

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE FAILURE OF WATER)
SERVICE CORPORATION OF KENTUCKY TO) CASE NO. 2014-00272
HOLD ANNUAL PUBLIC MEETINGS IN THE)
CITIES OF CLINTON AND MIDDLESBORO)

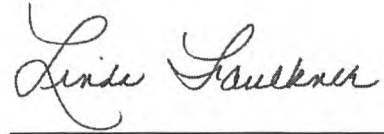
NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on November 6, 2014 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on November 6, 2014 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on November 6, 2014.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at: http://psc.ky.gov/av_broadcast/2014-00272/2014-00272_06Nov14_Inter.asx. Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 12th day of November 2014.

A handwritten signature in cursive script that reads "Linda Faulkner".

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

Gregory T Dutton
Assistant Attorney General
Office of the Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

James Leonard
Regional Manager
Water Service Corporation of Kentucky
1221 East Cumberland Avenue
Middlesboro, KY 40965

M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE FAILURE OF WATER)
SERVICE CORPORATION OF KENTUCKY TO HOLD) CASE NO.
ANNUAL PUBLIC MEETINGS IN THE CITIES OF) 2014-00272
CLINTON AND MIDDLESBORO)

CERTIFICATE

I, Pamela Ayer, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on November 6, 2014. The Hearing Log, Exhibits, Exhibit List, and Witness List are included with the recording on November 6, 2014.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of November 6, 2014.
4. The "Exhibit List" attached to this Certificate correctly lists all Exhibits introduced at the Hearing of November 6, 2014.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of November 6, 2014, and the time at which each occurred.

Given this 10th day of November, 2014.


Pamela Ayer



Session Report - Detail

2014-00272_06Nov14

Water Service Corp. of Ky

Date:	Type:	Location:	Department:
11/6/2014	Show Cause Hearing	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Linda Breathitt; Jim Gardner
 Witness: Jeff Derouen - Kentucky Public Service Commission; Kathy Gillum - Kentucky Public Service Commission; Steve Lubertozzi - Water Service Corporation; Todd Osterloh - Water Service Corporation
 Clerk: Pam Ayer

Event Time	Log Event
8:02:27 AM	Session Started
8:02:30 AM	Session Paused
10:08:34 AM	Session Resumed
10:08:42 AM	Chairman David Armstrong - preliminary remarks
10:09:01 AM	Introductions - Chairman David Armstrong, Vice Chairman Jim Gardner and Commissioner Linda Breathitt
10:09:32 AM	Chairman Armstrong asked for public comment Note: Ayer, Pam No members of the public were present to comment
10:10:19 AM	Attorneys Todd Osterloh and Bryon Beauman on behalf of Water Service Corporation
10:10:34 AM	Attorney Gregory Dutton and Jennifer Black Hans with the Office of the Attorney General of Kentucky
10:10:47 AM	Attorneys Ann Ramser and Richard Raff on behalf of PSC
10:11:01 AM	Witness Jeff Derouen is called to the stand and sworn in Note: Ayer, Pam Executive Director for the PSC
10:11:31 AM	Atty. Ann Ramser to Witness Derouen Note: Ayer, Pam Asking about how records are filed and how hearings are recorded.
10:12:27 AM	PSC Staff Exhibit 1 Note: Ayer, Pam Final Order in Case No. 2012-00133, Joint Application of Corex Utilities (Illinois) LLC; Hydro Star, LLC; Utilities, Inc.; and Water Service Corporation of Kentucky for the Transfer and Acquisition of Control Pursuant to KRS 278.020 issued August 13, 2012
10:13:46 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam Questions referencing PSC Exhibit 1, page 11,
10:14:27 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam Questions referencing PSC Exhibit 1, Appendix, Page 3, Item 16 and Page 8, Paragraph 2..
10:15:19 AM	Attorney Ramser to Witness Derouen Note: Ayer, Pam Witness describes electronic filing system and confirms that Case No. 2012-00133 was filed electronically.
10:16:55 AM	PSC Staff Exhibit 2 Note: Ayer, Pam Letter from Todd Osterloh confirming that parties acknowledge Final Order in Case No. 2012-00133
10:17:00 AM	Camera Lock Camera 9 Activated
10:17:19 AM	Atty Ramser to Witness Derouen Note: Ayer, Pam Asks witness to demonstrate where case documents are located for the PSC website using overhead projector.
10:18:34 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam Asks witness to describe PSC Exhibit 2 and give date of filing.
10:19:21 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam Asks witness to read and describe attachments to PSC Exhibit 2.

10:20:54 AM	PSC Staff Exhibit 3 Note: Ayer, Pam	Attorney General's Initial Requests for Information to Water Service Corporation of Kentucky in Case No. 2010-00237 (NOTE MISPRINT ON COVER - should read 2013-00237)
10:22:12 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asks witness to describe PSC Staff Exhibit 3 and confirm date of filing.
10:23:28 AM	Atty. Osterloh questions need to enter previously filed documents into record of this case.	
10:23:58 AM	Atty. Ramser and Atty. Dutton explain	
10:24:12 AM	Atty. Osterloh has no objection to entering documents	
10:24:29 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Referring to PSC Exhibit 3, asking witness to read Item 30 on Page 4.
10:25:15 AM	PSC Staff Exhibit 4 Note: Ayer, Pam	Affidavit of Todd Osterloh in Case No. 2014-00272 filed October 29, 2014
10:26:06 AM	Camera Lock Deactivated	
10:26:06 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asks witness to describe PSC Exhibit 4 and read Paragraphs 1 and 2.
10:28:14 AM	PSC Staff Exhibit 5 Note: Ayer, Pam	Initial response from Water Service Corporation to PSC Staff's Second Data Request dated November 22, 2013, in Case No. 2013-00237,
10:28:56 AM	Camera Lock Camera 9 Activated	
10:29:06 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Witness asked to confirm that PSC Exhibit 5 was filed on November 22, 2013.
10:30:05 AM	Atty. Osterloh interjects. Note: Ayer, Pam	Notes that Water Service Corporation's response is a partial response, but has no objections to PSC Exhibit 5 being entered.
10:30:10 AM	Camera Lock Deactivated	
10:30:36 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asking to read parts of Exhibit 5 regarding intent to hold public meetings.
10:33:02 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asking about Water Service Corporation's request that public meetings conducted by the PSC be combined with the utility's meetings in Case No. 2013-00237.
10:35:56 AM	PSC Staff Exhibit 6 Note: Ayer, Pam	Initial response from Water Service Corporation to Attorney General's Initial Request for Information dated December 13, 2013, in Case No. 2013-00237,
10:36:46 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Witness asked to confirm that PSC Exhibit 5 was filed on December 13, 2013.
10:37:55 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asking about response to Affidavit filed December 13, 2013.
10:39:30 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asking about executive director's authority to grant waivers to Orders entered into by the commission.
10:40:08 AM	PSC Staff Exhibit 7 Note: Ayer, Pam	Correspondence filed in Case No. 2013-00237
10:40:52 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asking witness to describe PSC Exhibit 7 dated April 11, 2014, and confirm that it was filed on April 11, 2014.

10:41:37 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Referencing second to last page of PSC Exhibit 7 - email from James Wood to Todd Osterloh dated December 3, 2013, regarding Osterloh's question about public meetings.
10:43:48 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asking about meeting request that was waived due to a pending rate case through the PSC's meeting tracking process.
10:44:30 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asking if Water Service Corporation filed a motion in Case No. 2012-00133 to extend time to hold public meetings.
10:45:52 AM	Atty. Osterloh to Witness Derouen Note: Ayer, Pam	Referencing Affidavit of Todd Osterloh, PSC Exhibit 4, paragraphs 3, 4, 5, and 6.
10:48:04 AM	Atty. Osterloh to Witness Derouen Note: Ayer, Pam	Referencing PSC Exhibit 5, Water Service Corporation's response to Data Requests
10:51:19 AM	Atty. Osterloh to Witness Derouen Note: Ayer, Pam	Asking how it was communicated to Water Service Corporation that the requirement was waived.
10:51:47 AM	Atty. Dutton to Witness Derouen Note: Ayer, Pam	Asking to clarify that November 22, 2013, on Water Service Corporation's initial response to PSC's second data request (PSC Exhibit 5) is correct.
10:53:31 AM	Camera Lock Camera 9 Activated	
10:54:05 AM	Atty. Ramser to Witness Derouen Note: Ayer, Pam	Asking witness to acknowledge that Water Service Corporation's letter dated November 22, 2013, indicates that its response is not complete.
10:54:40 AM	Atty. Dutton to Witness Derouen Note: Ayer, Pam	Asking who is responsible for scheduling, holding, and organizing public meetings conducted by the PSC.
10:54:48 AM	Camera Lock Deactivated	
10:56:09 AM	Atty. Dutton to Witness Derouen Note: Ayer, Pam	Asking about communications between the Office of the Attorney General and the PSC.
10:57:09 AM	Vice Chairman Gardner to Witness Derouen Note: Ayer, Pam	Notes that the November 22, 2013 (PSC Exhibit 5) and December 13, 2013 (PSC Exhibit 6) initial responses from Water Service Corporation contain different witnesses.
10:57:49 AM	Vice Chairman Gardner to Witness Derouen Note: Ayer, Pam	Asking about Todd Osterloh's Affidavit, page 2, Item 4.
10:58:25 AM	Vice Chairman Gardner to Witness Derouen Note: Ayer, Pam	Questions witnesses understanding of why public meetings were not going to be held by the PSC and whether there was a Commission Order denying Water Service Corporation's request to combine public meetings.
11:00:19 AM	Atty. Osterloh to Witness Derouen Note: Ayer, Pam	Witness asked to read email and confirm that it was the last correspondence witness was aware of.
11:02:08 AM	Witness Derouen excused.	
11:02:31 AM	Witness Kathy Gillum called to stand and sworn in. Note: Ayer, Pam	Kathy Gillum, PSC Staff
11:03:02 AM	Chairman Armstrong asks Witness Gillum why she is testifying.	

11:03:44 AM	PSC Staff Exhibit 8 Note: Ayer, Pam	Certification of Excerpt from Transcript of Hearing Held on April 2, 2014, in PSC Case No. 2013-00237
11:04:47 AM	Atty. Ramser to Witness Gillum Note: Ayer, Pam	Asking how witness transcribed transcript.
11:05:56 AM	Atty. Ramser to Witness Gillum Note: Ayer, Pam	Referencing Page 2 of Transcript (PSC Exhibit 8), witness reads last three paragraphs regarding Water Service Corporation's public meetings.
11:07:25 AM	Atty. Ramser to Witness Gillum Note: Ayer, Pam	Referencing trial transcript, page 3, Atty. Dutton's response (PSC Exhibit 8).
11:08:36 AM	Atty. Osterloh to Witness Gillum Note: Ayer, Pam	Asking about affidavit the Court Reporter filed in this case, who prepared it, and accuracy of video of hearing.
11:10:02 AM	Atty. Dutton to Witness Gillum Note: Ayer, Pam	Asking if time stamps are off, does video accurately reflect time.
11:10:36 AM	Witness Gillum excused.	
11:11:00 AM	Water Service Corporation Witness Steve Lubertozi called to stand.	
11:11:30 AM	Chairman Armstrong swears in Witness Lubertozi Note: Ayer, Pam	Steven M. Lubertozi, CPA, Utilites, Inc., President - Illinois Operations
11:11:58 AM	Atty. Osterloh to Witness Lubertozi Note: Ayer, Pam	Asking to summarize the Case No. 2014-00272.
11:12:49 AM	Atty. Osterloh to Witness Lubertozi Note: Ayer, Pam	Asked to describe Utilities, Inc.'s relationship to Water Service Corporation and the Water Service Corporation transfer to Corix Utilities.
11:15:12 AM	Atty. Osterloh to Witness Lubertozi Note: Ayer, Pam	Asking about witness's responsibilities and his interpretation of annual meetings requirements.
11:17:44 AM	Atty. Osterloh to Witness Lubertozi Note: Ayer, Pam	Asking whether Water Service Corporation would have been able to hold public meetings had it understood it would not have been able to hold joint meetings with the PSC.
11:18:40 AM	Atty. Osterloh to Witness Lubertozi Note: Ayer, Pam	Asking if Water Service Corporation held public meetings in 2014, where they were held, how many and who attended.
11:19:44 AM	Atty. Dutton to Witness Lubertozi Note: Ayer, Pam	Asked if public meetings were held in 2012 and 2013.
11:20:29 AM	Atty. Dutton to Witness Lubertozi Note: Ayer, Pam	Asking about how much notice Water Service Corporation gave to customers prior public meetings.
11:21:45 AM	Atty. Dutton to Witness Lubertozi Note: Ayer, Pam	Showed witness two letters
11:22:16 AM	Atty. Osterloh objects	
11:22:40 AM	Atty. Dutton to Witness Lubertozi Note: Ayer, Pam	Witness reads letters sent by Water Service Corporation to Office of Attorney General.
11:24:38 AM	Office of the Attorney General Exhibit 1 Note: Ayer, Pam	Letter dated June 3, 2014 from Todd Osterloh re: Water Service Corporation's intent to hold a public meeting in Hickman County, Kentucky on June 17, 2014.

11:24:57 AM	Office of the Attorney General Exhibit 2 Note: Ayer, Pam	Letter dated June 27, 2014, from Todd Osterloh re: Water Service Corporation's intent to hold a public meeting in Middlesboro, Kentucky on July 10, 2014.
11:25:24 AM	Atty. Dutton to Witness Lubertozi Note: Ayer, Pam	Referencing PSC Exh. 1 , Page 1 of Appendix.
11:26:28 AM	Atty. Dutton to Witness Lubertozi Note: Ayer, Pam	Asking when first public meeting was held in Middlesboro, Kentucky.
11:26:56 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking about witness's understanding of public hearings held by the PSC and Water Service Corporation.
11:31:42 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking if the midwest region of Utilities, Inc. oversee Water Service Corporation.
11:32:38 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Referencing Exhibit 8 to verify midwest region and the name of the vice president.
11:33:24 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking if the terms agreed upon between Water Service Corporation and the Office of the Attorney General were incorporated in the PSC Final Order dated August 13, 2012, in Case No. 2012-00133.
11:34:37 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking about preparations made for public hearings on the part of Water Service Corporation or Witness Lubertozi.
11:36:09 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking about willful intent on behalf of Water Service Corporation to not have public meetings as required .
11:36:54 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Referencing PSC Exhibit 3, Page 4, Item 30, asking if any communication between Water Service Corporation and the Office of the Attorney General regarding meetings occurred after August 25, 2013.
11:37:38 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking if witness believes the Office of the Attorney General was concerned about public meetings being held.
11:40:04 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Referencing James Wood's email from December 3, 2013, asking if witness is aware of any further communication between Water Service Corporation and the PSC regarding public meetings..
11:41:00 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking if witness is aware that email communication did not waive the requirement to hold the meetings.
11:42:43 AM	Vice Chairman Gardner to Witness Lubertozi Note: Ayer, Pam	Verifying that closing and transfer of Water Service Corporation to Corix Utilities occured on December 18, 2012.
11:43:46 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking about requirements that needed to be met in each state and whether witness followed through with requirments, and why Water Service Corporation waited to contact the PSC regarding public meetings.
11:45:30 AM	Atty. Ramser to Witness Lubertozi Note: Ayer, Pam	Asking if the date the notice was filed would have been a good time to have the public meeting.
11:46:35 AM	Witness Lubertozi excused.	
11:46:49 AM	Break	

11:47:01 AM	Session Paused	
11:57:06 AM	Session Resumed	
11:57:10 AM	Atty. Dutton distributed Office of Attorney General Exhibits 1 and 2	
11:58:56 AM	Witness Osterloh takes the stand and is sworn in by Chairman Armstrong. Note: Ayer, Pam	Todd Osterloh, Attorney, Sturgill, Turner, Barker & Moloney, PLLC representing Water Service Corporation
11:59:52 AM	Office of the Attorney General Exhibit 3 Note: Ayer, Pam	PSC Memo of Informal Conference in Case No. 2012-00133, Water Service Corporation, held July 2, 2012.
12:00:16 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Referencing Office of Attorney General Exhibit 3, asking witness to read from Informal Conference Memo dated August 13, 2012, Page 2, third full paragraph beginning with "Mr. Spenard noted".
12:01:57 PM	Office of the Attorney General Exhibit 4 Note: Ayer, Pam	Joint Motion to Submit Case for Consideration Without Hearing in Case No. 2012-00133
12:02:30 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asking witness to describe Office of the Attorney General Exhibit 4.
12:03:48 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Witness asked to read Item m on page 4 of Office of Attorney General Exhibit 4..
12:05:05 PM	Office of the Attorney General Exhibit 5 Note: Ayer, Pam	Applicants' Post-Hearing Response in Case No. 2012-00133
12:05:47 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Witness asked to describe Office of Attorney General Exhibit 5.
12:06:38 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asked to accept that Office of Attorney General Exhibit 5 was filed on August 6, 2012
12:07:07 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asked to read item 5 on page 2 into the record.
12:07:49 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asking witness if he thought the commitment to hold public meetings was important to the Office of the Attorney General.
12:08:21 PM	Atty. Beauman Objects Note: Ayer, Pam	Witness cannot make an assumption about what the Attorney General thought.
12:08:45 PM	Atty. Dutton Note: Ayer, Pam	Responds to objection.
12:09:11 PM	Chairman overrules objection.	
12:09:42 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asking if witness was aware that meetings were of significant importance to the Office of the Attorney General.
12:11:24 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asking about what "one year" and "annual" mean.
12:13:40 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asking about correspondence between witness and PSC staff and whether or not requirement to hold public meetings was waived.
12:16:04 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asking witness if any of the correspondence between Water Service Corporation, the PSC, and witness indicated that requirement to hold public meetings be waived.
12:16:42 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Witness asked how long he worked for the PSC and how long he has been in private practice.

