



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Daniel E. Logsdon Jr.  
Commissioner

April 7, 2015

## PARTIES OF RECORD

Re: Case No. 2014-00342

Attached is a copy of a communication received from the Kentucky Office of the Attorney General which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the communication, please do so within five days of receipt of this letter. If you have any questions, please contact David Spenard, Commission Counsel, at 502/782-2580.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

Enclosures

## Spenard, David E (PSC)

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**From:** Goad, Angela (KYOAG)  
**Sent:** Friday, April 03, 2015 1:33 PM  
**To:** John N. Hughes; Ramser, Ann (PSC); Spenard, David E (PSC); Hans, Jennifer (KYOAG); Kingsley, Stefanie (KYOAG)  
**Cc:** 'daniel stratton'  
**Subject:** AG's List of Clarification Questions for MWD Case 2014-00342  
**Attachments:** AG's Clarification Data Requests to MWD FINAL.doc

Hello,

Please find the Attorney General's list of clarification questions that were either not answered, or not fully answered by MWD in the responses to the Attorney General's supplemental request for information. Please let me know if you need clarification or explanation upon any of the requests. Thank you and have a nice day.

*Angela M. Goad*

Assistant Attorney General  
Office of Rate Intervention  
Public Service Litigation Branch  
1024 Capital Center Drive  
Frankfort, KY 40601  
(502) 696-5453 (Rate Intervention)  
(502) 696-5457 (Direct)  
(502)-573-1005 (Fax)  
[Angela.Goad@ky.gov](mailto:Angela.Goad@ky.gov)

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Under Kentucky Rule of Evidence 503, this communication is confidential and not intended to be disclosed to third persons other than those to whom disclosure is made in furtherance of the rendition of professional legal services to or on behalf of the Office of the Attorney General.

Attorney General's Clarification Questions  
Application of Mountain Water District For An Adjustment of Water  
Case No. 2014-00342

1. Please reference MWD's response to AG 2-3(b) where it is stated that "we do not rely solely on UMG's contract as it has a profit margin built into the price." Explain in detail the "profit margin" that is built into UMG's contract.
2. Please reference MWD's responses to AG 2-10(a)(b)(c). MWD provides the response that the District doesn't give bonuses to its officers, directors, or management. Please distinguish and provide answers for both MWD and UMG in the answer in order to ensure that the Company is asserting that neither MWD nor UMG give bonuses to its officers, directors, management, employees, etc.
3. Please reference MWD's response to AG 2-24(b) and (c) and explain why MWD must pay for UMG's settlement expenses identified?
4. Please reference MWD's response to AG 2-46. This answer is non-responsive. Provide the salaries and raises of the UMG employees for the past five (5) years (*instead of ten years*) with job title in a similar chart as MWD provided to AG 1-55 in order to determine reasonableness.
5. Please reference MWD's response to AG 2-33(a)(i) and provide specific details of how the salary/benefits/expenses are allocated amongst the various UMG clients.
6. Please reference MWD's response to AG 2-34 through 2-37 and provide copies of information that MWD agreed to provide to the PSC.
7. Please reference MWD's response to AG 2-52 and provide evidence to support the proposed alternate levels of water loss.
8. Please reference MWD's response to AG 2-73 and provide a detailed breakdown of the \$350,460 Contract Services fee for the historic test year.
9. Please reference MWD's response to AG 2-77(a). This response is non-responsive where MWD states that "[t]ime did not permit us to identify examples." Provide examples of when MWD has refused to pay any portion of a UMG billing invoice, and explain in full detail.
10. Please reference MWD's response to AG 2-78 and 2-78(a) which are non-responsive. Provide an answer to both questions.
11. Please reference MWD's response to AG 2-84(b)(c)(d) and provide answers, as MWD did not provide a response.



Attorney General's Clarification Questions  
Application of Mountain Water District For An Adjustment of Water  
Case No. 2014-00342

**R&M Expense Questions**

12. Please reference MWD's response to AG 2-26 where MWD claimed it would be burdensome to provide a detailed breakdown of expenses, invoices, and descriptions under the "R&M Overage" for \$20,760. Provide the detailed breakdown with description, *without invoices*, so it can be reviewed to determine reasonableness.
13. Please reference MWD's response to AG 2-27 where MWD claimed it would be burdensome to provide a detailed breakdown of expenses, invoices, and descriptions under the general "R&M" expense category. Provide the detailed breakdown with description, *without invoices*, so it can be reviewed to determine reasonableness.
14. Please reference MWD's response to AG 2-31 where MWD claimed it would be burdensome to provide a detailed breakdown of expenses, invoices, and descriptions under the "Contract Services – R&M" for \$98,136 as well as the pro forma adjustment of \$99,117. Provide the detailed breakdown with description, *without invoices*, so it can be reviewed to determine reasonableness.
15. Please reference MWD's response to AG 2-38 where MWD responded that "[i]t is not clear which year this \$213,168 R&M Overage is related to." The Question asked the Company to reference AG 1-44 since MWD's answer was non-responsive. AG 1-44 stated to please reference Exhibit B-5, Schedule S-B, p.1 of 2 of the Application and provide a complete and detailed breakdown of expenses listed under "R&M Overage" for \$213,168. Provide an answer to this question.
16. Please reference MWD's response to AG 2-40(a) where MWD responded that it considers the request burdensome. Provide a detailed breakdown and description of the Operational expenses and R&M expenses, *without invoices*, which the AG requested initially in AG 1-48(b) and has never been provided.

\*Angela M Goad  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KENTUCKY 40601-8204

\*Jennifer Black Hans  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KENTUCKY 40601-8204

\*Honorable John N Hughes  
Attorney at Law  
124 West Todd Street  
Frankfort, KENTUCKY 40601

\*Stefanie J Kingsley  
Assistant Attorney General  
Office of the Attorney General Utility & Rate  
1024 Capital Center Drive  
Suite 200  
Frankfort, KENTUCKY 40601-8204

\*Mountain Water District  
6332 Zebulon Highway  
P. O. Box 3157  
Pikeville, KY 41502-3157

\*Daniel P Stratton  
Stratton Law Firm PSC  
P.O. Box 1530  
Pikeville, KENTUCKY 41502