

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: )

)  
THE APPLICATION OF KENTUCKY-AMERICAN )  
WATER COMPANY FOR A CERTIFICATE OF )  
CONVENIENCE AND NECESSITY AUTHORIZING )  
THE CONSTRUCTION OF KENTUCKY RIVER )  
STATION II, ASSOCIATED FACILITIES AND )  
TRANSMISSION MAIN )

CASE NO. 2007-00134

**RECEIVED**

APR 01 2010

**PUBLIC SERVICE  
COMMISSION**

**ORDERING PARAGRAPH 12 REPORT**

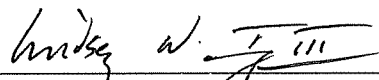
In accordance with Ordering Paragraph 12 of the Commission's April 25, 2008 Order, Kentucky-American Water Company provides the attached project progress report.

Respectfully submitted,

A. W. TURNER, JR., GENERAL COUNSEL  
KENTUCKY-AMERICAN WATER COMPANY  
2300 Richmond Road  
Lexington, Kentucky 40502

and

STOLL KEENON OGDEN PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1801  
Telephone: (859) 231-3000

BY:   
Lindsey W. Ingram, Jr.  
Lindsey W. Ingram III

Attorneys for Kentucky-American Water Company

CERTIFICATE OF SERVICE

This is to certify that the original and eight (8) copies of the foregoing have been filed with the Public Service Commission this the 1<sup>st</sup> day of April, 2010, and a copy mailed to:

David E. Spenard, Esq.  
Dennis G. Howard II, Esq.  
Assistant Attorneys General  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601-8204

David Barberie, Esq.  
Leslye M. Bowman, Esq.  
Lexington-Fayette Urban County Gov't.  
Department of Law  
200 East Main Street  
Lexington, KY 40507

Tom FitzGerald, Esq.  
Kentucky Resources Council, Inc.  
P.O. Box 1070  
Frankfort, KY 40602

David F. Boehm, Esq.  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, OH 45202

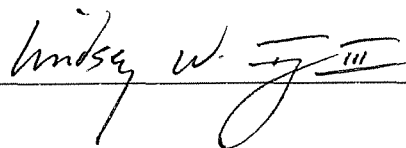
Damon R. Talley, Esq.  
112 N. Lincoln Blvd.  
P.O. Box 150  
Hodgenville, KY 42748-0150

John N. Hughes, Esq.  
124 W. Todd Street  
Frankfort, KY 40601

John E. Selent, Esq.  
Edward T. Depp, Esq.  
Dinsmore & Shohl LLP  
1400 PNC Plaza  
500 West Jefferson St.  
Louisville, KY 40202

Barbara K. Dickens, Esq.  
Louisville Water Company  
550 South Third Street  
Louisville, KY 40202

STOLL KEENON OGDEN, PLLC

By 

Report Period: January 1 - January 31, 2010

<b>Water Treatment Plant:</b>						
Work continued through January on interior masonry work of treatment building, and installation of windows, doors, electrical and plumbing systems. Raw water intake construction continued with masonry work and the roof set. Work continued on installing the raw water line from the intake. Leak testing continued on the clarifier, settling basins and filters, as well as the high service pipe and chemical feed piping. A progress meeting was held on January 27 and progress calls were held January 6, 13 and 20. Work is on budget and on schedule.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	(\$1,098,403)	\$40,876,764	\$57,331,147	\$77,416,006	74.06%	

<b>Pipeline:</b>						
An additional 10,518 feet of pipe was installed for a total of 155,347 feet or 29.42 miles (96%). Work continued on Contract B in Scott County and Franklin County. A progress meeting was held on January 26, with progress conference calls on January 5, 12, and 19. Work continues on schedule and on budget.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	\$6,762,025	\$41,387,775	\$58,557,500	\$63,711,087	91.91%	

<b>Booster Station:</b>						
Work continued on the booster installation of equipment. Kentucky Utilities completed permanent power line installation at the end of January for the contractor tie-in. A progress meeting was held January 26 and progress conference calls on January 9 and 16. Work continues on schedule and on budget.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	(\$335,583)	\$6,947,881	\$9,714,794	\$10,131,679	95.89%	

<b>Total Project:</b>						
Work continues on budget and on schedule with the overall project approximately 82% complete.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$5,358,656	\$86,213,567	\$134,712,450	\$163,885,837	82.20%	
Budget	\$4,967,124	\$85,822,036	\$134,320,919	\$163,885,837	81.96%	
Variance	\$391,532	\$391,531	\$391,531			

- 1) Financial results are as of December 31, 2009
- 2) Financial information on individual portions of the project are revised from previous progress reports which reflected only the construction budget, and now include projected soft costs for each individual portion. The individual component financial information above does not include land, tax-exempt interest charges, and preliminary supply development charges which were \$30,617 for the month, (\$1,888,697) for the YTD, \$9,109,010 for the total project and \$12,627,065 for the Total Budget. The YTD charges are negative due to a transfer of preliminary design charges to the construction work orders.
- 3) Negative monthly charges are the result of the reversal of an accounting accrual from the previous month.

