTMENT PLAN PROJECT 01-11

NEW COLUMBUS MAIN EXTENSIONS



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 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before 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	\$ 1,800,000
Investment by Others	0
Net Investment Financed by Company	\$ 1,800,000
New Common Equity	\$ 720,000
New Long Term Debt	1,080,000

<u>Total Revenue Requirement</u>		<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income		\$ 219,240	12.18%
Depreciation Rate	1.180%	21,240	1.18%
Property Tax Rate	0.8810%	15,858	0.88%
Change in Operation & Maint. Expense		0	0.00%
Revenue from New Customers		(134,400)	-7.47%
Total Net Revenue Requirement		\$ 121,938	6.77%
Revenue Tax Rate	0.14537%	178	0.01%
Total Revenue Requirement		\$ 122,116	6.78%

Latest 12 Months Revenue - 06/30/2001	\$ 701,502
Required Price Increase	17.41%



# 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 02-01 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	<i>[Signature]</i>	10-1-01
WATER QUALITY	N/A <i>[Signature]</i>	
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		10.24.01
<i>[Signature]</i> 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.

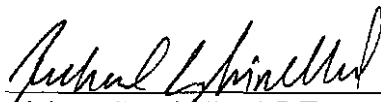
In recent years, individual customers including industrial customers, Midway, FMC and the VA Hospital have increased their demands due to expansions. Additionally, the first four miles of the above mentioned corridor is experiencing rapid growth for residential and commercial customers. A 16-inch main 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. Svinland, P.E.  
Senior Operations Engineer



Nick O. Rowe  
Vice President - Operations

NOR/rcs

**KENTUCKY-AMERICAN WATER COMPANY**  
**PROPOSED INVESTMENT PROJECT 02-01**  
**LEESTOWN ROAD WATER LINE IMPROVEMENTS**

ITEM	RESPONSIBLE ENTITY	TOTAL ESTIMATED COST
Administration	KAWC	\$ 10,000
Design, Bidding, & Easements	Engineer Consultant	\$ 130,000
Materials	KAWC	\$ 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



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 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before Tax	7.38%

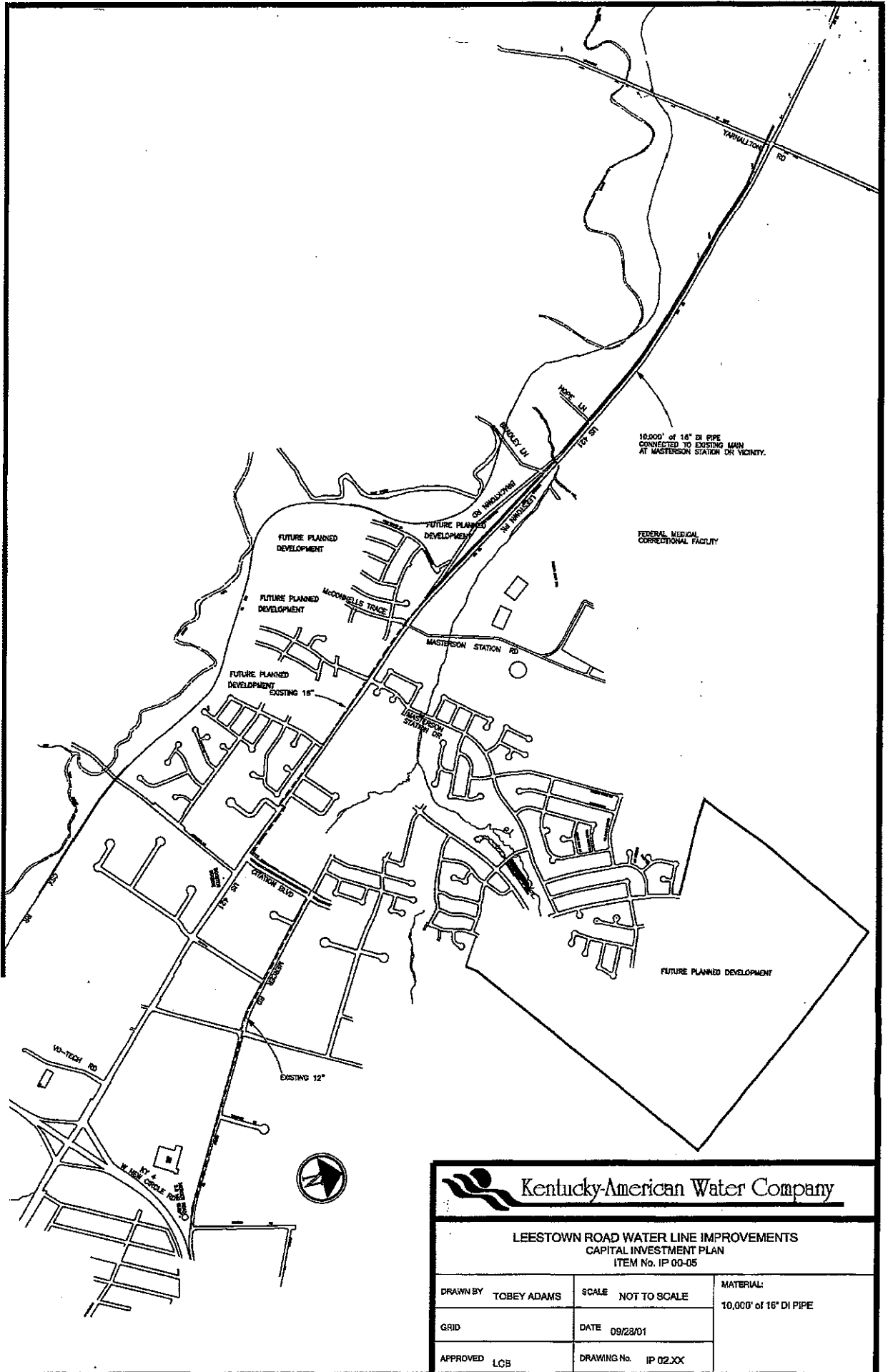
Long Term Debt Ratio for Project	60.00%
Estimated Cost Rate for New Debt	8.00%
Weighted Cost of Debt	4.80%


