

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT PETITION OF KENTUCKY-AMERICAN)
WATER COMPANY, THAMES WATER AQUA)
HOLDINGS GmbH, RWE)
AKTIENSGESELLSCHAFT, THAMES WATER)
AQUA US HOLDINGS, INC., APOLLO) CASE NO. 2002-00317
ACQUISITION COMPANY AND AMERICAN)
WATER WORKS COMPANY, INC. FOR)
APPROVAL OF A CHANGE OF CONTROL OF)
KENTUCKY-AMERICAN WATER COMPANY)

COMMISSION STAFF'S FIRST SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS TO
JOINT APPLICANTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Kentucky-American Water Company ("KAWC") and Thames Water Aqua Holdings GmbH ("Thames Holdings"), RWE Aktiengesellschaft ("RWE"), Thames Water Aqua US Holdings, Inc. ("Thames USA"), Apollo Acquisition Company ("Apollo") and American Water Works Company, Inc. ("AWWC") (collectively "Joint Applicants") file the original, four copies in paper medium and one copy in electronic medium of the following information with the Commission no later than October 1, 2002, with a copy to all parties of record. Each copy of the information requested shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied

material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to KAWC and Thames Holdings' Responses to Interrogatories and Requests for Production of Documents that Commission Staff and all parties served upon KAWC and Thames Holdings in Case No. 2002-00018.¹

a. If presented with the same interrogatories and requests in this proceeding, would the Joint Applicants' response be the same response as in Case No. 2002-00018?

b. For each interrogatory or response to which the Joint Applicants' current response would differ from that given in Case No. 2002-00018, state how their response would differ.

2. Refer to KAWC and Thames Holdings' Response to the Attorney General's ("AG") Initial Requests For Information, Item 174(a) in Case No. 2002-00018.

a. Provide RWE's most recent estimates of these future liabilities in both Euros and dollars. Include all workpapers, calculations, and assumptions used in estimating the future liabilities.

b. (1) State whether the liabilities associated with the future decommissioning of nuclear power plants that RWE owns and operates are included in the estimated liability for nuclear waste disposal.

¹ Case No. 2002-00018, Application for Approval of the Transfer of Control of Kentucky-American Water Company to RWE Aktiengesellschaft and Thames Water Aqua Holdings GmbH.

(2) (a) If yes, provide a separate breakdown for these liabilities in both Euros and dollars. Include in this response all workpapers, calculations, and assumptions used to calculate the separation of the future nuclear liability.

(b) If no, state the most recent estimate for the liability associated with the future decommissioning of nuclear power plants in both Euros and dollars. Include in this response all workpapers, calculations, and assumptions used to calculate the future liability of nuclear power plant decommissioning.

3. Refer to KAWC and Thames Holdings' Response to the AG's Initial Requests For Information, Item 174(b) in Case No. 2002-00018.

a. Describe RWE's legal or constructive obligation to create a future liability for the reclamation of its coal mines.

b. Describe RWE's legal or constructive obligation to create a future liability for the disposal of the nuclear waste.

c. Describe RWE's legal or constructive obligation to create a future liability for the decommissioning of its nuclear power plants.

4. Refer to KAWC and Thames Holdings' Response to the AG's Initial Requests For Information, Item 174(c), in Case No. 2002-00018.

a. State whether RWE is currently setting aside funds (cash) to pay its future liabilities for the coal mining reclamation, nuclear waste disposal, or plant decommissioning of its nuclear power plants. If yes, provide a detailed description of RWE's set aside plans.

b. For each nuclear power plant for which RWE has estimated a future liability for nuclear waste disposal, provide a schedule containing the name of the

nuclear power plant, its location, the date of its scheduled decommissioning, the estimated cost of decommissioning, and its estimated portion of the future liability set forth in the Joint Applicants' Response to Interrogatory 2(a) of this set of Interrogatories and Requests for Production of Documents.

5. Refer to KAWC and Thames Holdings' Response to the AG's Initial Requests For Information, Item 174(d), in Case No. 2002-00018. Given that RWE does not have an infinite amount of capital available, what assurances can RWE give the Commission that when the time comes to fund the liabilities associated with its mining and nuclear divisions that there will be adequate capital remaining to fund AWWC and KAWC's construction needs? Include a detailed explanation for this response.

6. Refer to Thames US's Certificate of Incorporation, Article VII, Indemnification.

a. Explain why the members of the Board of Directors should not have any fiduciary responsibility to the corporation and its stockholders.

b. Describe the Joint Applicants' position to the Commission's conditioning its approval of the proposed transaction upon the elimination of this article from Thames USA's Articles of Incorporation.

7. Refer to the Direct Testimony of Stephen Smith at 2.


a. Explain why, given that German tax laws changed in December 2001 and that KAWC and Thames Holdings filed their initial application for approval of a proposed transfer of control on January 30, 2002, KAWC and Thames Holdings did not set forth the creation of Thames USA in their first application to the Commission.

b. Explain why, given that German tax laws changed in December 2001 and that KAWC and Thames Holdings filed their initial application for approval of a proposed transfer of control on January 30, 2002, KAWC and Thames Holdings did not modify their initial application while it was still pending before the Commission.

c. State when Thames Holdings began considering the creation of a U.S.-based holding company to hold the stock of the survivor of the Apollo-AWWC merger.

8. List and describe each violation of state or federal water or wastewater environmental law that Thames Aqua or a Thames Aqua affiliate has been adjudged since 1998.

9. List and describe each violation of a United Kingdom water or wastewater environmental law that Thames Aqua or a Thames Aqua affiliate has been adjudged since 1990.



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DATED: September, 23, 2002

cc: Parties of Record