

RECEIVED

Commonwealth of Kentucky
Before the Public Service Commission

AUG 27 2007
PUBLIC SERVICE
COMMISSION

In the Matter of:

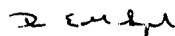
THE APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR A CERTIFICATE OF) Case No. 2007-00134
CONVENIENCE AND NECESSITY AUTHORIZING)
THE CONSTRUCTION OF KENTUCKY RIVER)
STATION II, ASSOCIATED FACILITIES AND)
TRANSMISSION MAIN)

ATTORNEY GENERAL'S RESPONSE TO
LOUISVILLE WATER COMPANY'S INITIAL
REQUESTS FOR INFORMATION TO THE
OFFICE OF THE ATTORNEY GENERAL

The Attorney General submits his Response to the Louisville Water
Company's Initial Requests for Information.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL



David Edward Spenard
Dennis G. Howard, II
Assistant Attorneys General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204
T 502 696-5457
F 502-573-8315

Notice of Filing and Certificate of Service

Counsel gives notice that the original and eight photocopies of the Attorney General's Response 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 27th day of August, 2007.

Lindsey W. Ingram, Jr.
Lindsey W. Ingram III
Stoll Keenon Ogden
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
(Counsel for Kentucky-American Water);

Damon R. Talley
P. O. Box 150
Hodgenville, Kentucky 42748
(Counsel for Bluegrass Water Supply Commission);

David Barberie
Lexington-Fayette Urban County Government, Department of Law
200 East Main Street
Lexington, Kentucky 40507
(Counsel for LFUCG);

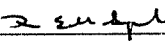
David F. Boehm
Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East Seventh Street
2110 CBLD Building
Cincinnati, Ohio 45202
(Counsel for KIUC);

Thomas J. FitzGerald
Kentucky Resources Council, Inc.
P. O. Box 1070
Frankfort, Kentucky 40602
(Counsel for Citizens for Alternative Water Solutions – CAWS);

Kentucky River Authority
ATTN: Stephen Reeder, Director
70 Wilkinson Boulevard
Frankfort, Kentucky 40601; and

Barbara K. Dickens
Louisville Water Company
550 South Third Street
Louisville, Kentucky 40202

John E. Selent
Edward T. Depp
Dinsmore & Shohl LLP
1400 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
(Counsel for Louisville Water Company)



Assistant Attorney General

RECEIVED

AUG 27 2007

PUBLIC SERVICE
COMMISSION

1. Identify each person who participated in the consideration and preparation of your answers to these Discovery Requests and identify to which particular Discovery Request each person was involved in answering.

ANSWER:

Scott Rubin prepared all responses except for Question Numbers 18 and 19 and Request for Production of Documents Numbers 1, 4, and 5.

With respect to the testimony ("First, it is not at all clear that LWC could either construct the pipeline or sell water at the price of \$1.71 per 1000 gallons"), at page 16, lines 7-8, of your witness Scott J. Rubin, please answer the following interrogatories.

2. Please describe the proposed size and route of the pipeline ("Pipeline") that you believe it is not clear that LWC could construct.

ANSWER:

The precise route and size are not clear. The December 1998 route study prepared for Louisville Water Company identifies several alternative routes. Mr. Rubin does not know which of these routes, if any, would (or could) be used. In addition, Louisville Water Company's various presentations identify pipeline sizes ranging from 12 inches to 42 inches. The 1998 contract between Louisville Water Company and Kentucky-American Water Company contemplates a pipeline that begins at 60 inches and is then reduced to 36 inches for most of the route. It is not clear if this continues to be the proposed pipeline size contemplated by Louisville Water Company.

3. Please describe the reasons that you believe it is “not at all clear” that LWC could construct the Pipeline.

ANSWER:

To the best of Mr. Rubin’s knowledge, Louisville Water Company has not obtained rights of way, highway occupancy permits, stream crossing permits, approval from the Kentucky River Authority, or any of the many other permits and approvals that would be required to construct the pipeline along any of the routes identified for Louisville Water Company in 1998.

4. Please state whether you have reviewed the existing water supply contract dated December 12, 1998 (the "LWC Supply Agreement") between LWC and KAWC.

ANSWER:

Yes

5. If your answer to the immediately preceding interrogatory is “no,” please explain why you have not reviewed the LWC Supply Agreement.

ANSWER:

Not applicable

6. Please explain whether (and why) you believe it is possible that review of the LWC Supply Agreement could alter your analysis of KAWC's application for a Certificate of Convenience and Public Necessity ("CCPN") from the Commission.

ANSWER:

No. The agreement is nine years old and does not contain any updated cost information. In addition, it is not at all clear if Louisville Water Company and Kentucky American Water Company would continue to agree to be bound by the terms of the agreement. Mr. Rubin notes that the agreement provides for a right of termination if the Public Service Commission does not issue a certificate of public convenience within five years of the date of the contract.

7. Please describe the basis of your conclusion that it is “not at all clear” that LWC could sell water to KAWC at the price of \$1.71 per 1000 gallons.

ANSWER:

Various presentations from LWC show different pricing provisions. The 1998 contract between LWC and KAWC does not contain a stated price, but is based on cost of service as it changes over time, minimum purchase requirements, capital cost recovery, and other factors.

8. Please state whether, prior to filing testimony in this matter, you investigated LWC's current wholesale price of water per 1000 gallons? If you answer this interrogatory in the affirmative, please identify the rate at which you believe LWC currently sells (on a wholesale basis) water per 1000 gallons and your source for identifying that rate; if you answer this interrogatory in the negative, please explain why you did not make such investigation.

ANSWER:

Yes. At the time of filing testimony, Mr. Rubin had not received LWC's response to document production requests, so Mr. Rubin's investigation consisted of reviewing prices and pricing options shown in various presentations made by LWC and as contained in the 1998 contract between LWC and KAWC. Since that time, Mr. Rubin has examined other wholesale contracts entered into by LWC. LWC has a stated wholesale rate of \$1.71 per 1000 gallons, but it appears to negotiate different rates apparently based on the level of investment LWC must make in order to serve a customer.

With respect to the testimony (“Third, and by far the most important, LWC has not made a current proposal to KAWC”), at page 16, lines 18-19, of your witness Scott J. Rubin, please answer the following interrogatories.

9. Please explain whether (and why) you believe it is reasonable and prudent for KAWC to have filed this application for a CCPN without having requested a current proposal from LWC, pursuant to which LWC would deliver sufficient water to abrogate the need for the proposed CCPN to construct the proposed water treatment plant and associated facilities and transmission line (the “Project”).

ANSWER:

Yes, it is reasonable. KAWC proposed purchasing water from LWC in 1998. KAWC subsequently decided not to pursue that option because of substantial public opposition, particularly from Lexington Fayette Urban County, which represents a substantial majority of KAWC’s customers. To the best of Mr. Rubin’s knowledge, there were no indications before KAWC filed its application in this case that there was any change in public opposition to the LWC pipeline plan. It was reasonable, therefore, for KAWC to pursue other options.

With respect to the testimony ("I am very concerned about KAWC's failure to even attempt to evaluate and implement serious conservation programs, including programs to control its growing non-revenue problem"), at page 18, lines 20-22, of your witness Scott J. Rubin, please answer the following interrogatories.

10. Please explain whether (and why) you believe KAWC's evaluation and implementation of effective conservation programs (including programs to control any non-revenue water problems) or consideration and implementation of other incremental solutions prior to constructing the Project could possibly: (i) reduce the scope of the Project; or (ii) extend the time before which completion of the Project may be necessary.

ANSWER:

See pages 9-13 of Mr. Rubin's testimony.

The following interrogatories do not relate to particular testimony.

11. If KAWC's application for a CCPN were modified such that it was not permitted to undertake the Project and it was, instead, required to purchase its water needs pursuant to an existing water supply agreement with LWC, please explain whether (and why) you believe the World Equestrian Games in 2010 would be adversely affected by such a requirement. If you answer this interrogatory in the affirmative, please explain whether (and why) the Project might have a similar adverse effect upon the World Equestrian Games in 2010.

ANSWER:

Mr. Rubin has no opinion about any impact of either proposal on the World Equestrian Games. Mr. Rubin's testimony is based on the need for KAWC to provide safe and reliable service to its customers on an on-going basis.

12. Please explain whether (and why) you believe the granting of KAWC's application for the CCPN (subject to the three conditions identified in your testimony) would provide greater benefit to the Commonwealth of Kentucky than the LWC's proposed wholesale of water to KAWC.

ANSWER:

Mr. Rubin cannot fully answer the question because he does not know all of the terms and conditions of "LWC's proposed wholesale of water to KAWC."

80000 SERIES
30% P.C.W.



13. If your answer to the preceding interrogatory is that there is no sufficiently definite proposal from LWC to evaluate, please explain whether (and why) you believe the proposal attached as Exhibit 2 to the prefiled direct testimony of Greg Heitzman will not provide greater benefits to the Commonwealth of Kentucky than the Project proposed by KAWC's application for a CCPN.

ANSWER:

Mr. Rubin does not consider a brief Powerpoint presentation to be a rigorous proposal (compare that to the 11-page contract with numerous attachments that KAWC and LWC executed in 1998). Mr. Rubin cannot assess the costs and benefits of an LWC purchase option based on the information contained in Exhibit 2 to Mr. Heitzman's testimony.

Moreover, Mr. Rubin's testimony and analysis are not designed to evaluate costs and benefits to the Commonwealth of Kentucky as a whole. His review is limited to the costs and benefits to customers of KAWC.

14. Please identify all LWC-related information that you evaluated prior to concluding that the Commission should approve KAWC's application for a CCPN, subject to the three conditions identified in your testimony.

ANSWER:

Prior to preparing his testimony, Mr. Rubin had reviewed information provided by KAWC in the 1998 proceeding about the proposed pipeline; LWC's presentation to Lexington-Fayette Urban County Council on July 10, 2007; and LWC's earlier presentations to some members of the Blue Grass Water Supply Consortium.

15. Please state whether the conclusions set forth in Mr. Rubin's direct testimony are based upon any consideration/evaluation of the potential economic and developmental effects of LWC constructing a water pipeline along the existing Interstate-64 corridor. If Mr. Rubin's conclusions are informed by such a consideration, please describe the information considered and explain the conclusions drawn from that information. If Mr. Rubin's conclusions are not informed by such a consideration, please explain why he did not believe such considerations relevant to his evaluation.

ANSWER:

No. Mr. Rubin's analysis is limited to the costs and benefits to customers of KAWC. Future impacts on economic development were not part of the scope of his review.

16. Please state whether the conclusions set forth in Mr. Rubin's direct testimony are based upon any consideration/evaluation of LWC making some direct investment in its alternative proposal (as reflected in Exhibit 2 to Mr. Heitzman's testimony) to construct a water pipeline along the existing Interstate-64 corridor. If Mr. Rubin's conclusions are informed by such a consideration, please describe the information considered and explain the conclusions drawn from that information. If Mr. Rubin's conclusions are not informed by such a consideration, please explain why he did not believe such considerations relevant to his evaluation.

ANSWER:

Mr. Rubin had reviewed LWC's presentation to LFUCG prior to preparing his testimony. He assumed that, consistent with the 1998 agreement between LWC and KAWC, that any LWC "contribution" toward the capital cost would be recovered from KAWC by LWC through some type of capital cost recovery mechanism (such as a minimum purchase, capital cost recovery charge, connection charge, or similar mechanism).

17. Please identify all documents (including, but not limited to, studies, evaluations, analyses, treatises, and memoranda) reviewed by your witness in the preparation of his testimony in this matter.

ANSWER:

Mr. Rubin reviewed the documents filed by, or provided during discovery, by KAWC. He also reviewed documents related to LWC, as stated in response to question 14. Mr. Rubin frequently reviews studies, journal articles, and other publications relating to water supply planning and related issues, but he did not review any publications specifically in preparation of his testimony.

18. Please identify all documents (including, but not limited to, studies, evaluations, analyses, treatises, and memoranda) you have provided to your witness in connection with this matter.

ANSWER:

Response by the Office of the Attorney General:

The Attorney General objects to the identification of any memoranda (or other documents) containing the mental impressions, conclusions, opinions, or legal theories of this Office.

The OAG supplied Mr. Rubin with the documents filed with Kentucky-American Water Company's application (except for Exhibit A, Exhibit B, and Exhibit C materials). The OAG has also supplied Mr. Rubin with the discovery materials served upon this Office during this proceeding.

In addition to the above, the OAG has supplied the following:

- Gannett Fleming, *Water Supply Study*, for Kentucky American Water (March 2007);
- "Bluegrass Water – A regional need. A regional solution." Kentucky American Water's presentation material for LFUCC 21 August 2007 work session;
- Louisville Water Company's presentation material for LFUCC 10 July 2007 session;
- 4 June 2007 letter from O'Brien & Gere to Don R. Hassall (Bluegrass Area Development District), RE Lowest Cost Alternative Water Supply;
- O'Brien & Gere Summary of Review & Analysis Task Orders No. 4 & 5;
- Statement of Kentucky Resources Council, Inc. Before the Kentucky River Authority February 19, 1993;
- 20 October 1995 letter from Kentucky Resources Council, Inc. to Robert Kanzinger (USACE, Louisville), RE Proposed Environmental Assessment and Public Scoping Workshops Kentucky River Authority;
- Kentucky River Authority Meeting No. 134 Agenda;
- Kentucky River Authority draft resolution regarding endorsement of Pool 3 as source of raw water for regional use;
- Kentucky River Authority draft "Intervention Petition of The Kentucky River Authority" for Ky PSC Case No. 2007-0013;
- 10 April 2007 letter from Sandy Gruzsky (Ky Division of Water) to David Edward Spenard (OAG), RE KAWC Water Withdrawal Permit #1572;
- 11 April 2007 letter from David Edward Spenard to David Morgan (Ky Division of Water), RE DOW Water Withdrawal Permit #1572;
- 27 March 2007 letter from David Edward Spenard to David Morgan (Ky Division of Water), RE DOW Water Withdrawal Permit #1572;
- 22 January 2007 Memorandum from Bill Grier to Stephen Reeder, RE Bluegrass Water Supply Commission, January 22, 2007 meeting;

- 26 February 2007 Memorandum from Bill Grier to Stephen Reeder, RE Bluegrass Water Supply Commission, February 26, 2007 meeting;
- Appropriations Request Information Form, Rep. Ben Chandler – Kentucky's Sixth District, Applicant Group, Kentucky River Authority;
- General Request for Fiscal Year 2008 Federal Project Funding, Kentucky River Dam 10;
- 12 September 2006 letter from Beth O'Donnell (Ky PSC) to Stephen Reeder, RE Kentucky River Authority procedural questions;
- 18 May 2006 letter from Richard C. Svindland (KAWC) to Bill Caldwell (Ky Division of Water), RE Application for Water Withdrawal on Pool 3 of Kentucky River; and,
- 12 May 2006 letter from Nick Rowe to Thomas Calkins (Bluegrass Water Supply Commission), RE Bluegrass Water Supply Commission Phase I project.

Also, the OAG supplied Mr. Rubin with a photocopy of all documents provided to this Office by the Louisville Water Company pursuant to the OAG's requests of 31 July 2007 and 6 August 2007.

19. Please identify all individuals you contacted to potentially serve as your witness in this matter.

ANSWER:

Response by the Office of the Attorney General: Scott J. Rubin.

