



Lexington-Fayette Urban County Government  
DEPARTMENT OF LAW

Jim Newberry  
Mayor

Logan Askew  
Commissioner

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APR 12 2010

PUBLIC SERVICE  
COMMISSION

April 9, 2010

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

Re: Kentucky Public Service Case No. 2010-0036  
(Kentucky-American Water Company)

Dear Mr. Derouen:

Enclosed for filing in the referenced matter are an original and one copy of the Lexington-Fayette Urban County Government's Initial Requests for Information, which have also been filed and served electronically on today's date in accordance with the Commission's order. All materials are included in the electronic filing, and the electronic filing is a true representation of the original document. A copy of the request in a Word document has been also been provided to KAWC. Please contact me should you have any questions regarding this matter.

Yours very truly,

David J. Barberie  
Attorney Senior

ENC

cc: Distribution List via E-mail

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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 12 2010

PUBLIC SERVICE  
COMMISSION

In the Matter of:

ADJUSTMENT OF RATES OF KENTUCKY- )  
AMERICAN WATER COMPANY )

CASE NO. 2010-00036

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

Comes now the Lexington-Fayette Urban County Government ("Lexington"), by counsel and pursuant to the Public Service Commission's Scheduling Order, 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 legal counsel for Lexington.

(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 legal counsel for Lexington 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. Please provide the total number of water service meters assigned to Lexington as a customer in the base period and in the forecasted test period, and the total revenue requirement assigned to Lexington as a customer in the base period and the forecasted test period.

2. Under how many different types of customer rate classes does Lexington 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 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 Lexington 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; and
- (h) The total net projected impact for each such class under the proposed rate increase.

3. Does KAWC believe that the filing and/or proposed rate increases will in any way change the types of services for which it pays franchise fees to Lexington? If so, please explain.

4. Please describe in detail any ongoing efforts of KAWC to expand its sale or provision of water to the Bluegrass Water Supply Commission or any of its members.

5. Please provide all information relating to prospective sales of water to communities or facilities outside Fayette County, and more specifically, whether such efforts are being increased due to the additional water that will be available upon completion of the new treatment plant and pipeline. If not, please explain. Please also explain any marketing or other efforts in detail.

6. What is the status of the KAWC business and marketing plan for the sale of water generated by the new treatment plant to Central Kentucky cities and municipalities beyond Lexington- Fayette Counties?

7. 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.

8. How many KAWC employees are located in Lexington, Kentucky? Please provide a description of the number and types of position for each. If KAWC anticipates any change within the next five (5) years, please provide the specific details.

9. How many public fire hydrants are currently in use? How many of these hydrants are billed to Lexington?

10. How many public fire hydrants are projected to be in use during the forecasted test period? How many of these hydrants are projected to be billed to Lexington?

11. 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 (KAWC Exhibit 36, Schedule A)?

- (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?

12. Please provide 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.

13. 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.

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

- (a) The total number of hydrants charged to Lexington during the base period;
- (b) The total number of hydrants charged to Lexington during the forecasted test period;
- (c) The basis for the projection of the number of hydrants charged to Lexington 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 Lexington currently pays a monthly tariff.

15. Please detail the administrative cost component attributable to public fire protection, 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 Lexington would be billed? Please net out any hydrants that would be removed from the system as part of this calculation.

18. Please explain in detail KAWC's current policies, procedures, practices, and/or guidelines for testing, maintaining and/or replacing fire hydrants in Fayette County and provide copies of the same.

19. 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. Please explain how KAWC maintains any such records.

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

21. 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.

22. 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?

23. 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, and privately owned)? If so, please explain why.

24. 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.

25. 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.

26. 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?

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

28. Please provide the annual use of water for fire service for calendar years 2009-2010, 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.

29. What is the basis for the 10,000 gpm of fire flow (KAWC Exhibit 36, Schedule C)?

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

31. Please refer to KAWC's Supplemental Data Response 31(a) dated February 29, 2008 in PSC Case No. 2007-00134. Which, if any, of the factors used by KAWC in estimating the overall rate impact of the new construction costs to be cumulatively less than 37% has changed? Please provide any corresponding workpapers or documents.

- (a) What changes have occurred in costs for this project and its projected costs since 2007?
- (b) Explain in detail how all such costs were distributed (i.e. lobbying, construction, etc.).

32. Please provide an update on the cost of the entire new treatment plant and pipeline project. Over what time period do you anticipate that the total cost of the project will be recouped through rate recovery?

33. Please provide a detailed construction budget and work plan for the new water treatment plant and pipeline, broken down more specifically as follows:

- (a) How the funds are distributed with respect to general and sub-contracts for goods and services related to the plant or included in the total cost of the plant.
- (b) What are the costs associated with goods, services and overhead provided by KAWC and its affiliates that are either related to the plant or included in the total costs of the plant?
- (c) What are the costs associated with contracts or subcontracts related to the financing of the plant?

34. Please provide a list of all local governments in Kentucky (other than Lexington) who obtain water from KAWC and the terms of each such arrangement. As KAWC adds additional customers of this type, please explain whether such customers will reduce the burden of the new treatment plant and pipeline on existing customers, or whether they will in any way reduce the cost of future water rates.

35. Please indicate the minimum daily water usage of the new treatment plant and pipeline, and whether this has in anyway changed since approval by the PSC.

36. What is the amount of water available through the new facilities that will be available to Lexington in the event of a drought? How is KAWC balancing these needs with additional future water sales?

37. Has the actual current use of water met KAWC's projections from the last several years? Please explain.

- (a) To what extent are current demand and consumption rates consistent with the projections KAWC has submitted in PSC proceedings since 2002?

38. Please provide the total amount of water supplied by KAWC to its customers on an annual basis since 1985. To the extent possible, please provide the same information broken down into counties or regions.

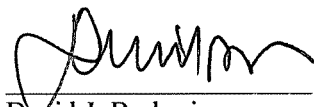
(a) Please provide this information for each category of ratepayer.

39. What costs and revenues are associated with the administrative services provided by KAWC for processing LFUCG fees?

40. Please provide KAWC's amount of net profit and dividends to shareholders for 2007, 2008, and 2009.

41. Do you anticipate filing a rate case in the next two (2) years?

Respectfully submitted,

BY: 

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**FILING NOTICE AND CERTIFICATE**

In accordance with Ordering Paragraph No. 5 of the Commission's February 16, 2010 Order, this is to certify that Lexington-Fayette Urban County Government's April 9, 2010 electronic filing of these data requests is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing has been transmitted to the Commission on April 9, 2010; that an original and one copy of the filing will be delivered to the Commission on April 9, 2010; and that, on April 9, 2010, notification of the electronic filing will be provided to the Commission and the following via electronic mail:

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ATTORNEY FOR LEXINGTON-FAYETTE  
URBAN COUNTY GOVERNMENT

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