

RECEIVED

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S PUBLIC SERVICE
INITIAL REQUESTS FOR INFORMATION COMMISSION
Item 1 of 7

Witness: Linda C. Bridwell

1. Does the proposed facility provide for any additional water usage needs beyond the proposed 25 MGD initial capacity, and in what ways (i.e., Louisville supplementation)?

Response:

Yes. The proposed facility is expandable to 30 mgd which is sufficient well beyond the current planning horizon of 2030. Alternatives for additional water usage beyond the planning horizon would have to be evaluated at that future time.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S
INITIAL REQUESTS FOR INFORMATION
Item 2 of 7

Witness: **Linda C. Bridwell**

2. Explain in detail the meaning of the terms "moderate restrictions" or "moderate demand management" in the testimony of Linda Bridwell. What restrictions or management do these include?

Response:

Kentucky American Water considers voluntary and mandatory odd/even outdoor water usage restrictions as moderate restrictions or moderate demand management.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S
INITIAL REQUESTS FOR INFORMATION
Item 3 of 7

Witness: **Nick O. Rowe/Linda C. Bridwell**

3. Assuming the application is approved, does KAWC anticipate a need to revise or eliminate any aspect of its proposed drought tariff (PSC Case No. 2004-00103)?

Response:

Kentucky American Water does not anticipate the need for the proposed drought tariff should the project be completed as proposed.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S
INITIAL REQUESTS FOR INFORMATION
Item 4 of 7

Witness: Linda C. Bridwell/Rich Svindland

4. What is the basis for the representation that new regulations will eliminate the 45 MGD temporary withdrawal permit (Bridwell Testimony, page 30)?

Response:

The representation is not that the new regulations will eliminate the 45 mgd temporary withdrawal permit, but that they will eliminate the 45 mgd temporary re-rating of the Kentucky River Station from 40 mgd to 45 mgd.

On August 27, 2000, KAW requested the Kentucky Division of Water to consider a temporary re-rating of the Kentucky River Station. A meeting was held on September 8, 2000 and additional information was provided to the Division of Water. On November 28, 2000, the Division of Water granted the re-rating during summer months, acknowledging that water quality standards could be met during summer months with higher loads on the filters at the KRS if raw water quality was of a sufficient nature. In its letter, the Division of Water reiterated that it did not consider this a long-term solution and expected KAW to continue to pursue additional treatment capacity.

In order to operate the KRS at higher than rated levels, KAW must shorten the time allowed for solids removal and increase the time between filter backwashes. Up to the present, KAW has been able to do that and still meet not only current water quality regulations, but meet EPA Partnership levels of water quality because during those times of high demand, turbidity in the Kentucky River has been consistently low. As demands increase over time and occur more frequently, they will begin to occur during periods when turbidities are higher.

Additionally, KAW recently completed its Initial Distribution System Evaluation and as a result thereof, new disinfection byproduct ("DBP") sampling sites will be identified over the next year. KAW will then need to establish four-quarter running averages for disinfection by-products at those sites and may need to adjust operations of the KRS to maintain DBP levels below the standards at all sites.

No new regulations are specifically set to be promulgated by 2010 that KAW definitely cannot currently meet. However, the regulations have shown a trend of reducing DBP levels, eliminating averaging-in standards, and sampling more frequently and at more

locations. If those trends continue KAW anticipates it will not be able to operate the KRS at the temporary re-rated level and meet water quality standards.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S
INITIAL REQUESTS FOR INFORMATION
Item 5 of 7

Witness: Linda C. Bridwell

5. What constitutes "unaccounted" for water in Table 1 of the Bridwell Testimony? If there is more than one basis for your answer, please break out the quantity of each component to the best of your ability.

Response:

In the demand model, unaccounted for water and non-revenue water is projected as a percentage of overall water sales. In Table 1 of my direct testimony it is combined with Other Public Use (water sales to public authorities such as schools and government services that do not readily fall into other classifications such as commercial, apartment, or hospital.) The unaccounted-for and non-revenue projections are also adjusted for conservation impacts.

KAW calculates the total unaccounted-for water and non-revenue water as the difference between water sales and system delivery. Non-revenue water is broken out from the total as water use that is not sold, such as metered water use for treatment purposes, metered water use for sewer flushing and street sweeping, hydrant flows for maintenance, calculated water use for sterilizing and flushing new main extensions, fire fighting usage as estimated by local fire departments from timed hydrant flows, and water loss that is measured through system meters.

For projections, KAW utilizes a 13.0% unaccounted-for amount, and 1.8% non-revenue amount. All numbers in the table are in million gallons per day.

Year	Other Public Use	Non-Revenue Use	Unaccounted-For Water	Previous Conservation Estimate	Additional Leak Detection	Total
2000	2.32	0.57	4.31			7.20
2006	1.61		10.06 (total)			10.06
2010	1.13	0.77	5.53	1.39	-1.45	7.37
2015	1.19	0.80	5.80	1.39	-1.52	7.66
2020	1.25	0.84	6.03	1.39	-1.58	7.94
2025	1.29	0.86	6.25	1.39	-1.63	8.16
2030	1.33	0.89	6.44	1.39	-1.69	8.37

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S
INITIAL REQUESTS FOR INFORMATION
Item 6 of 7

Witness: Linda C. Bridwell

6. With respect to the assumptions that KAWC has made with respect to its application, was there any reliance on, or accounting for "water credits" (i.e., amounts that are discharged back into the Kentucky River Basin)? Please provide a detailed explanation.

Response:

No. In conversations with officials from the Kentucky Environmental and Public Protection Cabinet, it was made clear to KAW that the water credits program discussed with the Bluegrass Water Supply Commission would not be implemented. Officials indicated that criteria for evaluating water withdrawal permits had been modified to include volumes of return flows.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00134
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S
INITIAL REQUESTS FOR INFORMATION
Item 7 of 7

Witness: Michael A. Miller

7. Does KAWC seek to recover any of the costs involved with the proposed treatment plant and related facilities other than through the filing of a rate case? If so, please explain in detail.
- a. What is the anticipated rate impact if the application is approved.

Response:

7. No.
- a. Please see the response to Commission Staff First Set of Interrogatories, Question 31. The schedules and work papers attached to that response contain a calculation of the estimated rate impact from the source of supply project.