

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

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

**CITIZENS FOR ALTERNATIVE WATER SOLUTION'S SECOND
SUPPLEMENTAL DATA REQUEST TO KENTUCKY-AMERICAN WATER
COMPANY, INC.**

Pursuant to the scheduling order adopted by the Commission in this case, Citizens for Alternative Water Solutions (CAWS) requests that Kentucky-American Water Company, Inc (KAWC) file with the Commission the following information, with a copy to all parties of record, within the time specified in the Commission's Order. For each response to data request,

(1) Please identify the individual responsible for answering each request.

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

(3) A request to identify a document means to state the date or dates, author or originator, the subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number or code number thereof or other means of identifying it, and its present location and custodian.

(4) To the extent that the specific document, study or information requested does not exist, but a similar document, study or information does exist, please provide the similar document, study or information.

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

(6) If KAWC objects to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify CAWS' Attorney of Record as soon as possible.

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

(8) In the event any document called for has been destroyed or transferred beyond the control of the company, please state the identity of the person by whom it was destroyed or transferred; 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.

(9) Where the information requested is the same as has been provided to another party in response to data request, it is sufficient to identify that response rather than duplicating the information requested.

Second Supplemental Data Request No. 1:

With reference to the answer provided by Mr. Miller to Item 2(b) of CAWS First Supplemental Data Request, where will KAWC get the balance (40 percent) of the funds required to build the plant? If the answer is "internally", what is the internal rate of return assumed on those funds?

Second Supplemental Data Request No. 2:

With reference to the answer provided by Mr. Miller to Item 2(c) of CAWS First Supplemental Data Request, where will KAWC get the balance (40 percent) of the funds required to build the pipeline? If the answer is "internally", then what is the internal rate of return assumed on those funds?

Second Supplemental Data Request No. 3:

With reference to the answer provided by Mr. Miller to Item 2(d) of CAWS First Supplemental Data Request, the possibility of obtaining funding through assuming tax-exempt debt is mentioned.

(a) What would be the source of that tax-exempt funding?

(b) Have there been discussions or do you anticipate discussions with any elected or appointed government officials about the possibility of obtaining grants, loans or other taxpayer supported funding?

(c) If so, with whom?

(d) Please provide any documentation concerning such communications.

Second Supplemental Data Request No. 4:

With reference to the answer provided by Mr. Miller to Item 2(e) of CAWS First

Supplemental Data Request, he states that the KAWC proposed project is anticipated to raise the current average residential bill by approximately \$10.14 per month.

(a) Please provide the detail regarding how that value was calculated and what factors were utilized or assumed in making the calculation.

(b) If the average residential bill increase were \$10.14 per month, what would be the average percentage of increase in the current average residential bill?

(c) If the Owen County Plant and associated pipeline are approved and built, what is the increase that is expected in rates for industrial customers?

(d) If the Owen County Plant and associated pipeline are approved and built, what is the increase that is expected in rates for wholesale customers?

(e) Please provide the detail of the calculations of the rates for each class of customers.

Second Supplemental Data Request No. 5:

In KAWC's analysis or consideration of the cost of a pipeline that would connect its distribution system and a Louisville Water Company (LWC) pipeline, have you or any consultant hired by you included any contribution of capital by Louisville Water Company?

(a) If so, please specifically state the amount that was included and to which capital contribution the amount was assigned?

(b) If the contribution associated with planned construction of a pipeline by Louisville Water Company to Kentucky Highway 53 has not been included, please explain why not?

(c) Is KAWC aware as to whether anticipated or proposed capital contributions by LWC were included in any of the reports or analysis provided to the Bluegrass Water

Supply Commission, including any reports provided by O'Brien & Gere?

Second Supplemental Data Request No. 6:

Were anticipated contributions or payments to the Kentucky River Authority, either for Tier 1 or Tier 2 fees, included in the calculations in reports prepared by your consultants, including O'Brien and Gere and Gannett Fleming. If so, please specifically state in what way they were included and provide copies of the pages reflecting the inclusion of these prospective fees.

Second Supplemental Data Request No. 7:

Please provide any documents or correspondence between KAWC and the Kentucky River Authority regarding the proposed project for which this certificate is being sought, including any discussion or references of the need for improvements to the dam(s) associated with Pool 3 of the Kentucky River.

Second Supplemental Data Request No. 8:

Please provide any documentation, including long-range plans, reports, or correspondence, concerning the possibility of construction of a pipeline or waterline from the proposed Owen County Treatment Plant to the Ohio River.

(a) Has KAWC purchased, leased, optioned, or otherwise reserved land along or adjacent to the Ohio River which could be used for purposes associated with the withdrawal or treatment of water?

