

FORM 993

Kentucky-American Water Company
2002 INVESTMENT PLAN

Authorized Expenditures

Investment Item	Brief Description of Proposed Expenditures	FY2002						Strategic Business Plan				Original SBP		Current SBP	
		Estimated Cost	Prior	FY2002	FY2003	FY2004	2001	2000	1999	1998	Cost	Year	Cost	Year	
A	Mains, Hydrants, Valves, Meters - Deposit/Contribution			4,250,000											
B	Mains, Hydrants, Valves - Company Expense			1,152,600											
C	Services			1,123,200											
D	Meters			1,281,700											
E	Office Furniture & Equipment			305,900											
F	Transportation			145,000											
G	General Equipment			256,700											
H	Miscellaneous			370,700											
	TOTAL ITEM A THROUGH H			8,885,800											
		CPS No.	Estimated Cost	Prior	FY2002	FY2003	FY2004	2001	2000	1999	1998	Cost	Year	Cost	Year
	Current Investment Projects														
96-19	Customer Service Software		2,925,000	2,022,700	902,300	0	0	X	X	X	X	352,000	1997-1999	2,925,000	1997-2002
01-02	Clays Mill Ground Storage Tank - 3.0 MG		1,500,000	100,000	100,000	700,000	600,000	X	X	X		1,500,000	2003-2005	1,500,000	2001-2004
01-03	SCADA Improvements		694,000	94,000	100,000	400,000	100,000	X	X	X	X	600,000	2001	694,000	2001-2003
01-04	Scott County Mains		1,500,000	750,000	750,000			X	X	X	X	500,000	2001-2002	1,500,000	2001-2002
01-05	Russell Cave Rd. Tank - 1.0 MG		200,000	150,000	50,000			X	X	X	X	1,150,000	2000-2002	1,500,000	2001-2004
01-06	KRS Sluice Gate		250,000	150,000	100,000			X	X	X	X	250,000	2002	250,000	2001-2002
01-10	RRS Hydraulic Improvements		1,630,200	140,000	1,490,200			X				1,630,200	2001-2002	1,630,200	2001-2002
	New Investment Projects														
02-	Leestown Road Main Improvements		700,000	0	700,000	0	0	X				3,500,000	2002-2003	3,500,000	2002-2003
02-	Major Highway Relocations		2,000,000	0	2,000,000	0	0	X	X	X	X	800,000	2002	800,000	2002
02-	Replace Travelling Screen Housing		450,000	0	200,000	250,000	0	X	X	X		250,000	2002	450,000	2002-2003
						0	0								
	INVESTMENT PROJECT TOTAL				6,392,500										
Line 1	TOTAL ITEM A THROUGH IP's (2000)				15,278,300										
Line 2	Item A, IP Contributions and Tap Fees				6,170,000										
Line 3	COMPANY FUNDED EXPENDITURES (1 minus 2)				9,108,300										
01-11	Acquisitions New Columbus Project		1,800,000	51,000	1,355,000	394,000									
Line 4	TOTAL ACQUISITIONS(2000)				1,355,000										
Line 5	TOTAL CAPITAL EXPENDITURES (1 plus 4) (2000)				16,633,300										

