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PUBLIC SERVICE  
COMMISSION

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

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

**KENTUCKY-AMERICAN WATER COMPANY'S SECOND  
SET OF DATA REQUESTS TO LOUISVILLE WATER COMPANY**

In accordance with the Public Service Commission's ("Commission") April 20, 2007 Order as supplemented by the Commission's August 2, 2007 and September 5, 2007 Orders, Kentucky-American Water Company ("KAW") propounds the following data requests upon Louisville Water Company ("LWC"). LWC shall respond to these requests in accordance with the provisions of the Commission's April 20, 2007 Order, as supplemented, and the definitions and instructions set forth below.

**DEFINITIONS**

1. The terms "you" and "your" mean Louisville Water Company ("LWC"), as well as any person or entity working with you, including but not limited to, employees, attorneys, licensees, agents, and representatives, and each person acting or purporting to act on your behalf or under your or their control.

2. The terms "LWC," "Louisville Water Company" or "LWC's" means LWC, as well as its employees, attorneys, licensees, agents, officers, board of directors members, executive leadership team members, and representatives, as well as any company name under which LWC is or was doing business, its predecessors, parents, sisters, subsidiaries, divisions,

directors, officers, employees, agents, licensors, licensees, and attorneys, and each person acting or purporting to act on its or their behalf or under its or their control.

3. The term “LWC’s Proposal” means the proposal LWC has made to solve the Central Kentucky water supply need, the most recent versions of which are set forth in or attached to the October 1, 2007 rebuttal testimony of Messrs. Heitzman and Wetzel.

4. The terms “document” or “documents” mean anything which would be a “writing” or “recording” as defined in Rule 1001(1) of the Federal Rules of Evidence or a “document” as defined in Rule 34(a) of the Federal Rules of Civil Procedure, including, without limitation, every original (and every copy of any original or copy which differs in any way from any original because of notations thereon or attachments thereto or otherwise) of every writing or recording of every kind of description, whether handwritten, typed, drawn, sketched, printed or recorded by any physical, mechanical, electronic or electrical means whatsoever, including without limitation, memoranda, correspondence, electronic mail, electronic data compilations, notes, books, records, papers, pamphlets, brochures, circulars, advertisements, specifications, blueprints, maps, plats, surveys, drawings, sketches, graphs, charts, plans, laboratory or engineering reports, notebooks, worksheets, reports, lists, analyses, summaries, ledger accounts, audits, inventories, tax returns, financial statements, profit and loss statements, cash flow statements, balance sheets, annual or other periodic reports, prospectuses, registration, solicitations, minutes, appointment books, diaries, telephone bills and toll call records, expense reports, commission statements, itineraries, agenda, payroll records, checkbooks, canceled checks, receipts, contracts, agreements, instrument assignments, applications, offers, acceptances, proposals, financing statements, documents of title, appraisals, purchase orders, invoices, bills of lading, written memorials of oral communications, forecasts, photographs,

photographic slides or negatives, films, filmstrips, x-rays, video or audio tapes and recordings. To the extent spreadsheets are sought, provide them in Excel or comparable format with all formulae and links intact.

5. The terms “thing” or “things” mean any tangible item, and shall be construed as broadly as possible.

6. The term “relating to” or “relate to” means alluding to, responding to, concerning, connected with, commenting on, in respect of, about, regarding, discussing, evidencing, showing, describing, reflecting, analyzing and/or constituting.

7. “And,” “or,” as well as “and/or,” shall be construed disjunctively or conjunctively as necessary in order to bring within the scope of the request all responses which otherwise might be construed to be outside its scope.

8. The terms “any” and “all” shall be read to mean each and every.

9. The term “person” means a natural or judicial person, including any corporation, proprietorship, partnership, agency, or business association of any type.

#### INSTRUCTIONS

1. In producing documents and things responsive to these requests, you shall respond in accordance with the requirements set forth in the Commission’s April 20, 2007 Order and the production shall be organized and labeled to correspond with the data requests to which they are responsive, regardless of whether these documents and things are possessed directly by you or by your present or past agents, employees, companies, licensees, representatives, investigators, or attorneys.

