

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

JUL 25 2011

ROSALIND COLE)	
)	
COMPLAINANT)	PUBLIC SERVICE
)	COMMISSION
V.)	CASE NO.
)	2011-00219
KENTUCKY-AMERICAN WATER COMPANY)	
)	
RESPONDENT)	

ANSWER OF KENTUCKY AMERICAN WATER COMPANY

Now comes the Respondent, Kentucky-American Water Company (“KAW”), and for its Answer to the Complaint filed in this matter by Complainant, Rosalind Cole, makes the following admissions, denials, statements and defenses.

1. In response to the statements in Paragraphs (a) and (b) of the Complaint, KAW admits that Rosalind Cole is a KAW customer whose service meter is located at a property owned by her at: 3177 Russell Cave Road, Lexington, Kentucky 40509 (“Lexington property”); that Ms. Cole’s personal address is: The Waldorf-Astoria Towers, 100 E. 50th Street, New York, New York 10022-6848; and that KAW’s offices are located at 2300 Richmond Road, Lexington, Kentucky 40502.

2. In response to the allegations in Paragraph (c) of the Complaint describing the alleged activities and observations of Ms. Cole and her farm tenants, KAW admits that there are a number of horses at Complainant’s Lexington property.¹ KAW also admits that there are an unknown number of leaks in the water service lines on Complainant’s Lexington property, as

¹ Upon information and belief, KAW states that there are currently nineteen horses at Complainant’s Lexington property.

KAW's field service employees have observed during their investigations of prior complaints of high water bills by Ms. Cole.

3. In response to the allegation in Paragraph (c) of the Complaint regarding "farm people recently leaving water running resulting in high (sic) water bills," (in addition to the admitted leaks) KAW is without information sufficient to admit or deny those allegations, and, therefore, denies the same. KAW states affirmatively that regardless of who has caused the water service at Complainant's Lexington property to be used, Complainant is responsible for timely paying her water bill.

4. In response to the statements in Paragraph (c) of the Complaint regarding Complainant's financial condition, KAW is without information sufficient to admit or deny those statements, and, therefore, denies the same. In response to Complainant's claim that she has "been a good customer of Kentucky American for more than 30 years," KAW admits that Complainant has been a long-standing customer. However, KAW states that, as shown in Exhibit A,² which is a copy of Complainant's KAW account ledger information report from January 1, 2007, through July 20, 2011, Complainant's KAW account has not had a zero balance since March 5, 2007. KAW further states that it has entered into a number of payment agreements—both written and verbal—with Complainant in an effort to collect the arrearage on her account, but Complainant has failed to comply with the terms of those prior agreements. KAW states that the letters attached hereto as Exhibit B demonstrate that KAW has made numerous adjustments to Complainant's water bills due to leaks and that KAW has entered into a number of payment arrangements with Complainant in an effort to bring her account balance back to zero within a reasonable period of time. KAW also states that, pursuant to First Revised

² Complainant's account number has been redacted from Exhibits A and B for privacy purposes. Along with this Answer, KAW has filed a Petition for Confidentiality for those portions of the account ledger and letters from KAW to Ms. Cole which display her account number.

Sheet No. 65 of its tariff (effective date September 11, 1996), it is only required to give a customer two (2) leak adjustments during the lifetime of the customer's water service line, each covering a maximum of two billing periods. However, as a matter of courtesy to Complainant and in consideration of the welfare of her horses, KAW has given many more leak adjustments to Complainant during the lifetime of the water service line at her Lexington property than are required by its tariff.

5. In response to the statements in Paragraph (c) regarding her June 2011 bill, KAW admits that the amount of Complainant's bill for service for the period between April 19, 2011, and May 23, 2011, was \$2,692.36 as reflected in Exhibit A, attached hereto.

6. In response to the allegations in Paragraph (c) of the Complaint that Complainant was "told that if [she] didn't pay \$1346.18 by June 3, 2011 [KAW] would turn off the water" at her Lexington property, KAW admits that Complainant's service was disconnected on June 1, 2011, for non-payment, following issuance of proper written notice to Complainant. KAW further admits that it informed Complainant on June 2, 2011, that her water service would not be reconnected unless she agreed to pay at least half of the then-current bill (\$2,692.36 billed May 23, 2011) by June 3, 2011, and that in order to remain connected, she would have to pay the remainder of the May 23, 2011 bill by June 30, 2011. As reflected in Exhibit B, even after paying the \$1346.18 amount on June 8, 2011, Complainant still had an arrearage of \$4,852.50.

