

**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 AKTIENGESELLSCHAFT,)	
THAMES WATER AQUA US HOLDINGS,)	CASE NO. 2002-00317
INC., APOLLO ACQUISITION COMPANY)	
AND AMERICAN WATER WORKS CO. INC.,)	
FOR APPROVAL OF A CHANGE IN)	
CONTROL OF KENTUCKY-AMERICAN)	
WATER COMPANY)	

**ATTORNEY GENERAL'S
SUPPLEMENTAL REQUEST FOR INFORMATION**

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Request for Information to Kentucky-American Water Company, Thames Water Aqua Holdings GmbH, RWE Aktiengesellschaft, Thames Water Aqua US Holdings, Inc., Apollo Acquisition Company, and American Water Works Co., Inc., (hereinafter "Joint Petitioners") to be answered in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the company witness who will be prepared to answer questions concerning each request.
- (3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout that would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(10) Please consider all of these requests for information or documents herein to be responded to in English.

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL
/s/ Dennis Howard II
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Notice of Filing

Counsel gives notice of the filing, by hand delivery to Thomas M. Dorman, Executive Director of the Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601, of the original and three photocopies. Further, counsel gives notice of the uploading to the Commission's file transfer protocol site of one copy in electronic medium. The filing is in compliance with Instructions 5(a) and 9 of the Commission's 16 September 2002 Order of procedure. This action was taken on 07 October 2002.

/s/ Dennis Howard II
Assistant Attorney General

Instruction 13 Certification

Per Instruction 13 of the Commission's 16 September 2002 Order of procedure, counsel certifies that the electronic version of the filing is a true and accurate copy of the document filed in paper medium. The electronic version has been transmitted to the Commission. The other parties have been notified by electronic mail that the electronic version has been transmitted to the Commission.

/s/ Dennis Howard II
Assistant Attorney General

Certificate of Service

Counsel certifies service of this supplemental request for information. Service took place on 07 October 2002 by mailing of a true and correct photocopy of the same, first class postage prepaid, to the other parties of record. Per Instruction 15 of the Commission's 16 September 2002 Order of procedure, Joint Petitioners have been served with an electronic copy of the data request. The other parties of record are the following.

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/s/ Dennis Howard II
Assistant Attorney General

ATTORNEY GENERAL'S SUPPLEMENTAL REQUEST FOR INFORMATION

1. Please reference the Joint Petitioners' response to AG 1-22. Please provide, with specific detail, the means by which service of process may be perfected on RWE AG and Thames Water Aqua Holdings GmbH. The explanation should include the name and address of the individual or entity to whom the service should be forwarded, the means by which it is to be forwarded, specific references to any law, treaty or governing authority which controls the perfection, the number of copies and entities/people to whom service should be made, etc.
2. Please reference the Joint Petitioners' responses to AG 1 – 24. With regard to this item, please provide the specific journal entries that TWUS will record to reflect the transfer of stock to American Water Works Company.
3. Please reference the Joint Petitioners' response to AG 1-28. With respect to this item, please answer the following questions.

- a. Are the Joint Petitioners aware of the following language set forth in Appendix A of the Commission's 30 May 2002 Order in Case No. 2002-00018?

The approval of the proposed merger agreement between RWE, Thames, AWWC, and Apollo and the transfer of control of KAWC from AWWC to Thames and RWE is conditioned upon the written acceptance of RWE, Thames, AWWC, and KAWC of the commitments and assurances listed below:

- b. Are the Joint Petitioners aware of the fact that Items 4, 5, 6, 11, 12, 16, 17, 18, 19, 20, 21, 22, 23, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37, 39, 40, 41, 42, 44, 45, 47, 48, 54, and 56 of the Commission's 30 May 2002 Order in Case No. 2002-00018 include determinations, requirements, and directions that are expressly applicable to RWE, Thames, or AWWC?
- c. Are the Joint Petitioners aware of the following language in KRS 278.990(1)?

Any officer, agent, or employee of a utility, as defined in KRS 278.010, *and any other person* who willfully violates any of the provisions of this chapter or any regulation promulgated pursuant to this chapter, *or fails to obey any order of the commission from which all rights of appeal have been exhausted*, or who procures, aids, or abets a violation by any utility, shall be subject to either a civil penalty to be assessed by the commission not to exceed two thousand five hundred dollars (\$2,500) for each offense or a criminal penalty of imprisonment for not more than six (6) months, or both (emphasis added).

- d. Please identify the Joint Petitioners who believe that they are beyond the Commission's authority under KRS 278.990(1) with regard to (for example) a willful breach of an acceptance or commitment that they made in Case No. 2002-00018.

