

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR APPROVAL OF THE)	
TRANSFER OF CONTROL OF KENTUCKY-)	
AMERICAN WATER COMPANY TO RWE)	CASE NO. 2002-00018
AKTIENGESELLSCHAFT AND THAMES WATER)	
AQUA HOLDINGS GMBH)	

O R D E R

The Commission has reviewed the documents filed by Kentucky-American Water Company and Thames Water Aqua Holdings GmbH (Joint Applicants) in response to certain interrogatories posed by Commission Staff. Finding that these documents are unresponsive, the Commission by this Order directs the Joint Applicants to provide a responsive response.

On February 22, 2002, Commission Staff posed Interrogatory 6(a) in which it requested an analysis of the impact of the proposed merger on certain American Water Works Company (American) benefit plans that contained change of control provisions. The Joint Applicants responded that [n]o analysis had been performed. In our view, the interrogatory did not request the production of any analyses, but sought a description of the proposed effect, if any, of the merger, on the benefit plans listed in Section 3.01(k)(iv) of the Company Disclosure Schedule contained in the Agreement and Plan of Merger. Accordingly, we find the Joint Applicants response to be unresponsive.

On March 11, 2002, Commission Staff posed Interrogatory 3(d) in its Second Set of Interrogatories in which it requested certain information regarding American employees who received retention bonuses. Asserting the requested information was

irrelevant to the subject matter of the proceeding and was confidential, the Joint Applicants refused to respond. The Commission finds that the identity of the employees receiving such bonuses is significant in determining whether the proposed transfer of Kentucky-American Water Company is in the public interest. Therefore, the information sought should be provided. To the extent that the Joint Applicants believe the response should be considered confidential, they may apply for confidential treatment pursuant to Administrative Regulation 807 KAR 5:001, Section 7.

In its Second Set of Interrogatories, Commission Staff also requested that the Joint Applicants provide a comparison of the level of employee compensation of their United States and European operations.¹ The Joint Applicants responded that [n]o detailed compensation exists. In our view, the interrogatory did not request the production of any document, but sought a detailed description of the differences in compensation levels of the Joint Applicants United States and European operations. Accordingly, we find the Joint Applicants response to be unresponsive.

Based upon the above, the Commission HEREBY ORDERS and COMPELS the Joint Applicants to file with the Commission and to the parties of record within 5 days from the date of this Order full responses to Interrogatory 6(a) of Commission Staff s First Set of Interrogatories and Interrogatories 3(d) and 6 of Commission Staff s Second Set of Interrogatories.

¹ Commission Staff s Second Set of Interrogatories, Interrogatory 6.

Done at Frankfort, Kentucky, this 19th day of April, 2002.

By the Commission

ATTEST:


Executive Director