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**DAMON R. TALLEY**

**ATTORNEY AT LAW**

August 27, 2007

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AUG 27 2007

PUBLIC SERVICE  
COMMISSION

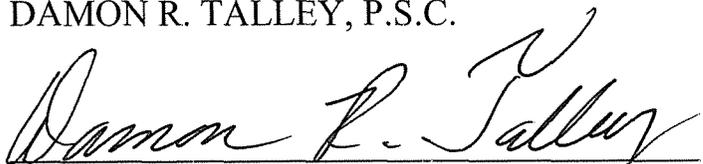
Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

RE: Case No. 2007-00134  
Kentucky-American Water Company

Dear Ms. O'Donnell:

Enclosed for filing are the original and ten (10) copies of the Bluegrass Water Supply Commission's Response and Objection to the Louisville Water Company's Motion to Amend the Procedural Schedule.

Yours truly,  
DAMON R. TALLEY, P.S.C.

  
DAMON R. TALLEY, ATTORNEY

DRT/ms

Enclosure

cc: All Parties of Record

7/BWSC/O'Donnell 8-27-07

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

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PUBLIC SERVICE  
COMMISSION

**RESPONSE AND OBJECTION OF  
BLUEGRASS WATER SUPPLY COMMISSION  
TO LOUISVILLE WATER COMPANY'S  
MOTION TO AMEND PROCEDURAL SCHEDULE**

Comes the Bluegrass Water Supply Commission (the "BWSC"), by Counsel, and for its Response and Objection to the Louisville Water Company's (the "LWC") Motion to Amend the Procedural Schedule, states as follows:

1. The BWSC has no objection to the Commission granting LWC a reasonable enlargement of time (7 to 10 days) in which to respond to the information and data requests of the various parties and the Commission Staff.

2. On the other hand, BWSC vehemently objects to LWC's Motion to Amend the Procedural Schedule by asking for an additional **60 days** in which to respond to the various discovery requests.

3. It is inconceivable that a party who moves to intervene not just at the 11<sup>th</sup> hour, but at the 59<sup>th</sup> minute of the 11<sup>th</sup> hour, would then have the audacity one week later to propose to “shut down” this case for 60 days while it searches for evidence to support its belief that LWC “is able to provide the best solution to the water supply need of the Bluegrass Region.”<sup>1</sup>

4. At paragraph 20 of its Motion to Amend the Procedural Schedule, LWC’s attorney states, “LWC has only had notice of KAWC’s plans for just over four months.” This statement is not factual. LWC’s attorneys may not have been placed on notice until March of 2007, but the President and the top management team of LWC had actual knowledge of KAWC’s plans since at least September 2007.

5. Here are the salient facts:

- a. **September 25, 2006.** KAWC makes a formal presentation of its Pool 3 Project and its proposed BWSC – KAWC Partnership at the BWSC Meeting held in Cynthiana, Kentucky. A member of the LWC management team was present;
- b. **October 4, 2006.** LWC makes a presentation to the BWSC engineering team (See documents produced by LWC in response to PSC’s Open Records Request); and
- c. **October 25, 2006.** LWC’s President and top management team make a very comprehensive presentation to BWSC and its engineering team (See documents produced by LWC in response to PSC’s Open Records Request).

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<sup>1</sup> Heitzman Prefiled Direct Testimony, page 5, line 11

6. LWC has already demonstrated its remarkable resiliency; its cunning ability to seize a business opportunity; and its ability to provide information in a timely manner, if motivated. Within 9 days after KAWC's formal announcement of its intention to construct the Pool 3 Project (with or without BWSC as a partner), LWC developed an alternate plan for providing water to BWSC. This plan was unveiled to BWSC's engineering team on October 4, 2006. Then, just 3 weeks later, the President and top management team of LWC made a very thorough and comprehensive presentation to members of BWSC and its engineering team. This October 25, 2006 presentation contained 5 different options for supplying the water needs of BWSC and central Kentucky.

7. LWC has had ample time to prepare an alternative proposal, in sufficient detail for PSC and public scrutiny, for supplying the water needs of central Kentucky. To date, all LWC has provided to the Commission is a copy of its marketing presentation made to the Lexington-Fayette Urban County Council on July 10, 2007.

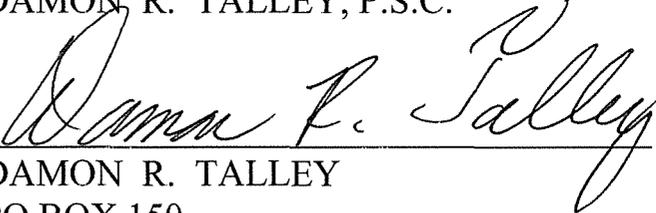
8. In stark contrast, KAWC has presented the Commission with a very well documented project that solves the water supply needs of central Kentucky and done so in a very timely manner. During a period of 70 days (from May 7 to July 16, 2007) KAWC timely responded to 3 rounds of discovery requests. It never once asked for an extension of time.

9. Granting the LWC's Motion will unduly disrupt these proceedings and will force central Kentuckians to "wait and wonder" if the water supply problem is ever going to be solved. Meanwhile, many communities in central Kentucky have already imposed various stages of water curtailment.

**Wherefore**, for the foregoing reasons, the BWSC respectfully requests that LWC's Motion be denied. The Formal Hearing should be held on October 18, 2007 as currently scheduled.

This 27<sup>th</sup> day of August, 2007.

Respectfully submitted,  
DAMON R. TALLEY, P.S.C.



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ATTORNEY FOR BWSC

**CERTIFICATE OF SERVICE**

This is to certify that a true copy of the foregoing document has been served by first class U.S. Mail, postage prepaid, this 27<sup>th</sup> day of August, 2007, to the following:

Hon. A. W. Turner, Jr., Gen. Counsel  
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Hon. David E. Spenard  
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Hon. Stephen Reeder  
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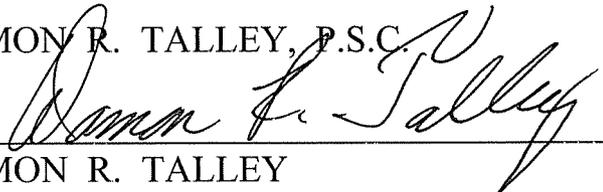
Hon. David J. Barberie  
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