12:17:23 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Witness asked if he has ever seen, based on his experience, a requirement in a PSC Order be put on stand still without an Order or clear communication by the Commission.
12:19:46 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Referencing Office of the Attorney General Exhibit 3, asking if Water Service Corporation corrected anything in the Informal Conference Memo as instructed in the cover letter dated August 13, 2012, signed by Jeff Derouen.
12:21:46 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Asking if witness disputes the paragraph in the Informal Conference Memo (Office of the Attorney General Exhibit 3) that he read earlier.
12:23:06 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Asking about numerous public comments filed in Case No. 2012-00133.
12:23:36 PM	Atty. Beauman objects.	
12:23:51 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Asking witness the date of his call to Gerald Wuetcher, and if he called the Office of the Attorney General.
12:25:04 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Asking if witness thought it would be appropriate to copy the Office of the Attorney General on Water Service Corporation's December 3, 2013 letter contained in PSC Exhibit 7 .
12:26:50 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Referencing PSC Exhibit 7, December 3, 2013 email from witness to James Wood and email on next page, paragraphs 1, 2, 3. Witness asked to read paragraph 3 into record.
12:30:16 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Witness is asked to explain email.
12:32:08 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Witness asked about two Water Service Corporation motions requesting delay.
12:34:35 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Asking if there has been documentation in this hearing establishing the intent that public meetings were going to be held by Water Service Corporation.
12:36:46 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Asking if witness thought to contact the PSC Staff after receiving James Wood's email.
12:37:42 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Asking if December 3, 2013 letter contained in PSC Exhibit 7 was an attempt to establish a defense.
12:40:24 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Referencing Office of the Attorney General Exhibit 3, asking whether the large number of people who attended public meetings in 2012 indicate a high level of customer dissatisfaction.
12:41:57 PM	Atty. Beauman to Witness Osterloh Note: Ayer, Pam	Asking if witness attended the 2014 meetings and who was present at meetings.
12:42:48 PM	Atty. Beauman to Witness Osterloh Note: Ayer, Pam	Referencing Office of the Attorney General Exhibits 1 and 2 that provided the Attorney General with notice of Water Service Corporation's public meetings in Clinton and Middlesboro, asking if the Office of the Attorney General attended either.

12:43:36 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asking how much notice was given to customers prior to the 2014 public meetings in Clinton and Middlesboro.
12:45:01 PM	Atty. Dutton to Witness Osterloh Note: Ayer, Pam	Asking about redirect of Hass in 2013 rate case, asking if that was the first time he brought up consolidation of rate case to the Office of the Attorney General.
12:46:17 PM	Atty. Ramser to Witness Osterloh Note: Ayer, Pam	Asking about interpretation of annual meeting.
12:47:26 PM	No further questions	
12:47:38 PM	Session Paused	
12:47:42 PM	Session Resumed	
12:47:47 PM	Atty Osterloh Note: Ayer, Pam	Asking about time to file post hearing briefs
12:48:12 PM	Simultaneous post hearing briefs due on Wednesday, November 26, 2014	
12:48:29 PM	Hearing Adjourned.	
12:48:38 PM	Session Paused	



Exhibit List Report

2014-00272_06Nov14

Water Service Corp. of Ky

Judge: David Armstrong; Linda Breathitt; Jim Gardner

Witness: Jeff Derouen - Kentucky Public Service Commission; Kathy Gillum - Kentucky Public Service Commission; Steve Lubertozi - Water Service Corporation; Todd Osterloh - Water Service Corporation

Clerk: Pam Ayer

Name:	Description:
AG - Exhibit 1	Water Service Corporation's Notice to Office of the Attorney General of Public Meeting on June 17, 2014, in Clinton, KY
AG - Exhibit 2	Water Service Corporation's Notice to Office of the Attorney General of Public Meeting on July 10, 2014, in Middlesboro, KY
AG - Exhibit 3	PSC Memorandum of Informal Conference Held on July 12, 2012, in Case No. 2012-00133
AG - Exhibit 4	Water Service Corporation's Joint Motion to Submit Case for Consideration without Hearing in Case No. 2012-00133
AG - Exhibit 5	Water Service Corporation's Post-Hearing Response in Case No. 2012-00133
PSC Staff - Exhibit 1	Final Order in Case No. 2012-00133
PSC Staff - Exhibit 2	Water Service Corp. , Utilities, Inc., Corix Acknowledgement and Acceptance of Terms in Final Order in Case No. 2012-00133
PSC Staff - Exhibit 3	AG's Initial Request for Information in Case No. 2013-00237
PSC Staff - Exhibit 4	Affidavit of Todd Osterloh in Case No. 2014-00272
PSC Staff - Exhibit 5	Water Service Corporation's Initial Response to PSC Staff's Second Data Request in Case No. 2013-00237
PSC Staff - Exhibit 6	Water Service Corporation's Initial Response to the Office of the Attorney General's Initial Request for Information in Case No. 2013-00237
PSC Staff - Exhibit 7	Copies of Correspondence Filed in the Record of Case No. 2013-00237
PSC Staff - Exhibit 8	Excerpt from Video Hearing Held on April 9, 2014 in Case No. 2013-00237 as Transcribed by Kathy Gillum



Stephen L. Barker
Donald P. Moloney, II
Phillip M. Moloney
Kevin G. Henry
Ernest H. Jones, II
E. Douglas Stephan
Kevin W. Weaver
Charles D. Cole
Sarah Charles Wright
Bryan H. Beauman

R. Douglas Martin
Andrew D. DeSimone
Joshua M. Salsburey
Patsey Ely Jacobs
M. Todd Osterloh
Derrick T. Wright
Jamie Wilhite Dittert
Stephanie M. Wurdock
Jason P. Woodall

General Counsel
Gardner L. Turner

Of Counsel
Katherine M. Coleman

Don S. Sturgill
1928-2002

Email address:
tosterloh@sturgillturner.com

June 3, 2014

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

Re: Water Service Corporation of Kentucky

Dear Mr. DeRouen:

Please be advised that Water Service Corporation of Kentucky ("WSCK") will be holding a public meeting at the Hickman County Senior Citizens Center, 212 East North Street, Clinton, Kentucky, beginning at 6:00 p.m. CDT on Tuesday, June 17, 2014. The meeting is designed to provide a public forum for WSCK customers to communicate with utility management. Representatives of WSCK and its corporate parent, Utilities, Inc., will be in attendance to discuss recent utility activities and customer concerns. WSCK will be scheduling a similar meeting in Middlesboro and will advise the Commission when a date for that meeting has been set. If you have any questions about these meetings, please feel free to contact me.

Sincerely,

M. Todd Osterloh

cc: Attorney General's Office of Rate Intervention
x:\wdox\clients\64592\0003\corr\00384788.docx

AG
Exhibit _____



Stephen L. Barker
Donald P. Moloney, II
Phillip M. Moloney
Kevin G. Henry
Ernest H. Jones, II
E. Douglas Stephan
Kevin W. Weaver
Charles D. Cole
Sarah Charles Wright
Bryan H. Beauman

R. Douglas Martin
Andrew D. DeSimone
Joshua M. Salsburey
Patsey Ely Jacobs
M. Todd Osterloh
Derrick T. Wright
Jamie Wilhite Dittert
Stephanie M. Wurdock
Jason P. Woodall

General Counsel
Gardner L. Turner

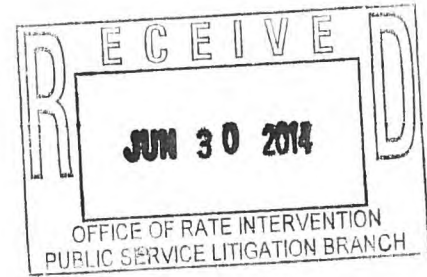
Of Counsel
Katherine M. Coleman

Don S. Sturgill
1928-2002

Email address:
tosterloh@sturgillturner.com

June 27, 2014

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615



Re: Water Service Corporation of Kentucky

Dear Mr. DeRouen:

Please be advised that Water Service Corporation of Kentucky ("WSCK") will be holding a public meeting at the Middlesboro Community Center at 705 N. Petersboro Ave (30th Street) beginning at 6:00 p.m. on Thursday, July 10, 2014. The meeting is designed to provide a public forum for WSCK customers to communicate with utility management. Representatives of WSCK and its corporate parent, Utilities, Inc., will be in attendance to discuss recent utility activities and customer concerns.

As I previously informed you, WSCK held a public meeting in the city of Clinton on June 17, 2014. If you have any questions about these meetings, please feel free to contact me.

Sincerely,

M. Todd Osterloh

cc: Attorney General's Office of Rate Intervention
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AG
Exhibit 2

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

Linda K. Breathitt
Commissioner

August 13, 2012

Ms. Jennifer B. Hans, Esq.
Mr. David Edward Spenard, Esq.
Office of Utility Rate and Intervention
Suite 200
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Mr. M. Todd Osterloh, Esq.
Sturgill, Turner, Barker & Moloney, PLLC
Suite 1400
333 West Vine Street
Lexington, Kentucky 40507

Re: Case No. 2012-00133
Water Service Corporation of Kentucky

Dear Ms. Hans and Gentlemen:

The enclosed memorandum has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Gerald Wuetcher, Executive Advisor/Attorney, at (502) 564-3940, Extension 259.

Sincerely,

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

Jeff Derouen
Executive Director

gw
Enclosure

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2012-00133

FROM: Gerald Wuetcher ^{GPW}
Executive Advisor/Attorney

DATE: August 13, 2012

RE: Informal Conference of July 12, 2012

On July 12, 2012, Commission Staff held an informal conference in this matter to discuss the acquisition of indirect control of Water Service Corporation of Kentucky, Inc. ("Water Service Corporation") by Corix Utilities (Illinois) LLC ("Corix"). Attending this conference were:

Eddie Beavers	-	Commission Staff
Mark Frost	-	Commission Staff
James Rice	-	Commission Staff
Gerald Wuetcher	-	Commission Staff
Jennifer Hans	-	Office of Attorney General
David Spenard	-	Office of Attorney General
Carl Daniel	-	Water Service Corporation
James Leonard	-	Water Service Corporation
Steven Lubertozzi	-	Water Service Corporation
Kevin Meagher	-	Corix Utilities (US)
Hamish Cumming	-	Corix Utilities (US)
Ian Wigington		Corix Utilities
Todd Osterloh		Counsel for Joint Applicants

Ms. Hans participated in the conference by telephone. The Joint Applicants requested the conference.

Beginning the conference, Mr. Wuetcher stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

Mr. Osterloh and Mr. Lubertozzi made brief introductory remarks. Mr. Hamish the provided a presentation on Corix Group. (Mr. Osterloh provided a copy of this presentation following the conference with certain information redacted.) He discussed the history of Corix Group and described its current operations. He stressed that Corix Group has a "utility mindset" and noted that most of its management has significant

experience in the utility sector. He further noted that Corix Group focuses on the local communities in which its businesses are located and seeks to be involved with those communities. Mr. Cumming noted that Corix Group originally emphasized its Canadian operations, but in recent years much of its growth has occurred in the United States.

Mr. Cumming did not see the elimination of any redundancies or increased efficiencies immediately resulting from the proposed transaction. He believed that the existing operations will benefit from the experience and expertise that each has in their specialized areas. It is not immediately clear how that knowledge and expertise will be communicated or made available to other operations.

Mr. Spenard raised the issue of rate affordability. Corix and Water Service Corporation officials expressed a willingness to examine various rate structures that might improve the affordability of service. The Attorney General's discussions with Kentucky-American Water Company were briefly discussed. Mr. Lubertozi stated that Water Service Corporation would be willing to discuss rate design issues with the Attorney General prior to filing its next application for rate adjustment.

Mr. Spenard noted that a high level of customer dissatisfaction currently exists with Water Service Corporation. He stated that customers had the opinion that Water Service did not share their interests and concerns and that the community concerns were not considered when decisions were made at higher corporate levels. Mr. Spenard further stated that these concerns were likely to increase as the proposed transaction would make the Kentucky operations a much smaller part of the total corporate operations.

Commission Staff and Mr. Spenard expressed concern about review of affiliated transactions between Water Service Corporation and Utilities, Inc. They noted the lack of any independent review of these transactions. Mr. Lubertozi stated that regional directors were involved in reviewing these transactions and represented the interests of the local utilities. Mr. Frost noted the apparent absence of monthly invoices that specify the services and goods that Utilities, Inc. provides to Water Service Corporation and suggested the institution of such system would produce greater accountability and greater confidence.

The participants discussed possible conditions that should be attached to Commission approval of the proposed transaction. Mr. Osterloh and Mr. Spenard agreed to further discussions outside of the presence of Commission Staff regarding these conditions. They further agreed to inform the Commission regarding the status of such discussions.

The conference then adjourned.

