

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 1

- Q-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.
- A-1. Objection. This Interrogatory seeks information relating to an issue that is outside the scope of this phase of this proceeding as set forth in the Commission's Order of January 28, 2002. It, therefore, seeks information that is not relevant to any such issues nor is it reasonably calculated to lead to the discovery of admissible evidence.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 2

Q-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.

A-2. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 3

Q-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.

A-3. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 4

- Q-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.
- A-4. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 5

- Q-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.
- A-5. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 6

- Q-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.
- A-6. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 7

- Q-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.
- A-7. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 8

Q-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.

A-8. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 9

Q-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.

A-9. -The average day volume and peak day volume from 1990-2001 for the system as a whole is provided in the response to Item 18b of the PSC Interrogatories herein dated 2/4/02. It is disaggregated by customer class in the response to Item 1d of the AG's Request for Information herein dated 2/4/02. The data is not available disaggregated by county, or by county by customer class.

-The average month volume and peak month volume by customer class from 1990-2001 is provided in the response to Item 1d of the AG's Request for Information herein dated 2/4/02. Kentucky-American has not prepared an analysis by county, or by county by customer class.

-The annual sales revenue by customer class is provided in attachment KAW_R_LFDR1#9_SCH1_021402.xls. Kentucky-American has not prepared an analysis by county by customer class.

-The average number of customers by county and for the system as a whole for the period 1990-2001 is provided in the response to Item 1d of the AG's Request for Information herein dated 2/4/02.

Witness: Linda C. Bridwell

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 10

Q-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.

A-10. The projected average day and peak day are provided in the response to Item 18b of the PSC Interrogatories herein dated 2/4/02. An explanation of the parameters and why they are appropriate are provided in the response to Item 14 b of the PSC Interrogatories herein dated 2/4/02.

Kentucky-American does not project the average month or peak month demands.

Witness: Linda C. Bridwell

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 11

Q-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.

A-11. The actual number of customers in 2001 by county is provided in response to Item 1d of the AG's Request for Information herein dated 2/4/02.

The actual revenues in 2001 are provided in response to Item 9 of this same data request.

The actual demand projections for 2001 are provided in response to Item 18 b of the PSC Interrogatories herein dated 2/4/02.

The projected demands by County for residential customers and projected number of customers by county through 2020 are in the model filed in response to Item 18b of the PSC Interrogatories herein dated 2/4/02.

Kentucky-American objects to the request for projected revenues, growth in revenues, and growth rate in revenues. See response to Interrogatory No. 1.

Witness: Linda C. Bridwell

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 12

Q-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.

A-12. Please refer to the attached document in non-electronic format that was prepared in 1999 to estimate the cost for adding 20 mgd to the Richmond Road Station. Kentucky-American has not developed cost estimates for expanding the Kentucky River Station.

Witness: Linda C. Bridwell

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 13

Q-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.

A-13. A detailed cost estimate for the addition of 15 mgd at Pool 6 was developed in 1991 and filed in response to Item 97 of the PSC's second data request dated March 4, 1993 in Case 92-452. However, this cost estimate is no longer considered valid because of significant changes in treatment technology and regulations since that time. Kentucky-American has not attempted to update the cost estimate for treatment capacity at Pool 6.

Kentucky-American does not have a cost estimate for any additional treatment capacity at Pool 4.

Witness: Gary A. Naumick/Linda C. Bridwell

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 14

Q-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?

A-14. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 15

Q-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.

A-15. In June and July of 2001, Tri-Village Water District (TVWD), located in Owen County, Kentucky, working with the Northern Kentucky Area Development District (NKADD) applied for a grant from the Kentucky Infrastructure Authority (KIA) under the Governor's 2020 Infrastructure Revolving Fund Grant program. As part of the grant process, Kentucky-American agreed to provide local funding for each of the projects. The project names, descriptions and funding amounts are listed below. All projects are located in the southern portion of Owen County in unserved areas.

Project Name & Description	Estimated Project Amount	KIA Grant Request	KAWC Matching Funds
1. New Columbus Area Main Extensions <ul style="list-style-type: none">• 240,000 ft of 3", 4" & 6" Water Mains• (1) 100,000 Water Tank• (1) 225 gpm Booster Pump Station	\$1,800,000	\$269,000	\$1,531,000
2. Leaning Oak & Natlee Slatin <ul style="list-style-type: none">• 18,100 ft of 3" Water Mains• 19,200 ft of 4" Water Mains	\$200,000	\$100,000	\$100,000
3. Peaks Mill Feed <ul style="list-style-type: none">• 19,200 ft of 6" Water Mains• 34,300 ft of 4" Water Mains	\$336,000	\$168,000	\$168,000

The purpose of the projects is to provide drinking water to unserved portions of the County. The (3) three projects would serve approximately 430 new customers and would reduce the cost of water to the customers who currently pay to have water hauled to their homes. The County Judge Executive has pushed for these projects for over a decade, but TVWD had been unable to obtain the funding until KIA and Kentucky-American became involved.

In December 2001, TVWD received a letter from the KIA indicating that projects 1 and 2 would receive grant funding in the amount of \$800,000 for project 1 and \$100,000 for project 2.

Currently, projects 1 and 2 are under design, with a portion of project 1 out to bid. Final approval of the projects and Grants will be required from the Division of Water and KIA. Kentucky-American's Board of Directors approved funding of \$1,800,000 for water main extension projects in Owen County at its October 2001 board meeting. As with all water projects, the DOW will approve the design of the project.

No other state or federal funding requests have been made for any Kentucky-American projects.

Witness: Roy W. Mundy, II/Linda C. Bridwell

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Question No. 16

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

A-16. Kentucky-American has not submitted any descriptions to the Kentucky Infrastructure Authority for any regional pipelines. Kentucky-American does not know if the Louisville Water Company has done so.

Witness: Linda C. Bridwell

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Request for Production No. 1

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

A-1. All documents utilized in answering the interrogatories have been filed as part of the responses to the Interrogatories or as described in the responses to the Interrogatories.

Witness: Linda C. Bridwell

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Request for Production No. 2

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

A-2. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Request for Production No. 3

- Q-3. Each capital expenditure plan for KAWC from 1993 to date, as well as the latest draft of any such plan under development.
- A-3. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Request for Production No. 4

Q-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.

A-4. Objection. See response to Interrogatory No. 1.

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2001-117

Response to Lexington-Fayette Urban County
Government's Interrogatories and Request for Production

Request for Production No. 5

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

A-5. Please refer to the response to Items 5a and 5b of the AG's Request for Information herein dated 2/4/02. No pending requests for modifications exist.

Witness: Linda C. Bridwell