COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN INVESTIGATION INTO THE FEASIBILITY AND ADVISABILITY OF KENTUCKY-AMERICAN WATER COMPANY'S PROPOSED SOLUTION TO ITS WATER SUPPLY DEFICIT	)))	CASE NO. 2001-117

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S INTERROGATORIES AND REQUEST FOR PRODUCTION ON KENTUCKY-AMERICAN WATER COMPANY

COMES the Lexington-Fayette Urban County Government (the "LFUCG"), by counsel, in accordance with the Commission's Order dated January 11, 2002, and serves this its Interrogatories and Requests for Production on Kentucky-American Water Company ("KAWC"):

Interrogatories:

1. American Water Works literature states that the Company has developed cost estimates for implementing proposed or pending environmental compliance rules. Please provide such estimates for KAWC and the entire American Water Works system.

2. For each water utility KAWC has purchased since 1980 provide annual infrastructure replacement costs in each system and deferred infrastructure replacement costs each year.

3. In KAWC's experience have the water utilities it has purchased since 1980 required proportionally more infrastructure replacement than KAWC's Fayette County facilities, proportionally less investment, or the same level of such investment as its Fayette County facilities, on a per customer basis? On a per unit sales basis? Please explain.

4. Is KAWC currently operating, or has it ever operated under a waiver of any Kentucky Public Service Commission regulations? If so, indicate which ones, how long each such waiver was granted, and summarize KAWC's plan(s) to come into compliance with each such regulation, including the estimated cost of each measure.

5. For each year since 1980 provide KAWC's infrastructure retirement and replacement rates, infrastructure retirement and replacement costs (by type of infrastructure, e.g., production, transmission, distribution, storage, and so on). Include the lengths of pipe in KAWC's system (by size), KAWC's investment in retiring and replacing transmission, storage and distribution infrastructure, and the amount of transmission, storage and distribution infrastructure retirement and replacement deferred each year. Disaggregate this information by each County in which KAWC operates.

6. For each year since 1980 provide the rate at which new infrastructure has been added to KAWC's system, and its cost (by type of infrastructure, e.g., production, transmission, distribution, storage, and so on). Include the lengths of pipe added to KAWC's system each year (by size), KAWC's investment in new transmission, storage and distribution infrastructure, and the amount of new transmission, storage and distribution infrastructure deferred each year. Disaggregate this system by each County in which KAWC operates.

7. For each of the next 20 years, provide KAWC's infrastructure replacement cost estimates by type of infrastructure and County, and the percentage of each type of infrastructure being replaced each year. If 20-year projections are not available the most forward looking such projections will suffice.

8. For each water utility that KAWC has purchased since 1980, provide the date of the sale, purchase price, and the amount of the purchase price recovered through rates.

9. For each County in which KAWC has customers, and for each year over the period 1990-2001, provide the following data: average day volume, peak day volume, average month volume, peak month volume, annual sales revenue, and average number of customers (disaggregated by class). Provide the same data for each year for the system as a whole.

10. Provide KAWC's latest 20-year projections for average day, peak day, average month, and peak month in million gallons per day. Also, provide the model(s) used to make these projections and note the parameter values that KAWC used and supporting calculations explaining why those parameters are appropriate.

11. For each county in which KAWC has or expects to have customers, and for each year over the period 2002-2020, provide the following data: projected sales volume, growth in sales volume and growth rate in sales volume, projected revenues, growth in revenues, and growth rate in revenues, projected customers, growth in customers, and growth rate in customers. Please provide the same information for 2001 with actual data.

12. Provide a chart or any other supporting data that shows the estimated cost of adding 0 to 20 MGD of treatment capacity at each of Kentucky-American Water Company's existing stations. Please disaggregate the costs.

13. Provide a chart or any other supporting data that shows the estimated cost of adding 0 to 20 MGD of treatment capacity at pool 6 and pool 4 of the Kentucky River. Please disaggregate the costs.

14. Over the last 10 years what is the composition of debt and equity KAWC has used to finance major improvements? What is the highest and lowest total cost of capital (issuance costs, interest rates, etc.) that KAWC experienced for each type of financing it has used each year over the last 10 years?

15. Have applications been filed for state or federal funding of any KAWC project(s)? If so, please provide details of the project, including location, specific improvements and their costs, motivation or need for the project, necessary approvals, all partners in the project, and all sources of funding (secured or proposed) for the project.

16. Has KAWC or Louisville Water Company submitted descriptions to the Kentucky Infrastructure Authority for a regional pipeline(s)? If so, provide the descriptions.

Requests for Production:

Please provide copies of the following, or in the event that such documents have already been filed with the Public Service Commission as part of this proceeding, please indicate where such documentation is referenced and filed:

1. Any and all documents that you utilized in answering the above Interrogatories.

2. All studies of KAWC's regulatory compliance measures and/or costs conducted since 1997, or studies that include such information.

3. Each capital expenditure plan for KAWC from 1993 to date, as well as the latest draft of any such plan under development.

4. All studies done on or behalf of KAWC that include transmission, storage and distribution infrastructure repair and replacement cost estimates conducted since 1990. The 1992 CPS may be excluded.

5. KAWC's water withdrawal permit(s) and all pending requests for modifications

Respectfully submitted,

LEXINGTON-FAYETTE URBAN
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BY: ____/s/ Theresa L. Holmes_____
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BY: _____/s/ David J. Barberie_____
David J. Barberie
Corporate Counsel

NOTICE OF FILING

Counsel gives notice (pursuant to Instruction 4(a) of the Commission's May 15, 2001 Order of Procedure) of the filing of the original and three copies of this document have been filed by United States Mail, first class postage prepaid to Thomas M. Dorman, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40611, and by uploading the filing to the file transfer protocol site designated by the Executive Director, this 4th day of February, 2002.

_____/s/ David J. Barberie_____
ATTORNEY FOR LEXINGTON-FAYETTE
URBAN COUNTY GOVERNMENT

INSTRUCTION 10 CERTIFICATION

Per Instruction 10 of the Commission's May 15, 2001 Order of Procedure, the undersigned counsel hereby certifies that the electronic version is a true and accurate copy of the documents filed in paper, the electronic version has been transferred 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, on this the 4th day of February, 2002.

_____/s/ David J. Barberie_____
ATTORNEY FOR LEXINGTON-FAYETTE
URBAN COUNTY GOVERNMENT

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing motion was served by facsimile transmission on Lindsey W. Ingram, Esq.., and by first class U.S. Mail delivery, postage prepaid, on the following on this the 4th day of February 2002.

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