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF CORIX UTILITIES)
(ILLINOIS) LLC; HYDRO STAR, LLC; UTILITIES,) CASE NO.
INCORPORATED AND WATER SERVICE CORPORATION) 2012-00133
OF KENTUCKY FOR THE TRANSFER AND)
ACQUISITION OF CONTROL PURSUANT TO)
KRS 278.020)

July 12, 2012

Please sign in:

NAME

REPRESENTING

Gerald W [] [] []

[] [] Staff

David Edward Spenzel

Office of the Attorney General

Jennifer Hays

Office of the Attorney General

Eddie Beavers

PSC Staff

KEVIN WEAGHER

Corix vs. VPECO

Todd Oskeloh

Applicants

Ian Wigington

Corix

STEVEN LUBERTOZZI

WSCO of KY

Hamish Cumming

Corix

Mark Frost

PSC Staff

JAMES RICE

PSC STAFF

EARL DANIEL

WSCO of KY

James Leonard

WSCO of KY

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Joint Application of Corix Utilities (Illinois)
LLC; Hydro Star, LLC; Utilities, Inc.;) Case No. 2012-00133
and Water Service Corporation of Kentucky)
for the Transfer and Acquisition)
of Control Pursuant to KRS 278.020)

JOINT MOTION TO SUBMIT CASE
FOR CONSIDERATION WITHOUT HEARING

Corix Utilities (Illinois) LLC (“Corix Utilities”); Hydro Star, LLC (“Hydro Star”); Utilities, Inc. (“UP”); and its Kentucky utility subsidiary, Water Service Corporation of Kentucky (“WSCK”) (collectively “Applicants”) and the Attorney General of the Commonwealth of Kentucky (“AG”), the only intervenor to this case, jointly and respectfully request that this matter be submitted to the Commission for a final decision on the record and without an evidentiary hearing. In support of this motion, the Applicants and AG (collectively “Parties”) state the following:

1. It is the Applicants’ position that the materials previously filed in the record of this case are sufficient to support Commission approval of the proposed transfer, pursuant to the requirements of KRS 278.020(5) and (6).
2. The Applicants have previously stated to the Commission that they would present witnesses at an evidentiary hearing for the purposes of cross examination by the Attorney General, Commission Staff, and the Commissioners. *See* Applicants’ Witness List (filed July 19, 2012). If a hearing is held, the Applicants do not anticipate producing additional direct testimony that is not otherwise in the record of this case.

AG
Exhibit 4

3. At the request of the AG, the Applicants shall agree to the following proposed conditions for the approval of the transfer:
- a. The Applicants agree to provide a written representation to the Commission that Corix Utilities has no current intention to transfer control of WSCK following the consummation of the transaction that is the subject of the present application and acknowledges that further Commission approval would be required for any such future transfer of control.
 - b. Corix Utilities, UI, and WSCK will adequately fund and maintain WSCK's treatment, transmission and distribution systems, as previously indicated in the Joint Applicants' Response to the Second Information Request of the Commission Staff, Proposed Condition No. 12. The Joint Applicants further agree by and through WSCK for the seventy-two (72) month period following the close of the proposed transaction to provide a written report to the Commission if WSCK is found in violation of (1) a Treatment Technique requirement or (2) a Maximum Contaminant Level (as each of those phrases are used in the National Primary Drinking Water Regulations).
 - c. The Applicants commit to ensuring that WSCK has a meaningful process to monitor all allocations from corporate parents or affiliates to ensure the appropriateness of the allocations.
 - d. The Applicants commit to wait an additional six (6) months from the date of entry of the final order approving the proposed transfer in this pending case (Case No. 2012-00133) before filing any application for an adjustment in the rates of WSCK.

- e. The Applicants agree to dismiss the litigation presently pending in the Franklin Circuit Court for review of the Commission's final order in Case No. 2010-00476 with the following conditions: A dismissal will not represent an abandonment or waiver of WSCK's ability to provide evidence as to the reasonableness of or need for Project Phoenix (or some portion of the project) and to seek the corresponding recovery through rates on a going-forward basis of the costs thereof. This dismissal should reflect that WSCK will not be allowed to recover through rates the depreciation expense for Project Phoenix that has been, to date, excluded. Additionally, WSCK will not seek the recovery of the costs of litigation for Civil Action No. 2011-CI-1770 through rates.
- f. WSCK's books and records will be maintained and housed in Kentucky or shall otherwise be maintained in a manner to be easily accessible to the Commission for inspection at reasonable times on reasonable notice.
- g. WSCK will not seek a higher rate of return on equity than would have been sought if the proposed transfer of control had not occurred.
- h. The proposed transfer of control will not affect the accounting and rate-making treatments of WSCK's excess deferred income taxes.
- i. No early termination costs, change in control payments, or retention bonuses paid to a Hydro Star or UI employee as a result of the proposed transaction will be allocated to WSCK or recovered from WSCK's ratepayers.
- j. Neither WSCK nor its ratepayers, directly or indirectly, will incur any additional costs, liabilities, or obligations in conjunction with Corix Utilities' acquisition of Hydro Star to the extent that this does not include obligations that would not

otherwise be required by the Commission but for the conditions placed on the transfer.

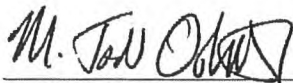
- k. WSCK will not incur any additional indebtedness, issue any additional securities, or pledge any assets to finance any part of the acquisition of Hydro Star.
- l. Any premium that Corix Utilities pays for Hydro Star stock, as well as all transaction-related costs, will not be “pushed down” to WSCK and will not be recovered from WSCK’s ratepayers to the extent that this does not include obligations that would not otherwise be required by the Commission but for the conditions placed on the transfer.
- m. Corix Utilities and UI will take an active and ongoing role in managing and operating WSCK in the interests of customers, employees, and the Commonwealth of Kentucky, and will take the lead in enhancing WSCK’s relationship with the Commission, with state and local governments, and with other community interests, and to advance these goals shall, among other things, arrange for meetings between Corix Utilities’ and UI’s senior management and the Commission and/or its Staff, at least annually.
- n. For at least two years from the date of Corix Utilities’ acquisition of Hydro Star’s stock, Corix Utilities, UI, or WSCK will notify the Commission in writing within ten days of any changes in UI’s or WSCK’s corporate officers and management personnel.
- o. Corix Utilities, UI, or WSCK will advise the Commission following any public announcement of any acquisition by Corix Utilities that will impact the rates of or service provided by WSCK.

- p. Corix Utilities, UI, and WSCK will comply with all applicable Kentucky statutes and administrative regulations; and supply the service needs of WSCK's customers.
 - q. Corix Utilities, UI, and WSCK will minimize, to the extent possible, any negative impacts on levels of customer service and customer satisfaction resulting from workforce reductions.
4. Having received the commitments identified in paragraph 3 above to be placed as conditions of Commission approval of the proposed transaction, the AG finds the proposed transaction to meet the minimum requirements for Commission approval of the proposed transaction pursuant to KRS 278.020.
 5. The AG has previously indicated to the Commission that he would not present any witnesses at an evidentiary hearing in this matter. *See* Attorney General's Notice Regarding Witnesses (filed July 19, 2012).
 6. The Parties believe that the record for this case is complete and a hearing is unnecessary. Further, the Parties recognize and acknowledge that evidentiary hearings result in costs borne by all parties. It is the Parties' position that, with respect to this case, the costs that would be incurred through the preparation for and participation in an evidentiary hearing outweigh potential benefits, particularly because the only intervenor has no objection to the proposed transaction.¹

¹ To the extent that the Commission will deny the Application if no hearing is held or otherwise finds that an evidentiary hearing is necessary, the Parties acknowledge that an evidentiary hearing should be held and that their joint motion should be denied.

Accordingly, the Parties request that the evidentiary hearing set for August 2, 2012, be cancelled and that this matter be submitted to the Commission for a final decision to be made based on the information provided in the materials filed in the record of this case.²

Respectfully submitted,



M. TODD OSTERLOH
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Lexington, Kentucky 40507
Telephone No.: (859) 255-8581
tosterloh@sturgillturner.com

ATTORNEY FOR APPLICANTS

(Attorney General's signature page to follow)

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² The Applicants note that they had notice of the hearing published in newspapers of general circulation in Middlesboro and Clinton, Kentucky, on July 17, 2012. To the extent that the Commission would require publication of a notice indicating that a hearing has been cancelled prior to the hearing, the Applicants must provide the notice to the newspapers on or before July 27, 2012.

JACK CONWAY
ATTORNEY GENERAL

David Edward Spenard

David Edward Spenard
Jennifer Black Hans
Assistant Attorneys General
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Frankfort, Kentucky 40601-8204
T 502-696-5457
david.spenard@ag.ky.gov
jennifer.hans@ag.ky.gov
ATTORNEY FOR ATTORNEY GENERAL

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Joint Application of Corix Utilities (Illinois)
LLC; Hydro Star, LLC; Utilities, Inc.;) Case No. 2012-00133
and Water Service Corporation of Kentucky)
for the Transfer and Acquisition)
of Control Pursuant to KRS 278.020)

APPLICANTS' POST-HEARING RESPONSE

Corix Utilities (Illinois) LLC; Hydro Star, LLC; Utilities, Inc. ("UI"); and its Kentucky utility subsidiary, Water Service Corporation of Kentucky (collectively "Applicants") respectfully submit the following post-hearing response.

During the course of the August 3, 2012, hearing, the undersigned counsel was asked and responded to certain questions regarding the pending application and conditions that may be required by the Commission for approval of the transfer and that are agreeable to the Applicants. The Applicants provide the following verifications and clarifications to questions posed at the hearing.

1. The proposed transfer is accurately described in Paragraph 15 of the Application. The post-transaction organization chart that was filed with Exhibit 4 to the Application presumes the merger of Hydro Star, LLC, with Corix Utilities (Illinois) LLC.
2. After the transfer, if Corix Utilities (Illinois) LLC is consolidated with Hydro Star LLC, Corix Utilities (Illinois) LLC (or one of its corporate affiliates) will agree to notify the Commission of the consolidation.
3. There are nine applications pending in various regulatory agencies (Florida, Illinois, Kentucky, Nevada, New Jersey, North Carolina, Pennsylvania, Virginia-Colchester, and Virginia-

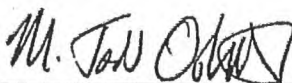
Massanutten) for approval of the proposed transfer. During the hearing, counsel for the Applicants indicated that there were eleven other applications pending, but this statement failed to account for regulatory jurisdictions in which approval is not required for the proposed transaction.

4. It is the Applicants' position that dismissal of Franklin Circuit Court Civil Action No. 2011-CI-1770, in accordance with condition (e) identified in Paragraph 3 of the Joint Motion filed on July 26, 2012, should not occur until after the transaction is complete. WSCK will agree to hold that case in abeyance while the transaction is pending.

5. In conjunction with condition (m) identified in Paragraph 3 of the Joint Motion filed on July 26, 2012, the Applicants are willing to agree to a condition of the transfer whereby the utility hosts annual public meetings in Clinton and Middlesboro to provide a forum for customers to communicate with utility management.

6. In response to Commission Staff's inquiry as to the term "management personnel" as used in condition (n) identified in Paragraph 3 of the Joint Motion filed on July 26, 2012, WSCK's management personnel are identified in the attachment to the Applicants' Response to Item 1(a) of the Attorney General's Supplemental Information Requests.

Respectfully submitted,



M. TODD OSTERLOH
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Lexington, Kentucky 40507
Telephone No.: (859) 255-8581
tosterloh@sturgillturner.com

ATTORNEY FOR APPLICANTS

COMMONWEALTH OF KENTUCKY

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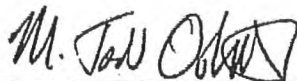
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ATTORNEY FOR APPLICANTS

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF CORIX UTILITIES)
(ILLINOIS) LLC; HYDRO STAR, LLC; UTILITIES,)
INC.; AND WATER SERVICE CORPORATION OF) CASE NO. 2012-00133
KENTUCKY FOR THE TRANSFER AND)
ACQUISITION OF CONTROL PURSUANT TO KRS)
278.020)

ORDER

Corix Utilities (Illinois) LLC ("Corix Utilities"); Hydro Star, LLC ("Hydro Star"); Utilities, Inc.; and Water Service Corporation of Kentucky ("Water Service Corporation") (collectively "Joint Applicants") have applied for Commission approval of the indirect transfer of control of Water Service Corporation to Corix Utilities from Highstar Capital Fund II, L.P. and certain of its affiliates and co-investors.¹

Having considered the Application and the evidence of record, the Commission finds that:

1. Water Service Corporation, a Kentucky corporation organized under KRS Chapter 271B, owns and operates facilities used in the treatment, storage,

¹ Joint Applicants filed their application with the Commission on April 16, 2012. The Attorney General ("AG") is the only party who has been granted leave to intervene in this proceeding. Following our receipt of the Application, the Commission established a procedural schedule that provided for discovery and a hearing. At the Joint Applicants' request, Commission Staff convened an informal conference in this matter on July 12, 2012. On July 27, 2012, the Joint Applicants and the AG advised the Commission in writing of certain conditions that they agreed were necessary to render the proposed transfer of control in the public interest. On August 2, 2012, the Commission conducted a hearing in this matter. The only persons present were counsel for the parties. The record indicates that no public comments regarding the proposed transfer have been received.

transmission, and distribution of water to approximately 7,388 customers in Middlesboro and Clinton, Kentucky.²

2. As of December 31, 2011, Water Service Corporation reported net utility plant of \$5,656,367.³

4. As of December 31, 2011, Water Service Corporation reported "Total Assets and Other Debits" of \$6,326,664.⁴

5. As of December 31, 2011, Water Service Corporation's only major liability was an account payable of \$1,667,632 that is owed to Utilities, Inc. Water Service has no long-term indebtedness.⁵

6. Utilities, Inc., a corporation organized under the laws of Illinois, is one of the largest privately owned water utilities in the United States and provides water and wastewater service to more than 290,000 residential customers in 15 states.⁶

7. Utilities, Inc. owns all issued and outstanding capital stock of Water Service Corporation.

8. Hydro Star Holdings Corporation, a corporation organized under the laws of Delaware, owns all of Utilities, Inc.'s issued and outstanding shares.⁷

² *Annual Report of Water Service Corporation of Kentucky to the Public Service Commission of Kentucky for the Year Ended December 31, 2011* at 5, 30; Application at ¶ 6.

³ *Annual Report* at 7.

⁴ *Id.* at 7.

⁵ *Id.* at 9.

⁶ App. ¶ 8.

⁷ App. ¶ 10.

9. Hydro Star, a Delaware limited liability company, owns all of the issued and outstanding shares of Hydro Star Holdings Corporation.⁸

10. The following entities hold the following interests in Hydro Star: Highstar Capital II Prism Fund, L.P. (29.87 percent); Highstar Capital Fund II, L.P. (43.87 percent); Hydro Star Interco L.L.C (8.4 percent); and American General Life Insurance Company (17.86 percent) (collectively "Highstar").⁹

11. Corix Utilities is a Delaware limited liability company that is engaged in the ownership or operation of water, wastewater, and electric utilities and the manufacture, distribution, and sale of utility-related products and services.¹⁰

12. Corix Infrastructure Inc. ("Corix Infrastructure"), a Canadian corporation, holds through intermediate subsidiaries all outstanding membership interests of Corix Utilities. Corix Infrastructure, together with its subsidiaries, is known as "the Corix Group."

13. British Columbia Investment Management Corporation ("bcIMC") and CAI Capital Management, Inc., own approximately 84 percent of Corix Infrastructure's outstanding interest.

14. bcIMC is an independent investment management corporation that manages a globally diversified investment portfolio of \$92.1 billion as of March 31, 2012 and is a long-term institutional investor in several leading utilities.¹¹ CAI Capital

⁸ *Id.*

⁹ App. Ex. 4.

¹⁰ *Id.*

¹¹ See <http://www.bcimc.com> (last visited Aug. 9, 2012).