7. In response to the allegation in Paragraph (c) of the Complaint that Complainant "was surprised that under the circumstances Kentucky American Water wasn't more caring," KAW states that it has worked diligently with Complainant—both directly and through the Commission's Division of Consumer Services—in an effort to bring her account current and to address the chronic water leaks on her Lexington property. However, despite these efforts,

Complainant has failed to replace the leaking pipes on her Lexington property, and she has also failed to pay her water bill timely. KAW admits that Complainant's bill has been relatively large in some months. However, KAW states that it is clear that Complainant's large bills are caused by conditions at her Lexington property which she is responsible to remedy.

8. In response to the allegation in Paragraph (c) of the Complaint that if the water service to Complainant's Lexington property is disconnected that personnel from Lexington-Fayette Animal Care & Control, LLC (LFACC) will take protective custody of Complainant's horses, KAW admits that it is aware that LFACC has investigated the treatment and condition of the horses at Complainant's property. KAW states that it is concerned about the condition of the horses on Complainant's Lexington property and intends to work very closely with LFACC officers to ensure that the termination of water service coincides as close in time as possible with their arrival at the property.

9. In response to Complainant's offer of settlement of \$500 per month on the existing arrearage, in addition to payment in full of the bill for her current usage, KAW states that it is not willing to enter into another payment agreement with Complainant, because she has failed on numerous occasions to honor previous payment agreements—even payment plans in which the monthly arrearage payment was much lower than \$500. Pursuant to 807 KAR 5:006, Section 13(2), "a utility is not required to negotiate a partial payment plan with a customer who is delinquent under a previous partial payment plan."

10. KAW denies each and every allegation in the Complaint not specifically admitted to be true herein.

FIRST AFFIRMATIVE DEFENSE

The essence of the Complaint is that Complainant cannot comply with the most recent payment arrangement she made with KAW and that KAW has not been more caring with regard to her personal situation. However, those claims do not present a justiciable issue to the Commission. Complainant does not argue that KAW has failed to provide adequate service or that she does not owe the amounts that KAW has billed her for her water usage. As such, the Complaint fails to set forth any claim upon which relief can be granted by this Commission, and, therefore, should be dismissed.

SECOND AFFIRMATIVE DEFENSE

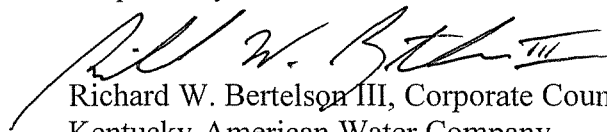
Pursuant to 807 KAR 5:001, Section 12, the Complaint fails to set forth a prima facie case that KAW has violated its tariff or any statute or Commission regulation, and the Complaint should be dismissed for that reason.

WHEREFORE, for all of the reasons set forth above, Kentucky-American Water Company respectfully moves the Commission to:

- (1) dismiss the Complaint without further action being taken by the Commission;
- (2) lift the stay on disconnection;
- (3) close this matter on the Commission's docket; and
- (4) afford KAW and all other relief to which it may be entitled.

Dated July 22, 2011

Respectfully Submitted,



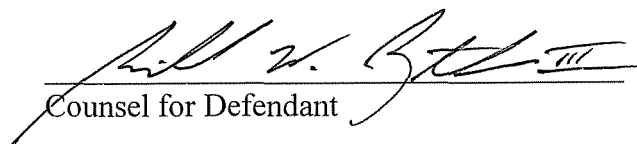
Richard W. Bertelson III, Corporate Counsel
Kentucky-American Water Company
2300 Richmond Road
Lexington, Kentucky 40502

Counsel for Kentucky-American Water Company

CERTIFICATE OF SERVICE

This is to certify that the original and 10 copies of the foregoing Answer have been filed on this 22nd day of July 2011 at the Public Service Commission and that a true and accurate copy of same has been served via U.S. mail, return service requested, on the 22nd day of July 2011, upon the following:

Rosalind Cole
The Waldorf-Astoria Towers
100 E. 50th Street
New York, NY 10022-6848