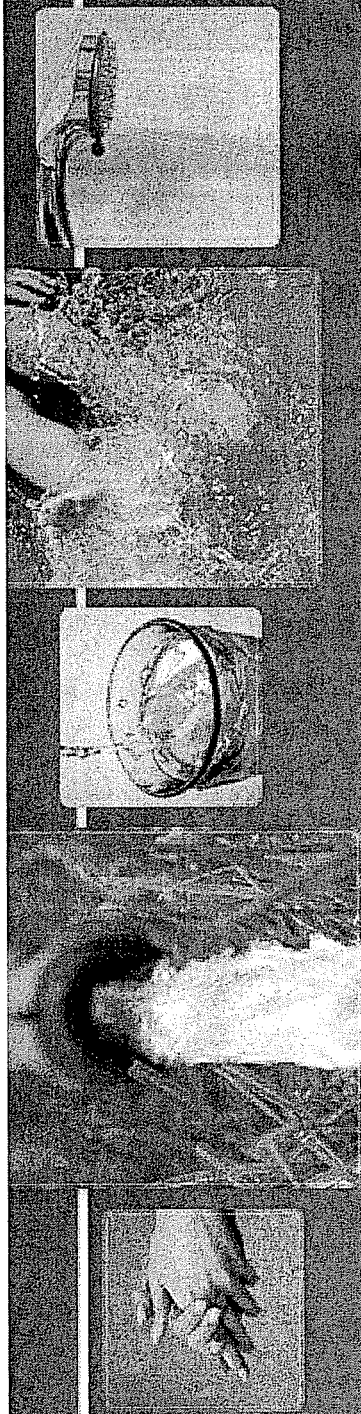
IV. REQUESTS FOR PRODUCTION OF DOCUMENTS

1. Please produce all documents referenced, relied upon, or identified in response to the interrogatories set forth above.

RESPONSE:

The Attorney General objects to the provision of any memoranda (or other documents) containing the mental impressions, conclusions, opinions, or legal theories of this Office.

Please see the attached documents (and CD that accompanies this response). All remaining documents are already in LWC's possession:



Bluegrass Water

A regional need. A regional solution.



Kentucky
American Water®

www.bluegrasswater.com

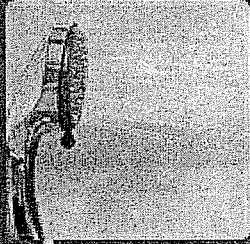
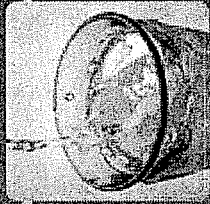
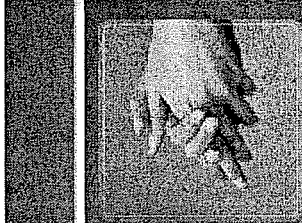


Purpose of Our Presentation

- Present the best water supply solution for Central Kentucky
- Answer questions



www.bluegrasswater.com



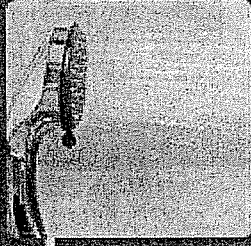
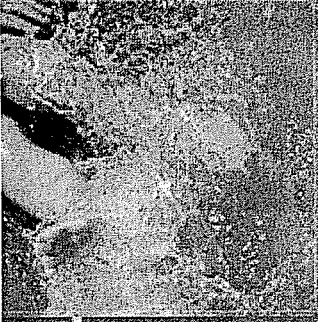
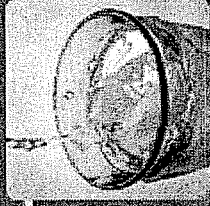
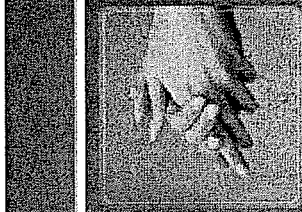
Kentucky American Water

- Serve 115,000 customers in 10 counties
- Century of high quality water & reliable service
- Good employer
- Respected corporate citizen
- Significant taxpayer



Kentucky
American Water®

www.bluegrasswater.com



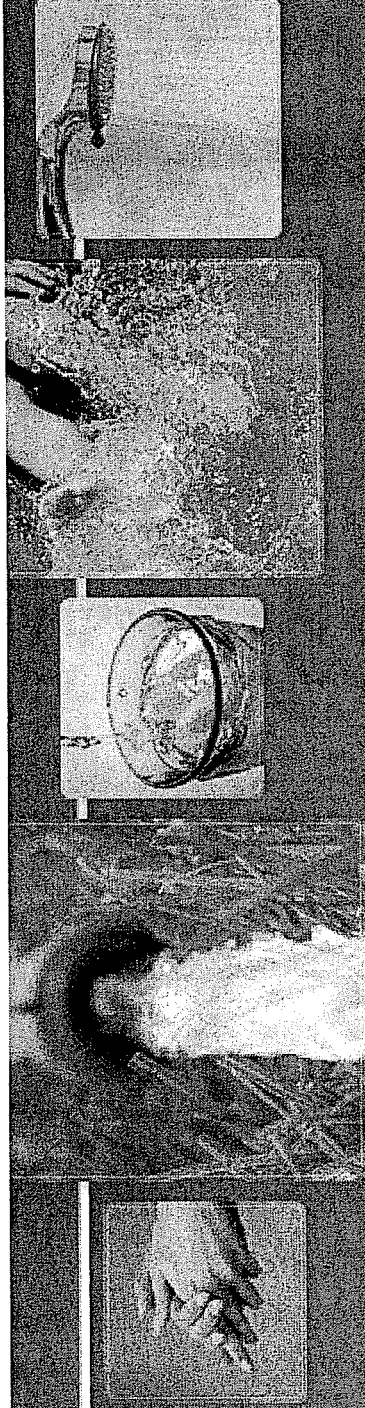
Kentucky American Water

- Employ 140 water professionals
- 3 water treatment plants providing 71 MGD
- 2 wastewater treatment plants
- 1,830 miles of water lines
- 27 storage tanks



Kentucky
American Water

www.bluegrasswater.com



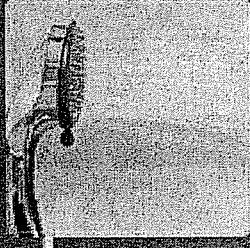
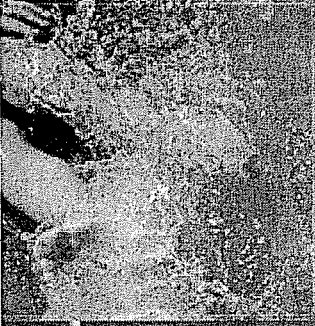
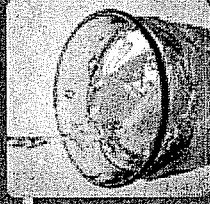
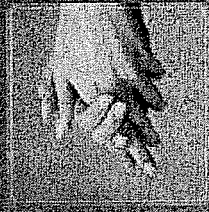
American Water

- Largest provider of water and wastewater services in North America
- Serves more than 17 million people in 29 states, Puerto Rico and Ontario, Canada
- Owns and/or operates 789 water treatment plants and 56 wastewater plants



Kentucky
American Water®

www.bluegrasswater.com



Service Area

- Bourbon
- Clark
- Fayette
- Gallatin
- Grant
- Harrison
- Jessamine
- Owen
- Scott
- Woodford



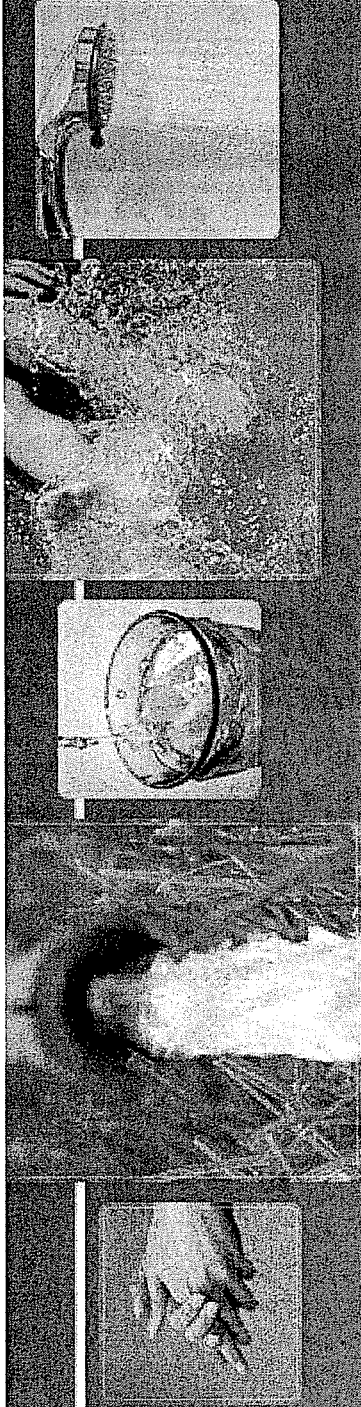
Broad Regional Support

- Bluegrass Water Supply Commission
- Attorney General
- Bluegrass Area Development District
- Kentucky River Authority
- Owen County Fiscal Court
- Multiple Chambers of Commerce



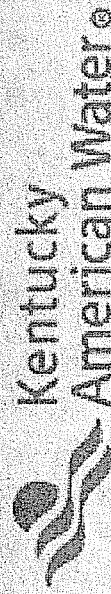
Kentucky
American Water®

www.bluegrasswater.com

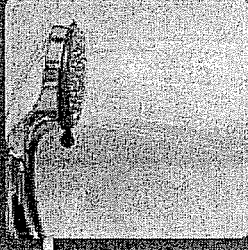
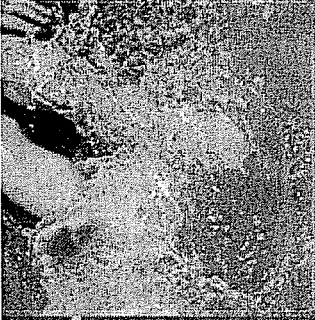
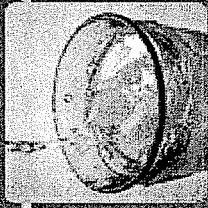


History

- Need for new supply identified 20 years ago
- Successful, long-term conservation program
- A Kentucky River solution

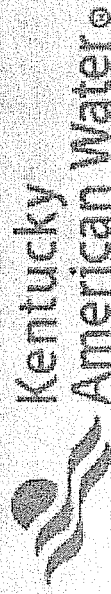


www.bluegrasswater.com

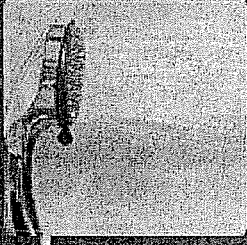
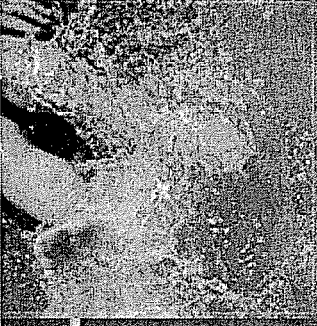
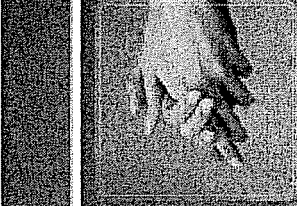


Best Solution for Central Kentucky

- Historic partnership
- The right solution, at the right time



www.bluegrasswater.com



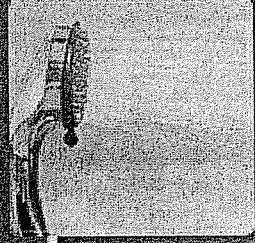
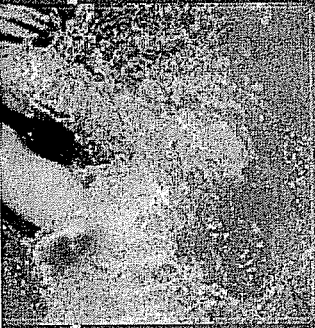
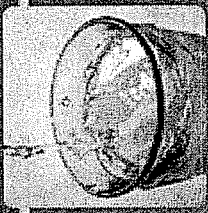
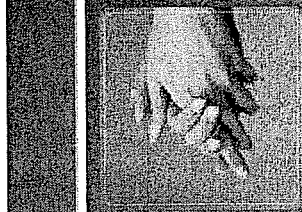
Project Overview

- 20-mgd plant expandable to 30-mgd
 - Meets current and future needs
- 30.7 mile underground transmission line
- Project is fully designed
- Construction bids due in early October



Kentucky
American Water

www.bluegrasswater.com



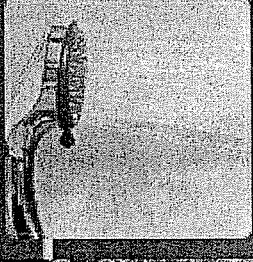
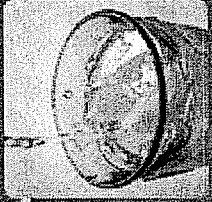
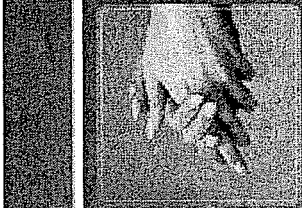
Cost

- Reviewed a full array of options
- Found the right solution
- Estimated cost of \$160-\$170 million
- Must look at both:
 - Construction costs
 - Operating costs



Kentucky
American Water

www.bluegrasswater.com



Cost-- KAW/BWSC Proposal

- 25 mgd treatment plant, 30 mi of 42" pipe, Booster pump & tank
- Design complete, all permits applied for, pending PSC approval, out to bid Aug 2007
- Start construction Jan 2008, complete Apr 2010



Kentucky
American Water®

www.bluegrasswater.com



Cost-- LWC Proposal

- 42 mi of 36" pipe from KY 53 in Shelby County to Fayette County
- Use I-64 Right-of-Way?
- General 2-3 year completion?
- No design, no permits, no approvals
- Would require PSC approval

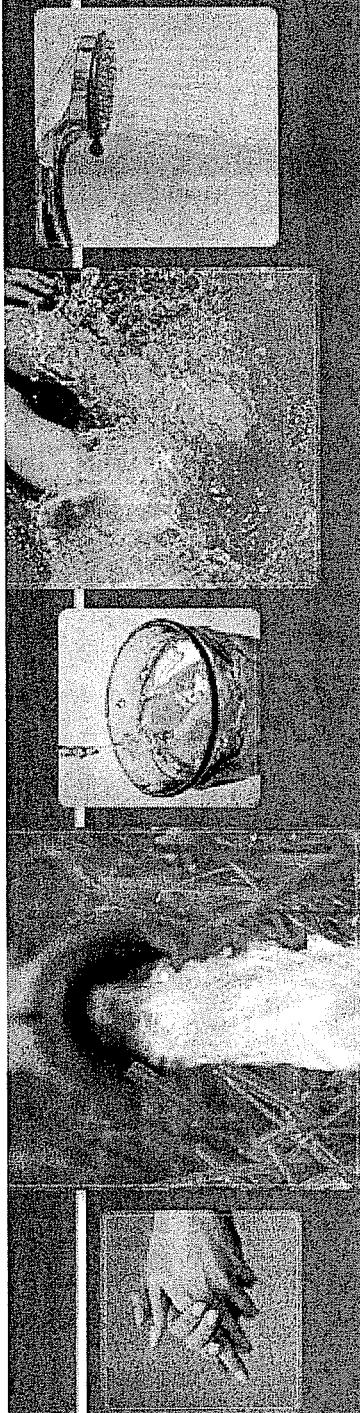


Kentucky
American Water

www.bluegrasswater.com

KAW-BWSC vs. LWC Costs

	KAWC/BWSC Pool 3 Plant/Water Main	LWC Water Main* <small>*Operating costs based on details proposed to the BWSC in October 2006.</small>	LWC Water Main 42" Main Est.*
Capital Cost – Treatment Plant	\$68.9		
Booster & Tank	\$6.5		\$6.5
Pipeline	\$61.9 (\$390/ft)	\$56.0 (\$252/ft)	\$86.7 (\$390/ft)
Sub-Total	\$137.3	\$56.0	\$86.7
Facilities to connect		\$5.2	\$5.2
Eng, Interest, Contingencies	\$32.4	\$14.4	\$25.4
Total Capital Expenditures	\$169.7	\$75.6	\$123.8
30-year Operating Expenses	\$33.1	\$181.9	\$181.9
Total Costs	\$202.8	\$257.6	\$305.7



Bluegrass Water

H₂O through 2030 and beyond



www.bluegrasswater.com



O'BRIEN & GERE

June 4, 2007

Mr. Don R. Hassall, PE, General Manager
Bluegrass Water Supply Commission
c/o Bluegrass Area Development District
699 Perimeter Drive
Lexington, KY 40517-4120

Re: Lowest Cost Alternative
Water Supply
File: 36270

Dear Don,

This letter is to provide an update and to clarify a matter of significance, which may not have been fully understood during the course of the Feasibility Study. On a number of recent occasions, we have heard some concern that BWSC's approach for regional water supply is not the lowest cost option. The implication seemed to be that some members of the General Assembly, the general public and possibly some of the participants in the BWSC believed that the Kentucky River Pool 3 hybrid alternative is not the lowest cost alternative. Without commenting on the merit of this concern, the fact of the matter is that the recommended option from the Feasibility Study (Kentucky River Pool 3 with a supplemental pipeline to the Ohio River) was both the highest rated and lowest cost, when evaluated "apples to apples" with a firm capacity of 45 MGD from all sources. For your convenience, we attach Figures 1 through 4 which show information presented at Workshops No. 5 and 6. Figures 1 & 2 show cost comparisons with the Louisville Water Company's original and revised pricing, respectively. Figures 3 & 4 shows weighted scoring comparisons with the Louisville Water Company's original and revised pricing.