Total Pre-Tax Cost of Capital	12.18%
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Total Estimated Cost of Project	\$ 700,000
Investment by Others	0
Net Investment Financed by Company	\$ 700,000
New Common Equity	\$ 280,000
New Long Term Debt	420,000

<u>Total Revenue Requirement</u>		<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income		\$ 85,260	12.18%
Depreciation Rate	1.180%	8,260	1.18%
Property Tax Rate	0.7037%	4,926	0.70%
Change in Operation & Maint. Expense		0	0.00%
Revenue from New Customers		0	0.00%
Total Net Revenue Requirement		\$ 98,446	14.06%
Revenue Tax Rate	0.14537%	143	0.02%
Total Revenue Requirement		\$ 98,589	14.08%

Latest 12 Months Revenue - 06/30/2001	\$ 40,071,359
Required Price Increase	0.25%





**Kentucky-American Water Company**

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**LEESTOWN ROAD WATER LINE IMPROVEMENTS**  
 CAPITAL INVESTMENT PLAN  
 ITEM No. IP 00-05

DRAWN BY TOBEY ADAMS	SCALE NOT TO SCALE	MATERIAL: 10,000' of 16" DI PIPE
GRID	DATE 09/23/01	
APPROVED LCB	DRAWING No. IP 02,XX	



**AMERICAN WATER – SOUTHEAST REGION**  
**CAPITAL INVESTMENT MANAGEMENT COMMITTEE – 03/08/2004**

**AW/CMF3.50**  
**ISSUE 1.1**

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Project **12020203** : Replace Traveling Screens at Kentucky River Station Intake  
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 Project 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.

- 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.

**AMERICAN WATER – SOUTHEAST REGION**  
**CAPITAL INVESTMENT MANAGEMENT COMMITTEE – 03/08/2004**

**AW/CMF3.50**  
**ISSUE 1.1**

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**APPENDICES**

- A1    PCA Control Data Sheet**  
      Associated form = CMF3.55 – appropriately signed.
- A2    Detailed Estimate of Cost**
- A3    Economic Analysis**
- A4    Schedule / Forecast**

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**Shannyn Walker**  
**March 8, 2004**  
**Version 1.0**

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**AMERICAN WATER – SOUTHEAST REGION**  
**CAPITAL INVESTMENT MANAGEMENT COMMITTEE – 03/08/2004**

**AW/CMF3.50**  
**ISSUE 1.1**

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**Revision History:**

**(When using the template, delete this table – it is for template revision purposes only)**

<b>Version</b>	<b>Date</b>	<b>Summary of Changes</b>
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**

ITEM	RESPONSIBLE ENTITY	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST
Administration	KAWC	\$ 4,500	\$ 5,831
Materials	KAWC	\$ 260,000	\$ 225,414
Construction	Contractor	\$ 150,000	\$ 378,654
	Manufacturer ReplInspection	\$ -	\$ 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

**KENTUCKY-AMERICAN WATER COMPANY**  
 REVISED - PROPOSED INVESTMENT PLAN PROJECT 02-013

**REPLACE TRAVELING SCREENS AT KENTUCKY RIVER STATION INTAKE**

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2004												TOTAL 2004	TOTAL PROJECT				
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC						
Administration	KAW	\$ 500	\$ 500	\$ 500	\$ 1,331	\$ 1,000	\$ 1,000	\$ 1,000									\$ 5,831	\$ 5,831	
Materials	KAW		\$ 225,414															\$ 225,414	\$ 225,414
Contract Labor	Contractor/Manufacturer Rep and Inspector		\$ 805		\$ 40,000	\$ 60,000	\$ 150,000	\$ 50,000	\$ 85,849									\$ 386,654	\$ 386,654
SUB-TOTAL		\$ 500	\$ 226,719	\$ 500	\$ 41,331	\$ 61,000	\$ 151,000	\$ 51,000	\$ 85,849	\$ -							\$ 617,899	\$ 617,899	
O&C (+/- 3%)		\$ 20	\$ 6,800	\$ 20	\$ 1,240	\$ 1,830	\$ 4,530	\$ 1,530	\$ 2,560	\$ -							\$ 18,550	\$ 18,550	
Overhead (+/- 2%)		\$ 10	\$ 4,670	\$ 10	\$ 850	\$ 1,260	\$ 3,110	\$ 1,050	\$ 1,770	\$ -							\$ 12,730	\$ 12,730	
AFUDC		\$ -	\$ 870	\$ 1,740	\$ 1,900	\$ 2,300	\$ 3,110	\$ 3,880	\$ 4,410	\$ -							\$ 18,210	\$ 18,210	
CASH FORECAST		\$ 530	\$ 239,059	\$ 2,270	\$ 45,321	\$ 66,390	\$ 161,750	\$ 57,460	\$ 94,609	\$ -							\$ 667,389	\$ 667,389	

