

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE CONTRACT FILING OF HARRISON COUNTY )  
WATER ASSOCIATION, INC. OF A WATER ) CASE NO. 2001-173  
PURCHASE AGREEMENT WITH KENTUCKY- )  
AMERICAN WATER COMPANY )

COMMISSION STAFF'S INTERROGATORIES AND REQUESTS  
FOR PRODUCTION OF DOCUMENTS TO  
KENTUCKY-AMERICAN WATER COMPANY  
AND HARRISON COUNTY WATER ASSOCIATION, INC.

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Kentucky-American Water Company ("Kentucky-American") and Harrison County Water Association, Inc. ("HCWA") (jointly "Applicants") file the original and 8 copies of the following information with the Commission within 20 days of the date of this request, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility.

1. a. Has Kentucky-American constructed the facilities to which Paragraph 3 of the Water Supply Agreement refers?

b. If yes,

(1) State when Kentucky-American began and completed the proposed construction.

(2) State the total cost of the facilities.

(3) Describe the facilities that Kentucky-American constructed and state the cost of each component.

c. If no,

(1) State when Kentucky-American expects to begin and complete construction.

(2) State the expected total cost of the facilities as of July 1, 2001.

(3) Describe the facilities that Kentucky-American will construct and state the expected cost of each component.

2. Why is construction of the facilities referred to in Paragraph 3 of the Water Supply Agreement necessary?

3. a. State the location of Kentucky-American's point(s) of delivery under the Water Supply Agreement.

b. Provide a map on which the point(s) of delivery are clearly marked.

4. Describe HCWA's water facilities at the point(s) of delivery.

5. State the size(s) of the water meter(s) that Kentucky-American will use to provide water service to HCWA under the Water Supply Agreement.

6. List and describe each facility that HCWA must construct or install to receive water service from Kentucky-American.

7. Refer to Paragraph 5 of the Water Supply Agreement.

a. Provide Exhibit A of the Water Supply Agreement.

b. Explain why, since the Water Supply Agreement limits the amount of water that HCWA may purchase from Kentucky-American, a restriction upon HCWA's boundaries is necessary.

c. Will the restrictions contained in Paragraph 5 affect a water management planning council's authority to impose any service obligations upon HCWA? Explain.

d. Do the restrictions contained in Paragraph 5 prevent HCWA's compliance with any Commission Order requiring HCWA to extend service outside its existing service area if Kentucky-American objects to such extension? Explain.

8. How much water must HCWA purchase during the first 3 years of the Water Supply Agreement to "equal the Company's actual investment"? For the purposes of this interrogatory, assume that Kentucky-American's rate is the current rate for "Sales for Resale" and remains unchanged over the course of the 3-year period.

9. State the reasons why HCWA is entering a Water Supply Agreement with Kentucky-American when it currently purchases water from another public water system.

10. a. Provide HCWA's estimated average daily demand and maximum daily demand for each of the next 10 years.

b. Identify HCWA's current water supplier and state the maximum quantity that HCWA may purchase from this supplier under its present purchase arrangements.

11. Refer to Paragraph 10 of the Water Supply Agreement.

a. Identify the party that requested this paragraph.

b. Describe the consideration that HCWA received in exchange for granting the right of first refusal to Kentucky-American.

c. Explain why such provision is reasonable.

12. Provide all correspondence between the Applicants regarding the Water Supply Agreement.

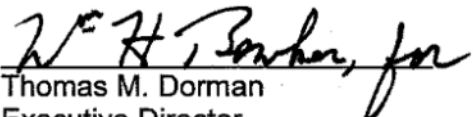
13. a. Who will own the meter(s) installed to measure HCWA's consumption?

b. Who will be responsible for the maintenance of the meter(s) installed to measure HCWA's consumption?

c. State why, if Kentucky-American will own and operate the metering device(s), HCWA bears the responsibility for the installation of backflow devices.

14. In "Report to the Kentucky Public Service Commission – Source of Supply and Treatment Status," which Kentucky-American submitted to the Commission on March 21, 2001, Kentucky-American states that it currently lacks sufficient production capacity to meet projected demands. Why, in light of this development, is it reasonable for Kentucky-American to assume additional water supply obligations outside of its existing service territory?

15. Explain why the Water Supply Agreement, which the Applicants executed on September 20, 2000, was not filed with the Commission until May 21, 2001.

  
Thomas M. Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
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Frankfort, Kentucky 40602

DATED: July 13, 2001

cc: Parties of Record