Report Period: February 1 - February 28, 2010

Water Treatment Plant:						
Work continued through February on interior masonry work of treatment building. Raw water intake construction continued with masonry work and the roof set. Leak testing continued on the clarifier, settling basins, filters and high service and chemical piping. Progress calls were held February 3, 10, 17 and 24. Work is on budget and on schedule. Work slowed slightly due to inclement weather but is expected to remain on schedule.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	\$7,910,171	\$7,910,171	\$65,241,317	\$77,416,006	84.27%	

Pipeline:						
On February 4, 2010, the pipe for the two contracts was connected on US 460 in Franklin County. The only remaining pipe to be installed will be the connection at the water treatment plant which will be completed in early March. This represented an additional 2,004 feet of pipe installed in February for a total of 157,351 or 29.80 miles of pipe. The pipe has been successfully pressure tested from the connection point in Fayette County to the booster station in Franklin County. Clean-up work is ongoing. A progress meeting was held on February 23 and progress calls were held on February 2, 9, and 16. Work is on budget and on schedule.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	(\$2,488,444)	(\$2,488,444)	\$56,069,056	\$63,711,087	88.01%	

Booster Station:						
Work continued on the booster installation of equipment. The electric connection was made, allowing the contractor to complete electrical installations within the building. A progress meeting was held February 23 and progress conference calls on February 2, 9 and 16. Work continues on schedule and on budget.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	\$829,172	\$829,172	\$10,543,966	\$10,131,679	104.07%	

Total Project:						
A start-up meeting was held on February 24 to plan and coordinate start-up issues between the three components. Work continues on budget and on schedule with the overall project approximately 83% complete.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$6,282,206	\$6,282,206	\$140,994,656	\$163,885,837	86.03%	
Budget	\$7,610,392	\$7,610,392	\$141,931,311	\$163,885,837	86.60%	
Variance	(\$1,328,186)	(\$1,328,186)	(\$936,655)			

1) Financial results are as of January 31, 2010

2) Financial information on individual portions of the project are revised beginning in January 2010 from previous progress reports which reflected only the construction budget, and now include projected soft costs for each individual portion. The individual financial information above does not include land, tax-exempt interest charges, and preliminary supply development charges which were \$31,307 for the month, \$31,307 for the YTD, \$9,140,317 for the total project and \$12,627,065 for the Total Budget.

3) Negative monthly charges are the result of the reversal of an accounting accrual from the previous month.

Report Period: March 1 - March 31, 2010

Water Treatment Plant:						
Work continued through March on interior work of treatment building. Raw water intake construction continued with the final roof set. Leak testing continued on the clearwells and raw water piping. Progress meetings were held March 3 and March 31, with conference calls on March 10, 17 and 24. Work is on budget and on schedule.						
					Percent	
	Month (3)	YTD	Total Project	Total Budget(2)	Complete	(Work Order 434232)
Actual	(\$2,707,163)	\$5,203,008	\$62,534,154	\$77,416,006	80.78%	

Pipeline:						
The tie-in at the water treatment plant was completed and all pipe has now been installed. Pressure testing continued on piping north of the booster station with the first section north of the booster station successfully tested March 19. Clean-up work is ongoing. A progress meeting was held March 30 with conference calls on March 2, 9, 16 and 23. Work continues on schedule and on budget.						
					Percent	
	Month	YTD	Total Project	Total Budget(2)	Complete	(Work Order 434227)
Actual	\$4,952,142	\$2,463,698	\$61,021,199	\$63,711,087	95.78%	

Booster Station:						
Work continued on the testing of equipment including the generator and piping. A progress meeting was held March 30 and conference calls on March 2 and 16. Work continues on schedule and on budget.						
					Percent	
	Month	YTD	Total Project	Total Budget(2)	Complete	(Work Order 434231)
Actual	(\$478,494)	\$350,679	\$10,065,473	\$10,131,679	99.35%	

Total Project:						
Start-up meetings were held on March 3 and March 31 to plan and coordinate start-up issues between the three components. Work continues on budget and on schedule with the overall project approximately 84% complete.						
					Percent	
	Month	YTD	Total Project	Total Budget(2)	Complete	
Actual	\$2,647,233	\$8,929,439	\$143,641,889	\$163,885,837	87.65%	
Budget	\$3,113,808	\$10,724,200	\$145,045,119	\$163,885,837	88.50%	
Variance	(\$466,575)	(\$1,794,761)	(\$1,403,230)			

- 1) Financial results are as of February 28, 2010.
- 2) Financial information on individual portions of the project are revised beginning in January 2010 from previous progress reports which reflected only the construction budget, and now include projected soft costs for each individual portion. The individual component financial information above does not include land, tax-exempt interest charges, and preliminary supply development charges which were \$880,748 for the month, \$912,055 for the YTD, \$10,021,065 for the total project and \$12,627,065 for the Total Budget.
- 3) Negative monthly charges are the result of the reversal of an accounting accrual from the previous month.