

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 DATA REQUEST TO
THE OFFICE OF THE ATTORNEY GENERAL**

Pursuant to the scheduling order adopted by the Commission in this case, Citizens for Alternative Water Solutions (CAWS) requests that the Office of the Attorney General (OAG) 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 OAG 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 OAG 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.

Has the OAG adopted a formal position concerning whether the Public Service Commission (PSC) should issue the Certificate of Public Convenience and Necessity (CPCN) requested by Kentucky American Water Company (KAWC) in this case?

a. If so, what is that position?

b. Please provide all studies, reports, analyses, and other bases relied upon in support of that position. To the extent that those documents are already of record in this proceeding, a reference to the title, author and date of the document will be sufficient.

Data Request No. 2

Please provide the criteria and / or standards against which the OAG measured the KAWC Pool 3 Project, and whether the OAG has conducted similar assessments using the same criteria or standards for other alternatives that would meet the supply or treatment needs intended to be addressed by the Pool 3 Project?

Data Request No. 3

Please explain in detail the “aggressive conservation” measures KAWC could implement and the basis of your opinion that these efforts would not reduce KAWC’s source of supply deficit. Please provide references to sources of further information that were relied upon by the OAG concerning aggressive conservation programs and communities that have exemplary conservation programs.

Data Request No. 4

With respect to the Prefiled Direct Testimony of Scott J. Rubin,

a. At Page 3, it is stated that KAWC undertook “reasonable (but by no means extraordinary) efforts” to develop a regional water supply project. To what project is the

witness referring, and what measures would have made the effort extraordinary as opposed to “reasonable”?

b. What is the basis for the assertion that the KAWC supply deficit is “severe?”

c. Is the witness referring to a raw water deficit, or to a treatment capacity deficit, or both?

d. At Page 4, the witness indicates that further conservation and leak detection programs would not “eliminate KAWC’s source of supply deficit.” Has the witness formulated an opinion as to whether conservation and a leak detection program could reduce the deficit, and if so, by how much and at what cost? Again, is the witness referring to a raw water deficit or a treatment capacity limitation, and what is the basis for that assumed deficit?

e. Concerning the recommended cost-cap at P. 4, is there precedent for such a cost-cap in the water utility industry? What has been the experience in such jurisdictions?

f. If such a cost cap were applied, is there a possibility that in an effort to minimize costs, KAWC would either shift cost overages or reduce expenditures elsewhere?

g. Is there any reason why a cost-cap could not be applied to another alternative, such as the LWC option, to ensure that it would be the “least-cost” option?

h. On Page 4, while CAWS concurs strongly with the recommendation to hire a qualified conservation consultant, does the OAG believe that best practices for conservation should be required of KAWC only if they can completely eliminate the projected water supply or treated water supply deficit?

i. Does the witness and the OAG concur with CAWS that regardless of whether the Pool 3 Project or the Louisville Water Company interconnection or another option is approved by the PSC, that such a recommendation should be imposed by the PSC?

j. What explains the fact that water use increases significantly during hot, dry weather? How much can aggressive conservation measures reduce this consumption?

k. Regarding the witness testimony on Page 5, is the “safe yield” reference related to the raw water supply available to the KAWC, or to the treatment capacity of the company? If it is the latter, has the OAG considered the alternative of adding capacity to the existing treatment system rather than construction of a new plant and associated pipeline?

l. Again, with reference to the testimony on Page 7, is the witness referring to the raw water availability of KAWC, or to the ability of KAWC to deliver treated water, when referring to “safe yield?”

m. Is the “source of supply deficit” to which reference is made on Page 8 raw water, or treatment capacity?

n. Please identify the documents referred to in Answer to the question on Line 14 of Page 8.

o. Referring to Page 9, does the witness believe that the goal of the company should be to “augment its source of supply” or instead to “meet reasonable customer demand” through a combination of reasonable conservation measures, investment in supply and in treatment capacity. Does the witness believe that all reasonable conservation measures have been undertaken by KAWC?

p. Referring again to Page 9, has the witness evaluated whether demand management could reduce KAWC's deficit? If so, what measures, and by how much, and at what cost? If not, why not? Does the witness believe that the only conservation measures that should be undertaken are those that, individually or collectively, will eliminate the deficit?

