

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
PUBLIC SERVICE COMMISSION'S FIRST SET OF INFORMATION REQUESTS
ITEMS 1 – 33

Witness Responsible:

L.C. Bridwell

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

Response:

The long-term construction planning begins with the Least Cost/Comprehensive Planning Study which evaluates the distribution system, storage facilities and production capacities. The study identifies projects for construction over a fifteen-year planning horizon, with immediate needs identified for construction within five years. KAW's most recent formal study was completed in 1992, although a draft update to the plan for distribution, storage and production systems was developed in 1999. This draft was not finalized due to the continued concerns and impact on the system from the source of supply solution. The storage analysis was finalized and updated and filed with the PSC in December 2005 as part of KAW's initial application in Case No. 2005-00546.

The Engineering group, through both the Manager – Engineering and the Planning Engineer works with the Operations Superintendents and Supervisors to prioritize projects and identify any projects that may not have been included in the five-year plan. This is reviewed by the President and the Southeast Region Engineering Director and submitted to the Capital Investment Management Committee (“CIMC”). The five-year plan is utilized to develop immediate year budgets based on urgency of the projects. Project authorization is submitted with the annual budget to the CIMC and then approved by the Capital Investment Review Committee. Projects over \$10 million are approved by the Board of Directors individually, otherwise the projects are authorized by the Board of Directors as part of the entire annual strategic capital expenditures plan. The CIMC also authorizes changes to project scope or cost within the Strategic Capital Expenditure Plan.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
PUBLIC SERVICE COMMISSION'S FIRST SET OF INFORMATION REQUESTS
ITEMS 1 – 33

Projects for compliance with local, state, and federal regulations, improvement of service and fire flows, and reductions of maintenance problems are given priorities.

For electronic version, refer to [KAW_R_PSCDR1#7_052107.pdf](#).