

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 BLUEGRASS FLOW, INC.'S SECOND REQUEST
FOR INFORMATION DATED OCTOBER 3, 2002

ITEM NO. 1

Witness: James McGivern

1. The Responses of the Applicants to the First Interim Request of Bluegrass FLOW, Inc., does not list Thames Water Plc as one of the responding entities although said First Interim Request and this Second Request include Thames Water Plc for the reason that the Application itself identifies said entity as a "Party." Please confirm that the Response for Thames Water PLC to each Request is the same as that of the other Applicants. If it is not in any regard, please state and provide the response.

RESPONSE:

1. While Thames Water Plc is identified along with other entities in the section of the Petition and Motion captioned "Parties," it is not a Joint Petitioner nor is it in the direct organizational chain to which control of Kentucky-American is being transferred. Nevertheless, to the extent that any of FLOW's First Interim Requests apply to Thames Water Plc, the response for Thames Water Plc to each such request is the same as that of the other Joint Petitioners.

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ITEM NO. 2

Witnesses: James McGivern and Daniel Kelleher

2. Identify all subsidiaries or affiliates of any of Applicants which are domestic corporations or other entities of Canada and Mexico, listing the official business address and chief executive officer of each.

RESPONSE:

2. See attached list in electronic medium.

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ITEM NO. 3

Witness:

3. Reference: Response to First Interim Request of Bluegrass FLOW, Inc. number 8. The Response appears to advance the theory that “the efforts of Kentucky-American and the Coalition” are limited solely to resisting condemnation efforts. An examination of the web sites of Kentucky-American and the Coalition reveal that, in fact, the proposed change of control transaction is actually being advocated as in the public interest. (See, eg, www.notakeover.com/faqs.html, page 2, “reason” number 1: “Private ownership and operation is more efficient than public ownership and is in the best interest of the citizens. . . .”) Having opened the door to the core issue in this instant case – whether the transaction is in the public interest – Applicants cannot hide behind the Commission’s orders excluding the topic of “local ownership” which was not mentioned in the Request.
 - a. Supply copies of all web site pages as of the date of this Second Request and without revisions for www.kawc.com and www.notakeover.com and supply the factual basis for each statement made, if any.
 - b. Identify the registered owner of each domain name.
 - c. Describe the degree of control and sponsorship of Kentucky-American over and of the Coalition.
 - d. What are Kentucky-American’s duties as a member of the Coalition?

RESPONSE:

3. See the Response to Item No. 8 of the First Interim Request of Bluegrass FLOW, Inc. See also the Order of May 30, 2002, in Case No. 2002-00018, in which the Commission said at page 8:

We find no legal authority to support Bluegrass FLOW’s assertion that the presence of a local government’s willingness to acquire a utility’s facilities is sufficient basis for the Commission to delay or deny a private entity’s application for approval of a transfer of control. To the extent that a local government may wish to acquire

a public utility's facilities, the Legislature has provided the necessary means for accomplishing such acquisition without any Commission involvement. See KRS 106.220.

It is not appropriate for FLOW to use this proceeding to gather information that it thinks might be useful for its public relations campaign in favor of the condemnation of Kentucky-American and its facilities.

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ITEM NO. 4

Witness:

4. 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:

4. See the Response to Item 3 above.

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ITEM NO. 5

Witness: James McGivern

5. Please identify an entity named "RWE-Nukem" and its relationship to RWE.

RESPONSE:

5. RWE Nukem GmbH is a 100% subsidiary of RWE Solutions AG, The RWE management company of the Industry Services Division. For further information, see the attached brochure.