2. If the attorney-client privilege or work product immunity is asserted as to any document or thing, or if any document or thing is not produced in full, produce the document or

thing to the extent the request for production is not objected to, and, in so doing, state the following:

- (a) the specific ground(s) for not producing the document or thing in full;
- (b) the basis for such a claim of privilege or immunity and the facts supporting that basis; and
- (c) fully identify the information or material contained within the document or thing for which such privilege or immunity is asserted, including as applicable, the name of any document or thing; its date; the name, address and job title of each author or other person involved in its preparation, each addressee and each person to whom a copy of the document or thing has been sent or received; and the general nature of the document or thing (e.g., memoranda, letter).

3. Where an objection is made to a request, state all grounds upon which your objection is based. If an objection is going to be made, notify KAW as soon as possible so that a resolution to that objection can be discussed.

4. If, after exercising due diligence, you are unable to determine the existence of any documents or things falling within a specific request, you shall so state in your written response.

5. With respect to each of the following requests, you shall identify and/or produce all documents which are known to you or which can be located or discovered by you through diligent effort on your part, including, but not limited to, all documents which are in your business, personnel, and/or personal files or those of your present or past employees or contained or stored within a computer in your possession or those of your present or past representatives, attorneys, or accountants, or accessible to you or your present and past employees, or its representatives, attorneys, or accountants.

6. Whenever used herein, the singular shall be deemed to include the plural and the plural shall be deemed to include the singular and the disjunctive shall be deemed to include the conjunctive and the conjunctive shall be deemed to include the disjunctive so as to elicit all information potentially responsive to the request for production and all of its context.

#### REQUESTS

1. To determine in what capacity LWC will provide the services contemplated in the proposal in Mr. Heitzman's rebuttal testimony, provide John Huber's white paper entitled "Are we an agency or a utility?" referenced at LWC 2538.
2. To determine whether LWC can provide the services contemplated in the proposal in Mr. Heitzman's rebuttal testimony in accordance with its strategic plans, provide all documents distributed at or in preparation for the September 27, 2005 Board Strategic Planning session referenced at LWC 2540. Also provide a copy of the minutes of that planning session and all attachments to those minutes.
3. To determine whether LWC can provide the services contemplated in the proposal in Mr. Heitzman's rebuttal testimony in accordance with its regional expansion plans, provide all documents related to, created by, submitted to, or generated for or by the Regional Expansion Team referenced at LWC 2557.
4. To determine whether LWC can provide the services contemplated in the proposal in Mr. Heitzman's rebuttal testimony in accordance with its strategic plans, provide the draft team charter distributed to the Strategic Planning Regionalization Sub-Team on January 30, 2006 (referenced at LWC 2570) and provide all minutes of all meetings held by that sub-team.
5. To determine whether LWC can provide the services contemplated in the proposal in Mr. Heitzman's rebuttal testimony in accordance with its strategic plans, provide all documents related to, created by, submitted to, or generated for or as a result of the May 11, 2006 strategic planning session referenced at LWC 2592.
6. By agreeing to finance, construct, own and operate the first 13 miles of transmission main between its system and Kentucky Highway 53, does LWC contend that an annual purchased water cost of \$3,744,900 is sufficient to pay the debt service and operation and maintenance costs of the LWC Proposal? If yes, provide all calculations, spreadsheets, internal reports, internal approvals, and other relevant documents used to support and explain your answer.
7. What is the expected water age (the time between intake from the Ohio River to reaching your proposed Highway 53 junction) for water delivered by the LWC Proposal at 6MGD, including storage tanks along the route and travel time within LWC's system?

