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October 15, 2007

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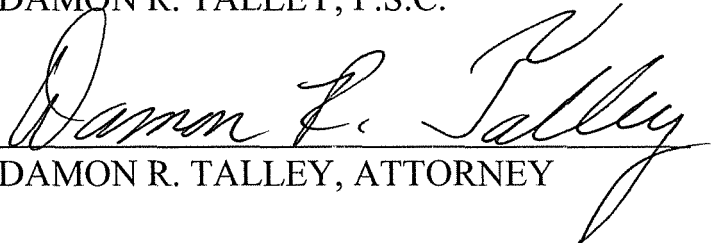
Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RE: Case No. 2007-00134
Kentucky-American Water Company

Dear Ms. O'Donnell:

Enclosed are the original and ten (10) copies of the Request for Information directed to the Louisville Water Company. This filing is being made on behalf of the Bluegrass Water Supply Commission.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY

DRT/ms

Enclosures

cc: All Parties of Record

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)
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PUBLIC SERVICE
COMMISSION

CASE No. 2007-00134

**BLUEGRASS WATER SUPPLY COMMISSION'S
REQUEST FOR INFORMATION FROM
LOUISVILLE WATER COMPANY**

The BLUEGRASS WATER SUPPLY COMMISSION (the "BWSC"), by Counsel, pursuant to the Public Service Commission's (the "Commission") Orders dated April 20, 2007 and September 5, 2007, submits this Request for Information to the Louisville Water Company (the "LWC"). This Request for Information is related to the testimony filed by the LWC's rebuttal witnesses. Please respond in accord with the following instructions:

- (1) In each case where a request seeks data provided in response to a request made by another party, reference to the appropriate request item will be deemed a satisfactory response rather than duplicating the information requested.

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

(3) These requests shall be deemed continuing so as to require further and supplemental responses if LWC receives or generates additional information within the scope of these requests between the time of the response and the time of the hearing.

(4) If any request appears confusing, please request clarification directly from counsel for BWSC.

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

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

(7) If LWC has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify counsel for BWSC as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom

distributed, shown, or explained; and the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of LWC state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

BWSC'S REQUEST FOR INFORMATION

1. Refer to Wetzel Rebuttal Testimony, page 5, line 23 through page 6, line 5 and Section 1.2 of the Final Report prepared by R.W. Beck, (the "Beck Report"), which is attached as Exhibit 2 to the Wetzel Rebuttal Testimony.
 - a. What is the basis for the assumption that the proposed LWC pipeline from Shelby County to Fayette County will be 100% publicly owned?
 - b. Did LWC officials instruct Mr. Wetzel to make this assumption?
 - c. Does LWC propose to own the entire pipeline from Louisville to Lexington?
 - d. If not, what public or governmental entities does LWC anticipate owning the portion of the proposed pipeline from Shelby County to Fayette County?

2. Refer to Heitzman Rebuttal Testimony, page 5, lines 8 – 11 where Mr. Heitzman states, “This section is proposed to be designed, built, financed, and owned by a public – private partnership involving Central Kentucky water providers, appropriate state and local governing bodies, and potentially LWC.”
 - a. Is this the same section of the proposed pipeline that the Beck Report assumes will be 100% publicly owned?
 - b. If so, please reconcile the conflict between the assumption contained in the Beck Report and the assumption made by Mr. Heitzman that this section of the proposed pipeline will be owned by a “public – private partnership.”

3. Refer to the Beck Report, Section 2, page 2-1, where it states, “R.W. Beck did not develop any independent cost estimates for either the capital or operating components of the projects.”
 - a. Is R.W. Beck in the process of preparing an Opinion of Probable Cost for the capital components of the proposed LWC pipeline?
 - b. If so, when will it be completed?

4. Refer to Heitzman Rebuttal Testimony, page 5, lines 21-29 where Mr. Heitzman states that these “project costs are preliminary estimates.”
 - a. Does LWC have an Opinion of Probable Cost from a professional engineer licensed in Kentucky to support the estimated project costs? If so, please provide this Opinion.
 - b. If not, when does LWC anticipate obtaining an Opinion of Probable Cost?

5. Refer to Heitzman Rebuttal Testimony, page 5, line 8 where the project cost for the Shelby County to Fayette County portion of the proposed pipeline (Section 2 of the proposed pipeline) is estimated to be \$88.1 million. In Mr. Heitzman's Prefiled Direct Testimony, Exhibit 2, page 11, the estimated cost for Section 2 was \$52 million. Please explain why the cost of this portion of the proposed pipeline as estimated in Mr. Heitzman's Rebuttal Testimony is nearly 70% higher than the cost estimate contained in Mr. Heitzman's Prefiled Direct Testimony.