Second Supplemental Data Request No. 9:

In KAWC's response to Item 5 of CAWS's First Supplemental Data Request, no documentation was provided supporting the necessity of an expedited procedural schedule. Is it correct that no such documentation existed at the time that KAWC made

its motion for an expedited procedural schedule in this case?

Second Supplemental Data Request No. 10:

Has KAWC considered the alternative of building a pipeline to meet and connect to the Louisville Water Company line at Kentucky Highway 53 in Shelby County, rather than building a plant and pipeline as proposed in Case 2007-00134?

(a) If not, why not?

(b) If so, what was the conclusion of the analysis, including relative cost and time required to complete the project?

(c) If such an analysis was performed, please provide all documentation or communication regarding the analysis and conclusions.

(d) If more than one analysis was conducted, please provide the aforementioned information for each analysis.

Second Supplemental Data Request No. 11:

In KAWC's response to Item 7 of CAWS's First Supplemental Data Request, it was stated that KAWC has a representative planning to attend the Greater Lexington Chamber of Commerce Fly-in to Washington D.C.

(a) When is the Fly-In scheduled to occur?

(b) Is KAWC paying any of the cost of the Greater Lexington Chamber of Commerce Fly-in other than reimbursing your employee's personal travel expenses?

(c) Is KAWC a "sponsor" or "underwriter" of the Fly-in?

(d) When did the Greater Lexington Chamber of Commerce vote to support congressional funding of any of the cost of the construction of the plant in Owen County

or the associated pipeline?

Second Supplemental Data Request No. 12:

In reference to the answer to Item 9 in CAWS's First Supplemental Data Request, please describe in detail and rank all of the factors that caused KAWC to discontinue its efforts in the 1990's to build a pipeline that would have obtained water from Louisville Water Company.

Second Supplemental Data Request No. 13:

With reference to the answer provided by KAWC to Item 19(e) of CAWS's First Supplemental Data Request, please provide the names and business phone numbers of the persons with governmental agencies with whom KAWC's consultant has coordinated in regards to an endangered species survey.

(a) Please identify the consultant(s) that are conducting any biological assessment and any cultural and historic resources assessments.

Second Supplemental Data Request No. 14:

Can Dam 9 on the Kentucky River be improved by installation of gates or otherwise so as to provide additional water in the associated pool? If not, please explain and provide supporting documentation.

Second Supplemental Data Request No. 15:

Does KAWC agree that it can expand its current treatment facilities, if additional water is available in the pools that serve those facilities. If so, please explain or describe any evaluation or study that has been conducted concerning expansion of existing treatment facilities. If not, please explain with specificity and provide all supporting documentation.

Second Supplemental Data Request No. 16:

In the testimony of Linda Bridwell, at p. 22, it is stated that the “project cost estimates have not been revised to account for the actual commitments being less than the projected deficits in the study.” Please provide an updated project cost estimate.

(a) Additionally, has KAWC solicited an updated cost estimate from the Louisville Water Company, since their circumstances have also changed in that their meter point is now closer to Lexington than it was at the time of the study?

(b) Considering that relevant factors have changed since the previous planning study was published, is it appropriate to reassess the costs of the various options previously studied?

Second Supplemental Data Request No. 17:

Please describe and provide documentation concerning any analysis that KAWC has conducted or commissioned regarding the water-saving potential from implementation of these water conservation technologies and practices:

- (a) high-efficiency washing machines (residential and commercial)?
- (b) low-flow toilets?
- (c) dry composting toilets?
- (d) greywater reuse systems?
- (e) rainwater harvesting for irrigation and toilets?
- (f) xeriscaping
- (g) native landscaping
- (h) low-flow showerheads and faucet aerators
- (i) conservation-oriented pricing of water

(j) other water conservation measures?

Second Supplemental Data Request No. 18:

What efforts have been made to assist commercial and industrial customers to identify means to reduce process water consumption?

Second Supplemental Data Request No. 19:

Does KAWC offer any incentives, such as design and engineering support, grants, or low-interest loans, to assist customers to assess and implement water conservation initiatives?

Second Supplemental Data Request No. 20:

Has KAWC assessed the feasibility of purchasing treated water from the Frankfort Electric and Water Plant Board?

Second Supplemental Data Request No. 21:

If the Frankfort Electric and Water Plant Board could expand their plant capacity from 18 mgd to 36 mgd at a cost of about \$35 million, wouldn't this meet 90% of the projected near-term supply deficit at a lower cost than the Pool 3 proposal? Has this option been considered? Please provide any documentation, and if it has not been pursued, please explain why not.