Greg W. Wanda
President
12/13/01
Date

Approved by Board of Directors for the Year 2001

2002 Investment Plan Summary --REVISED 9/17/01															
Program of Construction		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FORECAST TOTAL	2001-2005 SBP Budget
Item															
Item A	Mains & Hydrants. Deposit Agreements	100,000	205,000	315,000	371,000	422,000	527,000	532,000	532,000	433,000	323,000	273,000	217,000	4,250,000	4,250,000
Item B	Mains & Hydrants. New & Replacement	30,000	40,000	50,000	80,000	100,000	150,000	162,600	160,000	100,000	100,000	100,000	80,000	1,152,600	1,152,600
Item C	Services	17,086	150,550	51,848	98,829	101,046	104,665	159,760	110,221	121,043	100,411	86,495	21,278	1,123,200	1,123,200
Item D	Meters & Installations	9,085	135,468	103,785	101,490	85,884	189,990	103,785	113,475	182,223	95,880	48,399	112,231	1,281,700	1,281,700
Item E	Office Furniture & Equipment	24,257	33,500	28,500	27,500	79,400	33,032	45,708	16,000	14,000	4,000	0	0	305,897	334,600
Item F	Transportation Equipment	0	0	0	23,500	63,000	41,000	17,500	0	0	0	0	0	145,000	255,000
Item G	General Equipment	21,803	14,900	28,000	12,000	35,000	64,000	57,000	24,000	0	0	0	0	256,703	262,300
Item H	Miscellaneous	35,200	5,000	6,000	93,500	5,000	0	40,000	65,000	108,000	13,000	0	0	370,700	226,400
SUB-TOTAL		237,431	584,418	583,133	807,819	891,330	1,109,687	1,118,353	1,020,696	958,266	636,291	507,894	430,509	8,885,800	8,885,800
LESS Item A		100,000	205,000	315,000	371,000	422,000	527,000	532,000	532,000	433,000	323,000	273,000	217,000	4,250,000	4,250,000
TOTAL		137,431	379,418	268,133	436,819	469,330	582,687	586,353	488,696	525,266	313,291	234,894	213,509	4,635,800	4,635,800
CPS #	INVESTMENT PROJECTS														
96-19	Customer Service Software	74,917	111,515	109,836	77,987	83,567	85,563	74,073	66,618	78,006	87,709	33,113	19,355	902,300	902,300
01-02	Clays Mill Ground Storage Tank - 3.0 MG	0	0	0	5,000	10,000	10,000	10,000	10,000	10,000	15,000	15,000	15,000	100,000	100,000
01-03	SCADA Improvements	0	0	0	0	5,000	5,000	5,000	5,000	20,000	20,000	20,000	20,000	100,000	100,000
01-04	Scott County Mains	100,000	150,000	150,000	150,000	100,000	50,000	15,000	20,000	15,000	0	0	0	750,000	750,000
01-05	Russell Cave Rd. Tank * 1.0 MG	0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000	50,000
01-06	KRS Sluice Gate	0	0	0	15,000	35,000	45,000	5,000	0	0	0	0	0	100,000	100,000
01-10	RRS Hydraulic Improvements	117,700	117,700	439,000	442,200	125,200	125,100	37,700	38,000	32,400	0	0	0	1,475,000	1,490,200
02-	Leestown Road Main Improvements	0	0	0	20,000	50,000	50,000	50,000	50,000	50,000	100,000	150,000	180,000	700,000	700,000
02-	Major Highway Relocations	320,000	50,000	150,000	150,000	300,000	350,000	200,000	130,000	100,000	100,000	100,000	50,000	2,000,000	800,000
02-	Replace Travelling Screen Housing	0	0	0	0	0	0	0	5,000	25,000	75,000	75,000	20,000	200,000	200,000
SUBTOTAL IP'S		612,617	429,215	853,836	865,187	713,767	725,663	401,773	329,618	335,406	402,709	398,113	309,355	6,377,300	5,192,500
IP Reimbursements		0	0	0	0	0	0	0	0	0	0	0	(820,000)	(820,000)	(694,996)
TOTAL IP'S (Less IP Reimbursements)		612,617	429,215	853,836	865,187	713,767	725,663	401,773	329,618	335,406	402,709	398,113	(510,645)	5,557,300	4,497,504
Tap Fees		(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(1,100,000)	(1,100,000)
Sub-Total of Investment Plan less Item A, Reimb.		658,381	716,966	1,030,302	1,210,339	1,091,430	1,216,683	896,459	726,647	769,005	624,333	541,340	(388,803)	9,093,100	8,033,304
02-	New Columbus Project	14,330	14,410	14,490	14,570	14,650	14,730	144,340	168,220	304,110	170,930	306,540	173,370	1,354,700	1,800,000
Total Investment Plan (Less Item A and Reimbursements)		672,711	731,376	1,044,792	1,224,909	1,106,080	1,231,413	1,040,799	894,887	1,073,115	795,263	847,880	(215,433)	10,447,800	9,833,304

