

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

**ELECTRONIC VERIFIED JOINT APPLICATION)
OF EASTERN ROCKCASTLE WATER ASSOCIATION) CASE NO. 2017-00383
AND KENTUCKY-AMERICAN WATER COMPANY)
FOR THE TRANSFER OF CONTROL AND ASSETS)**

**FIRST REQUEST FOR INFORMATION
TO KENTUCKY-AMERICAN WATER COMPANY BY
JAMES E. BALLINGER AND THOMAS P. DUPREE, JR**

James E. Ballinger and Thomas P. Dupree, Jr. (collectively “Intervenors”), by counsel, propounds the following data requests upon Kentucky-American Water Company (“Kentucky-American”). Kentucky-American shall respond to these requests in accordance with the provisions of the Commission’s October 17, 2017, Order, applicable regulations, and the instructions set forth below.

INSTRUCTIONS

1. Please provide written responses, together with any and all exhibits pertaining thereto, separately indexed and tabbed by each response.
2. The responses provided should restate Intervenors’ request and also identify the witness(es) responsible for supplying the information.
3. If any request appears confusing, please request clarification directly from counsel for Intervenors.
4. Please answer each designated part of each information request separately. If you do not have complete information with respect to any item, please so state and give as much

information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.

5. To the extent that the specific document, workpaper, or information does not exist as requested, 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 which would not be self-evident to a person not familiar with the printout.

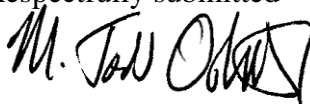
7. If Kentucky-American objects to any request on any grounds, please notify counsel for Intervenors as soon as possible.

8. For any document withheld on the basis of privilege, state the following: date; author; addressee; 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 following: 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. 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.

Respectfully submitted



STURGILL, TURNER, BARKER & MOLONEY, PLLC

James W. Gardner

M. Todd Osterloh

333 W. Vine Street, Suite 1500

Lexington, Kentucky 40507

Telephone No.: (859) 255-8581

Facsimile No.: (859) 231-0851

Attorneys for Intervenors

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the November 20, 2017, electronic filing of this Request is a true and accurate copy of the same document being filed in paper medium; that the electronic filing will be transmitted to the Commission on November 20, 2017; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of the Request will be delivered to the Commission within two business days.



Counsel for the Intervenors

**Intervenors' Second Set of Requests for Information to
Kentucky-American Water Company**

1. Please clarify Kentucky-American's response to Intervenors' Item No. 10 to their First Request for Information and state whether Kentucky-American currently has plans to merge in the future the minimum bill and volumetric rates of ERWA customers with service charge (as shown on Page 2 of 2 of Item No. 7 in response to the Commission Staff's First Request for Information) and volumetric rates of Kentucky-American's remaining customer base. As an example, Kentucky-American merged the rates for water service charged to customers of the City of Owenton with the rates charged to other customers several years after Kentucky-American acquired Owenton's system.
2. In the newspaper article dated July 27, 2017, that was produced in response to Item No. 1 of the Intervenors' First Request for Information, County Judge/Executive Doug Bishop is quoted as saying that Kentucky –American "has agreed that rates will not go up and could possibly go down a little." Please state whether Kentucky-American believes that rates for ERWA customers "could possibly go down" if Kentucky-American were to acquire the system. If so, please explain what factors would result in a reduction in rates to ERWA's former customers after Kentucky-American's acquisition of ERWA's system.
3. Refer to response to Item No. 17 of the Intervenors' First Request for Information and Item No. 13 of the Commission Staff's First Request for Information. Please confirm that the maximum amount of increase to net rate base for the proposed acquisition is the \$700,000 cash purchase price. If Kentucky-American will seek an increase to net rate base in addition to the cash purchase price for amounts listed in the table produced in response to Item 13 of the Commission Staff's First Request for Information, please identify each specific amount.
4. Refer to response to Item No. 19 of the Intervenors' First Request for Information.
 - a. Please identify all land included with the acquisition.
 - b. Explain how the value of the land was determined.
 - c. Please identify when Kentucky American plans on conducting a Phase One environmental assessment for each parcel of land included with the acquisition.
5. ERWA's 2016 Annual Report on file with the Commission indicates that its system has a water loss percentage of 48.89%. Please state whether Kentucky-American has identified

any expected service improvements to reduce the water loss percentage within ERWA's system if Kentucky-American acquires the system. If so, please explain what improvements Kentucky-American has identified, the amount of water loss each improvement is expected to reduce, and the costs of each improvement.

6. If Kentucky-American acquires ERWA's system, state whether it will analyze whether it must obtain a certificate of public convenience and necessity for the construction projects within ERWA's system based on the size of its operations in Rockcastle County or within Kentucky-American's entire utility system spanning approximately eleven counties.
7. In Case No. 2012-00520, Kentucky-American stated that its accounting system did not then provide an accurate and precise allocation of costs between its Northern and Central Division and must be modified to permit the maintenance of separate cost records for the two divisions. Please state whether Kentucky-American's accounting system currently has the ability to track allocation of costs between its current Divisions and the ERWA system.
8. Other than the consideration that is expressly identified in the Asset Purchase Agreement, has there been any additional consideration provided to ERWA officers, board members, agents, members, or any other person for the proposed acquisition. If yes, please identify all additional consideration that was provided, to whom it was provided, and from whom it came.