

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ADJUSTMENT OF RATES OF KENTUCKY-) CASE NO. 2007-00143
AMERICAN WATER COMPANY)

**LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT'S REQUESTS FOR INFORMATION**

Comes now the Lexington-Fayette Urban County Government (the "LFUCG"), by counsel and pursuant to the Public Service Commission's Scheduling Order of May 18, 2007 and submits its Requests for Information to Kentucky-American Water Company ("KAWC") 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 counsel for the LFUCG.

(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 counsel for the LFUCG 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.

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT'S
REQUESTS FOR INFORMATION**

1. Can ratepayers expect any enhancement over the current existing level of service as a result of the proposed rate increase?
 - (a) If so, please provide a detailed response that includes the specific benefit or benefits to be provided to each particular customer rate class.
2. How many additional customers (and of which particular customer rate class) does KAWC anticipate adding system-wide, within each respective division (i.e. Central Division, etc.), and within Fayette County over the next 5 years?
3. Does this application have any impact on KAWC's pending Franklin Circuit Court appeal of the PSC's Final Order in Case No. 2004-103? Conversely, if KAWC ultimately prevails in that appeal, will that have any impact on this case?
4. Assuming that the proposed IPO sell off of the American Water Works companies either does not take place at all, or does not take place during the base period or forecasted test year, what effect (if any) will it have on KAWC and/or this rate case?
5. Please provide the total number of water service meters assigned to the LFUCG as a customer in the base period and in the forecasted test period, and the total revenue requirement assigned to the LFUCG as a customer in the base period and the forecasted test period.

6. Under how many different types of customer rate classes does the LFUCG currently make payments to KAWC? For each type of class, please provide the following information:

- (a) The type of customer rate class;
- (b) The number of LFUCG accounts in each such class;
- (c) Whether such accounts are metered;
- (d) The account numbers for each separate account;
- (e) The physical location, by street address, GPS marker (or other easily understood designation) of each separate account;
- (f) The basis and explanation for treating the account as a separate account, whether it is because it is separately metered or otherwise;
- (g) The total amount paid by the LFUCG to KAWC for the provision of water for each of its separate accounts for each year, going back the inception of KAWC's last approved rate increase (not including any payments made by the LFUCG for the provision of sanitary sewers or solid waste services); and
- (h) The total net projected impact for each such class under the proposed rate increase.

7. For each separate LFUCG account please provide a detailed analysis showing the impact of the proposed rate versus the existing rate using the most recent 12 month actual useage and billing data. Please also provide a detailed explanation of the formula that was used to obtain this information.

8. Does KAWC believe that the proposed rate increases and/or the filing will in any way change the amount of franchise fees paid to the LFUCG under its existing franchise agreement with the LFUCG? If so, in what way?

- (a) Does the filing in any way change the types of services for which the franchise fee applies?
- (b) Will the LFUCG's franchise fee apply to all tariffs (for services provided in Fayette County) in the application? If not, please explain in detail and specifically list those tariffs for which the franchise fee would not apply for services provided in Fayette County.

9. Please state the return on investment that each American Water Works Company affiliated company (West Virginia American Water Company, etc.) was awarded on both common equity and overall in its last rate proceeding.

10. With respect to KAWC's current employees, please provide a detailed description of the job function of each type of employee and the number of each type of employee in each particular job type. Please state whether the employees are full time or part time employees, contract employees, and/or employees who split time working for other American Water Works companies.

- (a) Provide a breakdown of the percentage of time that each employee spends working for KAWC.
- (b) How many and of which type of employee are located in Lexington, Kentucky?
- (c) If any changes are anticipated with respect to any of the information provided above in the next 5 years, please provide the specific details.

11. Please provided a breakdown of the total number of the following fire hydrants in Fayette County: (a) public fire hydrants, (b) fire hydrants that are owned and maintained by KAWC, but located on private property, and (c) hydrants for which KAWC is not the owner. If possible, please provide the location of each hydrant. If this information is not available, please explain what action, if any, KAWC is taking to track this information going forward in time.

a. How many privately owned hydrants have been added in Fayette County in the last 5 years?

b. Please describe the process that is undertaken before a privately owned fire hydrant is added to KAWC's system. Please provide a copy of any contracts or other documents that are required to be followed or executed by the owner of the hydrant.