**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	11.00%
Federal Income Tax Rate	35.00%
Return on Common Equity before FIT	<u>16.92%</u>
State Income Tax Rate	8.25%
Required Rate of Return on CE for Project	<u>18.44%</u>
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before Tax	<u><u>7.38%</u></u>
Long Term Debt Ratio for Project	60.00%
Estimated Cost Rate for New Debt	8.00%
Weighted Cost of Debt	<u><u>4.80%</u></u>

Total Pre-Tax Cost of Capital 12.18%

Total Estimated Cost of Project	\$ 667,389
Investment by Others	0
Net Investment Financed by Company	<u>\$ 667,389</u>
New Common Equity	\$ 266,956
New Long Term Debt	400,433

Total Revenue Requirement

	<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income	\$ 81,288	12.18%
Depreciation Rate	3.140%	20,956
Property Tax Rate	0.7037%	4,696
Change in Operation & Maint. Expense	0	0.00%
Revenue from New Customers	0	0.00%
Total Net Revenue Requirement	<u>\$ 106,940</u>	<u>16.02%</u>
Revenue Tax Rate	0.14537%	156
Total Revenue Requirement	<u><u>\$ 107,096</u></u>	<u><u>16.04%</u></u>

Latest 12 Months Revenue - 06/30/2001	<u>\$ 40,071,359</u>
Required Price Increase	<u><u>0.27%</u></u>



# Kentucky-American Water Company

1025 Laurel Oak Road ■ PO. Sox 1770 • Voorhees, New Jersey 08043 • (609) 346-8200

August 24, 2001

IP 02-63

Project No. 11206

## 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	<i>John S. Young</i>	10-02-01
WATER QUALITY	N/A <i>JSY</i>	
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		10-24-01
<i>[Signature]</i>		
PRESIDENT		



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

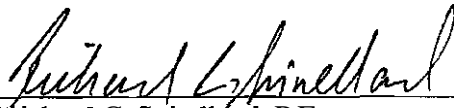
### DISCUSSION


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 than 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**

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





KENTUCKY-AMERICAN WATER COMPANY  
ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL  
SPENDING PROPOSAL  
REPLACE TRAVELING SCREENS AT KENTUCKY RIVER STATION INTAKE

Determination of Revenue Requirement

Authorized Rate of Return on Common Equity	11.00%
Federal Income Tax Rate	35.00%
Return on Common Equity before FIT	<u>16.92%</u>
State Income Tax Rate	<u>8.25%</u>
Required Rate of Return on CE for Project	18.44%
Common Equity Ratio for Project	<u>40.00%</u>
Weighted Cost of Common Equity before Tax	<u><u>7.38%</u></u>

Long Term Debt Ratio for Project	60.00%
Estimated Cost Rate for New Debt	<u>8.00%</u>
Weighted Cost of Debt	<u><u>4.80%</u></u>

Total Pre-Tax Cost of Capital	<u><u>12.18%</u></u>
-------------------------------	----------------------

Total Estimated Cost of Project	\$ 446,820
Investment by Others	0
Net Investment Financed by Company	<u>\$ 446,820</u>
New Common Equity	\$ 178,728
New Long Term Debt	268,092

<u>Total Revenue Requirement</u>		<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income		\$ 54,423	12.18%
Depreciation Rate	3.140%	14,030	3.14%
Property Tax Rate	0.7037%	3,144	0.70%
Change in Operation & Maint. Expense		(25,000)	-5.60%
Revenue from New Customers		0	0.00%
Total Net Revenue Requirement		<u>\$ 46,597</u>	10.42%
Revenue Tax Rate	0.14537%	68	0.02%
Total Revenue Requirement		<u><u>\$ 46,665</u></u>	10.44%

Latest 12 Months Revenue - 06/30/2001	<u><u>\$ 40,071,359</u></u>
Required Price Increase	<u><u>0.12%</u></u>



# 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.

INVESTMENT PROJECT REVIEW		
DEPARTMENT	BY	DATE
ENGINEERING	<i>John S. Yang</i>	3-30-02
WATER QUALITY	<i>Richard Moore</i>	4/1/02
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		
<i>[Signature]</i>		4-4-02
PRESIDENT		