Management is a private equity firm that has invested or placed with co-investors over \$1.3 billion in equity or equity-related investments in North America.¹²

15. The Corix Group collectively manages over \$750 million in assets, employs over 2,200 employees in North America and generates cumulative revenue of approximately \$540 million.¹³

16. The Corix Group consists of three business segments:

a. The utilities division designs, builds, owns and operates utility facilities. It owns or manages several water and wastewater system operations, including those serving the city of Fairbanks, Alaska, the city of Langford, British Columbia, several U.S. military installations, and the University of Oklahoma. These operations provide water and wastewater service to over 350,000 persons.¹⁴ The operations are primarily conducted through Corix Utilities, Corix Multi-Utility Services Inc., Corix Utilities (Oklahoma) Inc., Fairbanks Sewer and Water, Inc., Doyon Utilities LLC and Corix Water Systems, Inc.

b. The utility services division provides measurement and metering services and other specialized utility field services for municipalities, utilities, and cooperatives throughout North America. The operations are primarily conducted through Corix Utilities (US) Inc.¹⁵

c. The utility products division distributes pipes, valves, meters, pumps, irrigation equipment, service and repair products that are used to transport

¹² See <http://www.caifunds.com/aboutcai.html> (last visited Aug. 9, 2012).

¹³ Joint Applicants' Response to Commission Staff's First Request for Information, Item 3.

¹⁴ App. Ex. 2 at 6-7.

¹⁵ *Id.*

water and wastewater.¹⁶ The operations are conducted primarily through Corix Water Products Limited Partnership, Corix Water Products (East) Inc., Corix Water Products (US), Inc., and Corix Control Solutions, Inc.

17. On February 17, 2012, Corix Utilities and Highstar executed a Purchase and Sale Agreement under which Corix Utilities will acquire 100 percent of the issued and outstanding membership interest of Hydro Star.¹⁷

18. Corix Utilities has no current plans to change either Utilities, Inc.'s or Water Service Corporation's current senior management or officers. If the proposed transaction occurs, the current management of Utilities, Inc. and Water Service Corporation will remain in place to operate and manage Water Service Corporation's operations. No reduction in the current level of service is likely to result from the proposed transaction.

19. Corix Utilities does not anticipate any change to the capital structure of Utilities, Inc. or Water Service Corporation upon completion of the proposed transaction.¹⁸

20. Corix Infrastructure is considering the possible merger of Corix Utilities and Hydro Star after the consummation of the proposed transaction to eliminate one of the intermediate holding companies through which Corix Utilities will hold its interests in Utilities, Inc. and Water Service Corporation.¹⁹

¹⁶ *Id.*

¹⁷ App. Ex. 3.

¹⁸ Joint Applicants' Response to Commission Staff's First Request for Information, Item 5, 24(c).

¹⁹ App. ¶ 17.

21. As part of the Corix Group, Water Service Corporation will have access to a wide spectrum of technical and industry expertise in all facets of sustainable water, wastewater, and energy systems, including innovative technologies, operating tools and regulatory resources required to develop sustainable multi-utility services.

22. Upon completion of the transaction, Utilities, Inc. and Water Service Corporation will have greater access to capital on favorable financing terms and will be in a better position to fund capital improvement projects.

23. The proposed transaction will not result in any change in Water Service Corporation's current rates.

24. The proposed transaction requires the approval of 11 state regulatory commissions²⁰ and certain federal agencies.²¹ As of the date of this Order, three state regulatory commissions²² have approved the proposed transaction.

Having reviewed the evidence of record, the Commission makes the following conclusions of law:

1. Water Service Corporation is a utility that is subject to Commission jurisdiction.²³

²⁰ These are Florida, Illinois, Kentucky, Louisiana, Maryland, Nevada, New Jersey, North Carolina, Pennsylvania, Tennessee, and Virginia.

²¹ The approval of the Committee on Foreign Investment in the United States, an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person to determine the effect of such transactions on U.S. national security, is also required.

²² *Utilities, Inc. of Louisiana and Louisiana Water Service, Inc.*, Docket No. S-32297 (La. PSC July 5, 2012); *Petition for Authority to Transfer Control of Utilities, Inc. to Corix Utilities (Illinois) LLC*, Docket No. 12-00033 (Tn. Reg. Auth. June 21, 2012); Letter from David J. Collins, Executive Secretary, Maryland Pub. Serv. Comm'n, to Brian M. Quinn, Esq. (June 6, 2012) (advising of approval of transaction).

²³ KRS 278.010(3)(d).

2. Corix Utilities is a "person" for purposes of KRS Chapter 278.²⁴
3. KRS 278.020(5) provides that "[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission . . . without prior approval by the commission."
4. By its acquisition of 100 percent of the membership interest in Hydro Star, Corix Utilities will acquire ownership and control of Water Service Corporation.
5. As Corix Utilities is a "person" and is acquiring control of Water Service Corporation through its purchase of all membership interest of Hydro Star, KRS 278.020(5) is applicable to and requires Commission approval of the proposed transfer.
6. KRS 278.020(6) provides that "[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an "acquirer"), whether or not organized under the laws of this state, shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtained the approval of the commission."
7. As Corix Utilities is a "person" and is acquiring control of Water Service Corporation through Corix Utilities' acquisition of all membership interest of Hydro Star, KRS 278.020(6) is applicable to and requires Commission approval of the proposed transfer.
8. Corix Utilities has the financial, technical, and managerial abilities to provide reasonable service to Water Service Corporation's present customers.
9. Corix Utilities' proposed acquisition of Hydro Star and the proposed transfer of control of Water Service Corporation to Corix Utilities are in accordance with law and for a proper purpose.

²⁴ KRS 278.010(2).

10. Provided that the proposed acquisition and transfer are conditioned upon the terms set forth in ordering paragraphs 2 through 27 of this Order, the proposed acquisition and transfer are consistent with the public interest.

IT IS THEREFORE ORDERED that:

1. Subject to the conditions set forth in ordering paragraphs 2 through 27 of this Order, the transfer of control of Water Service Corporation from Hydro Star to Corix Utilities and Corix Infrastructure through Corix Utilities' acquisition of ownership and control of Hydro Star is approved.

2. The chief executive officer of Corix Infrastructure, Corix Utilities, Utilities, Inc., and Water Service Corporation shall each file with the Commission, within seven days of the date of this Order, a written acknowledgement on behalf of his/her entity that the entity accepts and agrees to be bound by the commitments set forth in the Appendix to this Order.

3. The Joint Applicants shall file with the Commission a copy of the final decision or order or other forms of regulatory notification regarding the proposed transaction issued by each state regulatory authority with jurisdiction over the proposed transaction within 14 days of the issuance of such order or notification.

4. Corix Utilities, Utilities, Inc., and Water Service Corporation shall adequately fund, construct, operate, and maintain Water Service Corporation's treatment, transmission, and distribution systems; comply with all applicable Kentucky statutes and administrative regulations; and supply the needs of Water Service Corporation's customers.

5. For 72 months from the date of the proposed transaction, Water Service Corporation shall provide a written report to the Commission if Water Service

Corporation is found in violation of any Federal or state water quality law by any court or administrative agency or is issued a Notice of Violation by the Kentucky Division of Water ("KDOW") for any alleged violation of any law or administrative regulation that KDOW administers or enforces.

6. Water Service Corporation shall maintain a meaningful process to monitor all allocations from corporate parents or affiliates to ensure the appropriateness of the allocations.

7. Water Service Corporation shall not file with the Commission any application for an adjustment of its rates earlier than six months from the date of this Order.

8. Pending completion of review of the proposed transaction by all applicable federal and state agencies, Water Service Corporation shall not prosecute or otherwise advance its claims in Franklin Circuit Court Civil Action No. 2011-CI-1770.²⁵

9. Upon successful completion of all required regulatory reviews of the proposed transaction, Water Service Corporation shall:

a. Dismiss its action for review in Franklin Circuit Court Civil Action No. 2011-CI-1770;

b. Not seek through its rates for water service recovery of any depreciation expense for Project Phoenix that has been, to date, excluded; and

c. Not seek through its rates for water service recovery of any litigation costs related to Franklin Circuit Court Civil Action No. 2011-CI-1770.

²⁵ *Water Service Corp. of Ky. v. Ky. Pub. Serv. Comm'n*, No. 2011-CI-1770 (Franklin Cir. Ct. filed Dec. 16, 2011).

10. Water Service Corporation's books and records shall be maintained and housed in Kentucky or in a manner to be easily accessible to the Commission for inspection at reasonable times upon reasonable notice.

11. Water Service Corporation shall not seek a higher rate of return on equity than would have been sought if the proposed transfer of control had not occurred.

12. Water Service Corporation shall make no change to its current method for accounting for deferred income taxes.

13. Neither Corix Utilities nor Utilities, Inc. shall allocate to or seek recovery from Water Service Corporation or its ratepayers any early termination costs, change-in-control payments, or retention bonuses paid to a Hydro Star or Utilities, Inc. employee as a result of the proposed transaction.

14. Water Service Corporation shall not record any portion of the payment for Hydro Star stock on its books.

15. Neither Corix Utilities nor Utilities, Inc. shall "push down" to Water Service Corporation any transaction-related costs or any premium that Corix Utilities may pay for Hydro Star stock.

16. Water Service Corporation shall not directly or indirectly, incur any additional costs, liabilities, or obligations in conjunction with Corix Utilities' acquisition of Hydro Star to the extent that this does not include obligations that would not otherwise be required by the Commission but for the conditions placed on the transfer.

17. Water Service Corporation shall not incur any additional indebtedness, issue any additional securities, or pledge any assets to finance any part of the acquisition of Hydro Star.

18. Water Service Corporation shall not seek recovery from its ratepayers any transaction-related costs or any premium that Corix Utilities may pay for Hydro Star stock.

19. Representatives of Corix Utilities, Utilities, Inc., and Water Service Corporation shall meet at least once annually with the Commission's representatives at the Commission's offices in Frankfort, Kentucky.

20. To provide a forum for customers to communicate with utility management, Corix Utilities and Utilities, Inc. shall host annual public meetings in Clinton and Middlesboro, Kentucky, at which the senior officers from the regional office of Utilities, Inc. that oversees Water Service Corporation's operations will attend and participate.

21. For two years from the date of Corix Utilities' acquisition of Hydro Star's stock, Corix Utilities, Utilities, Inc., or Water Service Corporation shall notify the Commission in writing within 10 days of any changes in Utilities, Inc.'s or Water Service Corporation's corporate officers and management personnel.

22. Within 10 days of any public announcement of any acquisition by Corix Utilities that will affect the rates of or service provided by Water Service Corporation, Corix Utilities, Utilities, Inc., or Water Service Corporation shall advise the Commission of such acquisition.

23. Corix Utilities, Utilities, Inc., and Water Service Corporation shall minimize, to the extent possible, any negative effects on levels of customer service and customer satisfaction resulting from any future workforce reductions.

24. Water Service Corporation shall, for calendar year 2012 and for the next five years thereafter, include with its annual report to the Commission a table that shows each water quality standard imposed by law, the number of water service interruptions, the average employee response time to water service interruptions, the number of customer complaints, and the customer inquiry response time for that calendar year.

25. Water Service Corporation shall annually file with the Commission its current two-year capital and operation and maintenance budgets and an explanation for any reduction in a budgeted item.

26. Within 10 days of the completion of the proposed transaction, Corix Utilities, Utilities, Inc., and Water Service Corporation shall file a written notice setting forth the date of completion of the proposed transaction.

By the Commission



ATTEST:

Stephen Bell for Jeff Drown
Executive Director

Case No. 2012-00133

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00133 DATED **AUG 13 2012**

1. Corix Utilities (Illinois) LLC ("Corix Utilities") has no current intention to transfer control of Water Service Corporation following the consummation of the transaction and acknowledges that Commission approval would be required for any future transfer of control.

2. Corix Utilities, Utilities, Inc., and Water Service Corporation will adequately fund and maintain Water Service Corporation's treatment, transmission, and distribution systems.

3. For 72 months from the date of the proposed transaction, Water Service Corporation will provide a written report to the Commission if Water Service Corporation is found in violation of any Federal or state water quality law by any court or administrative agency or is issued a Notice of Violation by the Kentucky Division of Water ("KDOW") for any alleged violation of any law or administrative regulation that KDOW administers or enforces.

4. Water Service Corporation will have a meaningful process to monitor all allocations from corporate parents or affiliates to ensure the appropriateness of the allocations.

5. Water Service Corporation will not file with the Commission any application for an adjustment of its rates earlier than six months from the date of this Order.

6. Pending completion of review of the proposed transaction by all applicable federal and state agencies, Water Service Corporation will refrain from taking any action to prosecute its claims in Franklin Circuit Court Civil Action No. 2011-CI-1770.

7. Upon successful completion of all required regulatory reviews of the proposed transaction, Water Service Corporation will dismiss its action for review of the Commission's Order of November 23, 2011 in Case No. 2010-00476 and will not seek the recovery of the costs of litigation for Franklin Circuit Civil Action No. 2011-CI-1770 through rates.

8. Water Service Corporation's books and records will be maintained and housed in Kentucky or will otherwise be maintained in a manner to be easily accessible to the Commission for inspection at reasonable times upon reasonable notice.

9. Water Service Corporation will not seek a higher rate of return on equity than would have been sought if the proposed transfer of control had not occurred.

10. The accounting and ratemaking treatments of Water Service Corporation's excess deferred income taxes will not be affected by the proposed transaction.

11. No early termination costs, change in control payments, or retention bonuses paid to a Hydro Star, LLC or Utilities, Inc. employee as a result of the proposed transaction will be allocated to Water Service Corporation or recovered from Water Service Corporation's ratepayers.

12. Neither Water Service Corporation nor its ratepayers, directly or indirectly, will incur any additional costs, liabilities, or obligations in conjunction with Corix Utilities' acquisition of Hydro Star, LLC to the extent that this does not include obligations that

would not otherwise be required by the Commission but for the conditions placed on the transfer.

13. Water Service Corporation will not incur any additional indebtedness, issue any additional securities, or pledge any assets to finance any part of the acquisition of Hydro Star, LLC.

14. Any premium that Corix Utilities pays for Hydro Star, LLC stock, as well as all transaction-related costs, will not be "pushed down" to Water Service Corporation and will not be recovered from Water Service Corporation's ratepayers to the extent that this does not include obligations that would not otherwise be required by the Commission but for the conditions placed on the transfer.

15. Corix Utilities and Utilities, Inc. will take an active and ongoing role in managing and operating Water Service Corporation in the interests of customers, employees, and the Commonwealth of Kentucky, and will take the lead in enhancing Water Service Corporation's relationship with the Commission, with state and local governments, and with other community interests, and to advance these goals shall, among other things, arrange for meetings between Corix Utilities' and Utilities, Inc.'s senior management and the Commission and/or its Staff, at least annually.

16. Corix Utilities and Utilities, Inc. will host annual public meetings in Clinton and Middlesboro to provide a forum for customers to communicate with utility management.

17. For at least two years from the date of Corix Utilities' acquisition of Hydro Star LLC's stock, Corix Utilities, Utilities, Inc., or Water Service Corporation will notify

the Commission in writing within 10 days of any changes in Utilities, Inc.'s or Water Service Corporation's corporate officers and management personnel.

18. Corix Utilities, Utilities, Inc., or Water Service Corporation will advise the Commission following any public announcement of any acquisition by Corix Utilities that will affect the rates of or service provided by Water Service Corporation.

19. Corix Utilities, Utilities, Inc., and Water Service Corporation will comply with all applicable Kentucky statutes and administrative regulations; and supply the service needs of Water Service Corporation's customers.

20. Corix Utilities, Utilities, Inc., and Water Service Corporation will minimize, to the extent possible, any negative effects on levels of customer service and customer satisfaction resulting from workforce reductions.

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1928-2002

Email address:
tosterloh@sturgillturner.com

August 20, 2012

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Joint Application of Corix Utilities (Illinois) LLC; Hydro Star, LLC; Utilities, Inc.; and Water Service Corporation of Kentucky for the Transfer and Acquisition of Control Pursuant to KRS 278.020
Case No. 2012-00133

Dear Mr. DeRouen:

Applicants Corix Utilities (Illinois) LLC; Hydro Star, LLC; Utilities, Inc.; and Water Service Corporation of Kentucky, jointly and by counsel, hereby provide notice that they are electronically filing written acknowledgements accepting and agreeing to be bound by the commitments set forth in the Appendix to the Commission Order dated August 13, 2012. The undersigned counsel certifies that the response filed electronically is a true, accurate, and complete representation of the original document. The undersigned counsel further certifies that when the document is electronically filed, the document shall be electronically transmitted to the Commission and all other parties. No party in this case has been excused from participation by electronic means.