You no doubt recall that during Workshop No 5, upon showing the results illustrated by Figures 1 & 3, there was a request from Louisville Water Company for a second submittal of their cost proposal. The opportunity to make a second submittal was then provided to all four of the entities which had offered wholesale water supply. Only one, Louisville Water Company, made a second offer (Offer letter dated July 9, 2003). Their second offer was for a substantially lower cost, but also for a substantially lower amount of reserved (guaranteed) capacity. Specifically, the first offer was for 45 MGD

"reserved" capacity, while the second offer was for 18 MGD "reserved" capacity, with provision for up to 45 MGD "if available". Because the primary driver for the Bluegrass Water Supply Program is the drought deficit, the reserved or guaranteed capacity is a significant issue. The inherent reliability of the Pool 3/Ohio River Pipeline option is more comparable to the 45 MGD "reserved" capacity of the first Louisville Water Company proposal.

At Workshop No. 6, the second offer was considered and the scores were adjusted to use the new, lower cost (Figure 2) for the 45 MGD "if available" capacity. However, the Pool 3/Ohio River Pipeline option was still ranked higher than all others (Figure 4), and O'Brien & Gere independently recommended that option. We stand by that recommendation today, because on an "apples to apples" comparison, it is both the lowest cost and overall best fit, using the criteria developed for the Feasibility Study. In hindsight, we suspect that the reduction in "reserved" capacity and only providing 45 MGD "if available" in Louisville Water Company's second offer was not fully understood at Workshop No. 6, for if it was, then the Pool 3/Ohio Pipeline option should have scored better under the "Adequate Capacity" criteria, thereby making it even more preferred.

In December 2005, Louisville Water Company submitted a third offer letter for a "reserved" capacity of 31 MGD. In reviewing the proposal and comparing with the Kentucky River 31 MGD water treatment plant at Pool 3 with Ohio River Pipeline alternative, the capital cost for the LWC option was lower than the capital cost of the Kentucky River Pool 3 option by almost 18%; however, the annual O&M present worth cost of the LWC option was more than double the present worth cost of the Kentucky River Pool 3 option. Combining these two factors into a present worth analysis indicates that the Kentucky River Pool 3 option would be the preferred option for the long-term source of supply of 31-MGD for BWSC, with a present worth cost that is 23% lower than the LWC option.

In October 2006, BWSC had received another proposal from Louisville Water Company (LWC) for wholesale supply of finished water. The latest proposal was focused on a water supply alternative to meet the needs of BWSC members only (9 MGD or less). The latest option presented by LWC was to have a maximum day to minimum purchase ratio of 2:1 with the standard wholesale water rate of \$1.63 per thousand gallons. This option does not provide a "reserve" capacity and would restrict BWSC to the same water restrictions imposed by LWC on all wholesale customers during a drought or water emergency.

Again, comparing the proposals from LWC with the now equity ownership option with Kentucky American Water Company for a 25 MGD water treatment plant on the Kentucky River resulted in the lower cost for the Kentucky River Pool 3 option. The LWC option resulted in an overall present worth cost of more than 50% greater than the equity ownership option with Kentucky American Water. The primary reason for this significant difference is that the joint ownership option allows BWSC the ability to utilize


Mr. Don R. Hassall, PE
June 4, 2007
Page 3

Kentucky American Water Company's existing infrastructure with multiple connections to their grid in order to convey the potable water to the BWSC members in Phase I without having to build a separate pipeline grid.

Given the importance of this issue, we request the opportunity to discuss it at the next meeting of the Bluegrass Water Supply Commission meeting. If you have any questions, please contact me.

Very truly yours,

O'BRIEN & GERE

A handwritten signature in black ink, appearing to read "Bryan K. Lovan", with a long horizontal flourish extending to the right.

Bryan K. Lovan, P.E., P.L.S.
Project Manager

CC: George Rest, P.E.



Summary of Review & Analysis Task Orders No. 4 & 5

The Bluegrass Water Supply Commission (BWSC) authorized O'Brien & Gere to perform Task Order #4 and Task Order #5 in order to update the analysis of alternative sources of supply and to investigate approaches that could meet short-term needs of BWSC.

While this summary is only a preliminary review, we recommend that the Master Planning & Capital Construction Committee meet to review these findings prior to finalizing the report.

• LOUISVILLE WATER COMPANY PROPOSAL

BWSC has received several proposals from Louisville Water Company (LWC) for wholesale supply of finished water. The first two were received during the Feasibility Study (July 9, 2003 and August 8, 2003), and two more since formation of BWSC (December 15, 2005 and October 25, 2006). The latest proposal was focused on a water supply alternative to meet the needs of BWSC members only (9 MGD or less). If BWSC agreed to a long term contract with minimum purchase provisions, LWC would contribute the required capital to fully fund construction of a 24-inch main with a 10 MGD capacity terminating at KY Highway 53 for all of the supply options specified.

The BWSC will be responsible for any additional costs of upsizing these facilities to meet the required reserved capacities specified in excess of 10 MGD. In consideration of such a capital commitment, LWC requires, at a minimum, a 50-year contract with renewal options.

The various options specified either design or reserved capacity with minimum daily purchases and a variety of rate options. The latest option presented by LWC, to meet the 9 MGD capacity, was to have a maximum day to minimum purchase ratio of 2:1 with the standard wholesale water rate of \$1.63 per thousand gallons. This option does not provide a reserve capacity and would restrict BWSC to the same water restrictions imposed by LWC on all wholesale customers during a drought or water emergency. The maximum day range of the 24-inch main would be 4 MGD to 10 MGD with the minimum purchase amount of 2 MGD to 5 MGD at the standard wholesale water rate.

Based on an estimated purchase amount of 2 MGD to 3 MGD, the calculated unit cost to the Commission would be greater than \$4.00 per 1,000 gallons.

- **FPB WATER TREATMENT PLANT EVALUATION**

Frankfort Plant Board (FPB), in cooperation with BWSC, retained GRW Engineers to evaluate the existing FPB WTP for the possibility to meet the short-term needs of Kentucky American Water (KAW). The study also looked at expanding FPB's capacity to meet the needs of BWSC, or to meet the partial needs of both KAW and BWSC.

In summary, the report by GRW Engineers indicates that the historical raw water pumping demands during peak days and the 3-day running annual average has approached 16 MGD on a few occasions and was recommended that the 16 MGD demand be used as the critical present day peak demand. As a result, there is no reliable treatment plant capacity available for BWSC without substantial improvements to expand the water treatment plant and distribution system in the range of \$17 to \$32 million.

Based on an estimated purchase amount of 2 MGD to 3 MGD, the calculated unit cost to the Commission would be greater than \$3.00 per 1,000 gallons.

- **OTHER ALTERNATIVES EVALUATION**

Our independent view is that the unit costs of a 9 MGD regional water system with an independent grid are relatively high, and BWSC members may need to increase commitment to about 15 MGD in order to reach a more reasonable unit cost. Subsequent discussions with BWSC members indicated that a significant increase in committed capacities is unlikely at this time.

The follow is a summary of the alternatives for BWSC to construct for a regional water supply.

Kentucky River

- Pool 3 with supplemental pipeline to Ohio River:
 - In partnership with KAW (for comparison purposes)
 - Without KAW
- Frankfort Plant Board WTP Expansion on Pool 4

Ohio River

- Louisville Water Co. (Purchase Water)
 - Reserved Capacity
 - Available Capacity

Combinations

- Louisville Water Co. and Greater Fleming

The basis for our cost analysis for the evaluations were as follows:

- Used recent proposal from LWC (October 25, 2006 proposal)
- Used Feasibility Study estimates and revised
- Assumed use of existing 16" pipeline to "back-feed" Frankfort and use of KAW infrastructure for partnership option
- Allocated costs over 9 MGD to derive approximate unit costs

Interim Findings

A summary of our interim findings on the cost evaluation are listed below:

- If BWSC develops a 15 MGD Pool 3 water supply independent of KAW, unit costs will be nearly 2-1/2 to 3 times the unit costs if KAW and BWSC worked in partnership, due to loss in economy of scale
- If the BWSC facilities were reduced down to the current 9 MGD committed capacity, the capital costs would be less, but the unit costs would be even higher
- Phasing can defer costs for some members, but is relatively ineffective at reducing unit cost
- Of the other (non KY River Pool 3 options) BWSC-Only Alternatives, the most preferred, based on cost appear to be :
 - Frankfort Plant Board
 - Greater Fleming options, including combinations with FPB & LWC

However, the above unit costs are nearly double the BWSC/KAW Pool 3 option, and may not satisfy FPB's desire for a substantial back-up supply

BWSC/KAW Partnership

KAW presented to the BWSC on September 25, 2006, a proposal to construct a 20 MGD facility in Pool 3 of the Kentucky River.

KAW proposes to provide multiple connections to BWSC, in order to reduce the size and cost of the BWSC grid. ***The independent grid is much too expensive for BWSC to finance alone, with commitments of 9 MGD.***

Assuming BWSC agrees to using multiple connections to KAW, this approach would save cost and avoid the expensive independent grid.

For BWSC's cost to be reduced, it is recommended that BWSC propose to take a smaller share of the Pool 3 facilities (5 MGD out of 25 MGD vs. 9 MGD out of 30 MGD). This allows for a lesser unit cost for the facility and less grid cost to the members. There would be a greater cost savings to BWSC if the two parties split cost for a 25 MGD supply in proportion of 5 MGD for BWSC and 20 MGD for KAW. If KAW accepts the 5 MGD initial share in Pool 3, then this will allow for lesser unit cost to BWSC for the initial phase and explore further the possibility to combine that with a supplemental supply for the remainder of the 4 MGD.

Based on an estimated minimum purchase amount of 5 MGD, the calculated unit cost to the Commission would be in the range of \$2.45 to \$2.55 per 1,000 gallons.

RECOMMENDATIONS

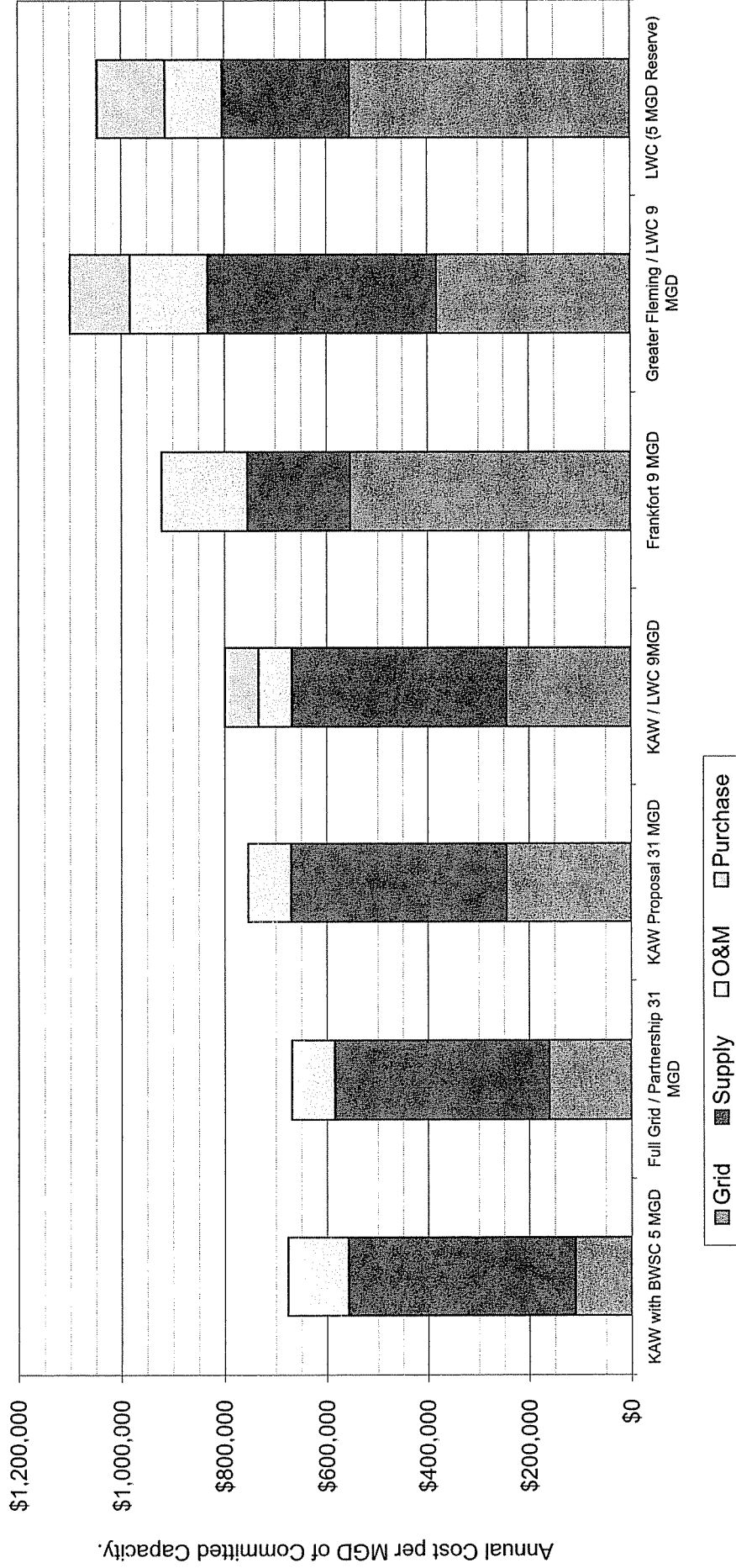
The comparison of the various alternatives are presented in the charts on the following pages.

