

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 1

---

**Witness: Stephen Smith**

1. Reference: Attorney General's Initial Request for Information No. 9: Please provide the pro forma for Thames US after the transaction.

**RESPONSE:**

1. No pro forma has yet been prepared.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

**RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002**

ITEM NO. 2

---

**Witness: James McGivern**

2. Reference: Attorney General's Initial Request for Information No. 12: Please provide the compensation and benefits for said individuals.

**RESPONSE:**

2. Thames US will provide no compensation or benefits to those individuals.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 3

---

**Witnesses: James McGivern and Daniel Kelleher**

3. Reference: Attorney General's Initial Request for Information No. 20: Please confirm that your answers apply to both present and future laws, treaties, etc., and the present and future terms and provisions thereof.

**RESPONSE:**

3. See the Response to Attorney General Request No. 20.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

**RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002**

ITEM NO. 4

---

**Witnesses: James McGivern and Daniel Kelleher**

4. Reference: Attorney General's Initial Request for Information No. 20: Please confirm, in particular, that each Applicant waives and will not assert any claim under Chapter 11 of the North American Free Trade Agreement (NAFTA) or any similar provision of any other treaty, present or future, in the event of the awarding of less than the full amount of an requested rate increase, of eminent domain proceedings, or otherwise.

**RESPONSE:**

4. Joint Petitioners cannot confirm the waiver and agreement described in the foregoing item because it is too vague and involves too many future contingencies.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 5

---

**Witnesses: James McGivern and Daniel Kelleher**

5. Reference: Attorney General's Initial Request for Information No. 21: Please define the benefit to the public of having the corporate structure of the entities having control over the utility providing water supply and service subject to the provisions of foreign laws, including the laws of Germany.

**RESPONSE:**

5. The issue of foreign ownership of the parent of Kentucky-American was fully addressed in the Order of May 30, 2002, in Case No. 2002-00018 as follows:

“Bluegrass FLOW suggests that the proposed merger is contrary to the public interest because it places Central Kentucky’s water supply at risk from foreign manipulation. We find no evidence in the record to support such concern. The Commission is troubled by this argument particularly in light of the Commonwealth’s efforts over the last two decades to encourage foreign development and investment in this state. This concern ignores that, while KAWC’s ultimate owners may be citizens of a foreign nation, KAWC will remain subject to the laws of this Commonwealth.”

The insertion of a corporation formed and headquartered in the United States in the organizational chain between RWE and Kentucky-American, as requested in this docket, does not change the force of the foregoing statement.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 6

---

**Witnesses: James McGivern and Daniel Kelleher**

6. Reference: Attorney General's Initial Request for Information No. 27: Please confirm that an affirmative answer to this request means, without limitation, that each Applicant submits to the general jurisdiction of the Commonwealth of Kentucky for all purposes. If not, please identify the Applicant for which this is not true and define the limitations on general jurisdiction.

**RESPONSE:**

6. Joint Petitioners do not confirm the foregoing statement. See the Answer to Item No. 27 of the Attorney General's Initial Request for Information.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 7

---

**Witnesses: James McGivern and Daniel Kelleher**

7. Reference: Attorney General's Initial Request for Information No. 33: Have any of Applicants or their subsidiaries been a defendant in a civil action in the United States or in their respective home countries alleging violations of environmental laws or regulations, or duties under contracts or agreements, in which an adverse final judgment against the Applicant or its subsidiary was rendered and which was not reversed on appeal, if appealed? If so, please provide the style of the case, the date of filing, case number and court, the date of entry of judgment, and citation to a reported decision, if any.

**RESPONSE:**

7. See responses to Attorney General's Request 33 and Staff's Requests 8 and 9, and LFUCG's Request 13. We know of no civil judgments resulting from those incidents.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 8

---

**Witness: Roy W. Mundy II**

8. Applicants, or some of them, are currently engaged in a massive public campaign to attempt to persuade the public that it is in the public benefit to not interfere with the proposed change of control (“the proposed transaction”) to Thames US and the acquiring Applicants.
  - a. Please define the immediate and direct benefit to the public of the proposed transaction.
  - b. Please set forth all statements made during said campaign, with the factual basis therefor, and the place and date of statement, in support of the proposition that the transaction is consistent with the public interest.
  - c. Please complete financial information regarding said campaign, including sources and amounts of income, amounts and recipients of expenditures, including information for expenditures contracted for but not yet spent.
  - d. Please state whether any of the expenditures are or were for the purpose of attempting to influence the outcome of any election currently in progress. If so, please provide details.
  - e. Please state whether any portion or all of the expenses of the campaign are included in Merger Costs as reported or to be reported under PSC Case No. 2002-00277.
  - f. Please identify any officers or employees of any of Applicants sent to Kentucky for purposes of the transaction who have expended any compensated time on efforts relating to the campaign. If there are any, please state the allocated portion of their compensation and whether that is included or may be included in reported or to be reported Merger Costs.
  - g. Please define the legal entity status of the “Coalition against Forced Government Takeover” and provide copies of any organizational documents.



