

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 04 2007

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 FIRST
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.

Supplemental Data Request 1

In Response to CAWS Data Request 1, KAWC indicated that the “next increment of water supply would be construction on the Kentucky River but a raw water line to the Ohio River could be an option.” Where on the Kentucky River would KAWC proposed to obtain the next increment of water, and how much does KAWC believe is available?

Supplemental Data Request 2

- a. What is the current debt of KAWC and how is it structured?
- b. How much debt will be incurred for design and construction of the new plant?
- c. How much debt will be incurred on the pipeline?
- d. How will the debt be structured and how will it affect the typical ratepayer?
- e. How much additional cost does KAWC project it would seek to add to the monthly bill of the ratepayer?
- f. What other projects does KAWC intend to construct in the next 15 years and how much are they expected to cost?

Supplemental Data Request 3

At the May, 2007 Bluegrass Water Supply Commission (BWSC) monthly meeting at which KAWC had a representative, Vernon Azevedo, the General Manager of the Winchester Municipal Utilities, made a presentation in which he stated that BWSC planned to eventually build a line to connect with Louisville Water Company (LWC).

- a. What discussions, if any, has KAW had with BWSC about BWSC’s announced plan to build a line to connect to LWC? Please provide a copy of any

documents reflecting such discussions, including any correspondence between KAWC and BWSC members.

b. Does KAWC agree or disagree that the Public Service Commission has the authority to order the KAWC to accept an interconnection and to require KAWC to “wheel” (allow transmission of water from one utility source through the KAWC system) to another utility. If KAWC disagrees, please explain the basis for your assertion that KAWC has no obligation to do so. If KAWC agrees, please describe any conditions or costs that KAWC places on the transmission of water originating outside the KAWC system through the KAWC system to other utilities.

c. Would KAWC allow BWSC to connect such a line to the KAW system and allow water from Louisville to be transported to the BWSC member communities?

d. Has KAWC conditioned the allowance of water transfers through the KAWC system to other utilities on the participation of the BWSC in the Pool 3 Treatment Plant?

e. Has KAWC indicated to BWSC that BWSC’s participation as an equity interest holder in the KAW project for Pool 3 would enable BWSC to have "free" use of the KAW distribution system (or grid)?

Supplemental Data Request 4

Please provide any documents or correspondence explaining the legal, economic and/or other reasons why KAWC decided to cease planning to

build a pipeline connection to the Louisville Water Company, and instead began to plan to build a facility of its own on Pool 3 of the Kentucky River.

Supplemental Data Request 5

Please provide the documentation supporting the necessity of an expedited procedural schedule.

a. To the extent that a special event is in whole or in part the basis for a claimed necessity for expediting the procedural schedule in this case, provide the documentation indicating anticipated demand and available treated water capacity for the event(s).

b. Please provide any reports or documents discussing the timing of this case relative to the proposed offering for sale of the utility.

c. Is it the position of KAWC that absent the new treatment plant and additional 20 mgd of available supply, that KAWC will not have sufficient treated water to meet the needs of the Alltech FEI World Games visitors?

Supplemental Data Request 6

Please provide the preliminary bid schedule and any planning documents that have been produced for the building of the Pool 3 facility and related lines.

Supplemental Data Request 7

Please provide any correspondence or documentation regarding KAWC involvement in efforts to obtain funding from governmental entities, (federal, state or local) to assist or make possible the purchase by BWSC of an interest in the KAWC facilities proposed in this case to be constructed in association with the production of delivery of water from Pool 3 of the Kentucky River.

Supplemental Data Request 8

Please provide the approximate time, and the basis for the assumption, when KAWC projects that it will need more raw water than is available from existing sources and the proposed Pool 3 facility.

a. What plans does KAWC have to meet the needs of customers once the existing Kentucky River and Pool 3 supplies are exhausted?

b. Does KAWC have plans or intend to construct a water transmission line to the Ohio River? If so, please generally describe the route it is expected to follow.

If KAWC extends a line to the Ohio River, is it expected to be a raw water transmission line or a finished or treated water transmission line? If it is the former, where will the raw water be treated? If the latter, from where will the treated water be purchased?

Supplemental Data Request 9

Referencing Nick Rowe's Response 3 to Commission Staff's First Set of Interrogatories,

a. Was the 1999 LFUCG Resolution the only reason that KAWC decided not to continue the Louisville Water Company plan?

b. Were there technical, engineering or legal impediments to the Louisville Water Company option and if so, what were they?

c. Did KAWC explore the possibility of routing the pipeline connection with LWC to the north of I-64 rather than across Woodford County? Please provide any documentation of alternative pipeline routes considered in the late 1990's and

the reason(s) for selection of the route that was proposed and for rejection of alternative routes.