Alternative Number	Description	Increase In Safe Yield (mgd)	WTPs (\$)	PS + Intakes (\$)	Pipes (\$)	Subtotal (\$)	Contingencies (20% of Subtotal) (\$)	Total Shared Capital Cost (\$)	Total BWSC Capital Cost (\$)
Kentucky River									
	New WTP at Pool 3 with KAW (31 MGD)	31	0	9,815,184	81,948,000	91,763,184	18,352,637	110,115,821	
	Partnership, New WTP at Pool 3 with KAW (31 MGD)	31	0	9,815,184	24,948,000	34,763,184	6,952,637	41,715,821	30,240,000
	Partnership, New WTP at Pool 3 with KAW, 5 MGD first phase	5	0	0	11,233,000	11,233,000	2,246,600		13,479,600
	Combo KAW and LWC	9	0	2,563,556	45,800,000	48,363,556	9,672,711		58,036,267
	Expand Frankfort WTP at Pool 4 on Kentucky River/GRWS - Capital Contribution	9	0	0	57,000,000	57,000,000	11,400,000	68,400,000	
Ohio River									
	Purchase Finished Water from LWCs (2 MGD min. buy, 2:1 PF, no reserve)	9	0	0	83,350,000	83,350,000	16,670,000	100,020,000	
Groundwater									
	Combo (GF + LWC)	9	11,678,728	5,605,789	66,996,320	86,280,837	17,256,167	103,537,004	

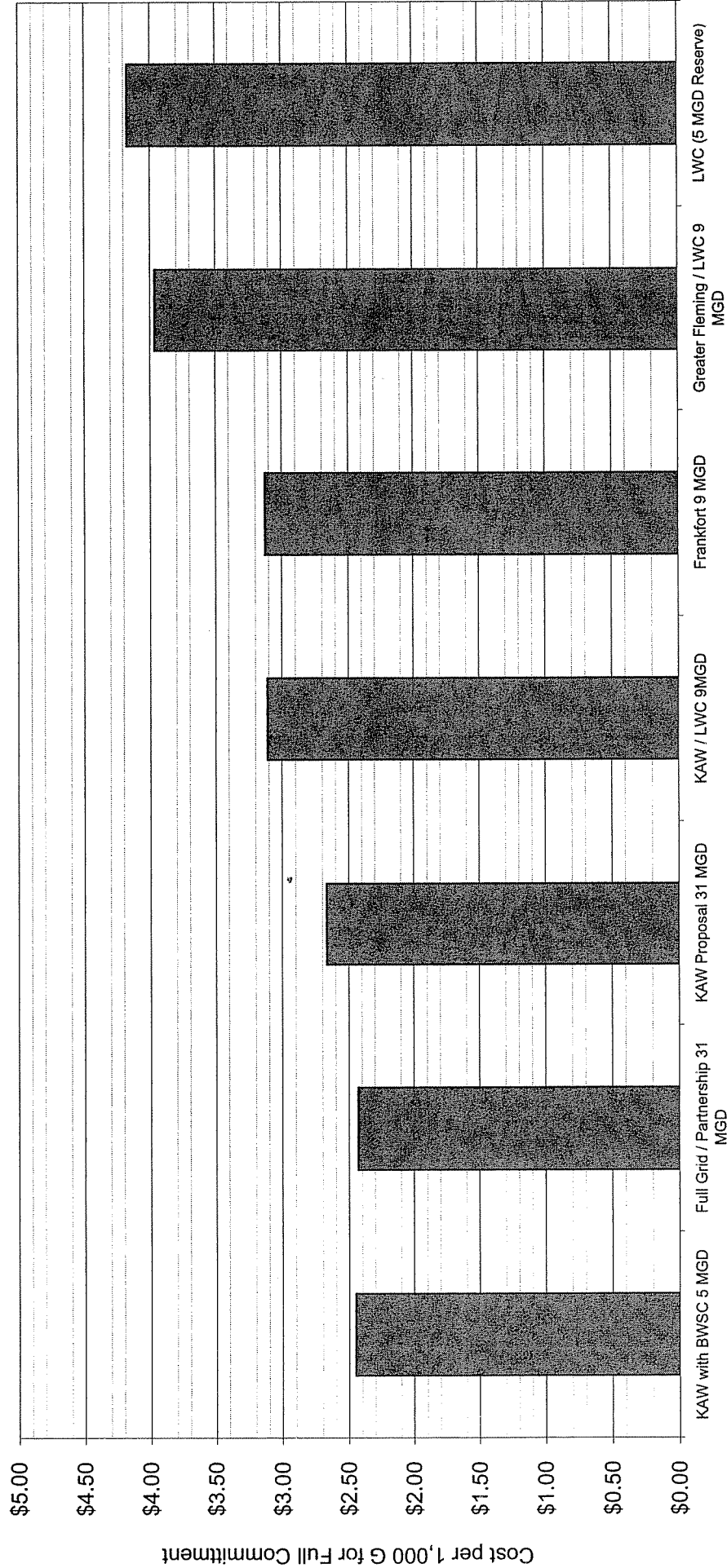
Interim Draft Task Order No. 5 July 17, 2006

Alternative Number	Description	Increase in Safe Yield (mgd)	Regulatory Permitting (5% of Total Cap) (\$)	Engineering Legal & Admin (20% of Total Cap) (\$)	Upfront Capital Cost (\$)	Total Shared Project Cost (\$)	Total BWSC Project Cost (\$)	Unit Cost based on Project Cost (\$/gallon)	Present Worth of Annual Operation & Maintenance (\$)	Total Present Value of Alternative (\$)	Unit Present Value of Alternative (\$/gallon)
Kentucky River											
	New WTP at Pool 3 with KAW (31 MGD)	31	5,505,791	22,023,164	175,606,725	313,251,501		10.10	\$51,860,488	365,111,989	11.78
	Partnership, New WTP at Pool 3 with KAW (31 MGD)	31	2,085,791	8,343,164	50,982,598	52,144,776	89,084,998	11.58	\$51,860,488	140,945,485	15.66
	Partnership, New WTP at Pool 3 with KAW, 5 MGD first phase	5	673,960	2,695,920	31,412,137	48,261,637		9.65	\$11,672,483	59,934,120	6.66
	Combo KAW and LWC	9	2,901,813	11,607,253	31,412,137	103,957,471		11.55	\$21,280,885	125,238,355	13.92
	Expand Frankfort WTP at Pool 4 on Kentucky River/GRWS - Capital Contribution	9	3,420,000	13,680,000	32,000,000	117,500,000		13.06	\$29,759,576	147,259,576	16.36
Ohio River											
	Purchase Finished Water from LWCo.(2 MGD min. buy, 2:1 PF, no reserve)	9	5,001,000	20,004,000		125,025,000		13.89	\$43,344,198	168,369,198	18.71
Groundwater											
	Combo (GF + LWC)	9	5,176,850	20,707,401		129,421,255		14.38	\$47,749,632	177,170,887	19.69

COST COMPARISON

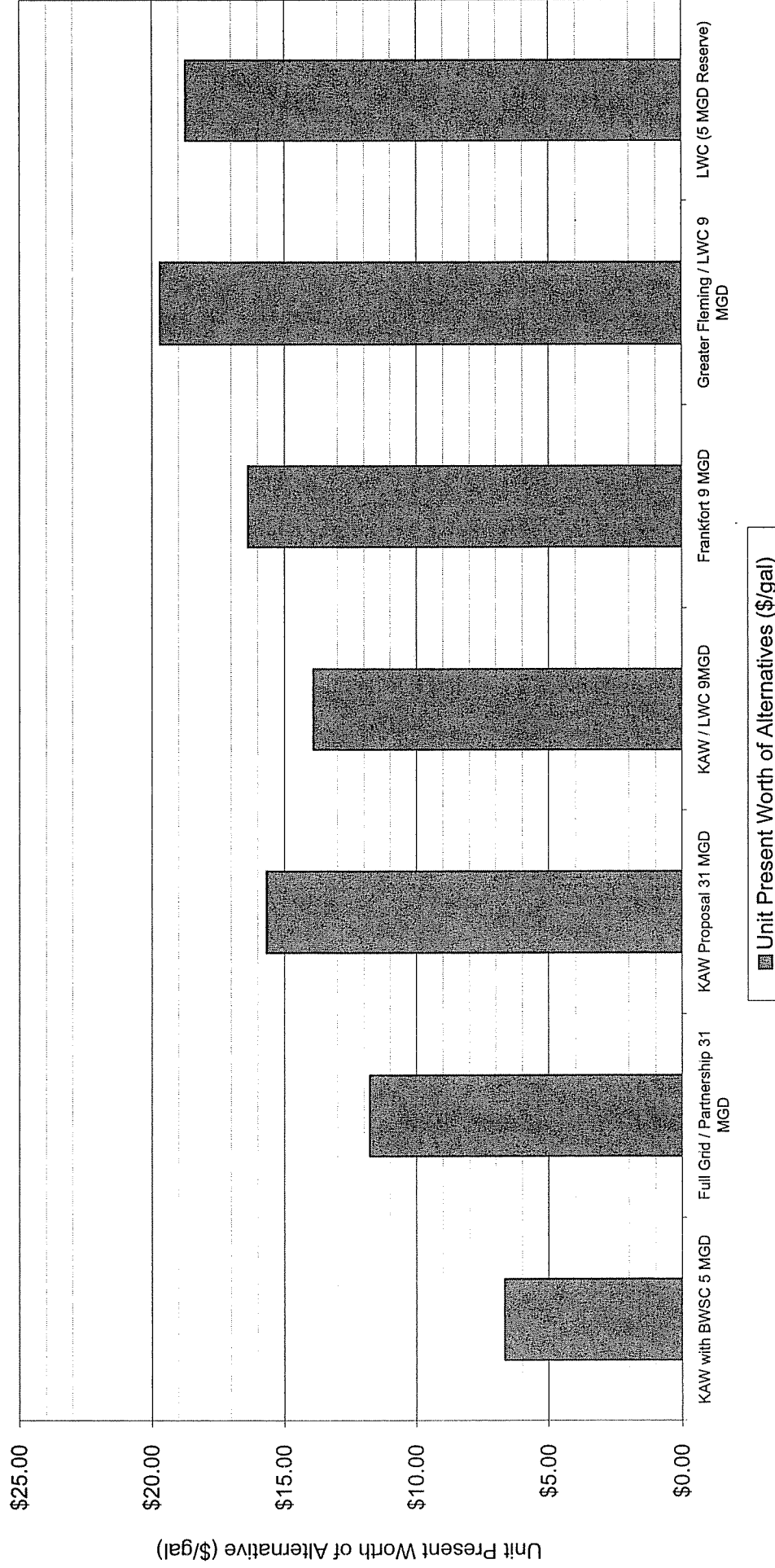


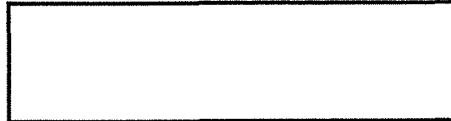
UNIT COST COMPARISON



■ Cost /1,000 gal for full allotment

UNIT COST COMPARISON Unit Present Worth of Alternatives (40 years)



**Telefax**

**For David Spenard - David - this is one of two documents I'm sending - it is my
Date: 9/17/98 testimony before the River Authority concerning the Lexington situation.**

To:

**From: Tom FitzGerald
Kentucky Resources Council, Inc.
Phone no. (502) 451-2492
Fax no. 502 456-0510**

To: David Spenard
From : KRC
Pages: 4
For Information Call: KRC
At:
Fax Number :

Statement of Kentucky Resources Council, Inc.
Before the Kentucky River Authority
February 19, 1993

Chairman Dorman, members of the Kentucky River Authority, my name is Tom FitzGerald, and I am Director of the Kentucky Resources Council, Inc., a non-profit environmental advocacy organization dedicated to prudent use and conservation of the natural resources of the state.

While many of you probably know of the Council because of our work on solid and hazardous waste issues, or on reform of the surface mining program, the history of the Council began with its predecessor, the Kentucky Rivers Coalition, which was organized to oppose the Corps of Engineers dam proposals of the 1960's - Falmouth, Red River Dam, Campground, Howardstown, and others.

While the Council has broadened both the base of membership and the issues of concern to the organization, the guiding tenet of the old coalition concerning opposition to water resources projects that were unnecessary, or inequitable in allocating costs and benefits among the public and environment, remains a constant.

In assessing the current issue of water supply, which has been recently framed by the Kentucky American Water Company as a need within a relatively short period of time for additional water supply to meet peak needs in drought conditions, the choices have been framed as either construction of new capacity upriver of Lexington, or the pumping of treated water from the Ohio River through the Louisville Water Company to Lexington via pipeline.

I appreciate the invitation to address this issue, and to present the perspective of the Council. I was invited to serve on the former Kentucky River Basin Committee by then-Mayor Baesler, and my comments are "old news" to those who served with me on that committee. I will summarize a few basic principles that I believe should be among those that guide any decisionmaking concerning the if and how of augmenting supply for users of the Kentucky River.

The first point is that the projections used to determine the need and to project the timeframes for action to provide for water supply needs must be based on sound data.

The recent approval of the modification to the water withdrawal permit by the Division of Water for Kentucky-American Water Company to draw down, or "mine" Pool 9 for water supply, should be calculated into any projection of needs during low-flow conditions for the design drought. Because of the additional available water supply for critical flow conditions made available by the permit modification, I would anticipate that this permit modification will lower the target deficit and push forward the time when a decision would need to be made to augment supply by increasing available supply during low flow conditions through major structural projects.

Similarly, the possibility and consequences of mining excess storage from pools above Pool 9 in order to shift supply to meet demand has never been analyzed in a comprehensive or detailed manner, and deserves additional scrutiny.

Likewise, the data regarding assumed growth needs to be validated.

The second principle that the Council would suggest be applied is the proposition that without a water resource *management* strategy for the central Kentucky region as well as any other areas of projected shortfall, the augmentation of existing raw water supply or treated water capacity will not resolve water supply shortfalls in the region, but merely postpone a water supply crisis for a period of years.

The development of additional supply and storage, and the provision through the modification of the required critical low flow for Pool 9, will do little to resolve water supply problems during drought periods unless steps are taken to moderate growth in water demand, and to limit growth in the geographic area served by Kentucky American Water Company, in order to conserve the "breathing room" provided by allowing the utility to mine the pool. Likewise, augmentation of the water supply to the Lexington area through a pipeline or construction of one or more new dams, without developing first a strategy that provides a margin of safety for water supply needs and which regulates demand, will result in repeating the pattern of overreaching available supply.

The third principle that the Council would suggest is that, prior to consideration of new structural alternatives for augmenting water supply, water conservation measures should be fully developed and implemented. An aggressive program to identify and plug unaccounted-for water loss in the utility distribution systems should be employed, and pricing policies that favor conservation rather than consumption should be developed. Innovative water reuse measures and

educational programs should likewise be employed to determine whether and how much reduction in peak demand can be achieved through wise water use.

The fourth principle is that the consideration of the consequences of construction of a mainstem dam(s) or a pipeline must include the full range of environmental impacts, direct, indirect and cumulative. The range of effects that will need to be considered are not bounded by the river banks, but include growth-inducing consequences and other demographic effects that are reasonably related to a decision to or not to augment water supply storage for the basin.

The fifth point is that the development of a pipeline raises significant public policy issues that reach beyond the question of how to meet projected needs in design drought conditions, and involves the interface or conflict between private business and public policy.

Finally, the approach(es) taken must be equitable in allocating costs and benefits. The acceptability or "reasonableness" of environmental impacts is directly related to the demonstrated need, the lack of lower -(environmental) cost approaches, and the fairness of the proposal in distribution of costs and benefits relative to costs.

Thank you for the opportunity to address the Authority.

**Telefax**

For David Spenard - this is the second document.

Date:

To:

**From: Tom FitzGerald
Kentucky Resources Council, Inc.
Phone no. (502) 451-2492
Fax no. 502 456-0510**

t

To: David Spenard
From : KRC
Pages: 5
For Information Call: KRC
At:
Fax Number :

Kentucky Resources Council, Inc.

Post Office Box 1070
Frankfort, Kentucky 40602
(502) 875-2428
(502) 875-2845 fax
e-mail FitzKRC@aol.com

October 20, 1995

Robert Kanzinger
U.S. Army Corps of Engineers
Louisville, KY 40201-0059
Louisville, KY 40201-0059

Re: Proposed Environmental Assessment
and Public Scoping Workshops
Kentucky River Authority
Application No. 100500026

Dear Mr. Kanzinger,

I am writing in response to the Notice Public Scoping Workshops on the proposal by the Kentucky River Authority to raise the elevation on one or more of Dams 11 through 14 on the Kentucky River in order to augment water supply in that basin. These comments are submitted on behalf of the Kentucky Resources Council, Inc. (Council), a non-profit environmental advocacy organization whose membership shares a common interest in prudent use and conservation of the natural resources of the Commonwealth. The Council has a long tradition of careful scrutiny of water resources projects, in order to assure that the projects are well-reasoned and are designed to achieve the desired augmentation of water supply in a manner which is fiscally responsible and environmentally prudent.