12. Please provide the following information with respect to public fire hydrant charges:

- (a) The total number of hydrants charged to the LFUCG during the base period;
- (b) The total number of hydrants charged to the LFUCG during the forecasted test period;
- (c) The basis for the projection of the number of hydrants charged to the LFUCG during the forecasted test period;
- (d) Any adjustment to hydrant charges to reflect system uses of hydrants, including but not limited to flushing the KAWC system; and
- (e) Please provide the number (quantity), type, and location (by street address or other easy to identify locator) of each fire hydrant for which the LFUCG currently pays a monthly tariff.

13. Does the proposed public fire hydrant rate for the LFUCG in any way differ from the rate to be charged to any other entity within the Central Division and/or the KAWC system? If so, please provide any such differences and a detailed explanation as to the justification for such differences.

14. Does KAWC currently provide any public fire hydrants in its Central Division that are not located in Fayette County? If so, please provide the total number of all such hydrants.

15. Please detail the administrative cost component attributable to public fire protection as provided in KAWC Exhibit 36, and provide any applicable work papers showing how the cost component is calculated.

16. What is the cost to KAWC (per unit) to acquire each type of fire hydrant?

17. How many additional new fire hydrants does KAWC anticipate being installed in Fayette County over the next 5 years for which the LFUCG would pay a monthly tariff? Please net out any public hydrants that would be removed from the system as part of this calculation.

18. How many existing fire hydrants are scheduled (or anticipated) to be replaced by KAWC in Fayette County over the next 5 years for which the LFUCG currently and/or in the future will pay a monthly tariff?

19. Please explain in detail KAWC's current policies, procedures, practices, and/or guidelines for maintaining and/or replacing fire hydrants in Fayette County and provide copies of the same. Does KAWC regularly inspect individual fire hydrants or the collective fire hydrants system in Fayette County?

20. Please describe in detail all inspections, maintenance, or testing that must be performed by KAWC on each type of fire hydrant to ensure that it operates properly, and provide a list breaking down each of the components of the above and its cost, as well as how frequently each of the above must be performed, or actually is performed. Also describe in detail all maintenance that must be performed by KAWC on the public fire system to ensure that it operates properly.

a. Please provide a record of all inspections, maintenance, or testing (including flow rates) that has been performed within the last five (5) years on each public fire hydrant for which the LFUCG has paid a monthly fee.

b. Would KAWC be willing to provide this information to the LFUCG's Division of Fire and Emergency Services on a going forward basis as additional work or maintenance is performed on each hydrant? If not, why not?

c. For any ongoing or future work on fire hydrants, is this information available electronically? If not, why not?

d. Please explain how KAWC maintains any such records.

21. How many full time employees does KAWC devote to maintaining, inspecting, or testing fire hydrants?

a. How many part time or contract workers does KAWC devote to the above?

b. What is the total number of manhours per year that KAWC devotes to the above?

22. Please provide the standard(s) that KAWC is using to determine that a fire hydrant is leaking, failed or obsolete.

a. If a hydrant is identified in such a condition, is it still billed to the customer, or is immediately removed from future billing until corrected.

23. Is there a minimum flow rate at which KAWC deems a fire hydrant not to be useful? What if anything, is done with respect to such hydrants, when they are identified? If there is a difference in how different types of hydrants are treated, please explain.

24. Is the Public Fire Service Revenue component of the cost of service study comprised of anything other than the total number of public fire hydrants and the tariff?

- a. What is the total number of public fire hydrants in the base period?
- b. What is the total number of public fire hydrants in the forecasted test year?

25. Does KAWC require its privately-owned fire hydrant or service customers to provide any evidence or documentation that such systems are being adequately maintained, inspected, or tested on regular basis, or does KAWC ever perform any testing? Please explain.

a. What, if anything, does KAWC do if it comes to its attention that a privately owned fire hydrant is no longer operable?

26. Is it KAWC's position or belief that LFUCG does not have the legal authority to enact legislation and/or additional regulations requiring minimum maintenance, performance, or operational standards for all fire hydrants in Fayette County? If the answer is yes, please provide the basis for your answer, including citation to any legal authority that you are aware of that supports this position or belief.

a. Does your answer differ depending upon the type of hydrant involved (public, private, privately owned)? If so, why?