Supplemental Data Request 10

Have the cost and time estimates for the Louisville pipeline option been updated to reflect the additional eastward buildout of the LWC system that has occurred since 1999 and that which is proposed?

Supplemental Data Request 11

What were the factors relied upon by KAWC in the 1990's when it proposed a pipeline to purchase treated water from the Louisville Water Company? Please provide any engineering study that supported the connection to Louisville.

Supplemental Data Request 12

Please explain why a 42-inch transmission line is needed? Is the line sized for a 25 mgd plant, or does KAWC intend to expand treatment capacity at the proposed plant in order to treat raw water from the Ohio River or other source(s)?

Supplemental Data Request 13

Please provide any long-term business plan including proposed capital construction projects.

Supplemental Data Request 14

Would the withdrawal of 30 mgd from Pool 3 in anyway affect the supply available to the City of Frankfort now or in the future?

In Response 2 to the Commission Staff requests, Ms. Bridwell indicated that KAWC is unaware of any calculations of maximum safe yield in Pool 3, yet the Gannett Fleming

Report (March 2007) speaks to the MSY of Pool 2. Does Gannett Fleming have any MSY data on Pool 3?

Supplemental Data Request 15

- a. Where will KAWC get additional water supply after 2020?
- b. What is the treatment capacity of the KAWC under peak and average conditions?
- c. Has KAWC assessed and compared the relative costs for adding additional treatment capacity above the proposed Pool 3 plant, and expansion by LWC of comparable treated water capacity?
- d. Please explain the basis and provide calculations explaining the basis for KAWCs conclusion that the Ohio River is a “Phase 2” source for meeting central Kentucky’s water needs rather than an immediate and long-term solution.
- e. Is the cost of construction of Phase I and Phase II of the current KAWC plan more or less expensive to the ratepayer than the construction of a pipeline to connect to the LWC?
- f. It is stated on page 20 of the Gannett Fleming Report that KAWC would have to install 260,000 feet of pipeline to reach the LWC. Hasn’t the LWC agreed to build a pipeline further east, thereby reducing KAWC’s pipeline length and cost?
- g. Referring to CAWS First Data Request Item 11, when does KAWC project that an Ohio River connection will be necessary to meet the water supply needs of Central Kentucky?

Supplemental Data Request 16

- a. Please explain the methodology used by O’Brien and Gere (described in their letter of 10/12/2005) that was used to modify the “2004 Feasibility Study.”

b. Please explain why Gannett-Fleming was retained to provide another supply study and provide a copy of the Request for Proposal (RFP) for this study. What circumstances necessitated another supply study? Did KAWC ratepayers pay for this additional study, and what was the cost?

Supplemental Data Request 17

When will the Dam 10 improvements be made, and how much additional volume will be available when Dam 10 improvements are made?

Supplemental Data Request 18

Where will the dewatered solids be disposed of from the new treatment plant? How will the wastes be transported to the disposal site?

Supplemental Data Request 19

a. Please explain the criteria used to select the proposed site of the treatment plant, and the routing of the transmission line.

b. Please explain whether a change in zoning will be sought for the location of the plant or associated facilities or lines.

c. Please identify where electric service will be obtained for the plant.

d. Please explain the easement acquisition program that LWC has or will use to acquire the easements. Will the acquisition be willing-seller or will condemnation be used.

e. Please provide a copy of any environmental assessment completed for the proposed treatment plant and associated line. Is KAWC aware that Braun's Rock Cress, a federally endangered species is located on the proposed pipeline path, and has consultation with

the U.S. Fish and Wildlife Service been initiated? If so, please provide any correspondence.

f. The 5.5 mile "sludge route" is illegible on the map provided. Please describe the route. Please describe the trucks that will be used for haulage, and the anticipated trips per day.

Respectfully submitted,



Tom FitzGerald
Kentucky Resources Council, Inc.
P.O. Box 1070
Frankfort, Kentucky 40602
(502) 875-2428

Counsel for Citizens for Alternative
Water Solutions, Inc. (CAWS)

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 4th day of June, 2007:

Hon. A.W. Turner Jr.
Kentucky-American Water Company
2300 Richmond Road
Lexington, KY 40502

Hon. Lindsey Ingram Jr.
Stoll Keenon Ogden PLLC
300 West Vine Street Suite 2100

Lexington, Kentucky 40507
(electronically also)

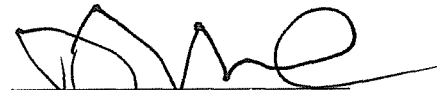
Hon. David E. Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

Hon. David J. Barberie
Lexington-Fayette Urban County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507

Hon. David Boehm
Boehm, Kurtz and Lowry
36 East Seventh Street, Suite 2110
Cincinnati OH 45202

Beth O'Donnell, Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Hon. Damon R. Talley
112 North Lincoln Boulevard
Hodgenville, Kentucky 42748



Tom FitzGerald