

Commonwealth of Kentucky
Before the Public Service Commission

In the Matter of:)
AN INVESTIGATION INTO THE FEASIBILITY AND) Case No. 2001-117
ADVISABILITY OF KENTUCKY-AMERICAN WATER)
COMPANY'S PROPOSED SOLUTION TO ITS WATER)
SUPPLY DEFICIT)

REQUEST FOR INFORMATION BY
THE ATTORNEY GENERAL TO THE
KENTUCKY-AMERICAN WATER COMPANY

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Request for Information by the Attorney General to the Kentucky-American Water Company.

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) 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.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and 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.

1. The PSC's Order of January 11, 2002, states, on page 4, that "Kentucky-American has increased the forecast demand for 2020 from 39.27 MGD to 45.05 MGD." Concerning this demand forecast:
 - a) Please provide a complete copy of the demand forecast from which this figure (45.05 MGD in 2020) is taken.
 - b) If this is not KAWC's most recent demand forecast, please provide the most recent forecast.
 - c) Please provide a copy of all documents that discuss, explain, accompany, or otherwise concern the demand forecasts provided in response to subparts (a) and (b) of this question.
 - d) Please provide a copy of all spreadsheet files, workpapers, and other supporting documents that were used in the preparation of each of the demand forecasts provided in response to subparts (a) and (b) of this question. Computer files should be provided in their original format without modification of any kind, and may be provided on any of the following media readable by a Windows-compatible computer: 3.5-inch diskette, ZIP disk (100 MB or 250 MB), CD-ROM, DVD-ROM.
 - e) Please provide a copy of the population forecast that was used in preparing each of the demand forecasts provided in response to subparts (a) and (b) of this question.
2. Has KAWC analyzed its ability to supply the customer demands it projects in the year 2020 or in any other future year, using the demand forecasts that were provided in response to the previous question? If so, please provide a complete copy of the inputs and results of each such analysis. If the analysis involves a computer simulation or model, please provide all electronic files that are needed to replicate such analysis. If not, please explain why not.
3. From September 1997 through the present, provide a listing of each instance where KAWC has conducted an analysis to provide water sufficient to meet the demands of its customers in the year 2020 or in any year after 2020. For each such instance, provide the following:
 - a) When the analysis was performed
 - b) Why the analysis was performed
 - c) Who performed the analysis
 - d) Who decided on the appropriate inputs for the analysis

- e) How the results of the analysis were used
 - f) Who received the results of the analysis
4. For each year from 1997 through 2001, please provide the following information:
- a) KAWC's number of retail customers, by customer class, as of December 31 of the year
 - b) The amount of water sold (based on billings) during the year to KAWC's retail customers, by customer class
 - c) KAWC's number of wholesale customers, as of December 31 of the year
 - d) The amount of water sold (based on billings) during the year to each of KAWC's wholesale customers, shown separately for each customer
 - e) The amount of water delivered into the system by KAWC during the year
 - f) The maximum daily demand and peak hour demand for water during the year
 - g) The amount of storage capacity (in million gallons) in service on KAWC's system as of December 31 of the year
 - h) The average daily production and maximum daily production of each of KAWC's treatment facilities during the year, shown separately for each treatment facility
 - i) The average daily withdrawal and maximum daily withdrawal of water by KAWC from the Kentucky River during the year
5. Please provide a complete copy of all permits that are currently in effect and that allow KAWC to do any or all of the following:
- a) Withdraw water from the Kentucky River
 - b) Withdraw water from any other body of water
 - c) Discharge water into the Kentucky River
 - d) Discharge water into any other body of water
 - e) Operate a water treatment facility
 - f) Distribute potable water to the public

