

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN	)	
WATER COMPANY FOR AN ADJUSTMENT OF	)	CASE NO. 2010-00036
RATES SUPPORTED BY A FULLY	)	
FORECASTED TEST YEAR	)	

COMMISSION STAFF'S FIRST SET OF INFORMATION REQUESTS  
TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

Pursuant to 807 KAR 5:001, Commission Staff requests that the Lexington-Fayette Urban County Government ("LFUCG") file with the Commission no later than July 9, 2010 the original, one paper copy, and an electronic copy of the information requested below. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

The LFUCG shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which the LFUCG fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

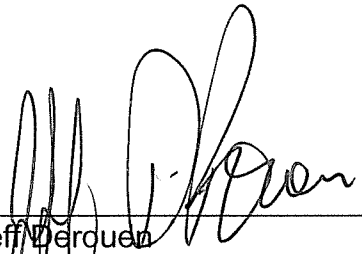
Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the Direct Testimony of Richard A. Baudino at 4. Provide a copy of the article referenced in footnote 1.

2. Refer to the Direct Testimony of Richard A. Baudino at 30 and Exhibit RAB-8.

a. Explain why it is appropriate to use five-year Treasury note yields in the CAPM analysis.

b. Explain why 30-year Treasury bond yields should not be considered in the CAPM analysis.



---

Jeff Derquen  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED: JUN 25 2010

cc: Parties of Record

Honorable David Jeffrey Barberie  
Corporate Counsel  
Lexington-Fayette Urban County Government  
Department Of Law  
200 East Main Street  
Lexington, KY 40507

Honorable David Edward Spenard  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

Honorable Leslye M Bowman  
Director of Litigation  
Lexington-Fayette Urban County Government  
Department Of Law  
200 East Main Street  
Lexington, KY 40507

A.W. Turner  
Kentucky-American Water Company aka Kentucky  
2300 Richmond Road  
Lexington, KY 40502

Honorable Dennis G Howard II  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

Honorable Lindsey W Ingram, III  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KY 40507-1801

Heather Kash  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

Louise Magee  
Kentucky-American Water Company aka Kentucky  
2300 Richmond Road  
Lexington, KY 40502

Iris G Skidmore  
415 W. Main Street, Suite 2  
Frankfort, KY 40601