q. Could investment in conservation, and including the lessening of non-revenue water loss, allow KAWC to delay needed augmentation of raw water supply or treatment capacity until additional supply were created through installation of gates on the dam that impounds the existing KAWC supply?

r. Did the witness consider the information supplied by the Louisville Water Company in response to the Open records Act Request filed by Commission staff, in development of the prefiled testimony and in arriving at the conclusions stated therein?

s. With reference to the statement on Page 14 that it is "difficult to assess with any accuracy" how the cost would compare with the Pool 3 Project, did the witness or the OAG inquire of the LWC where the projected terminus of the system was and would be under existing plans?

t. Is the witness aware of whether KAWC has requested a current proposal from LWC to meet water needs?

u. In making a comparison between the two proposals (Pool 3 Project v. Louisville Water Company pipeline), did the witness consider the additional incremental costs of increasing supply from LWC as opposed to building a second raw water pipeline from the Ohio River once the withdrawals from Pool 3 approved available water?

v. If the basis for comparing the proposals from KAWC and LWC is unreliable due to uncertainties in the costs of an LWC option, how can the witness conclude that the LWC proposal would be more costly? What efforts were made to obtain reliable and current data regarding the LWC option?

w. Has the OAG made public statements concerning whether the KAWC request for a CPCN should be approved? Please explain the basis for such a recommendation, in light of the unavailability of current and reliable data concerning the Louisville Water Company finished-water option.

x. If LWC is correct that the cost for a pipeline to connect their system to Fayette County's water system would be \$56 million, would this affect AG's analysis of the cost-effectiveness of the LWC option? Would that then be the preferred option, or are there other criteria that the OAG is utilizing to select what it believes is the preferred option?

y. Did the witness, and / or the OAG, conclude that the KAWC option was preferable to the LWC option before, or after, consideration of the data provided by LWC in response to the Open Records Request filed by the Commission? Before or after any responses to Open Record Act Requests served by the OAG?

z. LWC has proposed 42 miles of 36" main for \$56 million (\$1.33 million/mile), yet the witness' analysis assumes 50 miles of pipeline at \$2.5 million/mile, for a total cost of \$125 million. Assuming the costs and distance presented by the LWC are valid, would that change the witness' conclusion concerning the least-cost option?

aa. On Page 21, why does the witness assume that the price of LWC water would increase as KAWC's demand for water increases?

bb. Did the witness take into consideration any public testimony made by the LWC, specifically the 7/10/2007 testimony of the LWC before the LFUCC where they stated with reasonable certainty that at connection between KAW and the LWC would cost \$56 M?

Data Request No. 5

Please explain in detail whether (and why) you believe that the impending initial public offering (“IPO”) of the parent company of KAWC will be positively affected if KAWC secures the CPCN being sought.

Data Request No. 6

Please explain in detail whether (and why) you believe that the impending IPO of the parent company of KAWC will be adversely affected if KAWC does not secure the CCPN being sought and/or is, instead, forced to meet its water supply needs by some other means, such as purchasing its water wholesale from LWC.

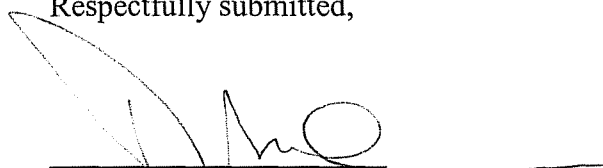
Data Request No. 7

Please describe in detail any effect upon KAWC’s future earnings that you anticipate may materialize if its application for a CPCN is granted?

Data Request No. 8

Please describe in detail whether (and why) you believe that the IPO of KAWC’s parent company may be more successful if KAWC is permitted to satisfy the water needs of its service territory by implementing the Pool 3 Project.

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 13th day of August, 2007:

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

Hon. Lindsey Ingram Jr.
Hon. Lindsey Ingram, III
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

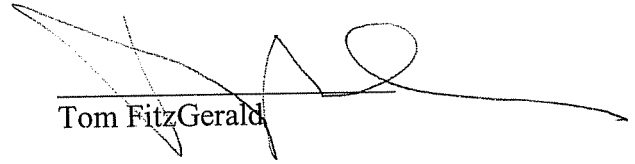
Hon. David J. Barberie
Lexington-Fayette Urban County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507

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
P.O. Box 150
Hodgenville, Kentucky 42748



Tom FitzGerald