Counsel for Defendant

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

CASE NO. 2011-00219

Exhibit A to Kentucky-American Water Company's Answer

Filed on July 22, 2011

Kentucky American (KYPR) Production

Ledger Information Report

Account #

Carlton Cole

Bill Date	Type	Amount	Balance
Service Address	3177 Russell Cave Rd		
7/20/2011	CHG	263.19	5,298.68
6/20/2011	CHG	182.99	5,035.49
6/08/2011	LKB	1,346.18CR	4,852.50
5/23/2011	CHG	2,692.36	6,198.68
5/12/2011	LKB	500.00CR	3,506.32
5/11/2011	LKB	400.00CR	4,006.32
4/25/2011	LKB	500.00CR	4,406.32
4/19/2011	CHG	541.12	4,906.32
3/25/2011	LKB	500.00CR	4,365.20
3/21/2011	CHG	732.29	4,865.20
3/18/2011	CHG	1,106.96	4,132.91
2/28/2011	LKB	400.00CR	3,025.95
2/17/2011	CHG	299.09	3,425.95
2/01/2011	TRF	400.00CR	3,126.86
11/29/2010	LKB	300.00CR	3,526.86
11/22/2010	CHG	181.99	3,826.86
11/18/2010	CHG	47.99	3,644.87
10/20/2010	CHG	1,000.75	3,596.88
9/21/2010	LKB	257.14CR	2,596.13
9/21/2010	CHG	223.39	2,853.27
8/27/2010	TRF	241.79CR	2,629.88
8/19/2010	CHG	257.14	2,871.67
7/21/2010	CHG	241.79	2,614.53
6/28/2010	LKB	277.50CR	2,372.74
6/22/2010	TRF	224.18CR	2,650.24
6/18/2010	CHG	81.50	2,874.42
5/27/2010	LKB	224.18CR	2,792.92
5/19/2010	CHG	27.12	3,017.10
4/21/2010	CHG	27.12	2,989.98
4/12/2010	TRF	224.18CR	2,962.86
3/18/2010	CHG	27.12	3,187.04
3/17/2010	TRF	400.00CR	3,159.92
2/22/2010	TRF	803.34CR	3,559.92
2/17/2010	CHG	653.28	4,363.26
2/09/2010	LKB	300.00CR	3,709.98
1/25/2010	CHG	907.34	4,009.98
12/18/2009	CHG	426.94	3,102.64
11/18/2009	CHG	616.79	2,675.70
11/02/2009	LKB	246.30CR	2,058.91
10/20/2009	CHG	246.30	2,305.21
10/01/2009	TRF	306.22CR	2,058.91
9/21/2009	CHG	212.63	2,365.13
9/03/2009	LKB	100.00CR	2,152.50

Kentucky American (KYPR) Production

Ledger Information Report

Account #

Carlton Cole

Bill Date	Type	Amount	Balance
8/27/2009	LKB	252.42CR	2,252.50
8/20/2009	CHG	252.42	2,504.92
7/21/2009	CHG	319.78	2,252.50
6/18/2009	CHG	165.13	1,932.72
6/02/2009	PMT	500.00CR	1,767.59
5/19/2009	CHG	198.96	2,267.59
4/21/2009	CHG	90.55	2,068.63
3/23/2009	CHG	272.97	1,978.08
2/24/2009	CHG	196.65	1,705.11
2/03/2009	LKB	107.57CR	1,508.46
1/21/2009	CHG	107.57	1,616.03
12/18/2008	CHG	49.14	1,508.46
12/05/2008	CHG	117.16	1,459.32
11/18/2008	CHG	130.47	1,342.16
10/20/2008	CHG	127.94	1,211.69
9/29/2008	PMT	100.00CR	1,083.75
9/19/2008	CHG	166.10	1,183.75
8/26/2008	CHG	138.12	1,017.65
8/25/2008	CHG	630.95CR	879.53
7/21/2008	CHG	97.41	1,510.48
6/19/2008	CHG	102.50	1,413.07
5/20/2008	CHG	89.78	1,310.57
5/13/2008	LKB	300.00CR	1,220.79
4/23/2008	CHG	771.63	1,520.79
3/19/2008	CHG	665.62	749.16
3/17/2008	LKB	263.53CR	83.54
2/20/2008	CHG	263.53	347.07
2/13/2008	LKB	46.03CR	83.54
2/13/2008	CHG	26.78CR	129.57
2/04/2008	LKB	110.32CR	156.35
1/21/2008	CHG	110.32	266.67
1/11/2008	LKB	152.79CR	156.35
12/31/2007	CHG	152.79CR	309.14
12/19/2007	CHG	54.04	461.93
12/06/2007	LKB	438.84CR	407.89
11/20/2007	CHG	438.84	846.73
11/05/2007	LKB	187.40CR	407.89
10/18/2007	CHG	187.40	595.29
9/27/2007	LKB	108.12CR	407.89
9/20/2007	CHG	108.12	516.01
9/10/2007	LKB	142.94CR	407.89
8/20/2007	CHG	142.94	550.83
8/02/2007	LKB	75.24CR	407.89
7/26/2007	LKB	67.50CR	483.13
7/20/2007	CHG	75.24	550.63
6/20/2007	CHG	67.50	475.39