27. Is it KAWC's position or belief that the state fire marshal (or any deputy state fire marshal) does not possess the legal authority to issue an order or take other appropriate action with respect to any type of fire hydrant, in the event that the hydrant does not perform up to the minimum operational standards required by the pertinent fire department? If the answer is yes, please provide the basis for your answer, including citation to any legal authority that you are aware of that supports this position or belief.

a. Does your answer differ depending upon the type of hydrant involved (public, private, privately owned)? If so, why?

28. Would KAWC object to the PSC implementing additional minimum requirements with respect to maintenance, performance, or operational standards for all fire hydrants in Fayette County? Please provide a detailed response.

a. Does your answer differ depending upon the type of hydrant involved (public, private, privately owned)? If so, why?

29. Are all privately-owned water lines metered at some point? If not, please explain how a determination is made with respect to whether such a line is metered.

30. What depreciable life basis (if any) for each type of fire hydrant does KAWC utilize? Is this the industry standard service? If not, please explain.

31. What is the individual fire flow requirement to which KAWC's water system in Fayette County has been designed and/or built?

a. Does this differ in any way from the historical or current actual performance level of the system?

b. How often is this tested?

c. Are these results provided to the LFUCG Division of Fire and Emergency Services?

32. Does KAWC agree that fire protection service is usually designed to meet the minimum fire flow requirements, or in the alternative, average fire flow requirements, rather than the maximum fire flow requirements? Please provide a detailed explanation of the basis and reasoning for your answer.

a. What is the methodology prescribed in the American Water Works Association Manual of Water Supply Practices – Principles of Water Rates, Fees, and Charges for the treatment of this issue?

33. What is the minimum fire flow protection required to meet ISO guidelines? Please provide any supporting documentation.

34. Please provide the annual use of water for fire service for calendar years 2004-2007, inclusive, and for each month as it is or becomes available during the base period. If water use for fire service has been projected for the forecasted test period, please provide that projection as well.

35. What is the basis for the 10,000 gpm for 6 hours demand of fire flow utilized in Exhibit 36, Schedule E?

36. Is KAWC aware of any fire incident(s)(or any other occasion) in its history upon which 10,000 gallons of water per minute for six (or more) hours was needed?. If so, please provide a detailed explanation of all such incident(s), including but not limited to the date(s), the approximate location of the incident and the amount of water used. If this information can be segregated between public and private fire, please provide such a breakdown.

37. If there are no such incidents, please provide the same information requested in No. 35 above for the incident(s) incident that most closely approaches this level of intensive water demand.

38. Provide the information requested in No. 35 above for all incident(s) in which 5000 gallons of water per minute for four (or more) hours was needed.

39. What is the fire incident of the greatest magnitude in KAWC's history? Please include the duration of flow, the magnitude of flow, and the date of such incident.

40. Does KAWC have any plans to acquire any additional water or wastewater facilities during the forecast period? If so, please provide a detailed explanation.

41. Please refer to Exhibit 37M. What is the basis for the reduction in actual public fire service revenues from \$2,188,526 in the base period to \$1,961,069 in the forecasted period?

42. Please refer to Exhibit 36 to the Application, where KAWC's cost of service study filed by KAWC concludes that public fire protection should contribute 4.0% of total sales revenues.

a. Does KAWC agree that 4.0% of the projected revenue of \$61,904,403 (Schedule M-3C to the Application) would produce a revenue requirement for public fire protection of \$2,476,176? If not, please explain in detail why not, and provide any supporting documentation for this response.

43. Is KAWC still pursuing an Emergency Pricing Tariff in the event of a drought?

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on June 1, 2007, a true and accurate copy of the foregoing was electronically transmitted to the Public Service Commission; that the Public Service Commission and other parties participating by electronic means were notified of such electronic transmission; that the original and one (1) copy in paper medium was served by first class U.S. Mail delivery, postage prepaid, to Beth O'Donnell, Executive Director, Public Service Commission, P.O. Box 615, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615; and that one (1) copy in paper medium was served by first class U.S. Mail delivery, postage prepaid, on the following:

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