Kentucky-American Water Company  
Water Supply Project Development  
Proposed 2002 IP 02- ~~04~~  
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 problem 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 02-04**  
**WATER SUPPLY PROJECT DEVELOPMENT**

ITEM	RESPONSIBLE ENTITY	TOTAL ESTIMATED 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

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	Priors	2002												TOTAL 2002	
			JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC		
Project Development	KAWC					\$ 22,000	\$ 2,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 10,000	\$ 3,000	\$ 3,000	\$ 4,000	\$ 1,000	\$ 45,800
Legal Services	Consultant				\$ 30,000	\$ 3,000	\$ 12,000	\$ 15,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 182,000
Professional Services	Consultant				\$ 22,000	\$ 2,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 2,000	\$ 2,000	\$ 28,500
SUB-TOTAL		\$167,000				\$ 52,000	\$ 7,500	\$ 16,000	\$ 22,000	\$ 28,000	\$ 30,000	\$ 35,000	\$ 22,000	\$ 18,800	\$ 231,300	
O&C (+/- 3%)						\$ 1,560	\$ 230	\$ 480	\$ 660	\$ 840	\$ 900	\$ 1,050	\$ 660	\$ 560	\$ 6,940	
Overhead (+/- 2%)						\$ 1,070	\$ 150	\$ 330	\$ 460	\$ 580	\$ 620	\$ 720	\$ 450	\$ 390	\$ 4,760	
AFUDC																
CASH FORECAST		\$167,000				\$ 54,630	\$ 7,880	\$ 16,810	\$ 23,110	\$ 29,420	\$ 31,520	\$ 36,770	\$ 23,110	\$ 19,750	\$ 243,000	

H:\Engineering\PS102-XXX Water Supply Project Development\Water Supply Project Development-detail cost  
2002  
3/27/2002

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

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2003												TOTAL 2003	TOTAL PROJECT		
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC				
Project Development	KAWC	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 82,370	\$ 128,170
Legal Services	Consultant	\$ 20,000	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 100,000	\$ 262,000
Professional Services	Consultant	\$ 20,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000										\$ 8,000	\$ 31,500
SUB-TOTAL		\$ 32,000	\$ 27,000	\$ 22,000	\$ 22,000	\$ 17,500	\$ 15,000	\$ 12,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 190,370	\$ 578,670
O&C (+/- 3%)		\$ 960	\$ 810	\$ 680	\$ 660	\$ 530	\$ 450	\$ 360	\$ 210	\$ 210	\$ 210	\$ 210	\$ 210	\$ 210	\$ 210	\$ 5,720	\$ 12,660
Overhead (+/- 2%)		\$ 660	\$ 560	\$ 450	\$ 450	\$ 360	\$ 310	\$ 250	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 140	\$ 3,910	\$ 8,670
AFUDC																	
CASH FORECAST		\$ 33,620	\$ 28,370	\$ 23,110	\$ 23,110	\$ 18,390	\$ 15,760	\$ 12,610	\$ 7,350	\$ 7,350	\$ 7,350	\$ 7,350	\$ 7,350	\$ 7,350	\$ 7,350	\$ 200,000	\$ 600,000

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

Determination of Revenue Requirement

Authorized Rate of Return on Common Equity	11.00%
Federal Income Tax Rate	35.00%
Return on Common Equity before FIT	<u>16.92%</u>
State Income Tax Rate	<u>8.25%</u>
Required Rate of Return on CE for Project	<u>18.44%</u>
Common Equity Ratio for Project	<u>40.00%</u>
Weighted Cost of Common Equity before Tax	<u><u>7.38%</u></u>
Long Term Debt Ratio for Project	60.00%
Estimated Cost Rate for New Debt	8.00%
Weighted Cost of Debt	<u><u>4.80%</u></u>
Total Pre-Tax Cost of Capital	<u><u>12.18%</u></u>

Total Estimated Cost of Project	\$ 600,000
Investment by Others	0
Net Investment Financed by Company	<u><u>\$ 600,000</u></u>
New Common Equity	\$ 240,000
New Long Term Debt	360,000

<u>Total Revenue Requirement</u>		<u>Amount</u>	<u>Rate</u>
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		<u>\$ 85,126</u>	<u>14.18%</u>
Revenue Tax Rate	0.14537%	124	0.02%
Total Revenue Requirement		<u><u>\$ 85,250</u></u>	<u><u>14.20%</u></u>

Latest 12 Months Revenue - 12/31/2001	<u><u>\$ 41,477,827</u></u>
Required Price Increase	<u><u>0.21%</u></u>



# 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 03-01 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.

INVESTMENT PROJECT REVIEW		
DEPARTMENT	BY	DATE
ENGINEERING	<i>[Signature]</i>	12-3-02
WATER QUALITY	N/A <i>[Signature]</i>	
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		
<i>[Signature]</i>		12/9/02
PRESIDENT		

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- ~~01~~  
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.

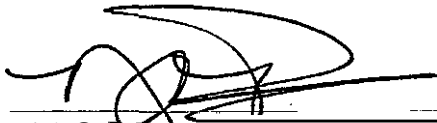
Land acquisition costs are likely to be higher than usual because the proposed site is in an urban area. Additional SCADA logic will be required to ensure adequate operations of the tank for sustained water quality during moderate demand periods.

