

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN )  
WATER COMPANY FOR ISSUANCE OF )  
INDEBTEDNESS AND CONTINUED ) CASE NO. 2012-00393  
PARTICIPATION WITH AMERICAN WATER )  
CAPITAL CORP. )

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO KENTUCKY-AMERICAN WATER COMPANY

Pursuant to 807 KAR 5:001, Kentucky-American Water Company ("Kentucky-American") is to file with the Commission no later than October 12, 2012, the original and 10 copies of the following information, with a copy to all parties of record. 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 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.

Kentucky-American 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 Kentucky-American fails or refuses to furnish all or part of the requested information, Kentucky-American shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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. At paragraph 10 of its application, Kentucky-American states that “[a]ll the proceeds from these [long-term debt] financings will be used to refinance short-term debt necessary to (i) fund construction expenditures, and (ii) meet other internal cash requirements.”

a. List and describe each construction expenditure for which Kentucky-American intends to use the proceeds of the financings to partially or fully finance. This description should include the project name and the estimated cost of the project.

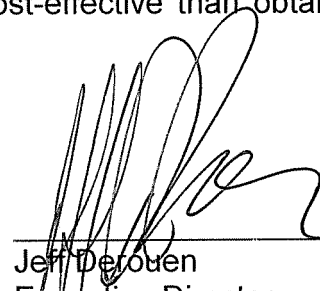
b. Identify and describe the “other internal cash requirements” for which the proceeds will be used.

2. Describe Kentucky-American’s efforts, if any, to reduce the cost of its long-term debt through the refinancing of existing long-term debt with higher than current market interest rates.

3. a. Provide all studies, analyses, reports, and reviews that compare Kentucky-American’s cost for the proposed financing as a participant in the borrowing

program with American Water Capital Corp. with Kentucky-American borrowing directly from third parties.

b. If no studies have been conducted, explain why Kentucky-American's continued participation is more cost-effective than obtaining the proposed financing from a third party.



---

Jeff DeRouen  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

DATED:           **OCT 02 2012**          

cc: Parties of Record

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