2002 Investment Plan Summary — REVISED 9/17/01

Program of Construction Item		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FORECAST TOTAL	2001-2005 SBP Budget	Actual YTD	Forecast YTD	Variance YTD
Item A - Mains & Hydrants, Deposit Agreements		100,000	205,000	315,000	371,000	422,000	527,000	532,000	532,000	433,000	323,000	273,000	217,000	4,250,000	4,250,000	0	0	0
Item B - Mains & Hydrants, New & Replacement		30,000	40,000	50,000	80,000	100,000	150,000	162,600	160,000	100,000	100,000	100,000	80,000	1,152,600	1,152,600	0	0	0
Item C - Services		17,086	150,550	51,848	98,829	101,046	104,665	159,760	110,221	121,043	100,411	86,495	21,278	1,123,200	1,123,200	0	0	0
Item D - Meters & Installations		9,085	135,468	103,785	101,490	85,884	189,990	103,785	113,475	182,223	95,880	48,399	112,231	1,281,700	1,281,700	89	625,702	(625,613)
Item E - Office Furniture & Equipment		24,257	33,500	28,500	27,500	79,400	33,032	45,708	16,000	14,000	4,000	0	0	305,897	334,600	0	0	0
Item F - Transportation Equipment		0	0	0	23,500	63,000	41,000	17,500	0	0	0	0	0	145,000	255,000	0	0	0
Item G - General Equipment		21,803	14,900	28,000	12,000	35,000	64,000	57,000	24,000	0	0	0	0	256,703	262,300	0	0	0
Item H - Miscellaneous		35,200	5,000	6,000	93,500	5,000	0	40,000	65,000	108,000	13,000	0	0	370,700	226,400	0	0	0
SUBTOTAL		237,431	584,418	583,133	807,819	891,330	1,109,887	1,118,353	1,020,696	958,266	636,291	507,894	430,509	8,885,800	8,885,800	89	625,702	(625,613)
LESS Item A		100,000	205,000	315,000	371,000	422,000	527,000	532,000	532,000	433,000	323,000	273,000	217,000	4,250,000	4,250,000	0	0	0
		137,431	379,418	268,133	436,819	469,330	582,887	586,353	488,696	525,266	313,291	234,894	213,509	4,635,800	4,635,800	89	625,702	(625,613)
CPS #	INVESTMENT PROJECTS																	
96-19	Customer Service Software	74,917	111,515	109,836	77,987	83,567	85,563	74,073	66,618	78,006	87,709	33,113	19,355	902,300	902,300	0	0	0
01-02	Clays Mill Ground Storage Tank - 3.0 MG	0	0	0	5,000	10,000	10,000	10,000	10,000	10,000	15,000	15,000	15,000	100,000	100,000	0	0	0
01-03	SCADA Improvements	0	0	0	0	5,000	5,000	5,000	5,000	20,000	20,000	20,000	20,000	100,000	100,000	0	0	0
01-04	Scott County Mains	100,000	150,000	150,000	150,000	100,000	50,000	15,000	20,000	15,000	0	0	0	750,000	750,000	0	0	0
01-05	Russell Cave Rd. Tank - 1.0 MG	0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000	50,000	0	0	0
01-06	KRS Sluice Gate	0	0	0	15,000	35,000	45,000	5,000	0	0	0	0	0	100,000	100,000	0	0	0
01-10	RRS Hydraulic Improvements	117,700	117,700	439,000	442,200	125,200	125,100	37,700	38,000	32,400	0	0	0	1,475,000	1,490,200	0	0	0
02-	Leestown Road Main Improvements	0	0	0	20,000	50,000	50,000	50,000	50,000	50,000	100,000	150,000	180,000	700,000	700,000	0	0	0
02-	Major Highway Relocations	320,000	50,000	150,000	150,000	300,000	350,000	200,000	130,000	100,000	100,000	100,000	50,000	2,000,000	800,000	0	0	0
02-	Replace Travelling Screen Housing	0	0	0	0	0	0	0	5,000	25,000	75,000	75,000	20,000	200,000	200,000	0	0	0
SUBTOTAL IPS		612,617	429,215	853,836	865,187	713,767	725,663	401,773	329,618	335,406	402,709	398,113	309,355	6,377,300	5,192,500	0	0	0
IP Reimbursements		0	0	0	0	0	0	0	0	0	0	0	0	(820,000)	(694,996)	0	0	0
TOTAL IPS Less IP Reimbursements		612,617	429,215	853,836	865,187	713,767	725,663	401,773	329,618	335,406	402,709	398,113	(510,645)	5,557,300	4,497,504	0	0	0
		(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(91,667)	(1,100,000)	(1,100,000)			
Sub-Total of Investment Plan less Item A, Reimb. Tap fees		658,361	716,966	1,030,302	1,210,339	1,091,430	1,216,683	896,459	726,647	769,005	624,333	541,340	(388,803)	9,093,100	8,033,304			
02-	New Columbus Project	14,330	14,410	14,490	14,570	14,650	14,730	144,340	168,220	304,110	170,930	306,540	173,370	1,354,700	1,800,000	0	0	0
Total Investment Plan (Less Item A and Reimbursements)		672,711	731,376	1,044,792	1,224,909	1,106,080	1,231,413	1,040,799	894,867	1,073,115	795,263	847,880	(215,433)	10,447,800	9,833,304			