8. What is the expected water age (the time between intake from the Ohio River to reaching your proposed connection to the KAW system) for water delivered by the LWC Proposal at 6MGD, including storage tanks along the route and travel time within LWC's system?
9. Provide all reports or studies (engineering, financial, or otherwise) performed by or for LWC in which a 40-year (or greater) future period has been used.
10. Provide your water demand projection studies that were performed by or for you from 1950 – 1970.
11. Explain the rationale, basis, calculations, assumptions and research used to derive the Chemical Costs identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the September 2007 RW Beck Report (“Beck Report”).
12. Explain the rationale, basis, calculations, assumptions and research used to derive the Labor Costs identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
13. Explain the rationale, basis, calculations, assumptions and research used to derive the Security Costs identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
14. Explain the rationale, basis, calculations, assumptions and research used to derive the Maintenance (Plant) Costs identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
15. Explain the rationale, basis, calculations, assumptions and research used to derive the Treatment Plant Electricity Costs identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
16. Explain the rationale, basis, calculations, assumptions and research used to derive the Maintenance (Transmission) Costs identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
17. Explain the rationale, basis, calculations, assumptions and research used to derive the Booster Pump Electricity Costs identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
18. Explain the rationale, basis, calculations, assumptions and research used to derive the Property Taxes Costs identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
19. Explain the rationale, basis, calculations, assumptions and research used to derive the KRA Withdrawal Fee estimate identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.

20. Explain the rationale, basis, calculations, assumptions and research used to derive the KAWC Cost of Capital identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
21. Explain the rationale, basis, calculations, assumptions and research used to derive the UV Cost of Capital (100%) identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
22. Explain the rationale, basis, calculations, assumptions and research used to derive the Muni Debt Service (20%) estimate identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
23. Explain the rationale, basis, calculations, assumptions and research used to derive the R&R (TP) estimate identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
24. Explain the rationale, basis, calculations, assumptions and research used to derive the R&R (UV) estimate identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
25. Explain the rationale, basis, calculations, assumptions and research used to derive the R&R (TL) estimate identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
26. Explain the rationale, basis, calculations, assumptions and research used to derive the Discounted Value estimate identified under Annual Operating Expenses for the Pool Three Option at Appendices A-1 and B-1 of the Beck Report.
27. Provide all spreadsheets used in the development of the Beck Report and its appendices in Excel or comparable format with formulae intact.
28. Provide all documents that constitute or relate to communications between LWC and any person employed by RW Beck, including, but not limited to Mr. Wetzel that relate to this case and/or the LWC Proposal.
29. Provide all LWC documents (including internal e-mails) relating to the Beck Report and/or any drafts of the Beck Report.
30. Provide all spreadsheets prepared by or for LWC in Excel or comparable format (with formulae intact) used in developing Section 4, Phase 2 (2050) Analysis of the Beck Report.
31. Explain the rationale, basis and research for the assumption in Section 4.2 of the Beck Report that two additional staff members will be required for an Ohio River intake facility. Provide all documents relating thereto.

32. Explain your rationale and basis for including the use of ultra-violet treatment for the KAW Pool 3 facility beginning in 2011 on page 3-1 of the Beck Report. Provide all documents relating thereto.
33. Explain the rationale, basis, calculations, assumptions and research used for the costs you stated for the 2011 addition of ultra-violet treatment for the KAW Pool 3 facility at Table 3-3 of the Beck Report. Provide all documents relating thereto.
34. Identify all facilities you plan to construct from LWC facilities to Highway 53 in Shelby County between 2030 and 2050. Explain how the costs of that construction will affect current and future ratepayers.
35. Explain the rationale, basis, calculations, assumptions and research used to derive the issuance costs estimates for debt financing at Tables 3-1, 3-2 and 3-3 of the Beck Report.
36. Explain the rationale, basis, calculations, assumptions and research used to derive an after-tax allowable rate of return on KAW's rate base of 7.75% at Table 2-1 of the Beck Report.
37. Explain the rationale, basis, calculations, assumptions and research used to derive a discount factor of 4.7% at Table 2-1 of the Beck Report.
38. Explain the rationale, basis, calculations, assumptions and research used for the Beck Report assumption that investments in the LWC system to comply with future drinking water regulations are included in the future increases in their wholesale rate of 3% per year?
39. Explain the rationale, basis, calculations, assumptions and research used for the Beck Report assumption that investments in the LWC system to expand treatment capacity are included in the future increases in their wholesale rate of 3% per year?
40. Explain the rationale, basis, calculations, assumptions and research used for the Beck Report assumption that investments in the LWC system to meet all projected system improvements are included in the future increases in their wholesale rate of 3% per year?
41. Explain the rationale, basis, calculations, assumptions and research used for the Capital Costs estimate used for the LWC Option of 42" Transmission Pipeline at Table 3-1 of the Beck Report.
42. Explain the rationale, basis, calculations, assumptions and research used for the Capital Costs estimate used for the LWC Booster Pump Station/Storage Tank at Table 3-1 of the Beck Report.
43. Explain the rationale, basis, calculations, assumptions and research used in assuming 6 MGD for the LWC Proposal at Section 3.3 of the Beck Report.