Kentucky American (KYPR) Production

Ledger Information Report

Account #

Carlton Cole

Bill Date	Type	Amount	Balance
6/04/2007	LKB	127.47CR	407.89
5/21/2007	CHG	407.89	535.36
5/03/2007	LKB	160.32CR	127.47
4/20/2007	CHG	170.01	287.79
3/20/2007	CHG	117.78	117.78
3/05/2007	LKB	76.44CR	.00
2/20/2007	CHG	76.44	76.44
2/16/2007	LKB	92.26CR	.00
1/19/2007	CHG	92.26	92.26
1/02/2007	LKB	36.91CR	.00

Current	31 - 60	61 - 90	Over 90
263.19	2875.35	.00	2160.14
Aged Total	Unposted \$	Adjustments	Balance
5298.68	.00	.00	5298.68

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

CASE NO. 2011-00219

Exhibit B to Kentucky-American Water Company's Answer

Filed on July 22, 2011

November 10, 2004

Mrs. Carlton Cole
100 East 50th Street
Waldorf Towers
New York, NY 10022-6848

Re: Account number:
Address: 3177 Russell Cave Road, Lexington, KY

Dear Mrs. Cole:

Thank you for your November 10 telephone call regarding your water bill. You stated in our conversation that you mailed your payment of \$500.00 on the evening of November 8. We restored the water on the afternoon of November 10.

You have agreed to make \$500.00 payments each month in addition to new monthly bill charges. A payment agreement is described below, listing the dates that these payments are to be made. If you are not able to comply with the due dates listed in the agreement, please call me at the number below. I will try to modify the payment agreement to accommodate your needs. Please make sure that the payments are mailed within 7 days prior to the dates due, to allow time for processing.

Total balance due as of November 11, 2004 is \$1,813.47. The first installment of \$500.00 must be received in our office no later than November 15, 2004 to avoid shut off.

All subsequent payments will be divided up in increments of \$500.00 to be paid along with any newly incurred monthly charges no later than the 10th of each month.

12/10/04	\$500.00 plus new charges
01/10/05	\$500.00 plus new charges
02/10/05	\$313.47 plus new charges

During our telephone conversation, you stated that you have experienced leaks on your service lines, and that in the past, we adjusted the bill for the lost water. When our customers experience unexpected leaks on their service lines, a credit adjustment is sometimes offered as a courtesy. Our records dating back to the year 2000 show that you have received an adjustment for an under ground leak each year for the past four years. It is reasonable for our organization to expect that a property owner properly maintains their plumbing, to avoid excess water loss due to leaks.

We understand that there are several water lines within your property, and that you experienced several leaks at different times in these water lines, but we can no longer continue to allow adjustments for lost water. The past adjustments are listed below.

10/17/00	\$ 426.40	Credit adjustment for underground leak
02/28/01	\$1,137.73	Credit adjustment for underground leak
01/17/02	\$ 947.95	Credit adjustment for underground leak
02/13/03	\$ 571.24	Credit adjustment for underground leak
12/11/03	\$ 278.20	Credit adjustment for underground leak

A total of \$3,361.52 has been credit adjusted in the past four years.

You stated that your plumber has now repaired all leaks. Those repairs should cause a reduction in your water bills in the future. If you have any questions about the agreement, please call me at the number listed below.