**ITEM A - MAINS & HYDRANTS, DEPOSIT AGREEMENT
 2002 INVESTMENT PLAN**

Item	Acct	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Mains	343	100,000	200,000	300,000	350,000	400,000	500,000	500,000	500,000	400,000	300,000	250,000	200,000	4,000,000
Reimbursible projects From Item B	343	0	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Fire Services	345	0	5,000	10,000	15,000	15,000	20,000	25,000	25,000	25,000	15,000	15,000	10,000	180,000
Hydrants	348	0	0	0	1,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	2,000	20,000
Total Budget		100,000	205,000	315,000	371,000	422,000	527,000	532,000	532,000	433,000	323,000	273,000	217,000	4,250,000

**ITEM B - MAINS & HYDRANTS, NEW & REPLACEMENT
2002 INVESTMENT PLAN**

Item	Acct	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1A. Mains @ Company Expense-Co. Portion	343	7,000	7,000	10,000	16,000	16,000	20,000	23,000	27,000	23,000	17,000	17,000	17,000	200,000
1B. Mains - Expense for Upsizing Mains	343	3,000	3,000	5,000	9,000	9,000	10,000	12,000	13,000	12,000	8,000	8,000	8,000	100,000
2A. Hydrants @ Company Expense - New	348	5,000	10,000	15,000	15,000	20,000	20,000	20,000	20,000	25,000	20,000	20,000	10,000	200,000
2B. Hydrants - Additional Hydrants requested	348						20,000	20,000	20,000					60,000
3. Replacements & Improvements by KAWC	343	5,000	4,000	2,000	1,000	500	500	3,000	6,000	3,000	2,000	10,000	3,000	40,000
	348			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,000
4. Miscellaneous Capitalized Maintenance Repairs	343	5,000	5,000	2,000	2,000	1,000	2,000	4,000	8,000	2,000	3,000	10,000	6,000	50,000
5. Install 600 Feet 12-Inch DI in N. Limestone	343								5,000	10,000	20,000	25,000	35,000	95,000
6. Install 570 feet 8-inch DI in Granard Avenue	343	2,000	3,000	5,000	15,000	10,000	3,000							38,000
7. Install 550 feet 8-inch DI in Morrison Avenue	343	3,000	3,000	5,000	10,000	10,000	7,000							38,000
8. Replace 400 feet 12-inch CI in Mt Tabor	343	0	5,000	5,000	11,000	12,500	15,000	1,500						50,000
9. Replace 500 feet 12-inch CI in Todds Road	343					2,000	15,000	15,000	13,000	10,000	10,000			65,000
10. Install 1,550 feet of 8-inch DI in Victory Ave	343					5,000	21,500	27,000	30,000	14,000				97,500
11. Replacement/Relocation	343					13,000	15,000	23,500	7,000		19,000	9,000		86,500
														0
														0
														0
														0
Total Budget		30,000	40,000	50,000	80,000	100,000	150,000	162,600	160,000	100,000	100,000	100,000	80,000	1,152,600