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 be 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**  
**ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL**  
**SPENDING PROPOSAL**  
**2 MG ELEVATED STORAGE TANK**

Determination of Revenue Requirement

Authorized Rate of Return on Common Equity	11.00%
Federal Income Tax Rate	35.00%
Return on Common Equity before FIT	<u>16.92%</u>
State Income Tax Rate	8.25%
Required Rate of Return on CE for Project	<u>18.44%</u>
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before Tax	<u><u>7.38%</u></u>
Long Term Debt Ratio for Project	60.00%
Estimated Cost Rate for New Debt	8.00%
Weighted Cost of Debt	<u><u>4.80%</u></u>
Total Pre-Tax Cost of Capital	<u><u>12.18%</u></u>

Total Estimated Cost of Project	\$ 3,000,000
Investment by Others	0
Net Investment Financed by Company	<u><u>\$ 3,000,000</u></u>
New Common Equity	\$ 1,200,000
New Long Term Debt	1,800,000

	<u>Amount</u>	<u>Rate</u>
<u>Total Revenue Requirement</u>		
Required Pre-Tax Operating Income	\$ 365,400	12.18%
Depreciation Rate	35,400	1.180%
Property Tax Rate	21,111	0.7037%
Change in Operation & Maint. Expense	0	0.00%
Revenue from New Customers	0	0.00%
Total Net Revenue Requirement	<u>\$ 421,911</u>	<u>14.06%</u>
Revenue Tax Rate	614	0.14537%
Total Revenue Requirement	<u><u>\$ 422,525</u></u>	<u><u>14.08%</u></u>

Latest 12 Months Revenue - 09/30/2002	<u><u>\$ 42,262,154</u></u>
Required Price Increase	<u><u>1.00%</u></u>

**AMERICAN WATER – SOUTHEAST REGION**  
**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-wide boil water advisory. After extensive review, it was recommended that reliability 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 change 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

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.
- 3.3 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.
- 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 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**

- 6.1 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**

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**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**

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Linda Bridwell  
March 11, 2004  
Version 1.0

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**KENTUCKY AMERICAN WATER**  
**PROJECT 12020303**  
**RELIABILITY IMPROVEMENTS**

ITEM	RESPONSIBLE ENTITY	TOTAL ESTIMATED 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



KENTUCKY-AMERICAN WATER COMPANY  
PROJECT 12020303  
RELIABILITY IMPROVEMENTS

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	Priors	2004												TOTAL 2004		
			JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC			
4 kV Transformer at KRS	KAW		\$ 17,142	\$ 6,233					\$ 10,000	\$ 150,000	\$ 50,000	\$ 50,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 81,800	\$ 481,800
Sectionalizing Breaker	Kentucky Utilities																\$ 50,000
Ball Valve Improvements	KAW	\$7,229	\$ 17,142	\$ 6,233	\$ 19,400					\$ 25,000	\$ 15,000						\$ 50,004
Tales Creek Tank Retrofit	KAW/Cont.										\$ 10,000	\$ 50,000	\$ 40,000	\$ 30,000	\$ 20,000		\$ 150,000
Tank SCADA programming	KAW/Cons.		\$ 10,000														\$ 10,000
SUB-TOTAL			\$ 17,142	\$ 16,233	\$ 19,400	\$ -	\$ -	\$ 10,000	\$ 75,000	\$ 75,000	\$ 100,000	\$ 90,000	\$ 130,000	\$ 120,000	\$ 120,000	\$ 81,800	\$ 734,575
O&C (+/- 3%)					\$ 580	\$ -	\$ -	\$ 300	\$ 2,250	\$ 2,250	\$ 3,000	\$ 2,700	\$ 3,900	\$ 3,600	\$ 2,450	\$ -	\$ 21,030
Overhead (+/- 2%)					\$ 400	\$ -	\$ -	\$ 210	\$ 1,550	\$ 1,550	\$ 2,060	\$ 1,850	\$ 2,680	\$ 2,470	\$ 1,690	\$ -	\$ 14,460
AFUDC					\$ 309	\$ 383	\$ 383	\$ 423	\$ 742	\$ -	\$ -	\$ 1,734	\$ 2,022	\$ 2,234	\$ 2,324	\$ -	\$ 10,171
CASH FORECAST		\$0	\$ 17,142	\$ 16,233	\$ 20,689	\$ 383	\$ 383	\$ 10,933	\$ 78,542	\$ 78,542	\$ 105,060	\$ 96,284	\$ 136,602	\$ 128,304	\$ 86,264	\$ -	\$ 780,236