Sincerely,

Debbie Maurer
Performance Specialist-Escalation
American Water
P.O. Box 578
Alton, Illinois 62002

Telephone: 866-957-2886 Ext 4029
E-mail: dmaurer@amwater.com

cc: Bob Collington, Vice President of Customer and Shared Service, American Water
Larry Davenport, Director of Customer Service Center, American Water
Mary Quinones-Erwin, Manager of Billing and Collections, American Water
Customer Service Center

November 16, 2004

Dear Mrs. Cole.

I attempted to send the letter enclosed through the UPS system, but it is lost in transit. Your payment of \$500.00 was received by our company on November 12, 2004. If you need to change the agreement that I have listed in the letter, please give me a call. I will be happy to accommodate according to your time frame.

Thank you,

Debbie Maurer
866-957-2886 Ext 4029



Jarold Jackson
2300 Richmond Road
Lexington, Kentucky 40502

P 859.268.8376
F 859.268.8374

December 29, 2009

Mrs. Carlton Cole
100 East 50th Street
Waldorf Towers
New York, NY 10022-6848

Re: Account number:
Address: 3177 Russell Cave Road, Lexington, KY

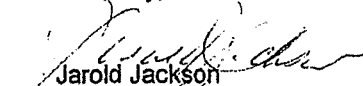
Dear Mrs. Cole:

This letter is in reference to the recent payment agreement you made with Kentucky American Water on August 31, 2009. As you know, the terms of the agreement stated that all current charges must be paid each month in addition to the arranged monthly payment of \$93.59. As of December 29, 2009, only one payment per this arrangement has been received and your bills for November and December have not been paid leaving a balance owed of \$3102.64. Because the terms of this agreement have not been met, the full outstanding balance is due immediately to prevent discontinuance of service to your property and must be received in our office by January 10, 2010.

In our last telephone conversation, you stated that you have experienced leaks on your water lines that have now been repaired by your plumber. Those repairs should cause a reduction in your water bills in the future. Unfortunately, we currently cannot make any adjustments for hidden underground leaks on your property. As stated in our tariff filed with the Kentucky Public Service Commission, *"During the lifetime of a water service line only two leak adjustments will be permitted. Each adjustment may cover a maximum of two billing periods. Before a third adjustment can be considered, the entire water service line from the meter box to the premise must be replaced."* As you know, Kentucky American Water has made more than two adjustments for lost water on your existing line and can no longer consider any additional adjustments until your line has been totally replaced.

If you have any questions about the agreement, please call me.

Sincerely,


Jarold Jackson
Customer Advocate

Kentucky American Water

P.O. Box 578, Alton IL 62002
1-800-678-6301

09/01/2009

Cole, Carlton
100 E 50th St
New York NY 10022-6848

Account Number:
Premise Number: 120074529
3177 Russell Cave Rd Horse Farm

Dear Mrs Cole:

This is to confirm our agreement of Monday, August 31, 2009. We arranged for 24 payments totaling \$2252.50:

<u>Due Date</u>	<u>Payment Amount</u>	<u>Due Date</u>	<u>Payment Amount</u>	<u>Due Date</u>	<u>Payment Amount</u>
09/04/2009	\$100.00	09/13/2010	\$93.59		
10/01/2009	\$93.59	10/14/2010	\$93.59		
11/02/2009	\$93.59	11/15/2010	\$93.59		
12/03/2009	\$93.59	12/16/2010	\$93.59		
01/04/2010	\$93.59	01/17/2011	\$93.59		
02/04/2010	\$93.59	02/17/2011	\$93.59		
03/08/2010	\$93.59	03/21/2011	\$93.59		
04/08/2010	\$93.59	04/21/2011	\$93.59		
05/10/2010	\$93.59	05/23/2011	\$93.59		
06/10/2010	\$93.59	06/23/2011	\$93.59		
07/12/2010	\$93.59	07/25/2011	\$93.59		
08/12/2010	\$93.59	08/25/2011	\$93.52		

Note, your scheduled payments must also include any current charges that are issued each month.

This payment arrangement is firm. All amounts due (both current and your payment plan) must be received by the due date. If payment is not received as scheduled your water service may be discontinued. If water service is discontinued, a reconnection fee of \$26.00 will be required, in addition to the full outstanding balance, to restore water service during normal working hours. If your financial circumstances change due to conditions beyond your control and you cannot keep the agreement, please contact Customer Service, to arrange for a new agreement, if eligible.