**ITEM C - SERVICES
2002 INVESTMENT PLAN**

Item	Account	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1. Install 3/4" Services (5002)	345	0	0	2,623	6,294	7,868	9,966	11,539	6,294	5,245	2,623	2,623	2,098	57,171
Quantity=	\$ 525	0	0	5	12	15	19	22	12	10	5	5	4	109
		5	3											
		5												
2. Renew 3/4" Services (6002)	345	0	2,000	2,000	15,000	15,000	15,000	25,000	15,000	15,000	15,000	10,000	6,000	135,000
Quantity=	\$ 1,000	0	2	2	15	15	15	25	15	15	15	10	6	135
		12	4											
3. Extend 3/4" Services (7002)	345	0	500	500	500	500	500	500	500	500	1,000	500	500	6,000
Quantity=	\$ 500	0	1	1	1	1	1	1	1	1	2	1	1	12
		0	0											
4. Install 1" Services (5102)	345	38,465	34,619	32,970	54,950	54,950	54,950	98,910	68,688	79,678	63,742	56,599	62,094	700,613
Quantity=	\$ 550	70	63	60	100	100	100	180	125	145	116	103	113	1,275
		137	98											
5. Renew 1" Services (6102)	345	9,500	9,500	9,500	10,450	9,500	9,500	9,500	9,500	9,500	9,500	9,500	8,550	114,000
Quantity=	\$ 950	10	10	10	11	10	10	10	10	10	10	10	9	120
		14	6											
6. Extend 1" Services (7102)	345	0	500	0	2,500	1,500	2,500	2,500	2,500	2,000	1,000	0	0	15,000
Quantity=	\$ 500	0	1	0	5	3	5	5	5	4	2	0	0	30
		0	4											
7. Install 2" Services (5302)	345	1,170	2,339	2,339	5,848	5,848	5,848	4,678	4,678	5,848	4,678	4,678	4,678	52,628
Quantity=	\$ 1,170	1	2	2	5	5	5	4	4	5	4	4	4	45
		2	3											
8. Renew 2" Services (6302)	345	900	900	900	900	900	900	900	900	900	900	900	900	10,800
Quantity=	\$ 900	1	1	1	1	1	1	1	1	1	1	1	1	12
		3	1											
9. Extend 2" Services (7302)	345	0	0	0	450	0	450	0	0	0	0	0	0	900
Quantity=	\$ 450	0	0	0	1	0	1	0	0	0	0	0	0	2
		0	0											
10-Install Domestic Services larger than 2"	345	0	0	0	0	3,000	3,000	3,100	0	0	0	0	0	9,100
	\$ 3,000	0	0	0	0	1	1	1	0	0	0	0	0	3
Subtotal		17,086	150,550	51,848	98,829	101,046	104,665	159,760	110,221	121,043	100,411	86,495	21,278	1,123,232

**ITEM D - METERS
2001 INVESTMENT PLAN**

Item	Account														Total
	Unit Cost	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
1. Purchase 5/8" & 3/4" (1002)	346.2	0	0	0	0	0	42,565	0	0	0	0	0	0	42,565	
Quantity	\$ 37	0	0	0	0	0	1,150	0	0	0	0	0	0	1,150	
1A. Purchase 5/8" & 3/4" (1002) - Encoders	346.2	0	31,450	8,250	0	0	8,250	0	0	8,250	0	0	5,500	61,700	
Quantity	\$ 55	0	572	150	0	0	150	0	0	150	0	0	100	1,122	
1B. Purchase 5/8" & 3/4" (1402) - AMR	346.2	0	0	0	37,000	0	0	0	37,000	7,000	42,000	0	7,000	240,000	
Quantity	\$ 105	0	0	0	352	0	0	0	352	829	400	0	352	2,286	
2. Purchase 1" (1102)	346.3	0	55,186	5,500	0	0	11,000	0	0	1,000	0	0	11,000	38,500	
Quantity	\$ 55	0	0	100	0	0	200	0	0	200	0	0	200	700	
2B. Purchase 1" (1502) - AMR															
2. Purchase 1-1/2" (1202)	346.3	0	0	2,000	0	0	2,000	0	0	0	0	0	0	8,000	
Quantity	\$ 200	0	0	10	0	0	10	0	0	10	0	0	10	40	
3. Purchase 2" (1302)	346.3	0	0	18,750	0	0	18,750	0	0	187	0	0	1850	75,000	
Quantity	\$ 250	0	0	75	0	0	75	0	0	75	0	0	75	300	
4. Purchase 4"	346.3	0	0	450	0	0	450	0	0	450	0	0	450	1,800	
Quantity	\$ 450	0	0	1	0	0	1	0	0	1	0	0	1	4	
5. Purchase 6"	346.3	0	0	0	0	0	1,000	0	0	0	0	0	0	1,000	
Quantity	\$ 1,000	0	0	0	0	0	1	0	0	0	0	0	0	1	
6. Install 5/8" and 3/4" Meters (2002)	347	37,500	30,000	45,000	45,000	31,500	37,500	37,500	37,500	4,000	30,000	30,000	0	421,500	
Quantity	\$ 150	250	200	300	300	210	250	250	250	200	200	200	200	2,810	
7. Renew 5/8"x3/4" (3002)	347	2,250	4,500	4,500	4,500	6,750	13,500	13,500	13,500	900	0	6,750	500	93,150	
Quantity	\$ 450	5	10	10	10	15	30	30	30	20	20	15	5	207	
8. Extend 5/8" and 3/4" (4002)	347	250	250	250	250	250	250	250	250	250	250	250	250	3,000	
Quantity	\$ 250	1	1	1	1	1	1	1	1	1	1	1	1	12	
9. Install 1" (2102)	347	1,500	750	1,500	1,500	3,000	3,000	4,500	3,000	3,000	1,500	1,500	0	26,250	
Quantity	\$ 150	10	5	10	10	20	20	30	20	20	10	10	10	175	
10. Renew 1" (3102)	347	200	200	200	200	200	3,000	200	200	200	200	200	200	5,200	
Quantity	\$ 200	1	1	1	1	1	15	1	1	1	1	1	1	26	
11. Extend 1" (4102)	347	0	0	0	0	0	200	0	0	0	0	0	0	200	
Quantity	\$ 200	0	0	0	0	0	1	0	0	0	0	0	0	1	
12. Install 2" (2302)	347	8,750	8,750	8,750	8,750	17,500	17,500	17,500	17,500	8,750	0	8,750	8,000	140,000	
Quantity	\$ 1,750	5	5	5	5	10	10	10	10	5	5	5	5	80	
13. Renew 2" (3302)	347	0	2,300	0	2,300	0	2,300	0	2,300	0	2,300	0	2,300	13,800	
Quantity	\$ 2,300	0	1	0	1	0	1	0	1	0	1	0	1	6	
14. Extend 2" (4302)	347	0	0	6,600	0	0	0	3,300	0	0	0	0	0	9,900	
Quantity	\$ 3,300	0	0	2	0	0	0	1	0	0	0	0	0	3	
15. Domestic Services Larger than 2"	347	0	0	0	0	25,000	25,000	25,000	0	0	0	0	0	75,000	
Quantity	\$ 25,000	0	0	0	0	1	1	1	0	0	0	0	0	3	
Total		9,085	135,468	103,785	101,490	85,884	189,990	103,785	113,475	182,223	95,880	48,399	112,231	1,281,695	