Pursuant to the Commission Order dated April 16, 2012, an original in paper medium and a copy of the waiver shall be filed with the Commission within two business days following the electronic transmission.

Please contact me if you have any questions.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

PSC
Exhibit

2

COMMONWEALTH OF KENTUCKY

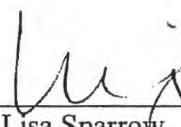
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Joint Application of Corix Utilities (Illinois))
LLC; Hydro Star, LLC; Utilities, Inc.;) Case No. 2012-00133
and Water Service Corporation of Kentucky)
for the Transfer and Acquisition)
of Control Pursuant to KRS 278.020)

ACKNOWLEDGMENT AND ACCEPTANCE OF COMMITMENTS
IDENTIFIED IN THE COMMISSION'S FINAL ORDER BY
WATER SERVICE CORPORATION OF KENTUCKY

As required by ordering paragraph 2 of the Commission's Order dated August 13, 2012, Water Service Corporation of Kentucky hereby acknowledges, accepts, and agrees to be bound by the commitments set forth in the Appendix to the aforementioned order.



Name: Lisa Sparrow
Title: President & CEO
Water Service Corporation of Kentucky

Dated: August 20, 2012

COMMONWEALTH OF KENTUCKY

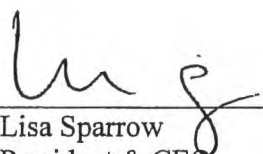
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Joint Application of Corix Utilities (Illinois)
LLC; Hydro Star, LLC; Utilities, Inc.;) Case No. 2012-00133
and Water Service Corporation of Kentucky)
for the Transfer and Acquisition)
of Control Pursuant to KRS 278.020)

**ACKNOWLEDGMENT AND ACCEPTANCE OF COMMITMENTS IDENTIFIED IN THE
COMMISSION'S FINAL ORDER BY UTILITIES, INC.**

As required by ordering paragraph 2 of the Commission's Order dated August 13, 2012, Utilities, Inc., hereby acknowledges, accepts, and agrees to be bound by the commitments set forth in the Appendix to the aforementioned order.



Name: Lisa Sparrow
Title: President & CEO
Utilities, Inc.

Dated: August 20, 2012

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Joint Application of Corix Utilities (Illinois))
LLC; Hydro Star, LLC; Utilities, Inc.;) Case No. 2012-00133
and Water Service Corporation of Kentucky)
for the Transfer and Acquisition)
of Control Pursuant to KRS 278.020)

**ACKNOWLEDGMENT AND ACCEPTANCE OF COMMITMENTS IDENTIFIED IN THE
COMMISSION'S FINAL ORDER BY CORIX UTILITIES (ILLINOIS) LLC**

As required by ordering paragraph 2 of the Commission's Order dated August 13, 2012, Corix Utilities (Illinois) LLC hereby acknowledges, accepts, and agrees to be bound by the commitments set forth in the Appendix to the aforementioned order.



Name **Brett Hodson**
Title *President*
Corix Utilities (Illinois) LLC

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Joint Application of Corix Utilities (Illinois)
LLC; Hydro Star, LLC; Utilities, Inc.;)
and Water Service Corporation of Kentucky)
for the Transfer and Acquisition)
of Control Pursuant to KRS 278.020)

Case No. 2012-00133

**ACKNOWLEDGMENT AND ACCEPTANCE OF COMMITMENTS IDENTIFIED IN THE
COMMISSION'S FINAL ORDER BY CORIX INFRASTRUCTURE INC.**

As required by ordering paragraph 2 of the Commission's Order dated August 13, 2012, Corix Infrastructure Inc. hereby acknowledges, accepts, and agrees to be bound by the commitments set forth in the Appendix to the aforementioned order.


Name **Brett Hodson**
Title Pres. dev + CEO
Corix Infrastructure Inc.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WATER SERVICE)

CORPORATION OF KENTUCKY FOR AN) Case No. 2010-00237

ADJUSTMENT OF RATES)

ATTORNEY GENERAL'S
INITIAL REQUESTS FOR INFORMATION TO
WATER SERVICE CORPORATION OF KENTUCKY

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, submits this Request for Information to Water Service Corporation of Kentucky ("WSCK" or "the company") to be answered by the date specified in the Commission's Order of Procedure, and 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, unless otherwise indicated.
2. Please identify the witness who will be prepared to answer questions concerning each request.
3. Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for WSCK with a Word or real text format version of these data requests, upon request.

4. 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.

5. If any request appears confusing, please request clarification directly from the Office of Attorney General.

6. 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.

7. If the Applicant has an objection to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General 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, please 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.

10. As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms include all information regardless of the medium or media in which they are recorded (including electronic media and e-mail), in any written, graphic or other tangible form including, but not necessarily limited to: all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all

research and development (R&D) materials; newspaper clippings and press releases; time cards / records, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

11. 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.

12. In the event any document called for has been destroyed or transferred beyond the control of the company:

(a) please identify: (i) the person by whom it was destroyed and/or transferred; (ii) the transferee; and (iii) the person authorizing the destruction or transfer; and

(b) state: (i) the time, place, and method of destruction or transfer; and, (ii) the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

13. Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response.

Respectfully submitted,

JACK CONWAY
ATTORNEY GENERAL

/s/ Gregory T. Dutton
Jennifer Black Hans
Assistant Attorneys General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204
T (502) 696-5453
F (502) 573-8315

Notice of Filing, Certifications, and Notice of Service

Undersigned counsel provides the following notice with regard to the filing of this material, certifications for the filing, and notice of the service of information to the other parties of record. Pursuant to the Commission's 18 October 2013 Order of procedure and 807 KAR 5:001 Section 8, the Attorney General will file the original version in paper medium on or before 29 October 2013, the 2nd business day following the electronic filing.

Per 18 October 2013 Order of procedure and 807 KAR 5:001 Section 8, undersigned counsel certifies that the electronic version is a true and accurate copy of the material filed in paper medium, the electronic version has been transmitted to the Commission. With regard to the electronic filing, in conformity with 807 KAR 5:001 Section 8 and the Commission's 18 October 2013 Order of procedure, the Attorney General has submitted his electronic copies of the information by uploading the material to the Kentucky Public Service Commission. The Attorney General is aware of no party for whom a paper copy is required to be mailed or who has been excused by the Commission from participation by electronic means.

The electronic filing took place on 25 October 2013.

/s/ Gregory T. Dutton
Assistant Attorney General

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
Case No. 2013-00237**

1. How many total customers does WSCK serve? For this question and its subparts, please do not reference other documents but do provide the specified number.
 - a. How many in Bell County?
 - b. How many in Hickman County?
2. For each year from 2003 to 2012, please provide the following information:
 - a. the average or end of year customers, by customer class and
 - b. the total usage per class.
3. Does WSCK have any wholesale customers? If so, please provide, for each of the past five years,
 - a. The volume of water sold to wholesale customers, by customer, and
 - b. The amount of revenue received from each wholesale customer.
4. What is the total revenue WSCK is seeking? For this question, please do not reference other documents but do provide the specified number.
5. What is the total revenue increase WSC is seeking? For this question, please do not reference other documents, but do provide the specified number.
6. For WSCK, what was the average monthly cost of billing a residential customer during the test period? For this question, please do not reference other documents but do provide the specified number.
7. Please provide a five-year history of the actual operations and maintenance expenses by account.
8. What is the uncollectable rate WSCK used to calculate uncollectible expense?
 - a. How did WSCK determine this was the appropriate rate to use?
9. Provide a description and dollar amount for the three largest expense increases – in order from greatest to least – WSCK has incurred since their last general rate case.
10. Please provide the C.V. of all individuals providing direct testimony on behalf of WSCK.

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
Case No. 2013-00237**

11. Reference Baryenbruch Testimony. Provide a narrative of cost savings WSCK has experienced due to Project Phoenix.
12. Is any portion of the Phoenix Project included in the Company's rate base or are costs expensed through Service Company charges? If the former, please quantify the amount included in rate base. If the latter, please provide the amount incurred by WSCK in each year since 2008.
13. Reference testimony of Bruce T. Haas.
 - a. Is it accurate that Mr. Haas is the UI Regional Director of Operations for the Midwest Region consisting of Illinois, Indiana, Kentucky and Tennessee?
 - b. Is it true that Mr. Haas business address is in South Carolina and not Illinois, Indiana, Kentucky or Tennessee?
 - c. Is Mr. Haas responsible for all WSCK facilities?
 - d. Is Mr. Haas responsible for all WSCK maintenance?
 - e. Is Mr. Haas responsible for making sure that WSCK customers receive least-cost water service?
14. Has WSCK or WSC identified any area of its operation that present potential cost savings over the next 5 years? If so, what areas and what are the potential savings in annual expenses?
15. Since the last WSCK general rate case, what additional steps has WSCK taken to limit uncollectable accounts?
16. On an ongoing basis please provide invoices, receipts or other supportive documentation for all costs associated with rate cases expenses referenced in WSCK response to PSC DR-13c.
17. Reference WSCK response to PSC DR-24. Provided copies of all current lease agreements.
18. Please provide all contracts related to antenna leases and,
 - a. The actual Test Year revenues
 - b. The 2012 contractual lease payments
 - c. The 2013 contractual lease payments and,
 - d. The effective date of any annual increase in 2012 and/or 2013.

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
Case No. 2013-00237**

19. Reference WSKC response to PSC DR-24. Provide annual lease payments to the referenced properties for 2010, 2011 and 2012.
20. Reference WSKC response to PSC DR-28. Please explain why no invoice is issued to WSKC by Water Service Corporation.
21. Please explain how WSKC monitors (or otherwise reviews) cost allocations from the service company affiliate and include in the narrative a discussion of the steps taken by WSKC to control or otherwise minimize service company cost allocations (for both direct charges as well as the allocation of service company overhead).
22. Please identify the members of WSKC's board of directors.
23. Please provide board of directors meeting minutes for any meetings where discussion and approval of the application to seek a rate increase were discussed.
24. For each member of the WSKC board of directors
 - a. Indicate whether the director also serves as a director or an officer of Utilities, Inc., or a Utilities, Inc., subsidiary; and,
 - b. If applicable, identify the corresponding affiliate and position held.
25. Please identify the officers of WSKC.
26. Please provide a schedule for the outside consulting fees paid during the test period and for the post-test year to date.
27. Please provide a narrative that identifies and explains any divestitures made by Utilities, Inc., since 1 January 2011.
28. With regard to any divestitures by Utilities, Inc., please explain the impact on the calculation and application of the ERC factor used in allocating certain service company expenses.
29. With regard to the average monthly cost of billing a residential customer during the test period, how did this cost compare to the average monthly cost of billing a residential customer in the other jurisdictions sharing a Region (within Utilities, Inc.) with WSKC?

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
Case No. 2013-00237**

30. Please provide the date(s), location(s), attendance sign-in records, agendas, meeting notes and minutes for any public meetings held by WSCK, Utilities, Inc., and or Corix Utilities for customers in the City of Clinton and the City of Middlesboro for calendar years 2012 and 2013.
31. Please provide the date(s), location(s), attendance sign-in records, agendas, meeting notes and minutes for any stakeholder meetings with local officials or other stakeholder groups.
32. Please provide results of on any customer satisfaction surveys conducted.
33. Please provide information regarding the number of water service interruptions, the average employee response time to water service interruptions, customer complaints and response time as these matters relate to commitments made in case No. 2012-00133.
34. Reference: Application, Direct Testimony of Patrick Baryenbruch. Please provide the following.
 - a. A schedule listing, for the period beginning 1 January 2010 to the present, each (i) jurisdiction in which Mr. Baryenbruch has provided testimony, (ii) the docket number for each proceeding in which Mr. Baryenbruch has provided testimony, (iii) the corresponding final order for the docket (and if there is no final order, indicate the procedural status of the proceeding), and (iv) the name of the client;
 - b. Provide a copy of the request for proposal or other document through which Mr. Baryenbruch's assistance was sought;
 - c. Provide a copy of Mr. Baryenbruch's proposal;
 - d. Provide a copy of the contract with Mr. Baryenbruch;
 - e. Provide a copy of each testimony that Mr. Baryenbruch has submitted since 1 January 2010. (With regard to providing the information to the Office of the Attorney General) Each testimony should be submitted in a pdf file with OSR so that it is searchable;
 - f. Please provide a copy of Mr. Baryenbruch's work-papers for his testimony.
 - g. Please indicate whether Mr. Baryenbruch has studied any other water utility operating within the Commonwealth of Kentucky. If yes, identify (i) the utility or utilities, and (ii) the docket number(s).
35. For the period beginning 1 January 2011 to the present, please identify any favorable tax benefit(s) available and/or realized associated with any

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
Case No. 2013-00237**

provisions under the Federal Tax Code including but not limited to statutes and regulations concerning depreciation practices (for example, The Tax Relief Unemployment Insurance Reauthorization and Job Creation Act of 2010 or The Small Business Jobs Act of 2010).

36. Notwithstanding any prior request, please identify each capital project (and its corresponding cost) scheduled or anticipated to be completed, in process, or commenced during the period from 30 September 2010 until 31 December 2014 that is for the primary purpose of complying with a provision of the Safe Drinking Water Act (for example, a capital project necessary in order to meet Stage 2 of the Disinfectants and Disinfection By-products Rule).
37. Please provide, by the departments listed in Exhibit B to Mr. Shambaugh's testimony, the number of employees at Water Service Corporation ("Service Company").
38. Please identify the entities on whose behalf the Service Company provided services in each year from 2010 to 2012. For each such entity, please provide the amount (\$) and percentage (%) of Service Company costs that were charged or allocated to that entity by the Service Company in each of those years.
39. For each entity receiving services from the Service Company, please provide the number of customers at December 31, 2011, December 31, 2012, and the most recent date available.
40. Please itemize all costs charged to WSCK by the Service Company in each of the past three years. For each year, please separately identify the costs that were a) directly charged to WSCK and b) allocated to WSCK based on a common allocation factor.
41. In addition to the Service Company, does Utilities, Inc. or any other affiliated entity charge costs to WSCK? If so, for each entity, please itemize the costs charged to WSCK in each of the past three years.
42. Regarding w/p [b], please a) identify any positions listed on this schedule that are currently vacant, and b) identify the costs included in the "Other" category.

**Attorney General's
Initial Requests for Information to
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43. Regarding w/p [b], for each position listed on this schedule, please provide the actual annual salary at December 31, 2012.
 44. Please confirm that all direct WSKC employee positions are shown on w/p [b], and that this workpaper reflects only WSKC positions (as opposed to Service Company positions).
 45. Regarding w/p [b], are the costs shown as "401(k) at 3%" the employee's contribution to the 401K? If so, please explain why these costs are in addition to the employee's annualized salary. If these costs are not the employee's contribution, then please explain what these costs are and how they differ from the costs shown under "Company Contribution at 4%".
 46. Regarding w/p [b], please a) identify any employees that provide services to both water operations and to Clinton's wastewater treatment system under contract, and b) explain how these employees' labor costs are allocated between water and wastewater operations.
 47. Regarding w/p [b-2], do the amounts of capitalized time shown in Column [a] represent the actual amounts capitalized in the test year? If not, please explain how these amounts were determined.
-
48. Regarding w/p [q-2], please provide all supporting assumptions, workpapers, calculations and studies supporting the allocation factors shown in this workpaper.
 49. Provide the total payroll costs, separately for union and non-union employees, in each of the last three years.
 50. Provide the percentage of salary and wage increases granted in each of the last three years, as well as the dates of any such increases. Please provide this information separately for union and non-union personnel, if applicable.
 51. Provide the number of WSKC employee positions, by department, authorized and the actual number of employees for each month from January 2011 through the latest date available.
 52. Regarding w/p [b-3], please identify any positions that are currently vacant.