Second Supplemental Data Request No. 22:

If the Bluegrass Water Supply Commission receives federal funding to support their participation in the proposed Pool 3 project, does KAWC agree or disagree that environmental documentation, in the form of a categorical exclusion, an environmental assessment, or an Environmental Impact Statement will be required prior to construction of this project?

Second Supplemental Data Request No. 23:

What studies has KAWC conducted or will KAWC conduct to ensure that no federally-listed endangered and threatened species along the pipeline route will be harmed by the proposed project?

(a) Please provide a copy of any assessments that have been conducted, and any review letters from federal or state agencies.

Second Supplemental Data Request No. 24:

What studies has KAWC conducted to determine the impact of the pipeline on sub-surface water flows along the entire route from Pool 3 to the end point on Ironworks Pike?

(a) Has KAWC made a determination concerning the possibility of damage or loss of wells or springs along the pipeline route?

(b) Has KAWC conducted an assessment of the extent of impact on creeks or streams and on private water supplies along the route? Please provide all related documentation.

Second Supplemental Data Request No. 25:

In the cost analysis for the various water supply options considered, why was the Louisville Water Company's option analyzed using an assumed peaking ratio of 5:1? What peaking ratios were used for the other options analyzed?

Second Supplemental Data Request No. 26:

Is it KAWC's position that Pool 3 will provide drought protection sufficient to address the projected deficit in the recurrence of the 1930 drought of record?

(a) Will the Pool 3 plant meet the full projected demands of KAWC's ratepayers and central Kentucky during a 100-year drought, in 2020, or 2030?

(b) If not, what is KAWC's plan for providing long-term drought protection to its customers and central Kentucky?

(c) Is KAWC planning a Phase II pipeline to the Ohio River at Carrolton, as has been stated publicly and as recommended in the 2004 study by BWSC?

(d) What would be the cost of Phase II be and what impact would that second phase have on ratepayers?

(e) What would be the cost of upgrading the proposed treatment plant at Pool 3 to accommodate additional raw water from the Ohio River?

Second Supplemental Data Request No. 27:

With reference to Item 3 of CAWS's First Supplemental Data Request, please answer specifically and directly the following questions:

(a) Does KAWC agree, or disagree, that the PSC has the authority to order KAWC to "wheel" (allow transmission of water from one utility source through the KAWC system to another utility)?

(b) Does KAWC currently, or has KAWC in the past, allowed such wheelage of water through its system from a supplier other than KAWC to an end user that was another utility system? If so, please provide the details concerning the volume of water wheeled through the system and any tariff or line charge imposed by KAWC.

(c) Understanding that negotiations are ongoing concerning the terms of participation of the BWSC in the Pool 3 project, has KAWC discussed with BWSC that BWSC's participation as an equity interest holder in the KAWC project for Pool 3 would enable BWSC to have "free" use of the KAWC distribution system or grid?

(d) Assuming that BWSC chose to purchase 5mgd of finished water from the Louisville Water Company rather than to participate in the Pool 3 Project,

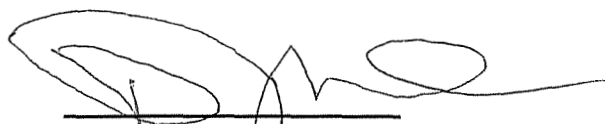
(1) What capacity would KAWC size the Pool 3 Project treatment plant?

(2) Does KAWC agree or disagree that the PSC has the authority to obligate KAWC to “wheel” (allow transmission of) that 5 mgd of water through its system from Georgetown to Winchester, Nicholasville, or another end-user?

Second Supplemental Data Request No. 28:

With reference to the answer to Item 3b in the CAWS’s First Set of Supplemental Data Requests, does the KAWC agree or disagree that the “jurisdiction over KAW’s rates and services” that the PSC possesses includes the authority to order the KAWC to accept an interconnection and to require KAWC to “wheel” (allow transmission of water from one utility supplier through the KAWC system) to another end-user utility? If KAWC disagrees, please explain the basis for your assertion that KAWC has no obligation to do so or that the PSC has no authority to so order.

Respectfully submitted,



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Counsel for Citizens for Alternative
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CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies have been filed with the Commission and that a true and correct copy has been served by first-class mail upon the following individuals this 2nd day of July, 2007:

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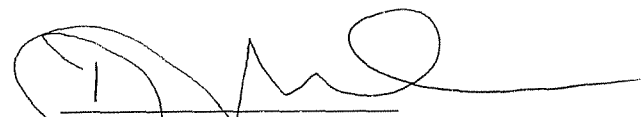
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