**ITEM E - 0EELLE FURNITURE & EQUIPMENT
2002 INVESTMENT BUDGET**

Item	Acct	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Administrative														
1. Multimedia Workforce Communication Network "Target Vision" Initial Start-up cost						30,000								30,000
Commercial														
1. Replacement Phone Cards/ Phones	397.1			15,000										15,000
2. Purchase and install 10 First Tech pay stations				7,500	7,500	7,500	8,032							30,532
Information Services														
1. Upgrade 35 computers, repl. Pentium 133,166					20,000	10,000	10,000	10,000	10,000	10,000				70,000
2. Purchase 4 LaserJet printers, repl existing 8yrs old										4,000	4,000			8,000
3. Upgrade LAN Router to Cisco							15,000							15,000
4. Purchase four Notebook PCs				6,000					6,000					12,000
5. Replace Primary LAN server			30,000											30,000
6. Upgrade Remote Access Sever (RAS)								20,000						20,000
Distribution														
1. Data Pac computer (Badger) radio based meters	391.21					26,500								26,500
2. Six cell phones, install in remaining service trucks	391.26	1,500												1,500
3. One computer hand held GPS facility locator		9,000												9,000
Engineering														
1. Raster to Vector Conversion Software	391.26					5,400								5,400
2. CAD Machine Upgade Modules	391.1	2,074												2,074
3. GeoSync Maintenance and Improvements	391.21							15,708						15,708
4. Office Laptop Computer, Field Computer	391.23	8,380												8,380
5. Support and Accessories for Trimble GPS		2,703												
	391.28													
Production														
1. Digital Camera - Cross Connection Inspection	391.1	600												600
Water Quality														
1. Replace Computer RRS Water Qual. Specialist			3,500											3,500
Total Budget		24,257	33,500	28,500	27,500	79,400	33,032	45,708	16,000	14,000	4,000	0	0	305,897
Actual/Projected														