The Council has reviewed the Public Notice, and has these comments:

1. The Applicant and Corps of Engineers, Louisville District (District), should immediately commence scoping for the preparation of an Environmental Impact Statement (EIS) on all reasonable alternatives for water supply within the Kentucky River Basin.

The scope of the environmental documentation is not established by the applicant, but rather is determined with reference to the Council on Environmental Quality regulations and the law. In this instance, the application has been made for a permit to *implement* one of a range of alternatives for water supply, but the appropriate scope of analysis that *must precede* any further processing of this application, is much broader.

Even if the issue were limited to whether or not to raise the dam heights, there is little room for serious debate that, under the criteria outlined by the Council for Environmental Quality (CEQ), a proposal to raise the water level behind Dams 11-14 on the Kentucky River constitutes

a "major federal action" which could "significantly affect the human environment." The action is unquestionably "subject to Federal control and responsibility[.]" and the effects are potentially "significant," so that an EIS is mandated considering the proposed action and all reasonable alternatives to the proposed action.

In evaluating the "significance," the CEQ has directed that these criteria be considered:

- (1) Impacts that may be both beneficial and adverse. A significant effect may exist even if the Federal agency believes that on balance the effect will be beneficial.
- (2) The degree to which the proposed action affects public health or safety.
- (3) Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas.
- (4) The degree to which the effects on the quality of the human environment are likely to be highly controversial.
- (5) The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks.
- (6) The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.
- (7) Whether the action is related to other actions with individually insignificant but cumulatively significant impacts. Significance exists if it is reasonable to anticipate a cumulatively significant impact on the environment. Significance cannot be avoided by terming an action temporary or by breaking it down into small component parts.
- (8) The degree to which the action may adversely affect districts, sites, highways, structures or objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historical resources.
- (9) The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act of 1973.
- (10) Whether the action threatens a violation of Federal, State, or local law or requirements imposed for the protection of the environment.

On the basis of a number of these criteria, the proposed action (issuance of a section 10 and Section 404 permit authorizing the raising of the dam heights) is of a scope, intensity and significance so as to warrant bypassing the Environmental Assessment and proceeding directly to the publication of a Notice of Intent, commencement of the scoping process, and development of an Environmental Impact Statement.

2. The proposed scope of the environmental documentation is inadequate, and the scope must be redefined to include all water supply alternatives, in order to be consistent with the National Environmental Policy Act (NEPA) and the CEQ regulations.

The issue has been framed as whether to raise the dam heights or not, when in truth the proper scope of the issue, for purposes of NEPA, is what are the reasonable alternatives (including supply and demand side alternatives) to meet the anticipated water supply needs for the basin. The applicant or Louisville District is responsible for development of a comprehensive EIS or EA exploring the full range of alternatives, rather than a piece-meal approach that moves one alternative to implementation prior to such a comprehensive analysis.

While the decision to approach the water supply issue in a limited manner (i.e. to begin with an EA of one alternative and possibly elevate the analysis to an EIS), might appear to conserve time and funds, in reality the action constitutes a segmentation of the underlying issue that is inappropriate, which will engender further controversy, and likely be more costly and less acceptable to the public. The Council believes it inappropriate to proceed to permitting one of the water supply augmentation alternatives before the UK Study has validated the need and before the level of comparative assessment that the UK study will provide has been developed. To proceed to implementation of an alternative by filing an application for a permit to implement one of the alternatives, before a comparative assessment has been of the range of alternatives, is inconsistent with the obligations of the applicant and the agency under 40 CFR Part 1500 to refrain from implementing alternatives prior to completion of NEPA obligations.

The proper scope of the issue must include a comprehensive assessment of the full range of alternatives for water supply in the basin as well. The underlying issue, which is how the water supply needs of the region will be met and whether and how the water supply for the region will be augmented, cannot be segmented by applying to the Louisville District for a permit to implement one of the alternatives. Either in the context of an Environmental Assessment or in an EIS, the law and CEQ regulations demand that, in addition to a discussion of the "need for the proposal," the document "[s]hall include" a discussion of "alternatives as required by section 102(2)(E), of the environmental impacts of the proposed action and alternatives[.]" 40 CFR 1508.9.

When the scope is properly defined, it is even more clear that a comprehensive environmental impact statement, incorporating the disparate elements of the UK study, the previous Louisville District analyses of various water supply alternatives, the Harza report, and other studies on alternatives, should be prepared, since those studies each provide information needed to properly evaluate the alternatives. The UK study is also essential in determining the extent of "need," which is another analytical component of the environmental documentation required under NEPA.

3. In any environmental documentation, reliance on record information for cultural, historic, and biotic resources is insufficient, and appropriate field investigations of those areas and species potentially affected must be undertaken to support the consideration of alternatives.

In summary, the further processing of this application absent proper compliance with NEPA through the development of a comprehensive Environmental Impact Statement on water supply alternatives, would appear to constitute a clear violation of that law and 40 CFR Part 1500. The Council recommends that the proposed Notice of Scoping Workshops be immediately withdrawn, and that the formal process of development of an Environmental Impact Statement regarding all water supply alternatives for the Kentucky River Basin be commenced through the publication of a Notice of Intent and development of a scoping process properly defined to encompass the full range of alternatives.

With best regards,

Tom FitzGerald

Tom FitzGerald
Director

cc: Kentucky River Authority

**KENTUCKY RIVER AUTHORITY
MEETING NO. 134
AGENDA**

Date: May 25, 2006
Time: 12:00 noon
Place: Ky. Infrastructure Authority
1024 Capital Center Dr., Ste. 340
Frankfort, KY

1. Call to order
2. Approval of KRA Minutes #133
3. Financial Report – Don Morse
4. Consideration of FY 2008 – 2014 Capital Construction Plan – Don Morse
5. Engineer's Report – Dave Hamilton
6. Consideration to request proposals for an engineering stability analysis on Dams 1, 2, 4, 5, 6, 7, 8, 11, 12, 13 and 14 – Stephen Reeder and Dave Hamilton
7. Update on Bluegrass Water Supply Commission -- Bill Grier
8. Consideration of MOA for USGS gaging system -- Mike Griffin
9. Consideration of MOA for Coomer Boat Ramp in Lee Co. – Stephen Reeder
10. Consideration of Lock 7 Hydro Plant – Stephen Reeder
11. Director's Report – Stephen Reeder
12. Chairman's Report – Bob Ware
13. Other Business
14. Adjourn

The Kentucky River Authority will maintain and manage water resources of the Kentucky River Basin to provide a clean and reliable water supply for the citizens of the Basin. The Kentucky River Authority will provide leadership and a common forum for all stakeholders of the Kentucky River Basin in order to promote the highest and best uses of the water resources of the Kentucky River Basin.

KENTUCKY RIVER AUTHORITY

WHEREAS, Kentucky-American Water Company has filed an Application with the Public Service Commission of the Commonwealth of Kentucky seeking approval to build a water treatment plant near Pool 3 on the Kentucky River, Case No 2007-00134, and

WHEREAS, Kentucky-American Water Company intends to utilize water from Pool 3 for the plant, and

WHEREAS, the water treatment plant is designed to produce 20 million gallons of water a day, and is expandable to 30 million gallons of water a day, and

WHEREAS, the Division of Water, Department for Environmental Protection, Environmental and Public Protection Cabinet has issued Water Withdrawal Permit 1572 to Kentucky-American Water Company for its withdrawal of water from Pool 3 of the Kentucky River, and

WHEREAS, the Bluegrass Water Supply Commission has entered into an Agreement with Kentucky-American Water Company for the performance of the incremental engineering design work necessary to increase the water treatment plant capacity from 20 million gallons a day to 25 million gallons of water per day, and

WHEREAS, the Kentucky River Authority has been established to manage the surface water and ground water of the Kentucky River Basin, and

WHEREAS, the Kentucky River Authority supports and endorses the regional use of water in the Kentucky River, and

WHEREAS, the capital plan of the Kentucky River Authority includes the renovation of the lock and dam at Dam 3 and the addition of a crest gate to provide an additional 1.5 billion gallons of water in Pool 3 for drought mitigation,

NOW, THEREFORE, in consideration of the premises and the mission of the Kentucky River Authority, be it

RESOLVED, that the Kentucky River Authority endorses the use of Pool 3 of the Kentucky River by Kentucky-American Water Company and the Bluegrass Water Supply Commission as a source of raw water for regional use.

Adopted this _____ day of _____, 2007.

Stephen Reeder, Executive Director

Robert Ware, Chairman

**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

**INTERVENTION PETITION OF
THE KENTUCKY RIVER AUTHORITY**

The Kentucky River Authority is authorized by KRS 151.700 through 151.730 to manage the surface water and ground water of the Kentucky River Basin.

Kentucky-American Water Company is proposing to build a water treatment plant that will use raw water from Pool 3 of the Kentucky River. The Kentucky River Authority is required by law to manage the water in the Kentucky River.

No other entity has the authority to manage the Kentucky River and we believe that we can assist the Public Service Commission in deciding this matter without complicating it or disrupting the proceedings and, therefore, ask for full intervention.

KENTUCKY RIVER AUTHORITY
70 Wilkinson Boulevard
Frankfort, Kentucky 40601

BY: _____
Stephen Reeder, Executive Director

BY: _____
Robert Ware, Chairman



ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Ernie Fletcher
Governor

Division of Water
14 Reilly Road
Frankfort, Kentucky 40601-1190
www.kentucky.gov

Teresa J. Hill
Secretary

April 10, 2007

APR 12 2007

Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

RE: KAWC Water Withdrawal Permit # 1572

Dear Mr. Spenard:

I am in receipt of your letter of March 27, 2007 addressed to Director David Morgan inquiring as to the Division of Water's (DOW) compliance with KRS 224.70-140 in its recent issuance of a water withdrawal permit (Permit # 1572) to Kentucky American Water Company. The statute requires that certain permits issued by the Environmental and Public Protection Cabinet (Cabinet) be consistent with the administrative regulations and the long-range water resource and drought response plans developed by the Kentucky River Authority (KRA).

The KRA has promulgated administrative regulation 420 KAR 1:030, providing for the development by KRA of a long-range water resource plan and a drought response plan for the Kentucky River basin. DOW has participated actively with the KRA in the preparation of those plans, which DOW then uses as reference material in the issuance of water withdrawal permits. This programmatic alignment provides for the consistency referenced in KRS 224.70-140.

420 KAR 1:030 also establishes a procedure to coordinate Cabinet permit actions with the administrative regulations and plans of the KRA. Section 6 of that regulation provides as follows:

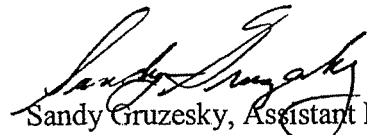
While the cabinet is reviewing applications for permits, the authority may also review those applications and may offer to the cabinet comments on whether those permit applications comply with the requirements of KRS 151.700 through 151.730 and 405 KAR Chapter 1.

Hon. David Spenard
April 10, 2007
Page 2

The Cabinet has received no comments from the KRA that would indicate any inconsistency between water withdrawal permit #1572 and the administrative regulations and plans of KRA.

I hope that this information is of assistance to you.

Sincerely,



Sandy Gruzesky, Assistant Director
Division of Water

cc: Stephen Reeder, KRA



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-8204

11 April 2007

By facsimile and regular mail

David Morgan, Director
Kentucky Division of Water
14 Reilly Road
Frankfort, Kentucky 40601

RE: Kentucky Division of Water Withdrawal Permit #1572

Dear Mr. Morgan:

By a 27 March 2007 letter, the Office of the Attorney General conveyed its concern about the lack of documentation by the Division of Water of compliance with KRS 224.70-140 for Permit #1572. The letter seeks an explanation as to why DOW made no finding of consistency regarding Permit #1572 and the long-range water resource plan and drought response plans of the Kentucky River Authority (as well as any applicable administrative regulations of the KRA). It also requests any additional information concerning the DOW's lack of documentation for its requirements under KRS 224.70-140 including any information regarding the consideration of this statute prior to the issuance of Permit #1572. This Office has yet to receive any acknowledgement of the requests.

The Kentucky River is a resource of tremendous value, and its management is a paramount concern of the Commonwealth as evidenced by The General Assembly's decision to vest the Kentucky River Authority with the responsibility of water resource and drought response planning for the Kentucky River Basin. To this end, KRS 224.70-140 requires permits issued by EPPC pursuant to KRS Chapter 151 be consistent with the plans of the Kentucky River Authority. It is an affirmative requirement on the Division of Water.



The issue of the consistency of Permit #1572 with the Kentucky River Authority's plans for management of the basin is not an academic point. The Kentucky-American Water Company has filed an application with the Kentucky Public Service Commission through which it seeks authority to build a water treatment plant that would serve a significant portion of central Kentucky.

This Office asks that the Division of Water supply answers to the Attorney General's requests by no later than the close of business Wednesday, April 18th. It further requests the Division of Water indicate whether it plans to take any further action on Permit #1572.

Sincerely,

David Edward Spenard

David Edward Spenard
Assistant Attorney General

cc: Lindsey W. Ingram, III
John G. Horne II
Stephen Reeder



COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL

GREGORY D. STUMBO
ATTORNEY GENERAL

1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-8204

27 March 2007

By facsimile and regular mail

David Morgan, Director
Kentucky Division of Water
14 Reilly Road
Frankfort, Kentucky 40601

RE: Kentucky Division of Water Withdrawal Permit #1572

Dear Mr. Morgan:

By an 18 May 2006 submittal, Kentucky American Water Company made a request for the Kentucky Division of Water to issue KAW a new permit to withdraw water from Pool 3 of the Kentucky River. Kentucky American plans to build a water treatment plant near the Owen County and Franklin County border with the Kentucky River.

KRS 224.70-140 (Consistency of permits with Kentucky River Authority's administrative regulations and plans) states the following:

Permits issued by the cabinet pursuant to the provisions of KRS Chapters 151, 146, or 224 shall be consistent with the administrative regulations promulgated by the Kentucky River Authority, and the long-range water resource plan and drought response plans developed by the authority.

Following a review of the file for the application that DOW forwarded to me (including the Coordination Sheet, Surface Water Permit Fact Sheet, as well as Water Withdrawal Permit #1572), I have been unable to locate any findings or other evidence that the Division of Water's responsibilities under KRS 224.70-140



were given consideration or otherwise satisfied during the review of this permit application.

Please explain why the Division of Water made no finding of consistency regarding Permit #1572 and the long-range water resource plan and drought response plans of the Kentucky River Authority (as well as any applicable administrative regulations of the KRA). Please supply any additional information concerning the Division of Water's lack of documentation for its requirements under KRS 224.70-140 including any information regarding the consideration of this statute prior to the issuance of Permit #1572.

This Office will appreciate a response at your earliest convenience. If you have any questions or concerns regarding this letter, then you may contact me (telephone – 696-5457; e-mail – david.spenard@ag.ky.gov).

Sincerely,

David Edw Spenard

David Edward Spenard
Assistant Attorney General

cc: John G. Horne II

WILLIAM F. GRIER, PE

712 Cromwell Way
Lexington, Kentucky 40503
859-223-1285

Bgrier@insightbb.com

MEMORANDUM

To: Stephen Reeder
From: Bill Grier
Subject: Bluegrass Water Supply Commission, January 22, 2007, meeting (Lexington)
Date: January 22, 2007

Below is a summary of the points brought out at the Lexington meeting that are of interest to the KRA. Full minutes are available from the Commission.

Water Supply Source

They Commission voted to continue negotiations with Kentucky American regarding participation in their water plant on Pool 3 and to participate in the engineering cost of that plant. The general plan is for a 25 mgd plant - 20 mgd for KY-AM and 5 mgd for the Commission. Only the counties contiguous to Fayette would be part of this 5 mgd. The fringe systems (Cynthiana, Lancaster, Berea, Mt. Sterling) would not likely be part of this 5 mgd. KY-AM has no plans (at present) for a raw water line to the Ohio River as part of its plant. Georgetown still hopes to get its reservoir.