6. In its March 19, 2001, report to the PSC, KAWC states on page 1: “KAWC presently has a source of supply deficit of 21 million gallons per day during a severe drought, and a reliable production capacity deficit of 11 mgd.” Concerning this statement:
- a) Please provide a complete copy of the analyses or reports from which these figures were taken.
 - b) If this is not KAWC’s most recent deficit analysis, please provide the most recent analysis.
 - c) Please provide a copy of all documents that discuss, explain, accompany, or otherwise concern the deficit analyses provided in response to subparts (a) and (b) of this question.
 - d) Please provide a copy of all spreadsheet files, workpapers, and other supporting documents that were used in the preparation of each of the deficit analyses provided in response to subparts (a) and (b) of this question. Computer files should be provided in their original format without modification of any kind, and may be provided on any of the following media readable by a Windows-compatible computer: 3.5-inch diskette, ZIP disk (100 MB or 250 MB), CD-ROM, DVD-ROM.
 - e) Please provide a copy of the population forecast that was used in preparing each of the deficit analyses provided in response to subparts (a) and (b) of this question.
7. In its March 19, 2001, report to the PSC, KAWC states on page 8: “KAWC’s ‘safe yield’ of the Kentucky River/Jacobson Reservoir system ... was determined to be 35 mgd in a 1991 study by Harza Engineering Company.” Concerning this statement:
- a) Has KAWC undertaken or contracted for any analysis of its safe yield subsequent to the 1991 study by Harza Engineering? If so, please provide a copy of such analyses. If not, please explain why not.
 - b) When was the last time that KAWC reviewed the relevant assumptions and inputs used in Harza’s safe yield analysis to see if those assumptions and inputs remain accurate?
 - c) Has KAWC analyzed changes made after 1990 to the locks, dams, and intakes on the Kentucky River to determine if they have an effect on the safe yield? If so, please provide a copy of such analyses. If not, please explain why not.

- d) Has KAWC analyzed changes made after 1990 to minimum stream flow requirements on the Kentucky River to determine if they have an effect on the safe yield? If so, please provide a copy of such analyses. If not, please explain why not.
8. In its March 19, 2001, report to the PSC, KAWC states on page 8: “The Kentucky Division of Water has limited KAWC to withdrawing as little as 30 mgd from the Kentucky River during the most severe drought conditions.” Concerning this statement:
- a) Does this statement reflect the current withdrawal limitations in place for KAWC? If not, what is the current limitation and when did it change from “as little as 30 mgd”?
9. In its March 19, 2001, report to the PSC, KAWC states on page 8: “The KAWC volumetric deficit is currently (i.e., as of 2000) 0.968 billion gallons, and will increase to 3.038 billion gallons in 2020 based on customer growth projections.” Concerning this statement:
- a) Please provide a complete copy of the analyses or reports from which these figures were taken.
 - b) If this is not KAWC’s most recent deficit analysis, please provide the most recent analysis.
 - c) Please provide a copy of all documents that discuss, explain, accompany, or otherwise concern the deficit analyses provided in response to subparts (a) and (b) of this question.
 - d) Please provide a copy of all spreadsheet files, workpapers, and other supporting documents that were used in the preparation of each of the deficit analyses provided in response to subparts (a) and (b) of this question. Computer files should be provided in their original format without modification of any kind, and may be provided on any of the following media readable by a Windows-compatible computer: 3.5-inch diskette, ZIP disk (100 MB or 250 MB), CD-ROM, DVD-ROM.
 - e) Please provide a copy of the population forecast that was used in preparing each of the deficit analyses provided in response to subparts (a) and (b) of this question.
 - f) Do the “customer growth projections” assume that KAWC expands to provide service in municipalities where it does not provide service at the present time? If so, please identify each such area, the expected number of

customers to be added, and the effect of such expansion on the deficit analysis for 2020.

10. In its March 19, 2001, report to the PSC, KAWC states on pages 8-9: “With all of the proposed low level release valves assumed in place, the total basin-wide deficit would be 3.035 billion gallons, and would grow to 5.467 billion gallons by 2020.” Concerning this statement:
 - a) Please provide a complete copy of the analyses or reports from which these figures were taken.
 - b) If this is not KAWC’s most recent deficit analysis, please provide the most recent analysis.
 - c) Please provide a copy of all documents that discuss, explain, accompany, or otherwise concern the deficit analyses provided in response to subparts (a) and (b) of this question.
 - d) Please provide a copy of all spreadsheet files, workpapers, and other supporting documents that were used in the preparation of each of the deficit analyses provided in response to subparts (a) and (b) of this question. Computer files should be provided in their original format without modification of any kind, and may be provided on any of the following media readable by a Windows-compatible computer: 3.5-inch diskette, ZIP disk (100 MB or 250 MB), CD-ROM, DVD-ROM.
 - e) Please provide a copy of the population forecast that was used in preparing each of the deficit analyses provided in response to subparts (a) and (b) of this question.
11. In its March 19, 2001, report to the PSC, KAWC provides a table on page 10 showing the drought average day demand for the years 2001, 2005, 2010, and 2020. Concerning this table:
 - a) Please provide a complete copy of the analyses or reports from which these figures were taken.
 - b) If this is not KAWC’s most recent demand analysis, please provide the most recent analysis.
 - c) Please provide a copy of all documents that discuss, explain, accompany, or otherwise concern the demand analyses provided in response to subparts (a) and (b) of this question.