**ITEM F - TRANSPORTATION EQUIPMENT
2002 INVESTMENT BUDGET**

Item	Acct	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Distribution														
1. Replace 1995 Chevy 3/4 Ton, Unit 45	392.12					26,000								26,000
2. Replace 1995 Chevy 3/4 Ton, Unit 46	392.11					26,000								26,000
Engineering														
Replace 1998 Unit 82, 1/2 ton pick-up						17,000								17,000
Production														
Replace Unit 72, GMC 3/4 ton 1997					26,000									
	392.11													0
Water Quality														
Total		0	0	0	26,000	69,000	45,000	20,000	0	0	0	0	0	160,000
Trade-in Value				0	2,500	6,000	4,000	2,500						15,000
Total Item F Less Trade-ins			0	0	23,500	63,000	41,000	17,500	0	0	0	0	0	145,000
Actual/Projected														

**ITEM G - GENERAL EQUIPMENT
2002 INVESTMENT BUDGET**

Item	Acct	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Distribution														
1.Schlumberger Drive by unit, read radio based mtrs	394							27,000						
2.Six electric pumps periodically replaced	394		6,000											
3.Three trash pumps periodically replaced	394		3,900											
4.Four cut off saws continually used, replacement	394	4,800												
5.Six TW-6 Pipeline Locators	396	4,500												
6.Nine M-66 Box Locators	398	4,500												
7.Ten Permaloggers	398								9,000					
Engineering														
	398													
Production														
1. Replace Electronic Test and Calibration Equip.	398					35,000								
2. Replace Ultrasound Level Sensors	398						35,000							
3. Replace one Test Instrument, 2nd as backup	398		5,000											
4. Spare Mixing Chamber for Coag. Aid Feed Sys	398				2,000									
5 Repl. Sludge and Sewer Lift Subm.Pumps RRS								30,000						
6. Repl. Filter Press Building Unit Heaters, RRS									7,000					
7.Repair Parts for RRS Sludge Filter Press					10,000									
Water Quality														
1. Continuous remote chlorine analyzers dist.syst.	395			28,000										
2. Online Ammonia/Chloramine Analyzer at KRS	395	8,000												
3. Online Ammonia/Chloramine Analyzer at RRS	395								8,000					
4. Online Manganese Analyzer at RRS	395						15,000							
5. Online Alkalinity Analyzer at RRS							14,000							
6. KRS Lab Sink Cabinet Assembly		3												
Total Investment		21,803	14,900	28,000	12,000	35,000	64,000	57,000	24,000	0	0	0	0	256,703
Less Item G Trade-in Values														0
Total Investment Item G		21,803	14,900	28,000	12,000	35,000	64,000	57,000	24,000	0	0	0	0	256,703
Actual/Projected														

**ITEM H - MISCELLANEOUS
2002 INVESTMENT BUDGET**

Item	Acct	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Administrative														
Production														
1. Replace Roof on RRS Pump Station									30,000					
2. Modify Intake Pump No.2, KRS					65,000									
3. Lighting for Filter and Sludge Press Bldg. RRS			5,000											
4. Replace Front Door on Filter Press Bldg. RRS		4,000												
5. Replace Doors in Maintenance Bldg. KRS						5,000								
6. Replace Roofs on Control and Valve Bldgs.										75,000				
7. Replace Kitchen, Library, Hall flooring KRS				6,000										
8. Repl. Parkers Mill Booster Pump dischg valve					15,000									
9. Program Control logic upgrades for automation improvements for chem. feed and booster stations											13,000			
10. Roof and siding for Production Office								40,000						
Water Quality														
1. Replace Analytical Balance RRS Lab					3,500									
2. Purchase feeder Calib. Balance for RRS Lab		1,400												
3. Distribution Sampling Stations					10,000									
4. Portable pH/DO probe		1,800												
5. Upgrade Online Filter Turbidimeters at KRS		20,000												
6. KRS Particle Counters and spares		8,000												
7. Online TOC Analyzer									35,000					
8. Online Chlorine Analyzers KRS										20,000				
9. UV-Sterilization Cabinet for Filter Funnels										2,000				
10. Filter funnels for Bacterial. and TOC Analysis										2,500				
11. Autoclave Sterilizer KRS										8,500				
Total Budget		35,200	5,000	6,000	93,500	5,000	0	40,000	65,000	108,000	13,000	0	0	370,700



Kentucky-American Water Company

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

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 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		10-10-01
WATER QUALITY	N/A	Rick
INFO. SYSTEMS		
OTHERS		
RECOMMENDED FOR APPROVAL:		
		10-15-01
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 how 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.