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PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: )  
)  
THE APPLICATION OF KENTUCKY-AMERICAN )  
WATER COMPANY FOR A CERTIFICATE OF ) CASE NO. 2007-00134  
CONVENIENCE AND NECESSITY AUTHORIZING )  
THE CONSTRUCTION OF KENTUCKY RIVER )  
STATION II, ASSOCIATED FACILITIES AND )  
TRANSMISSION MAIN )

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,

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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 October, 2010, and a copy mailed to:

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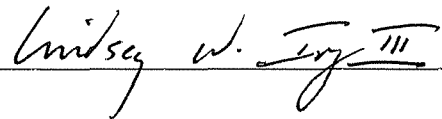
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By 

**Kentucky American Water  
Pool 3 Water Treatment Plant  
Progress Report**

Report Period: July 1 - July 30, 2010

Water Treatment Plant:						
Work continued through July on equipment installation and electrical installation at the water treatment plant. SCADA installation continued and disinfection of all components began. Raw water intake construction was completed and electrical work continued. Progress meetings were held July 14 and 28, with conference calls on July 7 and 21. Work is on budget and on schedule.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	(\$664,044)	\$13,432,498	\$70,763,644	\$77,416,006	91.41%	

Pipeline:						
Final clean-up continued on the pipeline. Very few items remaining until fall reseeding.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	\$2,457,155	\$3,681,251	\$62,238,752	\$63,711,087	97.69%	

Booster Station:						
Final clean-up work and SCADA installation continued.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	\$181,918	\$809,636	\$10,524,431	\$10,131,679	103.88%	

Total Project:						
Overall the project is 94% complete and is on schedule and on budget.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$3,052,087	\$20,505,399	\$155,217,849	\$163,885,837	94.71%	
Budget	\$2,245,693	\$21,125,261	\$155,446,180	\$163,885,837	94.85%	
Variance	\$806,394	(\$619,862)	(\$228,331)			

- 1) Financial results are as of June 30, 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 \$1,077,057 for the month, \$2,582,015 for the YTD, \$11,691,025 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.

**Kentucky American Water  
Pool 3 Water Treatment Plant  
Progress Report**

Report Period: August 1, - August 31, 2010

Water Treatment Plant:						
Work continued in August on equipment mechanical performance testing, with 48 hours of initial mechanical performance testing completed. Electronic SCADA control installation and operation is ongoing. Progress meetings were held August 4, 18, and 25, with a conference call on August 11. Work is on budget and on schedule to be in service in September.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	\$4,064,039	\$17,496,537	\$74,827,683	\$77,416,006	96.66%	

Pipeline:						
Final clean-up continued on the pipeline. Very few items remaining until fall reseeding.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	(\$1,010,148)	\$2,671,104	\$61,228,604	\$63,711,087	96.10%	

Booster Station:						
Final clean-up work and SCADA installation continued.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	(\$74,475)	\$735,161	\$10,449,956	\$10,131,679	103.14%	

Total Project:						
Overall the project is 96% complete and is on schedule and on budget.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$2,775,582	\$23,280,981	\$157,993,431	\$163,885,837	96.40%	
Budget	\$2,188,104	\$23,313,365	\$157,634,284	\$163,885,837	96.19%	
Variance	\$587,478	(\$32,384)	\$359,147			

1) Financial results are as of July 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 component financial information above does not include land, tax-exempt interest charges, and preliminary supply development charges which were (\$203,834) for the month, \$2,378,181 for the YTD, \$11,487,191 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.

**Kentucky American Water  
Pool 3 Water Treatment Plant  
Progress Report**

Report Period: September 1, - September 30, 2010

Water Treatment Plant:						
Work continued in September with the initiation of the Final Mechanical Performance Test and water produced and distributed to the distribution system. Plant was placed in-service on September 20, 2010 after 10 days of continuous operation. Substantial completion with all automated controls completed should occur in early October. Progress meetings were held September 1, 8, 15, 22 and 29 with daily reviews outstanding items.						
	Month (3)	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434232)
Actual	(\$1,148,513)	\$16,348,023	\$73,679,170	\$77,416,006	95.17%	

Pipeline:						
Final clean-up continued on the pipeline. Very few items remaining until fall reseeding.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434227)
Actual	\$2,734,230	\$5,405,334	\$63,962,834	\$63,711,087	100.40%	

Booster Station:						
Final clean-up work and SCADA installation continued.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	(Work Order 434231)
Actual	\$470,364	\$1,205,525	\$10,920,319	\$10,131,679	107.78%	

Total Project:						
Overall the project is 97% complete and is on schedule and on budget.						
	Month	YTD	Total Project	Total Budget(2)	Percent Complete	
Actual	\$2,523,156	\$25,804,137	\$160,516,588	\$163,885,837	97.94%	
Budget	\$2,059,234	\$25,372,599	\$159,693,518	\$163,885,837	97.44%	
Variance	\$463,922	\$431,538	\$823,069			

- 1) Financial results are as of August 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 component financial information above does not include land, tax-exempt interest charges, and preliminary supply development charges which were \$467,076 for the month, \$2,845,257 for the YTD, \$11,954,267 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.