KENTUCKY-AMERICAN WATER COMPANY

PROJECT 12020303

RELIABILITY IMPROVEMENTS

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2005												TOTAL 2005	TOTAL PROJECT		
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC				
4 kV Transformer at KRS	KAW	\$ 100,000	\$ 100,000	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,000	\$ 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/Conts.																\$ 10,000
SUB-TOTAL		\$ 100,000	\$ 100,000	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,000	\$ 1,031,804
O&C (+/- 3%)		\$ 3,000	\$ 3,000	\$ 2,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,700	\$ 29,730
Overhead (+/- 2%)		\$ 2,060	\$ 2,060	\$ 1,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,970	\$ 20,430
AFUDC		\$ 372	\$ 1,118.9	\$ 1,834	\$ 2,182	\$ 2,197	\$ 2,213	\$ 2,226								\$ 12,144	\$ 22,315
CASHFORECAST		\$ 105,432	\$ 106,179	\$ 96,384	\$ 2,182	\$ 2,197	\$ 2,213	\$ 2,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,814	\$ 1,100,000

KENTUCKY AMERICAN WATER  
ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL  
PENDING PROPOSAL  
ABILITY IMPROVEMENT

Determination of Revenue Requirement

Authorized Rate of Return on Common 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before 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

<u>Total Revenue Requirement</u>	<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income	\$ 133,980	12.18%
Depreciation Rate	52,690	4.79%
Property Tax Rate	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	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%



# Kentucky-American Water Company

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

November 15, 2002

IP 03-03

Project No. 112

## KENTUCKY-AMERICAN WATER 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.

INVESTMENT PROJECT REVIEW		
DEPARTMENT	BY	DATE
ENGINEERING	<i>[Signature]</i>	11-26-02
WATER QUALITY	N/A	
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		
<i>[Signature]</i>		12/9/02
PRESIDENT		

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 03-03  
 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.

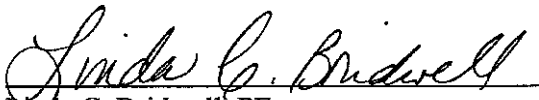
In a future event, within the first five to fifteen minutes, the pumped storage facilities would be activated automatically, to further stabilize system pressures. The RRS operator would be able to increase the production rate of the plant in this time period to further stabilize system pressures. Electric 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.

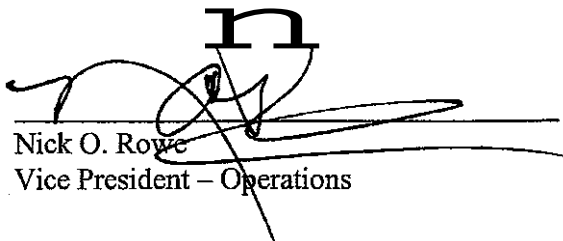
In order to provide immediate reliability improvements that will be further enhanced by future elevated storage, the following improvements are included under this Investment Project. KAWC will have KU install sectionalizing breakers at its substation and necessary electrical equipment adjustments, thus 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

Kentucky-American Water Company  
Reliability Improvements  
Proposed 2003 IP 03-03  
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**

<u>Determination of Revenue Requirement</u>			
Authorized Rate of Return on Common 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 Project			18.44%
Common Equity Ratio for Project			40.00%
Weighted Cost of Common Equity before Tax			<u>7.38%</u>
Long Term Debt Ratio for Project			60.00%
Estimated Cost Rate for New Debt			8.00%
Weighted Cost of Debt			<u>4.80%</u>
Total Pre-Tax Cost of Capital			<u>12.18%</u>
Total Estimated Cost of Project			\$ 1,320,000
Investment by Others			0
Net Investment Financed by Company			<u>\$ 1,320,000</u>
New Common Equity	\$ 528,000		
New Long Term Debt	792,000		
<u>Total Revenue Requirement</u>		<u>Amount</u>	<u>Rate</u>
Required rate of Return on Equity		\$ 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		<u>\$ 233,293</u>	<u>17.67%</u>
Revenue Tax Rate	0.14537%	340	0.03%
Total Revenue Requirement		<u>\$ 233,633</u>	<u>17.70%</u>
Latest 12 Months Revenue - 09/30/2002		<u>\$ 42,262,154</u>	
Required Price Increase		<u>0.55%</u>	



**KENTUCKY-AMERICAN WATER COMPANY  
PROPOSED INVESTMENT PLAN PROJECT 03-03  
RELIABILITY IMPROVEMENTS**

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2004												TOTAL 2004	TOTAL PROJECT				
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC						
4 kv Transformer at KRS	KAWC	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 100,000	\$ 700,000	\$ 10,000									\$ 850,000	\$ 850,000	
Sectionalizing Breaker	Kentucky Utilities	\$ 10,000																\$ 10,000	\$ 200,000
Ball Valve Improvements	KAWC																	\$ -	\$ 25,000
Tates Creek Tank Retrofit	KAWC/Cont.																	\$ -	\$ 160,000
Tank SCADA programming	KAWC/Cons.																	\$ -	\$ 10,000
<b>SUB-TOTAL</b>		\$ 20,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 100,000	\$ 700,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 860,000	\$ 1,235,000	
O&C (+/- 3%)		\$ 600	\$ 300	\$ 300	\$ 300	\$ 3,000	\$ 21,000	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,800	\$ 37,050	
Overhead (+/- 2%)		\$ 410	\$ 210	\$ 210	\$ 210	\$ 2,080	\$ 14,420	\$ 210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,730	\$ 25,460	
AFUDC		\$ 74	\$ 186.6	\$ 262	\$ 339	\$ 750	\$ 3,732	\$ 6,401									\$ 11,745	\$ 18,475	
<b>CASH FORECAST</b>		\$ 21,084	\$ 10,697	\$ 10,772	\$ 10,849	\$ 105,810	\$ 739,152	\$ 16,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 915,275	\$ 1,320,000	



**KENTUCKY-AMERICAN WATER COMPANY**  
**PROPOSED INVESTMENT PLAN PROJECT 03- 03**  
**RELIABILITY IMPROVEMENTS**

ITEM	RESPONSIBLE ENTITY	TOTAL ESTIMATED 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

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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 will 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 Loudon 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

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**

5.1 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 will be completed when the road design is complete.

