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February 26, 2009

HAND DELIVERED

RECEIVED

MAR 09 2009

PUBLIC SERVICE
COMMISSION

Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Re: Case No. ~~2007-00198~~ 2009-00253

Dear Mr. Derouen:

Enclosed please find an original and ten copies of Kentucky American Water's Amended Petition in this case which seeks a minor change in the requested deviation that was set forth in the December 31, 2008 Petition.

Very truly yours,

Stoll Keenon Ogden PLLC

Lindsey W. Ingram III

Enclosures

cc: David E. Spenard

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RECEIVED

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

MAR 09 2009

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

KENTUCKY-AMERICAN WATER COMPANY'S
REQUEST FOR PERMISSION TO DEVIATE
FROM 807 KAR 5:066, SECTION 16(1)

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CASE NO. ~~2007-00198~~

2009-00253

AMENDED PETITION OF KENTUCKY-AMERICAN WATER COMPANY

Now comes Kentucky-American Water Company ("KAW"), pursuant to 807 KAR 5:066, Section 18; and requests a deviation from the requirements of 807 KAR 5:066, Section 16(1), regarding the frequency of testing 5/8 inch meters. This Amended Petition amends the Petition KAW filed in this matter on December 31, 2008. In support of this request, KAW states:

1. KAW is a corporation organized and existing under the laws of the Commonwealth of Kentucky with its principal office and place of business located at 2300 Richmond Road, Lexington, Kentucky 40502.

2. KAW is a wholly-owned subsidiary of American Water Works Company, Inc. ("American Water") and is engaged in the distribution and sale of water in its Central Division, consisting of Bourbon, Clark, Fayette, Harrison, Jessamine, Scott and Woodford Counties and its Northern Division consisting of Gallatin, Owen and Grant Counties. The Company currently owns, operates and maintains potable water production, treatment, storage, transmission and distribution systems for the purpose of

furnishing potable water for residential, commercial, industrial and governmental users in its service territory.

3. KAW also owns, operates and maintains collection, pumping and treatment systems for the purpose of furnishing wastewater service for residential, commercial, industrial and governmental users in its service territory.

4. A certified copy of the Articles of Incorporation of Kentucky American Water, together with all amendments, are incorporated by reference as authorized by 807 KAR 5:001, Section 8 (3), and were filed as Exhibit No. 4 in Case No. 95-554, *Notice of the Adjustment of the Rates of Kentucky-American Water Company effective on and after February 29, 1996.*

5. In Case No. 96-569, KAW originally requested a deviation from the requirements of 807 KAR 5:066, Section 16(1), citing a then-recent engineering study suggesting 5/8 inch meters were reliable for longer than 10 years. This Commission authorized a 10-year pilot study to determine if meters used by KAW remain accurate for a longer period of time than the Commission's rules allow. The pilot was delayed for one year in the midst of the study, so KAW requested a one year extension by letter dated May 3, 2007. The Commission granted that request in an Order in this new docket, Case No. 2007-00198.

6. This Petition reports the final results of the study. As the attached report concludes, the 5/8 inch meters studied in the pilot remain accurate for 15 years. The current Commission rule, 807 KAR 5:006, Section 16(1), requires that no 5/8 inch meters will remain in service longer than 10 years without being tested. Based on the results of this extensive study, KAW requests that it be allowed a deviation from that requirement

allowing KAW to leave meters in service for 15 years without being tested. To efficiently and properly test a meter, it must be removed and tested at KAW's facilities. Therefore, in accordance with the existing regulation, KAW removes and tests every meter when it has been in service for 10 years.¹ Of course, when a meter is removed, a new one is put in its place to avoid any interruption in service. Thus, no 5/8 inch meter is in service for longer than 10 years. However, the results of the pilot study indicate that the 5/8 inch meters are accurate to the 15-year mark. Therefore, KAW seeks permission from the Commission to leave 5/8 inch meters in service for up to 15 years without testing them.

7. Under this requested deviation, KAW would remove all meters at their 15-year mark rather than at their 10-year mark. The removed meters will be stored for a minimum of three months after removal so that they will be available for any testing that may be necessary. After that, they will be discarded.

8. The major benefits that will result from allowing this deviation are financial. By keeping meters in service for five years longer, KAW will save the time and expense of changing out meters that still have five years of remaining useful life. The extra five years of service from meters will also result in the purchase of fewer new meters. All these benefits will be passed along to customers in the form of reduced costs.

9. KAW states that it waives its right pursuant to KRS 278.380 to receive delivery of the Commission's orders in this proceeding through United States mail. KAW agrees to accept delivery of any orders by electronic transmission and states that it possesses the facilities to receive these orders by electronic transmission. Finally, KAW

¹ Of course, if KAW receives a complaint or inquiry about a meter that may be inaccurate, that meter is removed and tested. A replacement meter is installed for continuity of service. If the removed meter tests accurately and still has sufficient useful life left, it may be reinstalled at a new location.

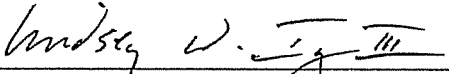
states that service of Commission orders upon it via electronic mail and/or electronic mail notice that Commission orders have been uploaded to the Commission's website are acceptable forms of notice of Commission orders to KAW in this matter.

THEREFORE, KAW requests that the Commission approve its request for a deviation from the requirements of Section 16(1) of 807 KAR 5:006 such that 5/8 inch meters may remain in service for up to 15 years without being tested.

A.W. Turner, Jr., General Counsel
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and

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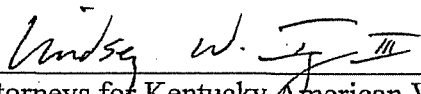
BY: 
Lindsey W. Ingram III

CERTIFICATE

This is to certify that an original and 10 copies of the foregoing will be hand-delivered to the Commission and a copy mailed to the following on this 9th day of March, 2009:

David Edward Spenard
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

STOLL KEENON OGDEN PLLC

By 
Attorneys for Kentucky American Water

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