**Attorney General's
Initial Requests for Information to
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53. Provide the total amount of employee severance expenses in each of the last three years and as reflected in the filing.
54. Provide the amount of any severance expense amortizations claimed in the filing and indicate when such costs were incurred and when any amortization will cease.
55. Provide the total relocation expenses in each of the last three years and as reflected in the filing.
56. Please provide a description of all incentive compensation programs provided to employees (non-officers). For each program, please provide
 - a. a description of the program,
 - b. the amount included in the Company's claim, and
 - c. the actual amount incurred in each of the past three years.
57. Please provide a description of all incentive compensation programs provided to officers. For each program, please provide
 - a. a description of the program,
 - b. the performance criteria factors used to determine awards,
 - c. the amount included in the Company's claim,
 - d. the actual amount incurred in each of the past three years, and
 - e. by title, a list of all officers eligible to participate.
58. Describe any changes to employee incentive programs over the past five years or that are projected for the future.
59. Identify and quantify all officer compensation by component, including incentive awards and bonuses, paid in each of the past three years and indicate the portion of each component that is included in the Company's proposed revenue requirement. Please also identify, by title, the officers whose compensation is included in this response. Please include both WSCK officers as well as officers of affiliates whose costs are allocated to WSCK in your response.
60. Fully describe any SERP benefits whose costs are included in the Company's claim. Quantify any SERP costs included in the Company's filing, and describe how the Company's claim for SERP costs was determined. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.

**Attorney General's
Initial Requests for Information to
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61. Identify all compensation, bonuses, and benefits provided to Directors in each of the last three years and as included in the Company's filing.
 62. Provide copies of the most recent actuarial reports for FAS 87 and FAS 106 costs.
 63. For each of the past five years, please provide a) the actual pension cost booked by the Company, and b) the amount of any contributions to the pension fund.
 64. For each of the last five years, please provide a) the actual post-retirement benefit cost booked by the Company, b) the amount of any contributions to a post-retirement benefit fund, and c) the amount actually paid out in OPEB benefits.
 65. Regarding w/p[b-1], what entity has 413 employees, i.e., does this represent employees at the Service Company or some other entity?
 66. Provide the most recent unit rates for the Company's medical and dental benefit plans and identify the number of employees for which each such rate is applicable.
-
67. Identify the amount that employees contribute to their health care costs and state how that amount is determined.
 68. Provide a list of all benefits offered to employees.
 69. Provide a list of all benefits offered to officers.
 70. Describe any changes in benefits offered to a) officers or b) employees in any of the past 5 years or projected for the future.
 71. For each type of employee benefit, please provide the costs incurred in each of the past three years.
 72. Please provide a three year history of legal costs.
 73. Provide a three-year history of any legal settlements paid or received and explain how such amounts are reflected in the filing.

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
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74. Please provide, for each of the past three years:
 - a. the amount of bad debts written-off,
 - b. the amount of bad debts written off that were subsequently recovered,
 - c. the amount of any additions to a bad debt reserve, if applicable, and
 - d. the total revenues from water sales.

75. Please identify any reserves (uncollectibles, injuries and damages, storm damage, etc.) maintained by the Company. For each such reserve, please
 - a. provide the balance at December 31 for each of the past three years,
 - b. identify any reserve additions included in the Company's filing, and
 - c. state how the annual reserve additions are determined.

76. Please provide a three-year history of injuries and damages expenses.

77. Please provide supporting assumptions, calculations and workpapers for the 6.98% allocation shown in w/p[p-2a].

78. Please identify the Company's total estimated costs for this proceeding and itemize all components of the estimated cost.

79. Please identify any regulatory commission expense included in the Company's proposed revenue requirement, other than costs associated with the current rate case.

80. For each of the past three WSCK rate case filings, provide:
 - a. the amount of the increase requested,
 - b. the percentage increase requested,
 - c. the amount of increase granted,
 - d. whether the case was litigated or settled,
 - e. the total rate case costs incurred, and
 - f. the effective date of new rates.

81. Provide a copy of all contracts with consultants or other third parties for rate case services claimed in this filing.

82. Please provide copies of all Requests for Proposal issued by or on behalf of WSCK with regard to the provision of rate case services in this case.

83. Provide the amount of research and development costs claimed in rates in this filing and provide a description of each project to be undertaken, the

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
Case No. 2013-00237**

timing of the project and the organization that is expected to perform the research. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.

84. Provide the amount of charitable contributions included in the filing showing the organization(s) and the amount of the claimed expense. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.
85. Provide a detailed accounting of outside services expense for the test year and the past three years, showing the amounts paid by vendor and a description of the nature of the services provided. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.
86. Provide the amount of expenses for memberships and dues included in the filing indicating the organization paid and the employees who participate (union, management, directors, etc.). Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.
87. For each entity for which dues and membership expenses are included in the filing, identify any portion of dues or membership fees that are directed toward lobbying activities by the organization.
88. Identify all lobbying costs incurred by the Company in the test year and identify the amount of lobbying costs, if any, included in the Company's claim. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.
89. Provide the amount of meals expenses included in the Test Year but disallowed for tax purposes.
90. For each of the past five years and as projected for 2013, identify the Alternative Minimum Tax paid by the Company.
91. Please provide, for each of the past five years as well as for the test year,
 - a. the total assessed property value,
 - b. the average property tax rate,
 - c. the total property taxes paid,
 - d. any refunds of taxes paid.

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
Case No. 2013-00237**

92. Please provide the December 31 balances for customer deposits at December 31, 2010, 2011, and 2012, as well as the latest amount available.
93. For each of the past three years, please provide:
 - a. the capital budget as approved by the Board of Directors,
 - b. the actual capital expenditures.
94. For each of the three five years, please provide:
 - a. actual plant-in-service additions,
 - b. actual retirements
95. Provide a description of major assets included in intangible plant.
96. Provide the balance in intangible plant in each of the last three years.
97. Please identify any plant held for future use included in the Company's rate base. For each such plant asset, please include
 - a. the date that the asset was acquired,
 - b. a description of the asset and its eventual use,
 - c. the date by which the asset is expected to be put into service, and
 - d. a description of any current activities relating to preparing the asset to enter utility service.
98. Provide a five-year history of gains and losses of asset dispositions and state how such gains/losses are reflected for ratemaking purposes.
 - a. Please identify all non-regulated services provided by WSCK in each of the past three years,
 - b. identify all costs associated with the provision of non-regulated services, and
 - c. state how such costs are reflected in the filing.
99. Please provide a narrative describing how the Company's pro forma revenue at present rates was determined. Please include all supporting workpapers, assumptions, and calculations with your response.
100. Does WSCK file its income taxes as part of a consolidated income tax group? If so, please provide a list of all companies included in the consolidated income tax return of which WSCK is a member.

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
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101. For each company listed in the response to the previous question, please
 - a. state if the company is regulated or non-regulated, and
 - b. provide a brief description of the services provided by each company.

102. If the Company files its taxes as part of a consolidated group, please provide a copy of the tax sharing agreement that determines how payments of each entity to the parent company are determined.

103. If the Company files a consolidated income tax return, please provide the taxable income or tax loss incurred by each company included in the consolidated income tax return of which WSCK was a member for each of the past five years.

104. If the Company files a consolidated income tax return, please provide, for each of the past five years, the actual income taxes paid by the consolidated group to the IRS.

105. If the Company files a consolidated income tax return, please provide, for each of the past five years,
 - a. the federal income taxes booked by WSCK,
 - b. the amount of any payment made by WSCK to the parent company or other entity relating to the tax sharing agreement among members of the consolidated group.

106. If the Company files a consolidated income tax return, please state the amount paid to each loss company by the parent or other subsidiary in each of the past five years in compensation for tax losses incurred by that member, as well as the total payments made to members by the consolidated group.

107. If the Company files a consolidated income tax return, please quantify the amount of any tax loss carryforward currently available to the consolidated group, and identify the period(s) over which these tax loss carryforwards are available to be used by the consolidated group.

108. For all amortizations included in the Company's claim, please provide
 - a. a description of the cost,
 - b. the total costs incurred,
 - c. the amortization period being used,
 - d. a cite to the PSC order authorizing recovery, if applicable,

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
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- e. the date when the amortization began,
 - f. the amount recovered to date, and
 - g. the amount recovered by the end of the Test Year.
109. Please quantify the amount of advertising costs included in the Company's claim and provide a summary of advertising expenditures by category, e.g. educational, conservation, institutional, etc.
110. For each of the Company's tanks, please provide a) the date of the most recent tank painting, b) the cost of the most recent painting, c) the amortization period, d) the beginning date of the amortization, and e) the annual amortization expense.
111. What is the basis for the 2% depreciation rate referenced on page 6, lines 15-16 of Mr. Yap's testimony?
112. Please provide all supporting documentation for the use of the 88% Operating Ratio shown in Exhibit E.
113. Regarding w/p[p-5], please provide a key identifying each of the abbreviations used in the column headings of this workpaper.

RECEIVED
OCT 29 2014
GENERAL COUNSEL

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
OCT 29 2014
PUBLIC SERVICE
COMMISSION

In the Matter of:

INVESTIGATION OF THE FAILURE OF WATER)
SERVICE CORPORATION OF KENTUCKY TO)
HOLD ANNUAL PUBLIC MEETINGS IN THE)
CITIES OF CLINTON AND MIDDLESBORO)

Case No.
2014-00272

Ramsel

Water Service Corporation of Kentucky, by counsel, hereby gives notice of its filing of
the attached affidavit for entry in the record of this matter.

Respectfully submitted,

STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

M. TODD OSTERLOH
CHARLES D. COLE
333 W. Vine Street, Suite 1400
Lexington, Kentucky 40507
Telephone No.: (859) 255-8581
tosterloh@sturgillturner.com

ATTORNEYS FOR WATER SERVICE CORPORATION
OF KENTUCKY

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served via U.S.
Mail on this the 28th day of October, 2014.

Jennifer Black Hans
Gregory T. Dutton
Angela M. Goad
Assistant Attorneys General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601

M. Todd Osterloh

COUNSEL FOR WSCK

PSC
Exhibit 4

AFFIDAVIT

Comes the affiant, after being duly cautioned and sworn, and states as follows:

1. In my capacity as an attorney for Water Service Corporation of Kentucky ("WSCK"), I contacted Commission Staff member Gerald Wuetcher on November 19, 2013, to seek his advice on the best procedural vehicle for presenting two issues to the Commission or Commission Staff. WSCK wanted to address two requirements from the final order of Case No. 2012-0013, including matters related to a meeting with the Commissioners and public meetings to be held in Clinton and Middlesboro.

2. In response, Mr. Wuetcher indicated his personal belief that the request to consolidate the public meetings to satisfy the order in Case No. 2012-00133 and any possible public meetings to be held in the then-pending rate case was reasonable, and he recommended that WSCK draft a letter to the Commission's Executive Director detailing the request and specifying the utility's reasoning for the request. Exhibit 1, which has been redacted to protect attorney-client privileged information, to this Affidavit provides contemporaneous support for my statements herein.

3. On December 3, 2013, I sent a letter addressed to the Commission's Executive Director Jeff Derouen detailing WSCK's proposal to consolidate the public meetings to satisfy the order in Case No. 2012-00133 and any possible public meetings to be held in the then-pending rate case and specified the utility's reasoning for the request. The letter was mailed and emailed to the Executive Director by my legal assistant. I also forwarded a copy of the letter on December 3, 2013, to Commission Staff member James Wood, with whom I had been communicating about the meeting with the Commissioners and the utility.

4. On December 3, 2013, I received a response from Mr. Wood indicating that the issue that I presented in my letter related to public meetings to satisfy the order in Case No. 2012-00133 was being discussed and that he would get back with me.

5. Exhibit 2 to this Affidavit contains those communications related to the public meetings.

6. I do not recall receiving any further response from the Commission or Commission Staff on that specific issue.

Further the affiant sayeth naught.

M. Todd Osterloh
M. TODD OSTERLOH

COMMONWEALTH OF KY)
)
COUNTY OF FAYETTE)

Subscribed and sworn to before me by M. TODD OSTERLOH on this the 27th day of October, 2014.

My commission expires: 3/14/2015

Shari L. Herring, #437388
NOTARY PUBLIC, STATE AT LARGE, KY

Todd Osterloh

From: Todd Osterloh
Sent: Tuesday, November 19, 2013 1:50 PM
To: Steve Lubertozi (SMLubertozi@uiwater.com)
Subject: Kentucky Corix transfer requirements

Steve,

I spoke with Commission Staff member Jerry Wuetcher regarding the Corix transfer requirements. He thought that our requests were reasonable.

He advised that for the meeting with Commission Staff that we would need to submit a form that I can fill out to request the meeting. As for who would need to participate, he indicated that he obviously couldn't name specific names, but indicated that the Commission would want individuals with meaningful knowledge as to the operations of Corix, its subsidiaries, and Utilities, Inc.

[REDACTED]

As for the public meetings in the communities, Jerry suggested drafting a letter to the Executive Director. [REDACTED]

M. Todd Osterloh
Attorney
tosterloh@sturgillturner.com



333 West Vine Street, Suite 1400, Lexington, KY 40507
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Donald P. Moloney, II
Phillip M. Moloney
Kevin G. Henry
Ernest H. Jones, II
E. Douglas Stephan
Kevin W. Weaver
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Sarah Charles Wright
Bryan H. Beauman

R. Douglas Martin
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1928-2002

Email address:
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December 3, 2013

VIA MAIL & EMAIL

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Utility Hosted Public Meeting in Middlesboro and Clinton

Dear Mr. DeRouen:

As you will remember, the Commission approved the indirect transfer of control of Water Service Corporation of Kentucky ("WSCK"), in Case No. 2012-00133. As a condition of the transfer, WSCK and its corporate affiliates, Corix Utilities (Illinois) LLC and Utilities, Inc., agreed to host annual public meetings in the cities of Middlesboro and Clinton, Kentucky to provide a forum for customers to communicate with utility management.

WSCK has a rate case pending before the Commission (Case No. 2013-00237). Based on the current procedural schedule, an evidentiary hearing has been set for March 18, 2014, and it may be moved to April. Although there has been no indication whether the Commission will hold local public meetings related to the rate case, the Commission has held public meetings in Middlesboro and Clinton in WSCK's last two rate cases. If public meetings were to be held, we would anticipate that they would be held in March or early-April before the evidentiary hearing.

In contemplating the scheduling of a public forum as envisioned by the agreement in the transfer case, it occurred to WSCK that the dominant focus of any meeting held by WSCK in Middlesboro and Clinton December 2013 would be the current rate case. In order to avoid the economic inefficiency of holding two sets of meetings less than three months apart in which the focus of the meetings is the same, WSCK proposes to consolidate the meetings and hold one set of meetings. This would also allow other interested individuals, such as Commission Staff and representatives of the Attorney General's office, to hear the input from the customers without having to make a second trip from Frankfort.