- d) Please provide a copy of all spreadsheet files, workpapers, and other supporting documents that were used in the preparation of each of the demand analyses provided in response to subparts (a) and (b) of this question. Computer files should be provided in their original format without modification of any kind, and may be provided on any of the following media readable by a Windows-compatible computer: 3.5-inch diskette, ZIP disk (100 MB or 250 MB), CD-ROM, DVD-ROM.
 - e) Please provide a copy of the population forecast that was used in preparing each of the demand analyses provided in response to subparts (a) and (b) of this question.
12. In its March 19, 2001, report to the PSC, KAWC states that the rated capacity of its treatment plants is 65 mgd. Is this figure still accurate? If not, please provide the current rated capacity of each treatment plant and describe why it differs from the figures provided in the March 19, 2001 report.
13. In its March 19, 2001, report to the PSC, KAWC discusses, on pages 11-12, various plans to increase the rated capacity of its treatment plants. What is the current status of these plans?
14. In its March 19, 2001, report to the PSC, on page 12, KAWC provides a table showing the projected peak day, short-term operational treatment capacity, and long-term reliable treatment capacity. Concerning this table:
- a) Please provide a complete copy of the analyses or reports from which these figures were taken.
 - b) If this table does not reflect KAWC's most recent peak-day demand and production capacity analyses, please provide the most recent analyses.
 - c) Please provide a copy of all documents that discuss, explain, accompany, or otherwise concern the analyses provided in response to subparts (a) and (b) of this question.
 - d) Please provide a copy of all spreadsheet files, workpapers, and other supporting documents that were used in the preparation of each of the analyses provided in response to subparts (a) and (b) of this question. Computer files should be provided in their original format without modification of any kind, and may be provided on any of the following media readable by a Windows-compatible computer: 3.5-inch diskette, ZIP disk (100 MB or 250 MB), CD-ROM, DVD-ROM.

- e) Please provide a copy of the population forecast that was used in preparing each of the analyses provided in response to subparts (a) and (b) of this question.
15. In its March 19, 2001, report to the PSC, on page 18, KAWC states: “The KWRRI stated that ‘the raising of 3 dams 4 feet (e.g. 9, 10, and 11) and mining pools 12 and 13 to 6 feet is sufficient to meet the projected deficit.’” Does KAWC dispute this conclusion from KWRRI? If so, please discuss the areas of disagreement and provide all supporting analyses and documentation.
16. In its March 19, 2001, report to the PSC, on pages 22-25, KAWC provides an update of regional and Kentucky River activities roughly through the end of 2000. Please provide a similar update of activities that occurred during the year 2001.
17. In its March 19, 2001, report to the PSC, on page 27, KAWC provides a list of three short-term measures to partially alleviate its production capacity and source of supply deficits. Concerning these short-term measures:
- a) What is the status of each of these measures?
 - b) Please describe the actions taken by KAWC during 2001 on each of these measures
 - c) Please provide a current projection of whether and when each measure will be implemented. If any measure will not be implemented, explain why.
 - d) Subsequent to the preparation of this report, has KAWC identified any other short-term measures that might partially alleviate its production capacity and source of supply deficits? If so, please describe each such measure and state its current status.
18. In its March 19, 2001, report to the PSC, on pages 27-28, KAWC states that the KRA, DOW, and KWRRI were expected to update the Kentucky River model during 2001. Concerning this section of the report:
- a) Has the model been updated? If not, when does KAWC expect the model to be updated? (If the model has not been updated, the remaining subparts of this question are not applicable.)
 - b) What is the updated model’s estimate of the deficit for KAWC in 2020 during the drought of record?