6. Refer to Heitzman Rebuttal Testimony, page 5, lines 26-27.
 - a. Has LWC engaged the services of an engineering firm or other consultant to recommend a selected route for Section 2 of the proposed pipeline? If so, please identify the engineering firm or consultant.

 - b. Has LWC engaged the services of an engineering firm to prepare the final design of Section 2? If so, please identify the firm.

 - c. Has LWC engaged the services of an engineering firm to design the storage facilities and pump stations described in LWC's Proposal? If so, please identify the firm or firms.

 - d. Has LWC engaged the services of an engineering firm or other consultant to assist with permitting, right-of-way acquisitions, and acquiring ownership of the land where the storage facilities and pump stations will be located? If so, please identify the firm or firms.

7. Refer to Heitzman Rebuttal Testimony, page 5, lines 31-49.
 - a. Explain why the portion of the 36-inch pipeline from Frankfort to Lexington will not have to be constructed at the same time as the rest of Section 2.
 - b. Please identify the existing infrastructure that can be utilized to deliver 6 MGD to Newtown Pike in Fayette County if the proposed 36-inch pipeline from Frankfort to Newtown Pike is not constructed.

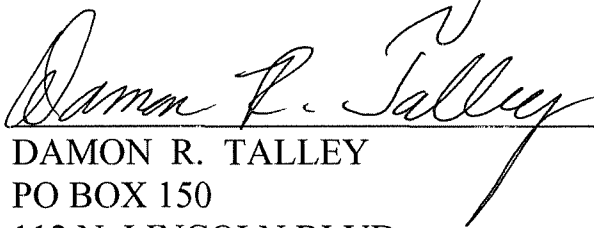
8. Refer to Heitzman Rebuttal Testimony, page 6, lines 31-45.
 - a. Does LWC's Proposal permit the Central Kentucky water providers to "reserve capacity" in LWC's water treatment plants or merely "reserve capacity" in the proposed 36-inch pipeline?
 - b. Will water providers along Section 1 of the proposed pipeline be permitted to "reserve capacity" in the proposed pipeline? If so, then how can 25 MGD be available for use by the customers of BWSC and KAWC?
 - c. If one or more water providers in Central Kentucky seek to "reserve" 25 MGD capacity in the proposed pipeline, will it be necessary for the water provider(s) to contract to purchase, at a minimum, 12.5 MGD, which is one half (1/2) of the "reserved" amount (i.e. $25 \text{ MGD} \times \frac{1}{2} = 12.5 \text{ MGD}$)?

9. Refer to Heitzman Rebuttal Testimony, page 6, line 47 through page 7, line 2.
 - a. Have any water providers executed a contract or other binding commitment to purchase water either along Section 1 of the proposed pipeline or at the terminus of Section 1 near the intersection of Kentucky Highway 53 and I-64?
 - b. If so, please identify the name of each water provider and the amount of the minimum daily purchase by each water provider.
 - c. If so, please produce a copy of each contract or document evidencing this binding commitment.

10. Refer to Heitzman Rebuttal Testimony, page 7, lines 25 through 28 where a deadline of March 1, 2008 is imposed for acceptance of the LWC Proposal and contract execution.
 - a. Will LWC commence “final design” of Section 1 of the proposed pipeline before contracts, which collectively guarantee minimum daily purchases of 5 MGD, are executed?
 - b. If not, when will “final design” of Section 1 commence and when will it be completed?
 - c. Will LWC commence “final design” of Section 2 of the proposed pipeline before contracts, which collectively guarantee minimum daily purchases of 5 MGD, are executed?
 - d. If not, when will “final design” of Section 2 commence and when will it be completed?
11. Please produce all documents referenced, relied upon, or identified in response to the various requests for information set forth above.
12. Refer to the Beck Report. Please provide a copy of Appendix A-1, A-2, B-1 and B-2 in legible print that can be read by a person with 20/20 vision (at least font size 8). The copy quality should be clear and dark enough that it can be enlarged on a copy machine.

This 15th day of October, 2007.

Respectfully submitted,
DAMON R. TALLEY, P.S.C.



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ATTORNEY FOR BWSC

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing document has been served by first class U.S. Mail, postage prepaid, this 15th day of October, 2007, to the following:

Hon. A. W. Turner, Jr., Gen. Counsel
Kentucky –American Water Co.
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Assistant Attorney General
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Frankfort, KY 40601-8204

Hon. David J. Barberie
Lexington-Fayette Urban Co. Gov.
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