STURGILL, TURNER, BARKER & MOLONEY, PLLC
333 WEST VINE STREET ♦ SUITE 1400 ♦ LEXINGTON, KENTUCKY 40507
PHONE: 859.255.8581 ♦ FAX: 859.231.0851 ♦ WWW.STURGILLTURNER.COM





December 3, 2013
Page 2

Please advise as to whether this proposal is acceptable to the Commission and Commission Staff. As always, if you have any questions, do not hesitate to contact me.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

MTO/mlm

x:\wdox\clients\64592\0001\corr\00353657.docx

Todd Osterloh

From: Mary Myers
Sent: Tuesday, December 03, 2013 11:42 AM
To: 'Jeff.DeRouen@ky.gov'
Cc: Todd Osterloh
Subject: Utility Hosted Public Meeting in Middlesboro and Clinton: please see attached correspondence sent on behalf of Atty Todd Osterloh



LTR Derouen
Public Meeting i...

Mary Myers
Legal Assistant
mmyers@sturgillturner.com



333 West Vine Street, Suite 1400, Lexington, KY 40507
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Todd Osterloh

From: Todd Osterloh
Sent: Tuesday, December 03, 2013 12:34 PM
To: JamesR.Wood@ky.gov
Subject: FW: Utility Hosted Public Meeting in Middlesboro and Clinton: please see attached correspondence sent on behalf of Atty Todd Osterloh

FYI – This may also come up in your discussions

From: Mary Myers
Sent: Tuesday, December 03, 2013 11:42 AM
To: 'Jeff.DeRouen@ky.gov'
Cc: Todd Osterloh
Subject: Utility Hosted Public Meeting in Middlesboro and Clinton: please see attached correspondence sent on behalf of Atty Todd Osterloh



LTR Derouen
Public Meeting i...

Todd Osterloh

From: Todd Osterloh
Sent: Tuesday, December 03, 2013 3:02 PM
To: 'Wood, James R (PSC)'
Cc: DeRouen, Jeff (PSC) (Jeff.DeRouen@ky.gov)
Subject: RE: Date for meeting

Thanks, Jim.
Todd

M. Todd Osterloh

Attorney

tosterloh@sturgillturner.com



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From: Wood, James R (PSC) [<mailto:JamesR.Wood@ky.gov>]
Sent: Tuesday, December 03, 2013 2:53 PM
To: Todd Osterloh
Cc: DeRouen, Jeff (PSC)
Subject: Date for meeting

Todd:

Looks like we will set a date for the meeting after the rate case has concluded. It will probably be a month or two after the conclusion of the rate case. Your other question about public meetings is being discussed. I will get back with you later on that issue.

Jim

James R. Wood

Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602



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Donald P. Moloney, II
Phillip M. Moloney
Kevin G. Henry
Ernest H. Jones, II
E. Douglas Stephan
Kevin W. Weaver
Charles D. Cole
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Bryan H. Beaman

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Jason P. Woodall

General Counsel
Gardner L. Turner

Of Counsel
Katherine M. Coleman

Don S. Sturgill
1928-2002

Email address:
tosterloh@sturgillturner.com

November 22, 2013

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Application of Water Service Corporation for a General Adjustment
in Existing Rates

Case No. 2013-00237

Dear Mr. DeRouen:

Applicant Water Service Corporation of Kentucky, by counsel, hereby provides notice that it is electronically filing its initial responses to Commission Staff's Second Request for Information to Water Service Corporation of Kentucky. The applicant acknowledges that these responses are not complete. The undersigned counsel certifies that the response filed electronically is a true, accurate and complete representation of the original document and has been transmitted to the Commission. No party to this case has been excused from participation be electronic means. In addition, a petition for confidentiality related to certain information contained in these responses is being separately filed on this date.

Pursuant to the 807 KAR 5:001, Section 8, an original in paper medium of the application shall be filed with the Commission within two business days following the electronic transmission.

Please contact me if you have any questions.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

MTO/mlm

PSC
Exhibit

5

CASE NO. 2013-00237

WATER SERVICE CORPORATION OF KENTUCKY

RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

30. Please provide the date(s), location(s), attendance sign-in records, agendas, meeting notes and minutes for any public meetings held by WSCK, Utilities, Inc., and or Corix Utilities for customers in the City of Clinton and the City of Middlesboro for calendar years 2012 and 2013.

RESPONSE: There have been none to date.

Witness – Bruce Haas



Stephen L. Barker
Donald P. Moloney, II
Phillip M. Moloney
Kevin G. Henry
Ernest H. Jones, II
E. Douglas Stephan
Kevin W. Weaver
Charles D. Cole
Sarah Charles Wright
Bryan H. Beaman

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Derrick T. Wright
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Martha L. Alexander
Stephanie M. Wurdock
Jason P. Woodall

General Counsel
Gardner L. Turner

Of Counsel
Katherine M. Coleman

Don S. Sturgill
1928-2002

Email address:
tosterloh@sturgillturner.com

December 13, 2013

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Application of Water Service Corporation for a General Adjustment
in Existing Rates

Case No. 2013-00237

Dear Mr. DeRouen:

Applicant Water Service Corporation of Kentucky, by counsel, hereby provides notice that it is electronically filing its initial responses to Attorney General's Initial Request for Information to Water Service Corporation of Kentucky. The undersigned counsel certifies that the response filed electronically is a true, accurate and complete representation of the original document and has been transmitted to the Commission. No party to this case has been excused from participation by electronic means. In addition, a petition for confidentiality related to certain information contained in these responses is being separately filed on this date.

Pursuant to the 807 KAR 5:001, Section 8, an original in paper medium of the application shall be filed with the Commission within two business days following the electronic transmission.

Please contact me if you have any questions.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

PSC
Exhibit 6

CASE NO. 2013-00237

WATER SERVICE CORPORATION OF KENTUCKY

RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION

30. Please provide the date(s), location(s), attendance sign-in records, agendas, meeting notes and minutes for any public meetings held by WSCK, Utilities, Inc., and or Corix Utilities for customers in the City of Clinton and the City of Middlesboro for calendar years 2012 and 2013.

RESPONSE: There have been none to date.

Witness – James Leonard and Bruce Haas



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

Linda Breathitt
Commissioner

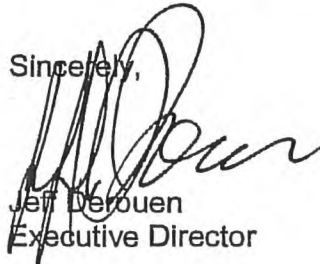
April 11, 2014

PARTIES OF RECORD

Re: Case No. 2013-00237
Application of Water Service Corporation of Kentucky for an Adjustment of Rates

Attached is a copy of correspondence that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Ann Ramser, Commission Staff Attorney, at (502) 782-2585.

Sincerely,



Jeff Derouen
Executive Director

AR
Attachment

cc: Parties of Record

Ramser, Ann (PSC)

From: Mary Myers <MMyers@sturgillturner.com>
Sent: Thursday, April 10, 2014 5:44 PM
To: Ramser, Ann (PSC); s_ellen@bellsouth.net; Dutton, Gregory (KYOAG); 'leannawilkerson12@gmail.com'
Cc: Todd Osterloh
Subject: Please see attached correspondence & enclosures sent on behalf of Atty Todd Osterloh
Attachments: LT Ramser 4-10-14 (00375208).PDF

Mary Myers
Legal Assistant
mmyers@sturgillturner.com



333 West Vine Street, Suite 1400, Lexington, KY 40507
p 859.255.8581 f 859.231.0851 www.sturgillturner.com

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General Counsel
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Of Counsel
Katherine M. Coleman

Don S. Sturgill
1928-2002

Email address:
tosterloh@sturgillturner.com

April 10, 2014

Ann Ramser
Staff Attorney
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

VIA EMAIL ONLY

RE: Hearing Request of the Commissioners

Dear Ms. Ramser:

At the request of the Commissioners at yesterday's hearing, I am transmitting written correspondence between Commission Staff and me or my staff regarding the ordering requirements set forth in Case No. 2012-00133. In the attachment, you will find the following documents:

Letter from Todd Osterloh to Jeff DeRouen (Dec. 3, 2013)

Email from Todd Osterloh to James R. Wood (Dec. 2, 2013 2:30 PM)(with Meeting Request Form attachment)

Email from James R. Wood to Todd Osterloh (Dec. 3, 2013 11:24 AM)

Email from Todd Osterloh to James R. Wood (Dec. 3, 2013 11:28 AM)

Email from Todd Osterloh to James R. Wood (Dec. 3, 2013 11:42 PM)(with aforementioned letter attached)

Email from Todd Osterloh to James R. Wood (Dec. 3, 2013 12:34 PM)(with aforementioned letter attached)

Email from Todd Osterloh to James R. Wood (Dec. 3, 2013 12:39 PM)(with email string below)

Email from Todd Osterloh to James R. Wood (Dec. 3, 2013 2:53 PM)(with email from James R. Wood below)

STURGILL, TURNER, BARKER & MOLONEY, PLLC
333 WEST VINE STREET ♦ SUITE 1400 ♦ LEXINGTON, KENTUCKY 40507
PHONE: 859.255.8581 ♦ FAX: 859.231.0851 ♦ WWW.STURGILLTURNER.COM



April 10, 2014
Page 2

Please provide these documents to the Commissioners for their review to determine whether they should be filed in the record of Water Service Corporation of Kentucky's rate case. As was discussed at yesterday's hearing, it is the utility's position that the requirements contained in Case No. 2012-00133 have no relevance to the merits of the pending rate case and there would be no need to clutter the record with these extraneous documents.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

MTO/mlm

Enclosures

Cc: Greg Dutton (via email)
Sue Ellen Morris (via email)
Leanna Wilkerson (via email)

x:\wdox\clients\64592\0004\corr\00375108.docx



Stephen L. Barker
Donald P. Moloney, II
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Don S. Sturgill
1928-2002

Email address:
tosterloh@sturgillturner.com

December 3, 2013

VIA MAIL & EMAIL

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Utility Hosted Public Meeting in Middlesboro and Clinton

Dear Mr. DeRouen:

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WSCK has a rate case pending before the Commission (Case No. 2013-00237). Based on the current procedural schedule, an evidentiary hearing has been set for March 18, 2014, and it may be moved to April. Although there has been no indication whether the Commission will hold local public meetings related to the rate case, the Commission has held public meetings in Middlesboro and Clinton in WSCK's last two rate cases. If public meetings were to be held, we would anticipate that they would be held in March or early-April before the evidentiary hearing.

In contemplating the scheduling of a public forum as envisioned by the agreement in the transfer case, it occurred to WSCK that the dominant focus of any meeting held by WSCK in Middlesboro and Clinton December 2013 would be the current rate case. In order to avoid the economic inefficiency of holding two sets of meetings less than three months apart in which the focus of the meetings is the same, WSCK proposes to consolidate the meetings and hold one set of meetings. This would also allow other interested individuals, such as Commission Staff and representatives of the Attorney General's office, to hear the input from the customers without having to make a second trip from Frankfort.

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PHONE: 859.255.8581 ♦ FAX: 859.231.0851 ♦ WWW.STURGILLTURNER.COM



December 3, 2013
Page 2

Please advise as to whether this proposal is acceptable to the Commission and Commission Staff. As always, if you have any questions, do not hesitate to contact me.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

MTO/mlm

x:\wdox\clients\64592\0001\corr\00353657.docx

Todd Osterloh

From: Todd Osterloh
Sent: Monday, December 02, 2013 2:30 PM
To: 'JamesR.Wood@ky.gov'
Subject: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf
Attachments: 1 MEETING REQUEST FORM (NEW) (2).pdf

Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

The attached file is the filled-out form. Please open it to review the data.

Jlm,
I hope all is well with you and your family.

I am attaching a meeting request form. There are a few things that I should explain that were difficult to describe on the form.

1. We do not have a preference as to whether the Commissioners participate in the meeting or not. We are leaving that to the discretion of the Commissioners. We welcome their participation, and also understand if it will be Staff only.
2. We are hoping that the Commission will allow us to have our primary two representatives, Steve Lubertozi and Hamish Cumming, appear telephonically. Steve is out of UI's Northbrook, Illinois, office, and Hamish is out of Corix's Vancouver headquarters. We think that we can accomplish the goals of the meeting without spending significant resources (time and money) on travel. If the Commission disagrees, please let me know as soon as you can.
3. We are fairly flexible on dates if we can hold the meeting telephonically. If you want us to propose some possible dates, December 11 (pm), December 12, December 16, and December 19 are all possibilities. Because Hamish is 3 hours behind us, we will not want to schedule the meeting too early in the morning.

Todd

M. Todd Osterloh
Attorney
tosterloh@sturgillturner.com

333 West Vine Street, Suite 1400, Lexington, KY 40507 p 859.255.8581 f 859.231.0851 c
859.433.0027 www.sturgillturner.com

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KENTUCKY
PUBLIC SERVICE
COMMISSION

211 Sower Blvd
Post Office Box 615
Frankfort, KY 40602
<http://psc.ky.gov>

Telephone: 502-564-3940
Telefax: 502-564-3460
Date: Dec. 2, 2013

MEETING REQUEST INFORMATION

Thank you for your request for a meeting with our Commissioners or staff. To assist us in scheduling this meeting, please provide the following information as soon as possible.

Meeting with Commissioners Meeting with Staff Meeting with Commissioners & Staff

Utility requesting meeting: Water Service Corporation of Kentucky

Contact person: Todd Osterloh, (859) 255-8581, tosterloh@sturgillturner.com
(Name, telephone #, email address)

Requested date & time: Flexible, December 2013 Requested length of meeting: 1 hour

Alternative dates & times: Please contact Todd Osterloh to arrange a date and time.

Purpose of meeting: The PSC approved the indirect transfer of control of WSCK in 12-133 with a condition that Corix and Utilities, Inc., management meet with the Commission and/or Commission Staff to ensure an ongoing relationship between the utility and the Commission. WSCK proposes to hold this meeting telephonically to reduce unnecessary travel expenses.

Topics requested for discussion: 1. General utility operations
2. WSCK's corporate parents
3. Any other topics at the request of Commission or Staff
4. WSCK's pending rate case should not be discussed.

Names of attendees and their titles: 1. Steve Lubertozzi, UI Director of Regulatory Affairs
2. Hamish Cumming, Corix Vice President
3. Todd Osterloh, Local Attorney
4. Others at the request of Commission or Staff

PSC personnel requested/planning to attend: At the discretion of Commission or Staff

E-MAIL FORM

PRINT FORM



Todd Osterloh

From: Wood, James R (PSC) <JamesR.Wood@ky.gov>
Sent: Tuesday, December 03, 2013 11:24 AM
To: Todd Osterloh
Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Todd:

This may take a while. It looks like the Commissioners want to be present, and probably want to have your corporate officers present. That will delay the timing as the Commissioners are really booked up. Plus, we have the rate case pending. If it takes a while to get this scheduled, we will probably excuse the delay in having the "annual" meeting (paragraph 19 of the Order of August 13, 2012, 2012-00133). I will get back with you as soon as I have some information from Jeff and the Commissioners. Also, I will probably turn this over to Kathy Gillum once we get the particulars settled; she is now doing some of the scheduling so I can spend more time on cases. But until we get the details worked out, I will still handle this one.

Lisa, Elizabeth and I are all doing fine. How about you and yours? Hope all is well.

Jim

-----Original Message-----

From: Todd Osterloh [mailto:tosterloh@sturgillturner.com]
Sent: Monday, December 02, 2013 2:30 PM
To: Wood, James R (PSC)
Subject: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

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Jim,

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Todd

M. Todd Osterloh
Attorney
tosterloh@sturgillturner.com

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Todd Osterloh

From: Todd Osterloh
Sent: Tuesday, December 03, 2013 11:28 AM
To: 'Wood, James R (PSC)'
Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Ok, thanks for the heads-up, Jim. I will wait for further instruction from you or Kathy.

Kate, Alex, and I are doing well. And I cannot remember if I told you when I saw you last, but we are expecting another boy around the end of February. So needless to say, things are hectic with the holidays approaching and preparations for another nursery getting started.