4. Please reference the Joint Petitioners' response to AG 1 – 29. With respect to this item, please answer the following questions.
 - a. Identify the Joint Petitioners that believe that the Commission may only compel a “utility” (as defined by KRS 278.010(3)) to obey a lawful order of the Commission.
 - b. Identify the Joint Petitioners that will object to or otherwise resist an effort by the Commission to enforce the assurances and commitments made by RWE, Thames, and AWWC in response to the Commission's 30 May 2002 Order in Case No. 2002-00018.
 - c. Identify the Joint Petitioners that believe that they are exempt from the Commission's enforcement of its orders. Also, indicate the corresponding theory of exemption.
5. Please reference the Joint Petitioners' response to AG 1 – 30. With respect to this item, please answer the following questions.
 - a. Identify the Joint Petitioners that believe that the Commission may not conduct an investigation and examination concerning that Petitioners' actions relating to an assurance or commitment made in response to the Commission's 30 May 2002 Order in Case No. 2002-00018.
 - b. Identify the Joint Petitioners that believe that the assurances and commitments made by RWE, Thames, or AWWC in response to the Commission's 30 May 2002 Order in Case No. 2002-00018 do not constitute utility activity subject to the Commission's jurisdiction.
6. Please reference the Joint Petitioners' response to AG 1-32. For each state in which the application has been approved, please provide a list of the conditions and/or restrictions accompanying the approval for each respective state.
7. Please reference the Joint Petitioners' response to LFUCG 1-1. Please explain why “legal jurisdictional issues are not pertinent to this proceeding.”
8. Please reference the Joint Petitioners' response to LFUCG 1-7. Please provide a definition of “housekeeping modification.”
9. Please reference the Joint Petitioners' response to LFUCG 1-8. Will Kentucky-American's tax liabilities be impacted by liabilities of unregulated companies? In other words, will Kentucky-American's tax liabilities fluctuate based on the performance of unregulated companies?
10. Please reference the Joint Petitioners' response to LFUCG 1-12. Will the Joint Petitioners commit that TWUS will not become involved in the operational control of AWW or KAWC?

11. Please reference the Joint Petitioners' response to LFUCG 1-15. Please provide the definition of "corporate housekeeping."
12. Please reference the Joint Petitioners' response to LFUCG 1-26. The Joint Petitioners make the statement that "the above documents make public substantially the same information that is provided by AWW's current SEC filing period." In detail, please provide the differences.
13. Please reference the Joint Petitioners' response to LFUCG 1-14d at the Goldman Sachs Report, page 25. Further, please reference the bottom right hand block in the chart at the top of the page. Under the category "Threats," do the Joint Petitioners have an explanation for the bullet point which reads "Potential Stock Overhang 35% owned by municipalities, 12% owned by Alliance"? Is the word "municipalities" as used in this context synonymous with cities? If not, what is the definition of Municipalities?
14. Do German municipalities control approximately 35% of RWE AG?
15. Please reference the "Proposed Corporate Chart" accompanying the Motion and Petition to Modify Order. Please confirm that RWE AG will have ultimate control over TWUS.
16. Please reference the 2001 Annual Report for RWE AG. What is the role of the Supervisory Board?
17. Please confirm that the following individuals are still members of the Supervisory Board. In the event that they have replaced, please provide the name of the individual(s) who has assumed that vacancy.
 - a. Burkhard Drescher, Mayor of the City of Oberhausen
 - b. Dr. Gerhard Langemeyer, Mayor of the City of Dortmund
 - c. Dr. Wolfgang Reiniger, Mayor of the City of Essen.
18. Please provide the names of the mayors and their respective cities for all individuals who currently serve on the Supervisory Board, if different from the above answer, as well as any other board for RWE AG.
19. In regard to Heinz- Eberhard Holl, please provide the definition for the chief administrative officer Osnabruck Rural District including the duties and responsibilities. Does the position have a similar counter part in the United States governmental system?
20. Please reference the Joint Petitioners' response to LFUCG 1-14d at the Goldman Sachs Report, page 54, "Influence of the communal shareholders over strategy." Does this paragraph indicate that the communal shareholders, i.e. municipalities, have influence over decisions?

21. Does KAWC participate in a money pooling agreement (or other arrangement whereby KAWC's cash reserves are transferred to, and pooled with, the cash reserves of other entities for purposes of short-term investment) with American Water Works, American Water Works Capital Corp., or any other affiliate of American Water Works? If so:
 - a. Identify the entities that are parties to the pooling agreement or other arrangement.
 - b. Identify the entity to which KAWC's cash reserves are transferred.
 - c. Provide an estimate of the annual increase in interest income that KAWC receives as a result of this arrangement.
 - d. Provide a complete copy of the agreement that governs the relationship among the parties.
 - e. Provide a complete copy of any order or other correspondence from the Kentucky Public Service Commission approving the agreement (or indicating that it does not need to approve such an arrangement).
 - f. Identify the specific conditions in the agreement that protect KAWC in the event that the entity to whom KAWC's cash reserves are transferred files for bankruptcy, becomes insolvent, or has a substantial money judgment levied against it.
22. If the transaction between American Water Works and the RWE-Thames is approved, does KAWC intend to participate in a money pooling agreement (or other arrangement whereby KAWC's cash reserves are transferred to, and pooled with, the cash reserves of other entities for purposes of short-term investment) with any entities other than those identified in response to the previous question? If so, identify the entities that are expected to be parties to such a pooling agreement or other arrangement, and provide all documents that discuss the possible terms and conditions of such an agreement or arrangement. In particular, identify the specific conditions that would protect KAWC in the event that the entity to whom KAWC's cash reserves are transferred files for bankruptcy, becomes insolvent, or has a substantial money judgment levied against it.
23. Would the Joint Petitioners agree to a condition that prohibits KAWC, American Water Works Capital Corp., and American Water Works from entering into a money pooling agreement or similar arrangement with Thames, RWE, or any other non-American Water Works affiliates of Thames and RWE? If not, please state in details the reasons for opposing such a condition.