

Commonwealth of Kentucky  
Before the Public Service Commission

In the Matter of: )  
AN INVESTIGATION INTO THE FEASIBILITY AND ) Case No. 2001-00117  
ADVISABILITY OF KENTUCKY-AMERICAN WATER )  
COMPANY'S PROPOSED SOLUTION TO ITS WATER )  
SUPPLY DEFICIT )

ATTORNEY GENERAL'S RESPONSE TO COMMISSION  
STAFF'S FIRST SET OF INTERROGATORIES AND REQUESTS  
FOR PRODCUTION OF DOCUMENTS TO THE ATTORNEY GENERAL

The Attorney General tenders his response to the first data request of  
Commission Staff.

Respectfully submitted,

A.B. CHANDLER III  
ATTORNEY GENERAL  
/s/ David Edward Spenard  
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1. List and describe the improvements to the Kentucky River that in the AG's opinion are necessary for the Kentucky River to serve as Kentucky-American Water Company's ("Kentucky-American") sole source of supply and meet Kentucky-American's expected customer demand in 2020 in the event of a drought of record

## RESPONSE

The Attorney General continues to review the information concerning the Kentucky River basin and Kentucky-American Water Company. The Attorney General notes that most parties agree that there is a deficit and work must be done.

A specific answer to this question, nonetheless, depends on several factors that remain unresolved. It is necessary to ascertain appropriate demand projections for Kentucky-American, and it is necessary for Kentucky-American to set forth a specific plan containing its requirements. Additionally, an answer to this question is dependent upon the role that Kentucky-American will play with other water suppliers in the basin.

The Kentucky River Authority has made clear its intent to supply water, and the Authority has a proposal for meeting the needs of the basin. The specific improvements that will be necessary depend on the specific reasonable requirements of Kentucky-American. Until Kentucky-American provides a specific plan, the Attorney General (along with other parties and entities) cannot provide specific recommendations.

2. For each improvement listed in the response to Interrogatory 1,
  - a. Identify the private entity or governmental agency with the primary responsibility for constructing the improvement.
  - b. Identify the private entity or governmental agency with the primary responsibility for the immediate financing of the improvement's construction.
  - c. Identify the local, state or federal governments or governmental agencies that must review or approve the construction of the proposed improvement.
  - d. State the time period necessary to obtain the necessary regulatory approvals to construct the improvement.
  - e. State the time period necessary to construct the improvement.
  - f. Describe Kentucky-American's responsibility for obtaining the financing, regulatory approval and construction of the improvement.
  - g. Describe the responsibility of the Lexington-Fayette Urban County Government ("LFUCG") for obtaining the financing, regulatory approval and construction of the improvement.

#### RESPONSE

As per his Response to the preceding PSC data request question, the Attorney General cannot provide specific recommendations for improvements in the absence of a plan from Kentucky-American that permits an assessment of the reasonable requirements of the Company. Moreover, the answers to these questions are highly dependent upon factors such as who will fund the specific improvements. At present, the specific projects that will be necessary and the corresponding funding are unknown.

3. a. State whether the improvements listed in the AG's Response to Interrogatory 1 will be sufficient to meet Kentucky-American's customer demand if the needs of other water suppliers and users that withdraw water from the Kentucky River basin are also considered.

b. If the improvements listed in the AG's Response to Interrogatory 1 are not sufficient to meet Kentucky-American's customer demand if the needs of other water suppliers and users that withdraw water from the Kentucky River basin are also considered, explain why not.

#### RESPONSE

The Kentucky River Authority has made clear its intent to provide water supply to all the groups who rely upon the Kentucky River basin as a resource. Consequently, the Authority's intent is to consider all water suppliers and users in its planning process.

4. Provide all studies regarding the economic effects of water restrictions that the AG has prepared, commissioned, participated in or received.

RESPONSE

The Attorney General has not prepared or commissioned a study regarding the economic effects of water restrictions. The Attorney General has not been a participant in any studies of the economic effects of water restrictions.

5. List and describe all additional water conservation measures that the AG believes that Kentucky-American could implement to control or reduce its customer demand.

#### RESPONSE

The subject of additional water conservation and demand management measures is an important topic. The Attorney General has not had an opportunity to develop specific recommendations. The testimony on behalf of the Attorney General will provide additional discussion concerning this subject.

6. List and describe all additional water conservation measures that the AG believes that LFUCG could implement to control or reduce Kentucky-American's customer demand.

RESPONSE

The Attorney General has not had an opportunity to develop specific recommendations for the LFUCG. The testimony on behalf of the Attorney General will provide additional discussion concerning the subject of water conservation.

7. For each conservation measure set forth in the AG's response to Interrogatories 5 and 6, state the reduction in demand that the measure will produce.

RESPONSE

The Attorney General does not, at this time, set forth any specific conservation measures. The testimony on behalf of the Attorney General will provide additional discussion concerning this subject.



8. State whether the AG is of the opinion that the current supply capacity of the Kentucky River, without any improvements, is sufficient to meet Kentucky-American's current customer demand if a drought of record occurs.

RESPONSE

Yes. The discussion of this issue will be set forth in detail in the testimony of the Attorney General's witness, Scott J. Rubin.

9. State whether the AG is of the opinion that the current supply capacity of the Kentucky River, without any improvements, is sufficient to meet Kentucky-American's current customer demand if a 100-year drought occurs.

RESPONSE

Yes. The discussion of this issue will be set forth in detail in the testimony of the Attorney General's witness, Scott J. Rubin.

10. State whether the AG is of the opinion that the current supply capacity of the Kentucky River, without any improvements, is sufficient to meet Kentucky-American's customer demand in 2020 if a drought of record occurs.

RESPONSE

No. The discussion of this issue will be set forth in detail in the testimony of the Attorney General's witness, Scott J. Rubin.

The Attorney General notes that most groups and agencies (specifically including the Kentucky River Authority) agree that improvements must be made between now and 2020.

11. State whether the AG is of the opinion that the current supply capacity of the Kentucky River, without any improvements, is sufficient to meet Kentucky-American's customer demand in 2020 if a 100-year drought occurs.

RESPONSE

No. The discussion of this issue will be set forth in detail in the testimony of the Attorney General's witness, Scott J. Rubin.

The Attorney General notes that most groups and agencies (specifically including the Kentucky River Authority) agree that improvements must be made between now and 2020.

12. Lexington-Fayette Urban County Council Resolution 679-99 established a schedule of improvements to be met by 2002. For each improvement or task listed in this period, describe its present status.

#### RESPONSE

The resolution lists a schedule of improvements (as presented by the Kentucky River Authority, Kentucky-American Water Company and others) that should be met within the 2000-2002 time period. The record in this case contains information provided by the Lexington-Fayette Urban County Government, and this information includes a 28 November 2001 Memorandum from Paul Schoninger to Mayor Pam Miller and LFUCG Council members concerning the status of the recommendations from Resolution 679-99.

With regard to Recommendations 2(a) through 2(e), the status of these items is set forth in Stephen Reeder's 26 November 2001 letter to Mr. Schoninger. With regard to Recommendation 2(f), the status of this item is set forth in Craig Johnson's 3 December 2001 e-mail to Mr. Schoninger. With regard to Recommendations 2(g) and 2(i), the status of these items is set forth in Linda Bridwell's 16 November 2001 letter to Mr. Schoninger. With regard to Recommendation 2(h), the status of this item is set forth in a 4 December 2001 report from the Bluegrass Water Supply Consortium.

*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 14<sup>th</sup> 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*

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 14<sup>th</sup> day of February, 2002.

David Edward Spenard by E. E. Blackford  
Assistant Attorney General