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

6.2 There will be 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

KENTUCKY AMERICAN WATER  
CAPITAL INVESTMENT MANAGEMENT COMMITTEE - Dec 2003

AW/CMF3.30  
ISSUE 1.0

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Construction Start	3/04
Substantial Completion	12/04
Take Over	12/04
Post Project Review	12/04

**9.0 ISSUES AND RISKS**

9.1 There is a risk of damage to the existing water lines if they are not moved timely. Additionally there is a risk for reduced customer service during construction.

**10.0 RECOMMENDATION**

10.1 The relocation of approximately 5,000 feet of water main in 2004 is recommended due to conflicts with road construction.

---

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

PROJECT REVIEW		
	Signature:	Date:
Asset Owner or nominated Asset Manager ■ Capital Program Manager		
Operations Manager		
Project Manager (Deliverer)		
Finance Representative		
<b>RECOMMENDED FOR APPROVAL - PNI Only</b>		
VP Technical Services		
Others (as nominated by VP Technical Services)		

APPENDICES

**A1** PNI Control Data Sheet  
None

KENTUCKY AMERICAN WATER  
CAPITAL INVESTMENT MANAGEMENT **COMMITTEE - Dec** 2003

AW/CMF3.30  
ISSUE 1.0

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**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 **I** Forecast

A bar chart is attached to this form.

KENTUCKY AMERICAN WATER  
CAPITAL INVESTMENT MANAGEMENT COMMITTEE – Dec 2003

AW/CMF3.30  
ISSUE 1.0

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Revision History:

Version	Date	Summary of Changes
1.0	12/18/03	Issue



**KENTUCKY AMERICAN WATER**  
**PROPOSED 2004 PROJECT NEED IDENTIFICATION**  
**KYDOT MAIN RELOCATIONS**

ITEM	RESPONSIBLE ENTITY	TOTAL ESTIMATED 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
	Total	\$ 400,328

**KENTUCKY AMERICAN WATER  
PROPOSED 2004 PROJECT NEED IDENTIFICATION  
KYDOT MAIN RELOCATIONS**

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2003												TOTAL 2002				
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC					
Design/Easement Acquisition	KAWC / Consultant																	\$ 10,000
Construction	Contractor																	\$ 343,950
Company Labor	KAWC																	\$ 8,000
SUB-TOTAL		\$ 47,500	\$ 47,100	\$ 46,750	\$ 46,600	\$ 22,400	\$ 22,200	\$ 22,000	\$ 22,000	\$ 21,500	\$ 22,000	\$ 22,000	\$ 22,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 361,950
O&C (3%)		\$ 1,425	\$ 1,413	\$ 1,403	\$ 1,395	\$ 672	\$ 666	\$ 660	\$ 660	\$ 645	\$ 660	\$ 660	\$ 660	\$ 630	\$ 630	\$ 630	\$ 630	\$ 10,959
Overhead (2%)		\$ 950	\$ 942	\$ 935	\$ 930	\$ 448	\$ 444	\$ 440	\$ 440	\$ 430	\$ 440	\$ 440	\$ 440	\$ 420	\$ 420	\$ 420	\$ 420	\$ 7,239
AFUDC		180	550	920	1,290	1,560	1,740	1,910	2,080	2,080	2,260	2,430	2,430	2,600	2,600	2,760	2,760	\$ 20,280
CASH FORECAST		\$ 50,055	\$ 50,005	\$ 50,008	\$ 50,115	\$ 25,080	\$ 25,050	\$ 25,010	\$ 25,010	\$ 24,655	\$ 25,360	\$ 25,530	\$ 25,530	\$ 24,650	\$ 24,650	\$ 24,810	\$ 24,810	\$ 400,328

031218SE KY 04-02 KYDOT relocations 2004 PNI attachments\Schedule 511812004

KENTUCKY-AMERICAN WATER COMPANY  
 KYDOT MAIN RELOCATIONS  
 REVISED INVESTMENT PROJECT ~~02-02~~ 04-02

Exhibit A  
 List of 2003<sub>4</sub> DOT Projects

Project Name	Footage	Pipe Size	Estimated Cost
Wellington Way	800	24"	\$50,000
Louden Avenue	4,000	24", 6"	\$325,000
Harrodsburg Road	200	12"	\$25,000
Subtotal			\$400,000
<b>Potential Reimbursements</b>			
Harrodsburg road (2003&2004)			(\$75,000)
Louden Avenue			(\$25,000)
Subtotal			(\$100,000)
<b>Total Company Expenditures</b>			\$300,000

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

Determination of Revenue Requirement

Authorized Rate of Return on Common 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before 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

<u>Total Revenue Requirement</u>	<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income	\$ 34,778	11.58%
Depreciation Rate	3,544	1.18%
Property Tax Rate	2,113	0.7037%
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	59	0.02%
Total Revenue Requirement	\$ 40,494	13.48%

Latest 12 Months Revenue - 09/30/2002	\$ 42,262,154
Required Price Increase	0.10%

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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 **lines** 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.

