

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

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

**RESPONSE OF KENTUCKY-AMERICAN WATER COMPANY
TO THE COMMISSION'S ORDER DATED SEPTEMBER 26, 2001**

Comes Kentucky-American Water Company, by counsel, and tenders herewith its Response to the Commission's Order dated September 26, 2001.

Because the schedule for the second phase of this proceeding envisions a process that defines the issues, provides for initial discovery, allows the filing of written testimony, provides for discovery about written testimony, authorizes the filing of rebuttal testimony, allows for discovery on rebuttal testimony, a public hearing, and the filing of briefs within a four-month period (January 4, 2002 to April 26, 2002), Kentucky-American respectfully suggests that the following principles be observed to accommodate the extremely tight schedule:

1. Discovery be limited to relevant issues.
2. Previous discovery on relevant issues should be incorporated herein by reference and not repeated herein.
3. Interrogatories and Requests for Production of Documents be transmitted electronically to the party from whom discovery is sought in advance of the day specified in the procedural schedule if at all possible.
4. Any data requests to Kentucky-American Water Company about its business development planning and activities be strictly limited to future planning and activities that

impact its existing sources and treatment plants and if requested by Kentucky-American, be afforded confidential treatment in conformity with the Commission's regulations.

5. If the Commission's preliminary findings of fact and conclusions of law conclude that Kentucky River enhancements are unlikely to be implemented in a timely fashion or are insufficient in scope to permit Kentucky-American to supply the total requirements of its customers in 2020, any investigation of alternatives thereafter should be limited to the development of an additional source of supply from the Ohio River. All other alternatives then known were considered in Case No. 93-434 and this process should not be encumbered by reinvestigation or reconsideration.

6. The examination of Kentucky-American's demand forecasting should be strictly limited to the parameters used for projection and not the methodology of projection as that process has been previously examined in great detail in Case No. 93-434.

7. Kentucky-American's responsibility is to meet the demands of its customers at all times throughout the planning horizon. Any consideration of regional efforts to meet the water supply and treatment needs of a group of water purveyors should be limited to those specific plans which can satisfy Kentucky-American's requirements in a feasible, timely manner.

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BY: /s/ Lindsey W. Ingram, Jr.

ATTORNEYS FOR KENTUCKY-AMERICAN
WATER COMPANY

CERTIFICATION

In conformity with paragraph 10 of the Commission's Order dated May 15, 2001, this is to certify that the electronic version of this Notice is a true and accurate copy of this Notice filed in paper medium; that the electronic version of the filing has been transmitted to the Public Service Commission; that Kentucky-American Water Company has notified the Commission, the Attorney General, N.O.P.E., Inc., the Bluegrass Water Supply Consortium and the Lexington-Fayette Urban County Government by electronic mail that the electronic version of this Notice has been transmitted to the Commission; that a copy has been served by mail upon David E. Spenard, Esq., Assistant Attorney General, Utility and Rate Intervention Division, 1024 Capital Center Drive, Suite 200, P.O. Box 2000, Frankfort, Kentucky 40602-2000; Edward W. Gardner, Esq. and David Barberie, Esq., Lexington-Fayette Urban County Gov't., Department of Law, 200 East Main Street, Lexington, Kentucky 40507; Phillip J. Shepherd, Esq. and Joe F. Childers, Esq., 307 West Main Street, P. O. Box 782, Frankfort, Kentucky 40602; Damon R. Talley, P.O. Box 150, 112 North Lincoln Boulevard, Hodgenville, Kentucky 42748, and hand delivered to Gerald E. Wuetcher, Esq., Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601, and that the original and three (3) copies have been filed with the Public Service Commission in paper medium, all this the 16th day of October, 2001.

STOLL, KEENON & PARK, LLP

BY: /s/ Lindsey W. Ingram, Jr.