Please be sure to mail all payments to the address noted below. To ensure proper posting of your payment, we ask that you include the above account number on your remittance.

**Kentucky American Water
PO Box 371880
Pittsburgh, PA 15250-7880**

Should you have any questions or concerns about your payment agreement, please call our Customer Service Center at 1-800-678-6301. Our Customer Service hours are 24 hours a day, 7 days a week.



January 15, 2010

Mrs. Carlton Cole
100 East 50th Street
Waldorf Towers
New York, NY 10022-6848

Re: Account number:
Address: 3177 Russell Cave Road, Lexington, KY

Dear Mrs. Cole:

This letter is a follow-up to your recent conversations with Jarold Jackson. In August of 2009, you entered into a partial payment plan with Kentucky American Water for your overdue water bill at your Russell Cave Road horse farm. You missed several payments, and Mr. Jackson informed you last month that you had breached the agreement.

Pursuant to the Rules of the Kentucky Public Service Commission, "a utility is not required to negotiate a partial payment plan with a customer who is delinquent under a previous partial payment plan." 807 KAR 5:006, Section 13(2). Moreover, the same Rule provides "that service may be terminated without additional notice if the customer fails to meet the obligations of the plan."

Nevertheless, Kentucky American is willing to enter into one last payment plan with you. You must pay \$193.92 each month toward your delinquent balance of \$3,102.64, plus the full amount of your current bill. I understand you believe \$300.00 per month is all you would be able to pay, but that offer is not acceptable. Regardless of the amount of any current monthly bill, you must pay \$193.92, plus the full amount of the current bill, even if that total is more than \$300.00. Enclosed with this letter is a payment plan reflecting these conditions.

This letter serves as notice that breach of this new payment plan will result in disconnection of your water service. Kentucky American will not negotiate a new plan with you if you default on this one. As the rule quoted above states, your service may be terminated without additional notice if you fail to meet your obligations under this new plan.

Yours truly,


A. W. Turner, Jr.
Corporate Counsel

2300 Richmond Road, Lexington, KY 40502
859.268.6339

Kentucky American WaterP.O. Box 578, Alton IL 62002
1-800-678-6301

01/15/2010

Cole, Carlton
100 E 50th St
New York NY 10022-6848Account Number:
Premise Number: 120074529
3177 Russell Cave Rd Horse Farm

Dear Mrs Cole:

This is to confirm our agreement of Thursday, January 14, 2010. We arranged for 16 payments totaling \$3102.64:

<u>Due Date</u>	<u>Payment Amount</u>	<u>Due Date</u>	<u>Payment Amount</u>	<u>Due Date</u>	<u>Payment Amount</u>
01/30/2010	\$193.92	01/28/2011	\$193.92		
03/01/2010	\$193.92	02/28/2011	\$193.92		
03/31/2010	\$193.92	03/30/2011	\$193.92		
04/30/2010	\$193.92	04/29/2011	\$193.84		
05/31/2010	\$193.92				
06/30/2010	\$193.92				
07/30/2010	\$193.92				
08/30/2010	\$193.92				
09/29/2010	\$193.92				
10/29/2010	\$193.92				
11/29/2010	\$193.92				
12/29/2010	\$193.92				

Note, your scheduled payments must also include any current charges that are issued each month.

This payment arrangement is firm. All amounts due (both current and your payment plan) must be received by the due date. If payment is not received as scheduled your water service may be discontinued. If water service is discontinued, a reconnection fee of \$26.00 will be required, in addition to the full outstanding balance, to restore water service during normal working hours. If your financial circumstances change due to conditions beyond your control and you cannot keep the agreement, please contact Customer Service, to arrange for a new agreement, if eligible.

Please be sure to mail all payments to the address noted below. To ensure proper posting of your payment, we ask that you include the above account number on your remittance.

**Kentucky American Water
PO Box 371880
Pittsburgh, PA 15250-7880**

Should you have any questions or concerns about your payment agreement, please call our Customer Service Center at 1-800-678-6301. Our Customer Service hours are 24 hours a day, 7 days a week. Thank you for your cooperation.

Sincerely,

Customer Service

PAYAGRCONA

38715404