**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 attachment. The illustration is for \$60,000 for preliminary engineering to define the scope and develop a firm cost estimate to complete the project.

Component	Total	Year 0	Year 1	Year 2	Year 3	Year 4
Development Costs	\$0.06		\$0.06	\$0.040		
Design & Construction Cost	\$1.140			\$0.500	\$0.370	\$0.230
Project Total	\$1.200		\$0.06	\$0.540	\$0.370	\$0.230
Advances & Contributions				\$0.300	\$0.200	

6.2 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.

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**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	12/07
Take Over	12/07
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.

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

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KENTUCKY AMERICAN WATER  
CAPITAL INVESTMENT MANAGEMENT COMMITTEE – Dec 2003

AW/CMF3.30  
ISSUE 1.0

<b>PROJECT REVIEW</b>		
	Signature:	Date:
Asset Owner or nominated Asset Manager ■ Capital Program Manager		
Operations Manager		
Project Manager (Deliverer)		
Finance Representative		
<b>RECOMMENDED FOR APPROVAL - PNI Only</b>		
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 ■ Forecast

A bar chart is attached to this form.



KENTUCKY AMERICAN WATER  
CAPITAL INVESTMENT MANAGEMENT COMMITTEE - Dec 2003

AWICMF3.30  
ISSUE 1.0

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Revision History:

Version	Date	Summary of Changes
1.0	12118103	Issue

**KENTUCKY AMERICAN WATER**

**PROJECT NEED IDENTIFICATION 04-03**

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

ITEM	RESPONSIBLE ENTITY	TOTAL ORIGINAL ESTIMATED COST
Administration	KAWC	\$ 25,000
Design	Consultant	\$ 90,000
Materials	KAWC	\$ 200,000
Inspection	KAWC	\$ 50,000
Construction	Contractor	\$ 640,000
	Sub-Total	\$ 1,005,000
O&C		\$ 50,250
Engineering Overhead		\$ 50,250
	Sub-Total	\$ 1,105,500
AFUDC		\$ 94,500
	Total	\$ 1,200,000
	Estimate	\$ 1,200,000

**KENTUCKY AMERICAN WATER  
PROJECT NEED IDENTIFICATION 0403  
Owen County Main Extensions**

DESCRIPTION OF ACTIVITY	ENTITY RESPONSIBLE	2004												TOTAL 2004			
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
Administration	KAWC																\$ 6,000
Design	Consultant																\$ 52,500
Materials	KAWC													\$ -			\$ -
Inspection	KAWC													\$ -			\$ -
Construction	Contractor													\$ -			\$ -
SUB-TOTAL														\$ 19,500	\$ 19,500	\$ 19,500	\$ 58,500
O&C														\$ 150	\$ 150	\$ 150	\$ 450
Overhead														\$ 150	\$ 150	\$ 150	\$ 450
AFUDC														200	200	200	600
CASH FORECAST														\$ 20,000	\$ 20,000	\$ 20,000	\$ 60,000

**KENTUCKY AMERICAN WATER**  
**ECONOMIC ANALYSIS OF THE IMPACT OF CAPITAL**  
**SPENDING PROPOSAL**  
**Owen County Main Extensions**  
**12/16/03**

Determination of Revenue Requirement

Authorized Rate of Return on Common 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 Project	18.44%
Common Equity Ratio for Project	40.00%
Weighted Cost of Common Equity before Tax	7.38%

Long Term Debt Ratio for Project	60.00%
Estimated Cost Rate for New Debt	6.30%
Weighted Cost of Debt	3.78%

Total Pre-Tax Cost of Capital 11.16%

Total Estimated Cost of Project	\$ 1,200,000
Investment by Others	500,000
Net Investment Financed by Company	\$ 700,000
New Common Equity	\$ 280,000
New Long Term Debt	420,000

Total Revenue Requirement

	<u>Amount</u>	<u>Rate</u>
Required Pre-Tax Operating Income	\$ 78,120	11.16%
Depreciation Rate	8,260	1.18%
Property Tax Rate	6,167	0.88%
Change in Operation & Maint. Expense	10,000	1.43%
Revenue from New Customers	(43,344)	-6.19%
Total Net Revenue Requirement	\$ 59,203	8.46%
Revenue Tax Rate	86	0.01%
Total Revenue Requirement	\$ 59,289	8.47%

Latest 12 Months Revenue - 11/30/2002	\$ 753,801
Required Price Increase	7.87%