**RESPONSE:**

8. None of the Joint Petitioners are engaged in a massive public campaign to attempt to persuade the public that it is in the public interest to not interfere with the proposed change of control to Thames US or anyone else. It appears that FLOW is referring to the efforts of Kentucky-American and the Coalition Against Forced Government Takeover to prevent the condemnation of Kentucky-American. That subject is not a proper subject of inquiry in this proceeding. The Commission said at page 2 of the Order of September 16, 2002, herein, by which it granted FLOW's Motion to Intervene, "We find no evidence currently within the record of this proceeding and nothing within Bluegrass FLOW's motion to suggest that public ownership of Kentucky-American Water Company's facilities is relevant to the current proceeding." The Commission went on to state at pages 2-3 of the same Order, "We, however, caution Bluegrass FLOW that the public ownership of Kentucky-American Water Company's facilities is not an issue in this proceeding and that any attempt to use this proceeding as a forum for advocating a position on that issue is inappropriate and will require us to revisit our decision to permit Bluegrass FLOW's participation in this proceeding."

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 9

---

**Witness: Daniel Kelleher**

9. Please describe any process or procedure for “inter-accounting” between and among subsidiaries and affiliates of Applicants whereby a service perform by an entity or product sold to an entity is recorded as a charge and payment between the entities involved. By way of example, if Thames Water Plc provides expert scientific services or resources to Kentucky-American post-transaction, will Kentucky-American pay Thames Water PLC for such services or resources?

**RESPONSE:**

9. Kentucky-American is and will be subject to the affiliate transaction regulations adopted by the Commission in 807 KAR 5:080. Kentucky-American is complying and will comply with those regulations when it engages in affiliate transactions.

**KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.**

**CASE NO. 2002-00317**

**RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002**

**ITEM NO. 10**

---

**Witnesses: Stephen Smith and James McGivern**

10. Please set forth the technical abilities of Thames US.

**RESPONSE:**

10. Thames US will utilize the technical abilities of Kentucky-American, American Water Works Company affiliates and Thames Water Plc to assure that Kentucky-American continues to provide reasonable service, all of which are fully described in the record in Case No. 2002-00018.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 11

---

**Witnesses: Stephen Smith and James McGivern**

11. Please set forth the managerial abilities of Thames US.

**RESPONSE:**

11. Thames US will utilize the managerial abilities of Kentucky-American, American Water Works affiliates, Thames Water Aqua Holdings GmbH and Thames Water Plc to assure that Kentucky-American continues to provide reasonable service, all of which are fully described in the record of Case No. 2002-00018.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 12

---

**Witnesses: Stephen Smith and James McGivern**

12. Please set forth the proper purpose under United States law for the proposed change of control to Thames US.

**RESPONSE:**

12. Thames US will file a consolidated federal tax return.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002

ITEM NO. 13

---

**Witnesses: Stephen Smith and James McGivern**

13. What is the benefit to the public interest for the proposed change of control to Thames US which is distinct from any and all alleged benefits to the public in PSC Case No. 2002-00018?

**RESPONSE:**

13. Please see the Response to Item No. 12 above and the Response to Item No. 7 of LFUCG's First Set of Requests for Information.

KENTUCKY-AMERICAN WATER COMPANY  
THAMES WATER AQUA HOLDINGS GMBH  
RWE AKTIENGESELLSCHAFT  
THAMES WATER AQUA US HOLDINGS, INC.  
APOLLO ACQUISITION COMPANY  
AMERICAN WATER WORKS COMPANY, INC.

CASE NO. 2002-00317

**RESPONSES TO FIRST INTERIM REQUEST OF  
BLUEGRASS FLOW, INC. DATED SEPTEMBER 23, 2002**

ITEM NO. 14

---

**Witness: Roy W. Mundy II**

14. Please provide copies of all studies, papers, reports, etc., in the possession of Applicants which identify the probable date by which the lake at Jacobson Park, Lexington, KY., will no longer be used or useful to Kentucky-American as a utility due to siltation or any other condition or event other than an alternate source of supply.

**RESPONSE:**

14. This data request has no relevance to any allegation in or authority requested in this docket; nevertheless, there is no "probable date" for the discontinuance of Jacobson Reservoir and its associated watershed. The Jacobson Park issue was addressed as fully as it needs to be in connection with this transaction in Case No. 2002-00018 and the Commission required that its approval be obtained prior to any transfer of control or ownership of the park. Commitment No. 7, Order of May 30, 2002, Case No. 2002-00018.