Other sources still on the table for some of the total supply are: Louisville, Greater Fleming County Regional Water Commission, and Versailles (short term). These would mainly be the sources for those systems not contiguous to Fayette County.

The Report of O'Brien & Gere Engineers stated a joint WTP with KY-AM in Pool 3 is the best alternative for the BGWSC. The cost of water to the Commission members would be about \$2.45 - \$2.55 per 1000 gallons. The Commission is not locked into KY-AM, but appears to be leaning in that direction. It is assumed that KY-AM would "wheel" water to the member systems adjacent to it. How much the improvements to the KY-AM system would cost, if any, is not certain. Who would pay for these improvements is also not certain.

One of the Commission members urged that KY-AM be invoiced \$540,000 for studies done by the Commission that have benefited KY-AM. This was passed on to the negotiating committee for further study.

Financial

The financial consultant (PFM) is urged to prepare a *Business Plan* ASAP. This is needed by all of the government and bonding agencies that will be involved in financing the projects of the BGWSC.

WILLIAM F. GRIER, PE

712 Cromwell Way
Lexington, Kentucky 40503
859-223-1285

Bgrier@insightbb.com

MEMORANDUM

To: Stephen Reeder
From: Bill Grier
Subject: Bluegrass Water Supply Commission, February 26, 2007, meeting (Winchester)
Date: February 26 2007

Below is a summary of the points brought out at the Winchester meeting that are of interest to the KRA. Full minutes are available from the Commission.

Water Supply Source

Linda Bridwell of Kentucky American Water Company (KAWCo) stated that KAWCo intends to file their intent to construct a 25mgd water treatment in Pool 3 of the Kentucky River in mid-late March 2007. This is the 90% design point. A hearing on this application will likely be held by the PSC in mid-summer of 2007. Of the 25mgd, 5mgd will be for the BGWSC. Bids on the plant may be taken before the final PSC hearing.

The BGWSC has not given final approval for a joint project with KAWCo, but this appears to be likely. Meetings are still being held on this matter.

Other approvals, like the DoW, are in the concurrent process of being obtained.

She stated that the southern route for the pipeline has been selected. It is the shortest route and presents the fewest environmental problems of the three proposed. She hopes that no condemnation will be needed for the pipeline. This is not certain, but looks good. Some of the original opposition has lessened.

Tom Calkins of Nicholasville expressed some concern over the stability of Dam #8.

Financial

The financial consultant (PFM) will likely have a business plan at the next BGWSC meeting.

Meetings have been held in the governor's office about grants for the plant/line project. The Governor, Legislators, and key financial staff members were in these meetings. The outcome (how much and when) is not yet known. One drawback is the large amount of money that will be needed to "fix" the water intakes of the seven towns on Lake Cumberland that will be high and dry when the lake is lowered.

BGWSC staff members have contacted several cities concerning their final approval of financial backing of the WTP/line project. A draft of the resolution that is needed in this regard was left at each city. The outcome of these meetings is not known.

***Appropriations Request Information Form
Rep. Ben Chandler – Kentucky's Sixth District***

Applicant Information

Applicant Group: Kentucky River Authority

Applicant Contact Person: Stephen Reeder, Executive Director

Address: 70 Wilkinson Boulevard

Address 2:

City, ZIP: Frankfort, KY 40601

Phone: (502) 564-2866

Fax: (502) 564-2681

Email Address: Stephen.reeder@ky.gov

Project Information

Project Name: Kentucky River Dam 10

Suggested Agency (i.e. Department of Education):
Kentucky River Authority

Suggested Office (i.e. Office of Elem. and Secondary Education):
Kentucky River Authority

Suggested Grant Program (i.e. 21st Century Community Learning Centers): Congressional ADD
pursuant to HR4942, PL106-553, District of Columbia Appropriations Act, Section 631

Amount Requested: \$500,000

Detailed Project description (please include by attachment budget, brochures, etc.) Stabilization and renovation of Kentucky River Dam 10 at Boonesborough Kentucky in Madison County immediately upstream of Fort Boonesborough State Park. Funds from the current request would complete a decision document consisting of surveying and mapping, environmental data collection, conceptional design and costs of alternatives being evaluated, documentation of results and recommendation of a selected alternative. This report/decision document will be used as the basis to proceed to detail design of the selected alternative.

Has this project received federal funding before? Yes

If so, from what source(s) and when? Pursuant to HR 4942, PL106-553, three Congressional ADDs in Federal Fiscal year 2001 (\$2 million), 2002 \$1 million and 2003 \$500,000 and state matches totaling \$694,000.

Are you pursuing funding from other sources? (i.e. state, non-profit or local sources): No

Have any other sources pledged financial support for this project?
No

If the project receives federal funding, what entity will provide any local cost-share requirements? Kentucky River Authority provides 20% of the total project.

GENERAL REQUEST FOR FISCAL YEAR 2008 FEDERAL PROJECT FUNDING

Date Submitted
March 2, 2007
Priority
High
Project Name
Kentucky River Dam 10
Requesting Organization (name and address)
Kentucky River Authority 70 Wilkinson Boulevard Frankfort, KY 40601
Project Location including city, county and State (if different from above)
Boonesborough State Park, Madison County Richmond, KY 40475
Local Contact (Please indicate if there is a separate D.C. contact)
Stephen Reeder, Executive Director Kentucky River Authority (502) 564-2866
Amount Requested (If requesting report language, please attach.)
\$500,000
Appropriation Bill / Account (if known)

Organization's Main Activities

Please limit your response to 250 words and indicate whether it is a public, private non-profit, or private for-profit entity.

Kentucky River Authority is a public agency of the Commonwealth of Kentucky organized under Kentucky Law as a public corporation and managed by the Board of Directors appointed by the Governor of Kentucky to perform governmental functions and public purposes prescribed by law. The 2000 Regular Session of the Kentucky General

Assembly prioritized water supply on the main stem of the Kentucky River as the Authority's primary mission. Other activities include developing comprehensive plans for the management of the Kentucky River Basin such as long-range water supply and drought response as well as developing recreational areas within the basin.

Project Description, Including Timeline, Goals, Expected Outcomes and Specific Uses of Federal Funds

Please limit your response to 500 words.

The replacement of Kentucky River Dam 10. This project has a timeline goal of completion by 2010. It also includes a possible crest elevation up to six feet. This specific request for \$500,000 is the amount deemed necessary by the U.S. Army Corps of Engineers to complete a decision document that will define the scope of the project and identify any environmental limitations. This is necessary in order to proceed including the issuance of permits by the Corps and the State. In other words, it will determine the amount of work that can be done beyond the basic replacement of the current substandard structure.

Impact on and Benefit to the Community

Please limit your response to 500 words.

This project directly impacts the water supply of the City of Winchester and the cooling needs of two power plants operated by East Kentucky Power Company. Dam 10 also forms the reservoir of water that supplies Kentucky River Pool 9 which is the entire water supply for the Lexington-Fayette County area which has 265,000 known residents, supplies Scott County east of interstate 75 which includes the Toyota Manufacturing Plant, parts of Jessamine County, Bourbon County and the City of Midway in Woodford County. Loss of the current Dam 10 would be catastrophic for these areas and entities.

Provide the following project information:

Total Estimated Cost of the Project
Currently estimated between \$32-\$46 million.
Amount Requested in FY08 funds
\$500,000

Minimum useful allocation
\$500,000
Would the entire requested federal amount be spent in FY08? If not, specify, including the amount that could be spent during FY08.
Yes
What is the local share of the total project cost? Provide a specific dollar amount. [Please note that many federal programs require a percentage of the project be funded by "non-federal funds"]
The local share of the project cost up to the limit of the current Congressional authorization is \$4.8 million based on the original authorization of \$24 million. This is 20%. All cost above \$24 million are the responsibility of the Authority.

Total Cost and Detailed Budget

Please include the amount of any other Federal/state/local/private funds, including any in-kind resources.

See above.

Has the project previously received Federal funds?

Please list any funds received and describe how those funds were spent.

Yes. Pursuant to HR 4942, PL106-553, three Congressional ADDs in Federal Fiscal year 2001 (\$2 million), 2002 (\$1 million) and 2003 (\$500,000) and state matches totaling \$694,000. The funds were spent on planning, preliminary design, preliminary cultural and environmental analyses. Also included was a contract for stabilization of the dam until it can be replaced known as the "near term solution."

Provide details of any other funding applications currently pending for this project (federal, State, private or other). List agencies, request amounts, and status.

None.

Has FY08 funding for this project been requested through any other House or Senate office? If so, list offices and staff contact.

Yes. On February 16, 2007 the KRA requested a Congressional ADD from Congressman Ben Chandler.

Is this project supported by community, local and/or State officials? If so, please provide a letters of support.

Since 2000 this project has been supported by East Kentucky Power Company, City of Winchester, the Lexington Metro Government, Kentucky American Water Company and the Bluegrass Water Supply Commission. This support has been manifested publicly and financially with the Metro Government, East Kentucky Power Company and Kentucky American Water Company partnering with KRA to perform an approximate \$600,000 stability study of the dam.

For TRANSPORTATION/Road projects ONLY – Is the project listed in the Kentucky's six-year highway plan?

N/A

Have you applied for any federal grants for this project? Is Congressman Davis' office assisting you with this effort? Please provide details.

See above.



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

September 12, 2006

SEP 13 2006

Stephen Reeder, Esq.
Kentucky River Authority
70 Wilkinson Boulevard
Frankfort, Kentucky 40601

Dear Mr. Reeder:

In response to the Kentucky River Authority's request, Commission Staff has tentatively scheduled a meeting on September 19, 2006 to discuss generally the procedures and issues that are addressed in any Commission proceeding in which a public utility applies for a certificate of public convenience and necessity to construct a water treatment facility. By this letter, Commission Staff provides some general information regarding such proceeding.

KRS 278.020(1)¹ requires a public utility² to obtain a certificate of public convenience and necessity prior to constructing any facility for furnishing water to the public for compensation. To obtain such certificate, the public utility must demonstrate a need for the proposed facilities and an absence of wasteful duplication. Need is demonstrated by showing:

¹ No person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public or begin the construction of any plant, equipment, property, or facility for furnishing to the public any of the services enumerated in KRS 278.010, except retail electric suppliers for service connections to electric-consuming facilities located within its certified territory and ordinary extensions of existing systems in the usual course of business, until that person has obtained from the Public Service Commission a certificate that public convenience and necessity require the service or construction.

² A public utility is any person, except a city, "who owns, controls, operates, or manages any facility used or to be used for or in connection with . . . The diverting, developing, pumping, impounding, distributing, or furnishing of water to or for the public, for compensation." KRS 278.010(3)(d). Please note that Kentucky-American Water Company is a public utility. The Bluegrass Water Commission, which is a joint water source commission, is not a public utility. KRS 74.510.

A substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed and operated. . . the inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.³

Wasteful duplication is defined as "an excess of capacity over need" and an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity.⁴

In determining whether a need for the proposed facilities exists, the Public Service Commission will examine the public utility's present and future demand for water. It will consider the facilities of all utilities in the general vicinity regardless of their jurisdictional status. For example, in determining whether Kentucky-American Water Company requires additional water production facilities, the Public Service Commission will examine the facilities and surplus capacity of municipal utilities in the central Kentucky area and the expected native customer demand on those facilities.

Similarly, the Public Service Commission will consider those facilities and any planned facilities in assessing whether construction of the public utility's proposed facilities will result in "excessive investment" or "excess capacity." For example, the Public Service Commission may examine alternative sources of supply to determine whether use of those sources might be more cost-effective than construction of the proposed facilities. While a public utility is not required to select a source of supply that is the least costly, it must demonstrate that its selection of a different source of supply or facility is reasonable under the existing circumstances.

Administrative Regulation 807 KAR 5:001, Section 9, identifies the contents of a public utility's application for a certificate of public convenience and necessity. Generally, the public utility would in its application describe the need for the proposed facilities, their estimated cost, the method of financing these costs, and the alternatives considered. The application may contain the written testimony of the public utility's witnesses and all studies and reports that support the proposed facilities.

Administrative Regulation 807 KAR 5:001, Section 3(8), permits all interested parties the opportunity to intervene in any Commission proceeding in which a public utility is seeking a certificate of public convenience and necessity. A party that is seeking to intervene in such proceeding must demonstrate that it has a special interest in the proceeding which is not otherwise adequately represented or that its intervention is likely to present issues or to develop facts that assist the Public Service Commission in

³ Kentucky Utilities Co. v. Pub. Serv. Comm'n, 252 S.W.2d 885, 890 (Ky. 1952).

⁴ Id.

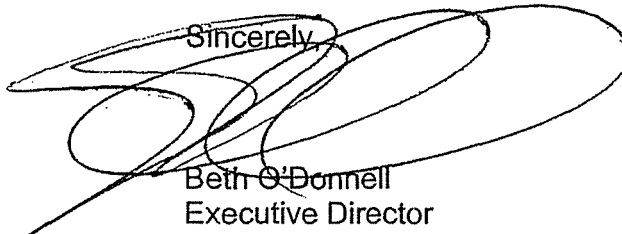
Stephen Reeder, Esq.
September 12, 2006
Page 3

fully considering the matter without unduly complicating or disrupting the proceedings. Once permitted to intervene in the proceeding, the intervening party is entitled to be served with filed testimony, exhibits, pleadings, correspondence and all other documents submitted by parties, and to be certified as a party for the purposes of receiving service of any petition for rehearing or petition for judicial review.

Once an application for a certificate for public convenience and necessity is filed with the Public Service Commission, the Commission generally establishes a procedural schedule for reviewing the application. This schedule generally provides for discovery by all parties, the filing of written testimony by the applicant and intervening parties, a public hearing for the cross-examination of witness, and the submission of written briefs. There is no statutory time limit for the Commission proceeding. Such proceedings generally run from three to six months.

As this letter has addressed the general questions regarding Public Service Commission proceedings on applications for a certificate of public convenience and necessity, Commission Staff assumes that a meeting between Commission Staff and Kentucky River Authority representatives is no longer necessary. If the Kentucky River Authority still requires a meeting to discuss general procedural questions, please advise me not later than September 15, 2006. If no response is received by that date, the scheduled meeting will be cancelled.

The information contained in this letter represents Commission Staff's interpretation of existing law and should not be construed as the official position of the Public Service Commission or as binding upon the Public Service Commission in any formal proceeding. Questions concerning this letter should be directed to Gerald Wuetcher, Deputy General Counsel, at (502) 564-3940, Extension 259.

Sincerely,

Beth O'Donnell
Executive Director

cc: Lindsey Ingram, Jr.
David Spenard
David Barberie
Anthony Martin
Damon Talley
David Boehm
Joe F. Childers
Phillip Shephard

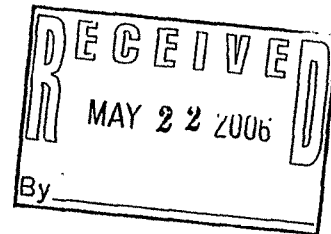
SCANNED QC



May 18, 2006

Mr. Bill Caldwell
Division of Water
14 Reilly Road
Frankfort, Kentucky 40601

**RE: Application for Water Withdrawal on Pool 3
of Kentucky River
Franklin / Owen County, Kentucky.**



Dear Mr. Caldwell:

Attached for your approval is Kentucky American Water's (KAW) Application for a Permit to Withdrawal Water from Pool 3 of the Kentucky River in the vicinity of the Owen and Franklin County line for its proposed water treatment plant that is currently under design.

It is our understanding that the Bluegrass Water Supply Commission (BWSC) has also submitted a withdrawal permit for an unspecified location on Pool 3 that lists KAW as a 22 MGD non-binding user. Please note that to date KAW has no formal agreement with BWSC to purchase water. On the attached permit we have indicated realistic daily flows, have anticipated flows for a regional solution and have specified a location.