44. How much reserved production capacity is assumed for the LWC Proposal under the constant 6 MGD rate at page 3-4 of the Beck Report. Explain the rationale, basis, calculations, assumptions and research used in reaching your answer.
45. Explain the rationale, basis, calculations, assumptions and research used for increasing demands by 0.5 MGD per year over 20 years at page 3-4 of the Beck Report.
46. Explain the rationale, basis, calculations, assumptions and research used in assuming the electrical costs in the LWC Proposal at Appendices A-2 and B-2 of the Beck Report.
47. Explain the rationale, basis, calculations, assumptions and research used in assuming a need for a total peak capacity of 45 MGD in 2030 as set forth in the Beck Report. Provide all documents relating thereto.
48. What is the cost of construction to deliver potable water to Highway 53 covered by the wholesale rate of \$1.71 contained in the LWC Proposal?
49. Identify all “various sources” and the components of each used and/or considered in assembling the capital costs set forth Section 2.1 of the Beck Report. Provide all information used and/or considered from those “various sources” and all related documents.
50. What is the proposed number of booster stations and storage capacity from Highway 53 to the connection point at Fayette County in the LWC Proposal?
51. Please provide all U.S. Army Corps of Engineers Section 404 permits LWC has received in the last ten years. Provide the date of the application, whether it was an individual or nationwide permit, and the date the permit was received.
52. Does LWC have a policy covering the recoupment of costs incurred for facility expansion? If so, has that policy been documented? If it has been documented, provide that documentation.
53. Provide a copy of the ENR Construction Cost Index used to adjust expenditures to 2007 dollars (see Section 2-1 of the Beck Report). Designate the figures utilized in your calculation.
54. Provide a copy of the Handy Whitman cost Index used to adjust expenditures to 2007 dollars (see Section 2-1 of the Beck Report). Designate the figures utilized in your calculation.
55. Provide LWC’s wholesale rate for each of the last 20 years.
56. Chapter 5 of the “Final Report 2002 – 2021 Facilities Plan Volume 2 of 2 Capital Program Elements,” prepared by Black & Veatch dated 2002 references a report on the physical condition survey of the CHWTP, Physical Condition Survey and Maintenance Analysis: Louisville Water Company, dated November 11, 1999. Provide a copy of the report.

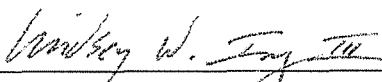
57. Chapter 5 of the “Final Report 2002 – 2021 Facilities Plan Volume 2 of 2 Capital Program Elements,” prepared by Black & Veatch dated 2002 references a report entitled Drainage and Solids Management Improvements; Crescent Hill Water Treatment Plant, dated July 2000 and report supplement dated April 20, 2001 by CH2M HILL. Provide a copy of the report.
58. For Chapter 6 of the “Final Report 2002 – 2021 Facilities Plan Volume 2 of 2 Capital Program Elements,” prepared by Black & Veatch dated 2002, provide a readable version of Figure 6-1.
59. For Chapter 6 of the “Final Report 2002 – 2021 Facilities Plan Volume 2 of 2 Capital Program Elements,” prepared by Black & Veatch dated 2002, provide a readable version of Figure 6-3.
60. Provide the date(s) upon which the LWC Board of Water Works provided the authorization discussed at page 3, line 36 of Mr. Heitzman’s rebuttal testimony. Provide all documents, including minutes of Board of Water Works meetings and LWC internal e-mails, relating to that authorization.

Respectfully submitted,

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and

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BY:   
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CERTIFICATE OF SERVICE

This is to certify that on the 15<sup>th</sup> day of October, 2007, the original and eight (8) copies of Kentucky-American Water Company's Second Set of Data Requests to Louisville Water Company were filed with the Public Service Commission and a copy served upon the following via U.S. Mail:

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