- c) Does the updated model indicate that Kentucky River supply improvements as proposed by KRA are adequate to resolve the supply deficit? If not, what is the magnitude of the deficit remaining after such improvements?
 - d) Have stakeholders met to consider the effects of the revised model and to determine if additional enhancements can be made to the river that would alleviate the deficit?
19. In its March 19, 2001, report to the PSC, on pages 28-29, KAWC provides a series of conditional statements concerning planned improvements on the Kentucky River. Concerning these statements:
- a) Has it been determined that dam 10 can feasibly be raised? If so, what determination has been made? If not, when is a determination expected?
 - b) Has it been determined if additional water stored by raising dam 10 can be used by KAWC? If so, what determination has been made? If not, when is a determination expected?
 - c) Have stakeholders met to determine if additional enhancements on the Kentucky River are necessary? If so, what determination has been made? If not, when is a determination expected?
 - d) Has KAWC developed a plan to construction treatment facilities on the Kentucky River? If so, please provide a copy of the plan. If not, please explain why not and state when such a plan is expected to be developed.
20. In its March 19, 2001, report to the PSC, on pages 30-31, KAWC poses a series of questions. Concerning these questions:
- a) Have events during the past year provided KAWC with answers to any of these questions? Please explain the answer in detail.
 - b) Have events during the past year resulted in any of these questions being eliminated from KAWC's list of critical questions? Please explain the answer in detail.
 - c) Have events during the past year resulted in any additional questions being added to KAWC's list of critical questions? Please explain the answer in detail.

21. Please identify the water suppliers (both suppliers subject to the jurisdiction of the Public Service Commission as well as any other water suppliers offering water service) that have been given presentations by Kentucky-American regarding water supply. Please provide a listing of suppliers and presentations from January 1, 1996, to present. (Include copies of all correspondence and meeting materials.)
22. Please identify the water suppliers (both suppliers subject to the jurisdiction of the Public Service Commission as well as any other water suppliers offering water service) that have been given presentations by Kentucky-American regarding the outsourcing of management, transfer of assets, merger, or any other form of consolidation or change in control. Please supply a listing of suppliers and presentations from January 1, 1996, to present. (Include copies of all correspondence and meeting materials.)
23. Is Kentucky-American currently participating in any discussions concerning regional cooperation with other water suppliers? If yes, please identify the following:
 - a) The identity of other participants (Include as participants the identify of any moderators, consultants, or facilitators.),
 - b) The dates of the meetings, and
 - c) By individual meeting, a list of attendees.

Please also supply the following:

- d) All correspondence from and memoranda summarizing communications from Kentucky-American (which is in the possession of Kentucky-American or its agents) to other participants in the discussions,
- e) All correspondence to and memoranda summarizing communications to (which is in the possession of Kentucky-American or its agents) Kentucky-American from other participants in the discussions,
- f) Copies of any reports prepared by the group relating to joint water supply planning, and
- g) Copies of any reports prepared by Kentucky-American relating to joint water supply planning.

WHEREFORE, the Attorney General submits his requests for information to the Kentucky-American Water Company.

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL
/s/ David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204
502.696.5457

Notice of Filing

Counsel gives notice that (pursuant to Instruction 4(a) of the Commission's 15 May 2001, Order of procedure) the original and three copies in paper medium have been filed by hand delivery to Thomas M. Dorman, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601. Further, one copy in electronic medium has been filed by uploading the filing to the file transfer protocol site designated by the Executive Director all on this 4th day of February, 2002.

/s/ David Edward Spenard
Assistant Attorney General

Instruction 10 Certification

Per Instruction 10 of the Commission's 15 May 2001, Order of procedure, counsel certifies that the electronic version is a true and accurate copy of the document filed in paper medium, the electronic version has been transmitted to the Commission, and the Commission and other parties have been notified by electronic mail that the electronic version has been transmitted to the Commission.

/s/ David Edward Spenard
Assistant Attorney General

Certificate of Service and Filing

Counsel certifies that this response has been served by mailing a true and correct copy of the same, first class postage prepaid, to Roy W. Mundy II, Kentucky-American Water Company, 2300 Richmond Road, Lexington, Kentucky 40502; and Lindsey W. Ingram Jr., Stoll, Keenon & Park, LLP, 201 East Main Street Suite 1000, Lexington, Kentucky 40507 1380, Joe F. Childers, 201 West Short Street, Suite 310, Lexington, Kentucky 40507, Phillip J. Shepherd, P. O. Box 782, Frankfort, Kentucky 40602, Gerald J. Edelen, Department of the Army, Corps of Engineers, P. O. Box 59, Louisville, Kentucky 40201, Libby Jones, P. O. Box 487, Midway, Kentucky 40347, Damon R. Talley, P. O. Box 150, Hodgenville, Kentucky 42748-0150, and David Barberie, (Edward W. Gardner), Lexington-Fayette Urban County Government, Department of Law, 200 East Main Street, Lexington, Kentucky 40507 all on this 4th day of February, 2002.

/s/ David Edward Spenard
Assistant Attorney General