Thank you for your assistance in this matter. If you have any questions, need additional information or clarification, please call me at 717-531-3231 or Linda Bridwell at 859-268-6373.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard C. Svindland".

Richard C. Svindland, P.E.
Technical Services Manager – SE Region

cc Nick Rowe, KAW
Linda Bridwell, KAW

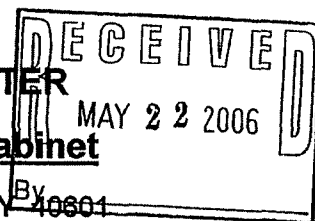
American Water
2300 Richmond Road
Lexington, KY 40502
T 859.269.2386
F 859.268.6327
I www.amwater.com

APPLICATION FOR A PERMIT TO WITHDRAW WATER
Natural Resources and Environmental Protection Cabinet

14 Reilly Road

Division of Water

Frankfort, KY 40601



Action Desired (check one): ☒ New Permit
☐ Revision to Permit _____
Number _____

Division Use Only

Permit No. _____

Applicant Information

Kentucky-American Water Company

Name of Person or Organization Requesting Permit (This name will be on any permit resulting from this application.)

2300 Richmond Road
Street Address

Lexington
City

KY
State

40502
Zip Code

Standard Industrial Classification (SIC) Code 4941

Permit Request

Why is this new permit /permit revision necessary? To provide source of supply to a new regional water treatment plant proposed for construction by Kentucky American Water.

If facility uses multiple sources of water, **complete one application form for each water source.**

If multiple sources are used, is this application for a primary _____ or secondary _____ source? (check one)

Date proposed water withdrawals would begin June 2010

If facility constructed _____ or proposed ☒ ?

Amount of water facility wishes to withdraw on an average operational day in each month.

Give amounts the facility expects to use in **gallons per day**:

Jan. <u>6,000,000</u>	April <u>6,000,000</u>	July <u>20,000,000</u>	Oct. <u>6,000,000</u>
Feb. <u>6,000,000</u>	May <u>6,000,000</u>	Aug. <u>20,000,000</u>	Nov. <u>6,000,000</u>
Mar. <u>6,000,000</u>	June <u>20,000,000</u>	Sept. <u>6,000,000</u>	Dec. <u>6,000,000</u>

Maximum Daily Pumping Rate: 30,500,000

Please provide some detail regarding the proposed withdrawal amounts and the pumping schedule.

Water Treatment Plant is proposed to provide water supply to address existing source of supply and treatment plant capacity deficits. Typically, withdrawals from would be about 6 MGD; however, during drought conditions or when other supply / treatment facilities are unavailable withdrawals could be up to 30.5 MGD.

Please accurately complete the sections of this application that pertain to your source(s). Questions about this application or the water withdrawal permitting program may be addressed to the Water Quantity Management Section of the Division of Water at (502) 564-3410.



THIS PAGE TO BE COMPETED BY SURFACE WATER APPLICANTS ONLY.

Source of Water

Location of Intake

Franklin
County

N38° 21.366'
Latitude

W84° 52.496'
Longitude

Type of Source (check one) Stream X Impoundment _____ Spring _____

Name of Water Source Kentucky River – Pool 3

Stream Mile (if known) 47.77 +/- 1/8 mile

Describe Location if Stream Mile Is Unknown _____

Water Supply Availability

Does this facility have access to records of stream flow? Yes X No X

If yes, how long has flow data been collected? Lock No. 2 – 78 years; Lock No. 4 – 79 years.

Method or device for recording flow? USGS stream gaging stations

Describe data records. Gage height recorded at USGS gaging stations. River discharge estimated based on correlation between gage height & flow. Avg. daily flow computed based on daily record. Statistics available based on average daily flows.

Impoundment (Complete only if withdrawal is from an impoundment.)

NOTE: If the applicant shown on Page 1 does not own the impoundment, proof of permission to withdraw must be attached to this application.

Name of Impounded Stream (if applicable) _____

Name of Impoundment _____

Approximate Impoundment Volume _____

Name and Address of Impoundment Owner _____

Stream construction permit or dams inventory number (if known) _____ Date Constructed _____

How was volume determined? _____

Impoundment Drainage Area _____

If appearance is important, give maximum amount of drawdown permissible. _____

Withdrawal Statistics

Is pump portable? Yes _____ No X Rated Capacity of Pump 2 at 12 MGD, 3 at 6 MGD

Provide elevation of each intake structure (in feet above mean sea level) TBD

Depth of water over intake at normal pool or average flows TBD (if applicable)

Minimum depth of water (over intake) required for operation 2.5 feet (if applicable)

THIS PAGE TO BE COMPLETED BY GROUNDWATER APPLICANTS ONLY.

Source of Water

If the water source for this withdrawal is a well or field of wells, complete the following table (attach extra sheets if necessary). Number of wells _____

If the source is a spring, complete **Spring-fed Sources**, page 7.

If the source is not a well or a spring, attach a detailed description of the source and method of withdrawal.

County: _____

Certified Well Driller (if drilled since 1985) _____

Well ID	EXAMPLE Well #1				
Latitude	37°31'22" N				
Longitude	85°32'19" W				
AKGWA # (if known)	0001-1038				
Status*	A				
Existing or Proposed	existing				
Well Diameter	10"				
Well Depth	120'				
Casing Depth	80'				
Screened Interval	80' - 100'				
Screen Diameter	8"				
Elevation of Well	650'				
Static Water Level	60'				
Pump Type & Location	submersible				
Pump Capacity	100 gpm				
Average Daily Withdrawal	70,000 gpd				
Metered Y/N	yes				
Type of Meter	Johnson				
Use of Water	heat/cool				
Date of Well Construction	June 1996				
Log Available Y/N	yes				
Drilling Method	air rotary				
Well Development Method	surging				

*Status: A = Active; I = Inactive; P = Plugged; D = Dry

THIS PAGE TO BE COMPLETED FOR SPRING-FED SOURCES ONLY.

Spring-Fed Sources

AKGWA # _____ (if known)

Spring Characteristics

County: _____ (if known)

Spring Name: _____

Spring Owner: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Intake Location: Latitude _____ Longitude _____

Describe Intake: _____

Spring Type: Seep _____ Gravity _____ Bluehole (artesian) _____

Is this spring the headwaters of a surface stream? Yes _____ No _____

If yes, what is the name of the stream? _____

Type of flow: Perennial _____ Seasonal _____ Intermittent _____

Spring discharges from: Cave _____ Rock _____ Fracture _____ Soil _____ Alluvium _____

Mine Adit _____ Other _____

Spring discharges into: Stream _____ Pond or Lake _____ Sinkhole _____ Other _____

Name of stream, pond, or lake _____

Average Discharge (in cubic feet per second or gallons per day) _____

How was flow determined? Measured _____ Type of Meter: _____

Estimated _____ Describe Calculations: _____

Have any water (dye) traces been run to this site? Yes _____ No _____

If yes, complete the following.

Name of Person Conducting Trace: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Date of Trace: _____ Trace #: _____

Are there other users of this spring? Yes _____ No _____ If yes, give names, amounts, and type of use:

THIS PAGE IS TO BE COMPLETED BY BOTH SURFACE AND GROUNDWATER APPLICANTS.

Other Intakes and Back-up Water Sources

Other water withdrawal permits held by this facility (give water withdrawal permit numbers):

Other, non-permitted intakes (give location and explanation):

Public Water Supply Information (Complete only if the applicant is a public water supplier.)

Number of People Served 350,000+ Number of Connections Served 110,000+

Water Treatment Plant Capacity 65 MGD Reliable Current Average Production 44.2 MGD

Finished Water Storage Capability (number, type, and capacity): 4 MG in WTP Clearwells, 18 MG in 9 Pump Storage tanks, 0.58 MG in 2 Standpipes and 4 MG in 4 elevated storage tanks. Proposed 8 MG additional.

List the approximate percentage of water distributed to each of the following:

Residential	<u>50.4</u> %	Public/Institutional	<u>15.2</u> %
Industrial	<u>27.5</u> %	Other	<u>6.6</u> %
Commercial	<u>with Ind.</u> %	Sold to other water suppliers	<u>0.3</u> %

If water is to be sold to other water systems or suppliers, list them:*

1. Bluegrass Water Supply Commission
Name of Supplier

699 Perimeter Drive, Lexington, KY 40517
Address

avg. 1,800,000 gpd
Max 9,000,000 gpd
Gallons per day Sold

3. _____
Name of Supplier

Address

Gallons per day Sold

2. _____
Name of Supplier

Address

Gallons per day Sold

4. _____
Name of Supplier

Address

Gallons per day Sold

If additional water is purchased from other water systems, list them:*

1. _____
Name of Supplier

Address

Gallons per day Purchased

2. _____
Name of Supplier

Address

Gallons per day purchased

THIS PAGE TO BE COMPLETED BY ALL APPLICANTS.

Siting

Attach a U.S. Geological Survey 7 1/2 minute quadrangle map, or a legible photocopy of the portion of the map containing this site. USGS maps can be obtained from the Kentucky Geological Survey, 228 Mines and Minerals Resource Building, UK, Lexington, KY, 40506 (phone 859-257-5500). Mark the map with the following information, where available:

- | | |
|---------------------------------|---------------------------------|
| a. Surface intake or wells | e. Wastewater discharge site(s) |
| b. Pumping sites | f. Dams and reservoirs |
| c. Raw water storage facilities | g. Service Boundaries |
| d. Water treatment plants | h. Back-up water supply intakes |

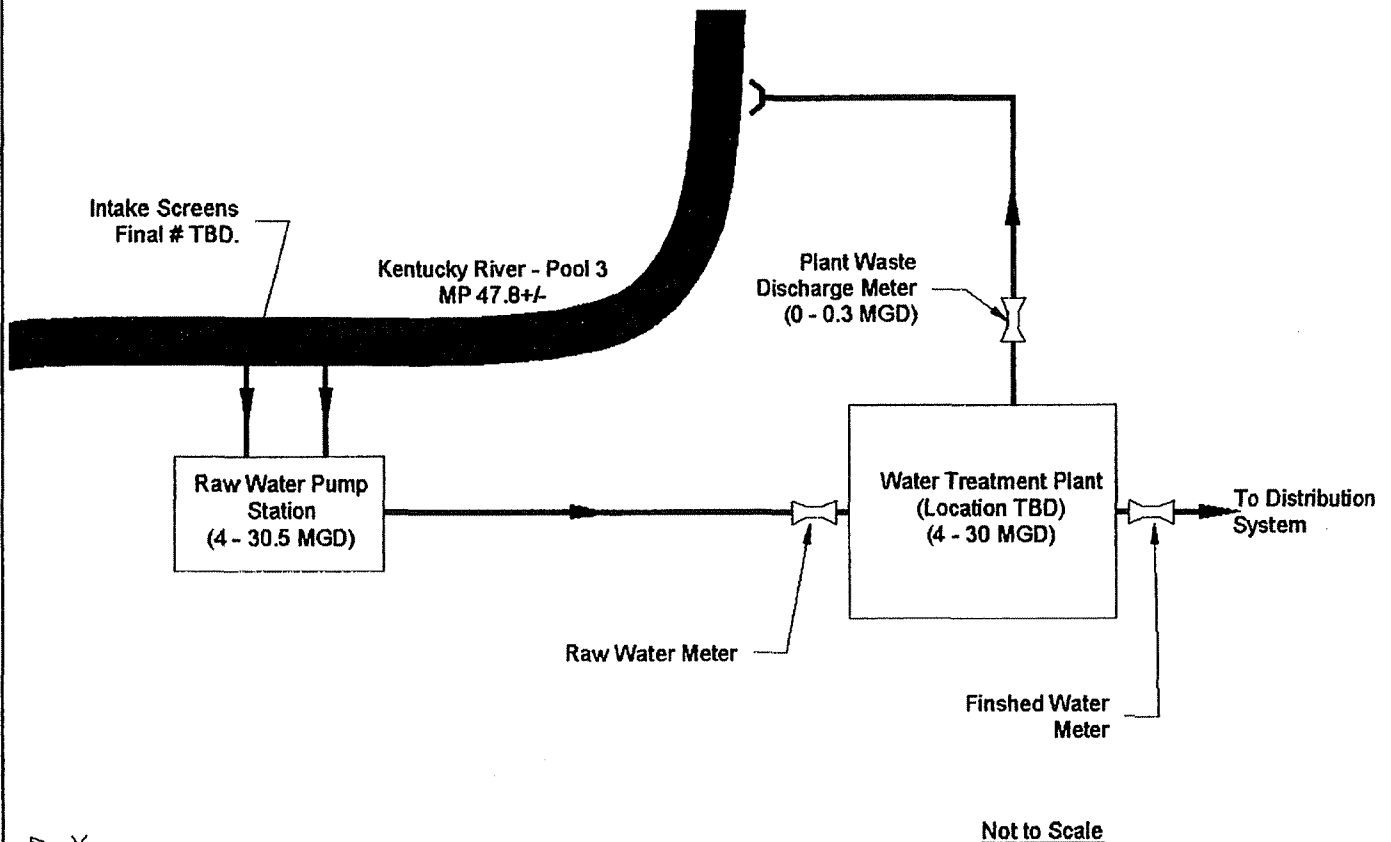
Give name of map quadrangle: Switzer (See attachment 1)

Water Transfer from Intake to Discharge

In the area below, sketch and label a map of the proposed water intake(s) and transfer of water at the permit site. (Sketch map may be drawn by hand and/or attached.)

Include the following:

- Location of water intake site(s)
- Location of pump(s) and metering device(s)
- Course and direction of flow at the site (do not show flow inside of buildings)
- Course and amount of water being recycled
- Location of the discharge site(s) and average amount of water being discharged



THIS PAGE TO BE COMPLETED BY ALL APPLICANTS.

Water Use Information

Purposes for which the water is to be used:

Public Drinking Water Supply

Major products or services, and production rate (if applicable):

Does this facility have an emergency response plan for drought or other shortage? Yes X No

If yes, summarize the plan or attach a full description. Previously filed with Public Service Commission and Division of Water.

Storage Information

Raw (untreated) water storage capability, specify storage ponds or tanks and city the capacity of each.

n/a

Discharge Information

Discharge to city sewer? Yes No X

If no, give name of stream receiving discharge. Kentucky River – Pool 3

River mile or latitude/longitude. N35°21.23' W84° 52.05' County Owen

Average amount of water returned (gallons per day) 300,000 gpd.

If this amount varies from average withdrawal, explain why.

Method used to estimate discharge rate: Estimated based on similar plants operated by Company.

Discharge permit numbers: Pending

Irrigation Information (Complete only if withdrawal is being used for maintaining grasses or other plants.)

Number of acres being irrigated:

The average rate of application (for example, 2 inches per acre per week, May through August):

 per per through .
Inches or gallons (circle one) area time (day, week) month month

Ownership Change

Reason for Ownership Change:

Print Seller Name

Print Purchaser Name

Signature of Seller

Signature of Purchaser

Reporting of Water Withdrawals

KRS 151.160 requires that permit holders report actual water withdrawals.

Provide the name and address of the contact person to be in charge of reporting actual withdrawals to the Division.

Dillard Griffin Production Superintendent
Contact Person Title

2300 Richmond Road, Lexington, KY 40502
Address

859-268-6340
Telephone

How is withdrawal measured? (check one) Meter ☒ Other (describe) _____

List the make and model of meter: To be determined – Likely Venturi Meter.

Age of meter New Date of most recent calibration _____

Explain calculations for estimating daily withdrawal amounts. For Sept. – May amount based on minimum needed to maintain water quality in transmission main plus 20% of BWSC's non-binding commitments (6 MGD).

For June – Aug. amount based on normalized KAW Demand projections for summer use plus BWSC usage.

Maximum demand based on KAW demand projections plus 9 MGD for BWSC.

