

Commonwealth of Kentucky  
Before the Public Service Commission

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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 )

ATTORNEY GENERAL'S  
SECOND REQUEST FOR INFORMATION TO  
LOUISVILLE WATER COMPANY

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, submits this Second Request for Information to the Louisville Water Company.

(1) In each case where a request seeks information provided in response to a Commission Staff request, reference to the appropriate corresponding request item is a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests are continuing and require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, work-paper or information as requested does not exist, but a similar document, work-paper or information does exist, provide the similar document, work-paper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout that is not self evident to a person unfamiliar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

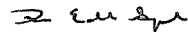
(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer;

and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

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*Notice of Filing and Certificate of Service*

Counsel gives notice that the original and eight photocopies of the Attorney General's Second Request for Information to Louisville Water Company were filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601. Counsel also certifies service of this document by mailing a true and correct photocopy of the same, first class postage prepaid, to the parties of record. Filing and service took place this 15<sup>th</sup> day of October, 2007. (He also notes transmission of an electronic version of this document (in Word) to Counsel for Louisville Water Company.)

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Assistant Attorney General

## Attorney General's Second Request for Information to LWC

1. Please provide the electronic spreadsheet files, with all formulas and links intact, used to produce the appendices to the R.W. Beck report attached to Mr. Wetzel's testimony.
2. Please provide the electronic spreadsheet files, with all formulas and links intact, used to produce the graphs in the R.W. Beck report attached to Mr. Wetzel's testimony.
3. Please provide an analysis similar to that contained in the R.W. Beck report for the proposal contained in the rebuttal testimony of Mr. Heitzman (pp. 4-7).
4. Please provide an explanation and all supporting documents for the following assumptions used in the R.W. Beck report attached to Mr. Wetzel's testimony:
  - a. Construction inflation rate of 3%;
  - b. Municipal bond interest rate of 4.7%;
  - c. KAW interest rate on debt of 6.5%;
  - d. KAW return on rate base of 7.75%;
  - e. Annual increase in wholesale rate of 3%;
  - f. O&M expense inflation rate of 2.4%; and
  - g. Discount rate of 4.7%.
5. Other than the analysis that examined different escalation rates in LWC's charges, did Mr. Wetzel or anyone under his direction at R.W. Beck perform any sensitivity analyses of either the LWC or KAW cases? If so, please describe each such sensitivity analysis and provide the output of each such analysis. If it is not readily apparent, please list the cells in the electronic spreadsheet files that are varied for producing each sensitivity analysis. If no such sensitivity analyses were performed, please explain why not.
6. On page 6-2 of the R.W. Beck report attached to Mr. Wetzel's testimony, it states: "The capital costs are significantly lower ..." Concerning this:

- a. Please define the term “significantly” as used here and provide the analysis performed to determine that the difference was significant.
- b. The report states that there is a significant difference in capital costs, but it does not use the same term when describing differences in the total life-cycle costs. In Mr. Wetzel’s opinion, is there is a significant difference in total life-cycle costs between the LWC and KAW options? If so, provide the analysis performed to determine that the difference was significant. If not, please explain why not.