Application Verification

Richard C. Svindland, P.E. - Kentucky American Water Company
Name of Person or Organizational Representative Requesting Permit

Title Technical Services Manager – SE Region

Signature  Date 5/18/06

If application is prepared by a consultant or other person independent of the facility requesting permit, provide contact information below.

Name of consulting company or other organization

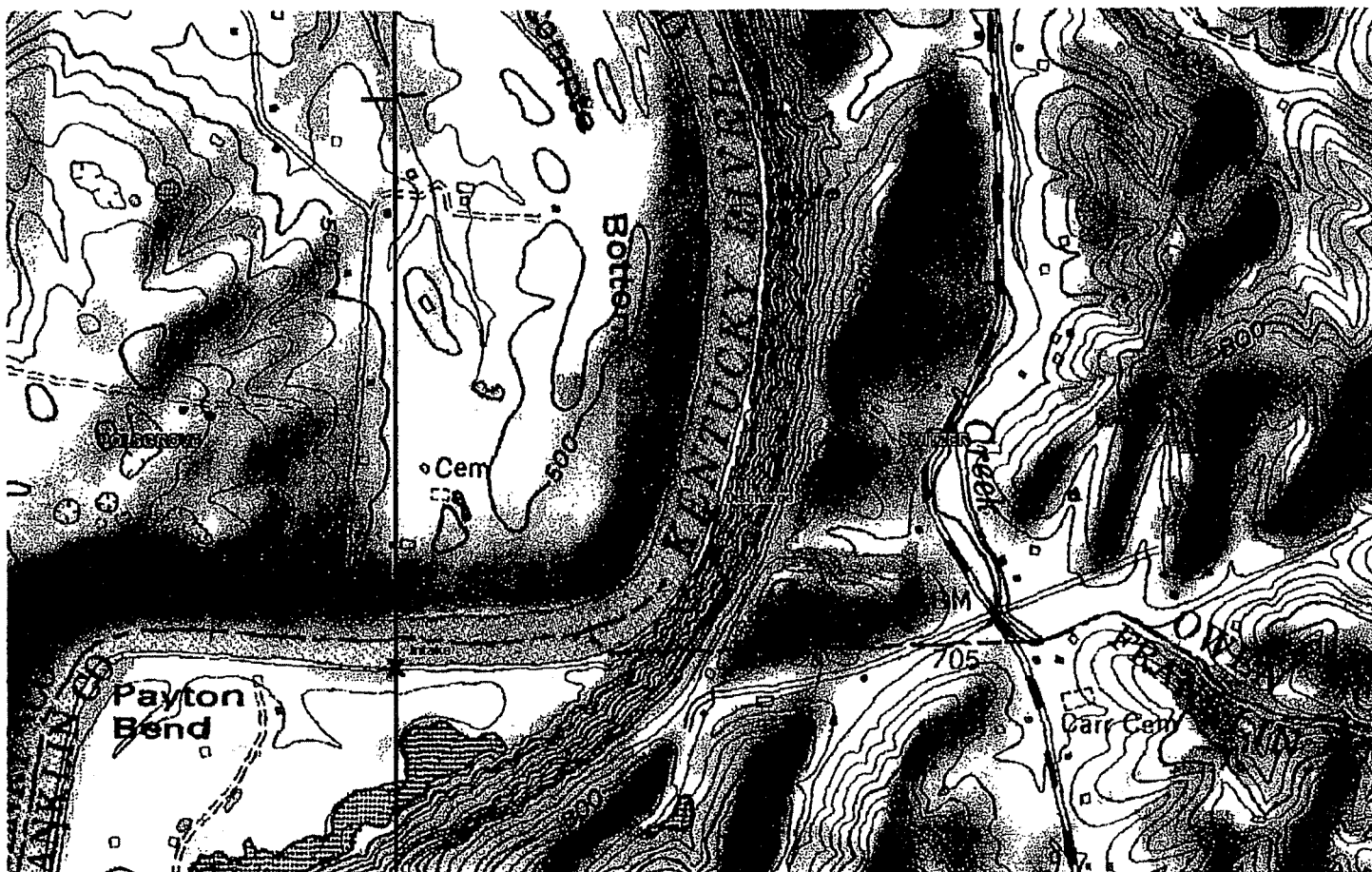
Address

Telephone

If approved, who do you wish the permit be mailed to? Consultant X Applicant

Mail completed application to:

**Watershed Management Branch
Kentucky Division of Water
14 Reilly Road
Frankfort, Kentucky 40601**



Attachment 1 – Portion of USGS 7½ MINUTE Quadrangle Map.
Switzer.

Nick O. Rowe
President
859 268 6333

May 12, 2006

Mr. Thomas P. Calkins
Chairman
Bluegrass Water Supply Commission
699 Perimeter Drive
Lexington, KY 40517 – 4120

RE: Bluegrass Water Supply Commission Phase I Project

Dear Mr. Calkins, *1 OM*

Kentucky American Water has been working on a number of different issues since our meeting on March 6, 2006. As we indicated, we have attempted to frame a partnership arrangement between the Bluegrass Water Supply Commission and Kentucky American Water on a conceptual basis. Clearly there will need to be a number of details worked out, but we would like to offer the following proposed partnership:

Kentucky American Water will fund, design, build, own and operate a regional water treatment plant and intake at pool 3 of the Kentucky River and pipelines needed to service our company's customers. Plant capacity would be based on our customer needs with the ability to expand to meet the needs of the BWSC members. BWSC members can purchase capacity in these facilities at such time as needs dictate. Flow through grid facilities that are needed to service the needs of the BWSC members can be funded, designed and built by BWSC member utilities. Alternatively, the Company may be able to fund all or a portion of these flows through grid facilities to BWSC member utilities provided certain revenue requirements are met, consistent with Kentucky American Water's tariffs.

As indicated in our March 6 meeting, the Company's approach is based on asset investment and ownership and equitable cost of service. At this time, Kentucky American Water is moving forward on preliminary engineering work on a treatment plant and related facilities.

American Water
2300 Richmond Road
Lexington, KY 40502
USA
T +1 859 269 2386
F +1 859 268 6327
I www.amwater.com

T. Calkins
May 12, 2006
Page 2

We are prepared to begin negotiations with BWSC members at your earliest convenience so that we can provide for a regional solution that best serves the water needs of our collective customers.

Sincerely,



Nick O. Rowe
President

date
project
page

Meeting	Items
13 March 2007 Regular	<ul style="list-style-type: none"> • 13 March letter, Miller to Directors, CFO Magazine Article • CFO. Com Article
10 January 2006 Regular	<ul style="list-style-type: none"> • 10 January letter, Miller to Directors, LWC Appetite • Presentation materials (pages 26-34)
19 July 2006 Special	<ul style="list-style-type: none"> • 19 July letter, Miller to Directors, New Business Opportunities
12 April 2005 Regular	<ul style="list-style-type: none"> • LWC Strategic Plan 2004-2008 (pages 31-54)
10 May 2005	<ul style="list-style-type: none"> • (pages 24-34)
21 June 2005	<ul style="list-style-type: none"> • (pages 25-35)
12 July 2005	<ul style="list-style-type: none"> • (pages 20-25)
9 August 2005	<ul style="list-style-type: none"> • LWC Enterprise Risk Management (pages 36-48) • 2005 Mid-Year Report, Strategic Plan (pages 49-66) • LWC 60 20-year Consumption Forecast (pages 67-71) • 9 August 2005 letter, Tessler to Board, Reorganization • LWC Policies on Retail & Wholesale Areas (pages 74-77)
20 September 2005	<ul style="list-style-type: none"> • August 9th Minutes, pages 6-9.
27 September 2005	<ul style="list-style-type: none"> • Entire Report / Document
18 October 2005 Special	<ul style="list-style-type: none"> • September 20 Minutes, pages 2-3; 6-9
15 November 2005 Regular	<ul style="list-style-type: none"> • Return Analysis, pages 30-35; also ^{strategic} planning page 4
13 December 2005 Regular	<ul style="list-style-type: none"> • November 15th Minutes, page 5

2 still need to review 2003 and 2004 & also 1999

13 July 1999

Equity Target (page 94)

14 September 1999
~~12 August 1999~~

Minutes of 10 August 1999 Board Meeting (pages 3 and 4)

12 August 03

RE Water Supply in Central Kentucky (pages 86-91)

26 August 03

RE: Strategic Plan (pages 22-23)

14 Sept. 04

RE Return on Equity (page 91)

David Spensard

Office of the Attorney General

1024 Capitol Center Dr. Suite 200

Frankfort KY 40601-8204

T 502-696-5457

2. Please produce all documents (including, but not limited to, any engagement letters and/or contracts or agreements for hire) reflecting, referencing, or otherwise relating to all discussions and negotiations for the hiring of Mr. Rubin as your witness in this matter.

RESPONSE:

Mr. Rubin has an annual contract with the Office of Attorney General. A copy of his contract for the current fiscal year is attached. Mr. Rubin's work on this case is being conducted under the terms of that contract. Mr. Rubin had an oral conversation with the Office of Attorney General in which he agreed to perform work on this case under his existing agreement.

Revised 8-04

**COMMONWEALTH OF KENTUCKY
OFFICE OF THE ATTORNEY GENERAL
OFFICE OF RATE INTERVENTION**

**STANDARD CONTRACT
FOR EXPERT WITNESS SERVICES
PURSUANT TO KRS 45A.095**

OAG Contract Number **OAG-1562-07**

Account Number **01-31-040-MXR0-E151**

Template **G04R11**

Amount **\$25,000.00**

This Contract is effective from May 1, 2007 to June 30, 2007.

This contract is made and entered into by and between the OFFICE OF THE ATTORNEY GENERAL, Commonwealth of Kentucky, hereinafter referred to as the Agency or as the First Party, and

Scott J. Rubin located at **3 Lost Creek Drive, Selinsgrove, PA 17870.** FED ID NO 

hereinafter referred to as the Contractor or as the Second Party.

WHEREAS, the Agency in the exercise of its lawful duties, has determined the necessity of the performance of the following-described function(s):

TO PROVIDE CONSULTING AND EXPERT SERVICES IN THE MATTERS OF THE APPLICATION OF KENTUCKY-AMERICAN WATER COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY AUTHORIZING THE CONSTRUCTION OF KENTUCKY RIVERSTATION II, ASSOCIATED FACILITIES AND TRANSMISSION MAIN, CASE NO. 2007-00134, AND ADJUSTMENT OF RATES OF KENTUCKY-AMERICAN WATER COMPANY, CASE NO. 2007-00143, BOTH BEFORE THE PUBLIC SERVICE COMMISSION; OTHER KAWC RELATED ISSUES; AND OTHER WATER CASES; and

WHEREAS, the Agency has concluded that either State personnel are not available to perform said function, or it would not be feasible to utilize state personnel to perform said function; and

WHEREAS, the Second Party is available and would be qualified to perform such function;

NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows;

I. SERVICES.

The Second Party (the Contractor) will perform the services which are described below:

- A. Review and analyze testimony and exhibits, studies and other information submitted by the utility or associated with the project and advise the Agency's staff of the contractor's analysis and conclusions.
- B. Prepare memoranda or other preliminary analyses.
- C. Confer with members of the Agency's staff or other interested parties, as the Agency may direct.
- D. Assist in the identification of other consultants who may be needed to assist the Agency in formal proceedings, if such assistance is required.
- E. Be available during the contract period to consult with Agency staff.
- F. Perform other similar tasks that may be required to prepare for a formal proceeding.

2. CONSIDERATION

A. FEE & INVOICING

As fee for the services set forth in this contract, the Agency agrees to pay the Contractor a sum not to exceed **\$135.00 per hour**, to be paid in the following manner or on the following terms:

The Contractor's invoice(s) must be signed by the Contractor and shall include not less than the following information:

A day-by-day breakdown by individuals and hours worked per day. Invoices shall be signed on their face by Scott Rubin.

The contractor shall maintain supporting documents to substantiate invoices and shall furnish same if required by the Agency.

No payment on this contract shall be made prior to the effective date of this contract.

B. TRAVEL EXPENSES

The Contractor shall be paid for no travel expenses.

C. OTHER EXPENSES

The contractor shall be reimbursed for no other expenses of any kind.

D. MAXIMUM FOR FEE AND EXPENSES

The Contractor's fee and expenses shall not exceed a total of **\$25,000.00**.

3. EXTENSIONS

At the expiration of its initial term, this contract may, at the option of the parties hereto, be extended upon the same terms and conditions as set forth herein for further periods not to exceed twelve (12) months each, subject to the advance approval of the Attorney General.

4. SOCIAL SECURITY

The parties are cognizant that the State is not liable for Social Security contributions pursuant to 42 U.S. Code, Section 418, relative to the compensation of the Second Party for this contract.

5. CANCELLATIONS

Either party may cancel this agreement at any time for cause or may cancel without cause on thirty (30) days written notice.

6. CONFLICT OF INTEREST LAWS AND PRINCIPLES

The Contractor hereby certifies by his signature hereinafter that he is legally entitled to enter into the subject contract with the Commonwealth of Kentucky and certifies that he is not and will not be violating any conflict-of-interest statute (KRS 45A.330-45A-340, 45A.990, 164.390, or any other applicable statute) or principle by the performance of this contract

7. CHOICE OF LAW AND FORUM PROVISIONS

All questions as to the execution, validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Kentucky. Furthermore, the parties hereto agree that any legal action which is brought on the basis of this Agreement shall be filed in the Franklin County Circuit Court of the Commonwealth of Kentucky.

8. DISCRIMINATION (BECAUSE OF RACE, RELIGION, COLOR, NATIONAL ORIGIN, SEX, AGE, OR HANDICAP) PROHIBITED

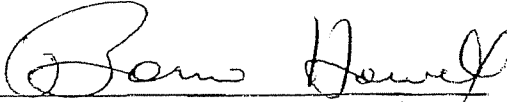
During the performance of this contract, the Contractor agrees as follows:

- A. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex or age (40-70). The Contractor further agrees to comply with the provisions of Section 504 of the Rehabilitation Act of 1973, P.L. 93-112, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified handicapped individuals under any program or activity receiving federal financial assistance. Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, age (40-70) or handicap. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- B. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, age (40-70) or handicap.
- C. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further government contracts or federally-assisted contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions as may be imposed and remedies invoked as provided in or as otherwise provided by law.

PREPARED BY: _____

ASSISTANT ATTORNEY GENERAL


FIRST PARTY:
OFFICE OF THE ATTORNEY GENERAL


Director of Administrative Services

5/23/07

Date

SECOND PARTY:


Signature

Title

5/21/07

Date

3. Please produce all documents (including, but not limited to, studies, evaluations, analyses, treatises, and memoranda) reviewed by your witness in the preparation of his testimony in this matter. (If lieu of producing the entirety of a particular treatise that your witness may have reviewed, you may produce a copy of the entire title page (containing at least the title of the work, the author, the current edition/volume, and the publication date) and the relevant pages from that treatise reviewed by your witness.) This request shall not be interpreted to require the production of documents that have already been filed by a party or intervenor in the case file of this matter at the Commission.

RESPONSE:

Mr. Rubin's review of documents was limited to documents produced by other parties in this case. He also reviewed the contract and related documents from the earlier case that have since been provided by LWC in this case.

4. Please produce all documents (including, but not limited to, studies, evaluations, analyses, treatises, and memoranda) you have provided to your witness in connection with this matter. This request shall not be interpreted to require the production of documents that have already been filed by a party or intervenor in the case file of this matter at the Commission.

RESPONSE:

Response by the Office of the Attorney General: See OAG response to LWC Request for Production of Documents, Item 1.

5. Please produce all documents (including, but not limited to, any letters, e-mails, engagement letters, and/or contracts or agreements for hire) reflecting, referencing, or otherwise relating to all discussions and negotiations for the potential hiring of anyone other than Mr. Rubin as a witness on your behalf in this matter.

RESPONSE:

Response by the Office of the Attorney General: Not applicable.