Todd

-----Original Message-----

From: Wood, James R (PSC) [mailto:JamesR.Wood@ky.gov]
Sent: Tuesday, December 03, 2013 11:24 AM
To: Todd Osterloh
Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

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Todd Osterloh

From: Mary Myers
Sent: Tuesday, December 03, 2013 11:42 AM
To: 'Jeff.DeRouen@ky.gov'
Cc: Todd Osterloh
Subject: Utility Hosted Public Meeting in Middlesboro and Clinton; please see attached correspondence sent on behalf of Atty Todd Osterloh



LTR Derouen
Public Meeting i...

Mary Myers
Legal Assistant
mmyers@sturgillturner.com



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General Counsel
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Katherine M. Coleman

Don S. Sturgill
1928-2002

Email address:
toosterloh@sturgillturner.com

December 3, 2013

VIA MAIL & EMAIL

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Utility Hosted Public Meeting in Middlesboro and Clinton

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December 3, 2013
Page 2

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Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

MTO/mlm

x:\wdox\clients\64592\0001\worr\00353657.docx

Todd Osterloh

From: Todd Osterloh
Sent: Tuesday, December 03, 2013 12:34 PM
To: JamesR.Wood@ky.gov
Subject: FW: Utility Hosted Public Meeting in Middlesboro and Clinton: please see attached correspondence sent on behalf of Atty Todd Osterloh

FYI – This may also come up in your discussions

From: Mary Myers
Sent: Tuesday, December 03, 2013 11:42 AM
To: 'Jeff.DeRouen@ky.gov'
Cc: Todd Osterloh
Subject: Utility Hosted Public Meeting in Middlesboro and Clinton: please see attached correspondence sent on behalf of Atty Todd Osterloh



LTR Derouen
Public Meeting I...



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December 3, 2013

VIA MAIL & EMAIL

Jeff DeRouen, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

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December 3, 2013
Page 2

Please advise as to whether this proposal is acceptable to the Commission and Commission Staff. As always, if you have any questions, do not hesitate to contact me.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

M. Todd Osterloh

MTO/mlm

x:\wdox\clients\64592\0001\corr\00353657.docx

Todd Osterloh

From: Todd Osterloh
Sent: Tuesday, December 03, 2013 12:39 PM
To: 'Wood, James R (PSC)'
Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

We are very early in the rate case process. We filed the rate case at the end of September, so we are just about two months in. The ten-month period would end on July 26, 2014. Obviously, we are hoping that we can demonstrate that our rates are reasonable before that date (or possibly provide a settlement for the Commission to consider at a much earlier date.)

Todd

-----Original Message-----

From: Wood, James R (PSC) [mailto:JamesR.Wood@ky.gov]
Sent: Tuesday, December 03, 2013 11:39 AM
To: Todd Osterloh
Subject: FW: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Todd:

Looks like it will be a while. Do you have any idea when the rate case will be completed?
Jim

-----Original Message-----

From: DeRouen, Jeff (PSC)
Sent: Tuesday, December 03, 2013 11:40 AM
To: Wood, James R (PSC); Armstrong, David (PSC); Breathitt, Linda (PSC); Gardner, Jim (PSC); Stith, Brenda H (PSC); Gillig, Gretchen (PSC); Lyons, Debbie K (PSC)
Cc: Wuetcher, Jerry (PSC); Raff, Richard (PSC); Greenwell, Aaron D (PSC)
Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

We have to. WE can't meet until after the rate case.

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601
(502) 564-3940

-----Original Message-----

From: Wood, James R (PSC)
Sent: Tuesday, December 03, 2013 11:34 AM
To: DeRouen, Jeff (PSC); Armstrong, David (PSC); Breathitt, Linda (PSC); Gardner, Jim (PSC); Stith, Brenda H (PSC); Gillig, Gretchen (PSC); Lyons, Debbie K (PSC)
Cc: Wuetcher, Jerry (PSC); Raff, Richard (PSC); Greenwell, Aaron D (PSC)

Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Jeff:

I assume we give them a pass on the "annual" meeting requirement of paragraph 19 of the August 13, 2012 Order.
Jim

-----Original Message-----

From: DeRouen, Jeff (PSC)
Sent: Tuesday, December 03, 2013 11:28 AM
To: Armstrong, David (PSC); Breathitt, Linda (PSC); Gardner, Jim (PSC); Stith, Brenda H (PSC); Gillig, Gretchen (PSC); Lyons, Debbie K (PSC)
Cc: Wuetcher, Jerry (PSC); Wood, James R (PSC); Raff, Richard (PSC); Greenwell, Aaron D (PSC)
Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Jim: let's put off until rate case is over then schedule with the Commissioners. Unless someone has some reason to do otherwise, I think it should be several months after the rate case.

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601
(502) 564-3940

-----Original Message-----

From: Armstrong, David (PSC)
Sent: Tuesday, December 03, 2013 11:05 AM
To: Breathitt, Linda (PSC); DeRouen, Jeff (PSC); Gardner, Jim (PSC); Stith, Brenda H (PSC); Gillig, Gretchen (PSC); Lyons, Debbie K (PSC)
Cc: Wuetcher, Jerry (PSC); Wood, James R (PSC); Raff, Richard (PSC); Greenwell, Aaron D (PSC)
Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Chairman Armstrong:
Yes. I would like to participate.

-----Original Message-----

From: Breathitt, Linda (PSC)
Sent: Tuesday, December 03, 2013 10:30 AM
To: DeRouen, Jeff (PSC); Armstrong, David (PSC); Gardner, Jim (PSC); Stith, Brenda H (PSC); Gillig, Gretchen (PSC); Lyons, Debbie K (PSC)
Cc: Wuetcher, Jerry (PSC); Wood, James R (PSC); Raff, Richard (PSC); Greenwell, Aaron D (PSC)
Subject: RE: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

I know this isn't very helpful but I will defer to my colleagues. I do think the meeting should happen in any event.
Linda

-----Original Message-----

From: DeRouen, Jeff (PSC)
Sent: Tuesday, December 03, 2013 9:28 AM
To: Armstrong, David (PSC); Gardner, Jim (PSC); Breathitt, Linda (PSC); Stith, Brenda H (PSC); Gillig, Gretchen (PSC); Lyons, Debbie K (PSC)

Cc: Wuetcher, Jerry (PSC); Wood, James R (PSC); Raff, Richard (PSC); Greenwell, Aaron D (PSC)
Subject: FW: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Please see attached and below. This request is in response to case mentioned in #1 below. The order does not specifically mention meeting with the Commissioners but you all participate on meetings with DUKE, PPL, and AEP. They are requesting to do the meeting over the phone. If any of you want to be at the meeting it will need to be next calendar year. SO the question is, do each of you wish to participate? Please let us know by the end of the week if possible.

Thanks.

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601
(502) 564-3940

-----Original Message-----

From: Wood, James R (PSC)
Sent: Monday, December 02, 2013 5:28 PM
To: DeRouen, Jeff (PSC); Wuetcher, Jerry (PSC)
Subject: FW: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

1. The Order in 2012-00133 was entered August 13, 2012. Paragraph 19, required:
Representatives of Corix Utilities, Utilities, Inc., and Water Service Corporation shall meet at least once annually with the Commission's representatives at The Commission's offices in Frankfort, Kentucky.
This is their first request for a meeting.
2. Water Services Corp. has a rate case pending [2013-00237] and the AG, Hickman County Fiscal Court and City of Clinton have intervened. They should be notified of any meeting, if such is held prior to the conclusion of that case, or if that case is appealed.
3. If we want the Commissioners involved in the meeting, and want to hold the corporate officials to the language of the Order, we could advise them that we will relax the interpretation of the language in paragraph 19 and allow their "annual" meeting to be after the first of the year, at a time convenient to the Commissioners and possibly after the conclusion of the rate case.

It really depends upon what the Commissioners want to do, which you may want to discuss this with them as soon as is practicable.

Jim

-----Original Message-----

From: Todd Osterloh [mailto:tosterloh@sturgillturner.com]
Sent: Monday, December 02, 2013 2:30 PM
To: Wood, James R (PSC)
Subject: Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

Form Returned: 1 MEETING REQUEST FORM (NEW) (2).pdf

The attached file is the filled-out form. Please open it to review the data.

Jim,

I hope all is well with you and your family.

I am attaching a meeting request form. There are a few things that I should explain that were difficult to describe on the form.

1. We do not have a preference as to whether the Commissioners participate in the meeting or not. We are leaving that to the discretion of the Commissioners. We welcome their participation, and also understand if it will be Staff only.

2. We are hoping that the Commission will allow us to have our primary two representatives, Steve Lubertozi and Hamish Cumming, appear telephonically. Steve is out of UI's Northbrook, Illinois, office, and Hamish is out of Corix's Vancouver headquarters. We think that we can accomplish the goals of the meeting without spending significant resources (time and money) on travel. If the Commission disagrees, please let me know as soon as you can.

3. We are fairly flexible on dates if we can hold the meeting telephonically. If you want us to propose some possible dates, December 11 (pm), December 12, December 16, and December 19 are all possibilities. Because Hamish is 3 hours behind us, we will not want to schedule the meeting too early in the morning.

Todd

M. Todd Osterloh

Attorney

tosterloh@sturgillturner.com

333 West Vine Street, Suite 1400, Lexington, KY 40507 p 859.255.8581 f 859.231.0851 c
859.433.0027 www.sturgillturner.com

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Todd Osterloh

From: Todd Osterloh
Sent: Tuesday, December 03, 2013 3:02 PM
To: 'Wood, James R (PSC)'
Cc: DeRouen, Jeff (PSC) (Jeff.DeRouen@ky.gov)
Subject: RE: Date for meeting

Thanks, Jim.
Todd

M. Todd Osterloh

Attorney

tosterloh@sturgillturner.com



333 West Vine Street, Suite 1400, Lexington, KY 40507
p 859.255.8581 f 859.231.0851 c 859.433.0027 www.sturgillturner.com

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From: Wood, James R (PSC) [mailto:JamesR.Wood@ky.gov]
Sent: Tuesday, December 03, 2013 2:53 PM
To: Todd Osterloh
Cc: DeRouen, Jeff (PSC)
Subject: Date for meeting

Todd:

Looks like we will set a date for the meeting after the rate case has concluded. It will probably be a month or two after the conclusion of the rate case. Your other question about public meetings is being discussed. I will get back with you later on that issue.

Jim

James R. Wood

Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

CERTIFICATE

I, Kathy Gillum, hereby certify that:

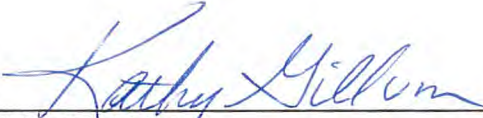
(1) The attached 5 page transcript is two excerpts from the video hearing held on April 9, 2014 in PSC Case No. 2013-00237.

(2) I am responsible for the preparation of the transcription attached hereto, beginning at hearing marker 15:38:24 and ending at 15:38:46 and beginning at hearing marker 15:41:37 and ending at 15:48:58 in accordance with the time stamp on the video of the hearing taken from the Commission's website.

(3) The attached transcription was not prepared by stenographic means, but was prepared from video\audio only.

(4) The attached pages are a true and correct transcription of the above referenced excerpts to the best of my knowledge.

Affiant further saith naught.



KATHY GILLUM,
Notary Public, Ky State at Large
ID# 495415

DATE: October 30, 2014

Transcribed from April 9, 2014 hearing in Case No. 2013-00237

(Excerpt beginning at marker 15:38:24 and ending at 15:38:46)

(Excerpt beginning at marker 15:41:37 and ending at 15:48:58)

(beginning of transcription, marker 15:38:24)

Witness, Bruce T. Haas: My name is Bruce Haas.

Chairman Armstrong: And what do you do, Mr. Haas?

Witness, Bruce T. Haas: I'm the Vice President of Operations for the Midwest Region for Utilities.

Chairman Armstrong: Where are you located?

Witness, Bruce T. Haas: My business address is, 151 Old Wire Road, Columbia, South Carolina.

Chairman Armstrong: What brings you here?

Witness, Bruce T. Haas: I'm sorry?

Chairman Armstrong: What brings you here today?

Witness, Bruce T. Haas: To support the company in the proceeding.

(ending of transcription, marker 15:38:46)

(beginning of transcription, marker 15:41:37)

Gregory Dutton (OAG): Do you have that in front of you?

Witness, Bruce T. Haas: Yes.

Gregory Dutton (OAG): This is AG Exhibit 17, and this is AG 1-30. After referencing this, can you tell me if you attended and participated in any public meetings in Clinton or Middlesboro since 2012?

Witness, Bruce T. Haas: We have had meetings with the public there. The public uh, by way of the Mayor of Clinton and the uh, City Administrator.

Transcribed from April 9, 2014 hearing in Case No. 2013-00237

(Excerpt beginning at marker 15:38:24 and ending at 15:38:46)

(Excerpt beginning at marker 15:41:37 and ending at 15:48:58)

Gregory Dutton (OAG): Okay, but have you had any actual public meetings with the public in Clinton or Middlesboro?

Witness, Bruce T. Haas: No.

Gregory Dutton (OAG): Has any other senior officer from the Midwest Regional Office attended and participated in a public meeting in Clinton or Middlesboro since 2012?

Witness, Bruce T. Haas: No.

Gregory Dutton (OAG): Has UI hosted a public meeting in Middlesboro or Clinton since 2012 for the purpose of providing a forum for customers to communicate with utility management?

Witness, Bruce T. Haas: No.

Gregory Dutton (OAG): And this is AG Exhibit 18 that my colleagues are handing out. This is an Order dated August 13, 2012 in Case No. 2012-00133. Can you please turn your attention to the ordering paragraph 20 on page 11. And, would you read that into the record, please?

Witness, Bruce T. Haas: Which number?

Gregory Dutton (OAG): Ordering paragraph 20 on page 11.

Witness, Bruce T. Haas: To provide a forum for customers to communicate with utility management, Corix Utilities and Utilities, Inc. shall host annual public meetings in Clinton and Middlesboro, Kentucky, at which the senior officers from the regional office of Utilities, Inc. that oversees Water Service Corporation's operations will attend and participate.

Gregory Dutton (OAG): So, Mr. Haas, based upon your previous answers, is it accurate to say that Utilities, Inc. and WSCK are not in compliance with the commitment they made to the Commission?

Todd Osterloh (WSCK): Your Honor, I'm going to object to this question just to the extent that it doesn't pertain to this rate case. This is a completely different case, it

Transcribed from April 9, 2014 hearing in Case No. 2013-00237

(Excerpt beginning at marker 15:38:24 and ending at 15:38:46)

(Excerpt beginning at marker 15:41:37 and ending at 15:48:58)

doesn't reflect, or it won't impact the rates in this case, a completely different issue.

Gregory Dutton (OAG): This is a rate case that has to do with these 2 particular communities. One of the questions here is, what sort of customer service are they receiving for the rates that they are paying. I think this directly pertains to that.

Chairman Armstrong: I'll let it in

Gregory Dutton (OAG): I'm going to repeat the question if that's okay. Based on your previous answers, is it accurate to say that Utilities, Inc. and WSCK are not in compliance with the commitment they made to the Commission?

Witness, Bruce T. Haas: I would not characterize it that way. We are certainly committed to uh, providing that in accordance with uh, this item. Uh, we have not uh, at this time, because of the uh, rate case, uh, we had intended on having a meeting in both Middlesboro and Clinton, uh, in conjunction with the uh, customer hearings that would be associated with this. But, we are committed to all of the items in this document.

Gregory Dutton (OAG): As of this moment, it is accurate to say that the company is not in compliance with this commitment, is that correct?

Witness, Bruce T. Haas: That's correct.

Gregory Dutton (OAG): And, the companies have failed, similarly failed the commitment they made to the local officials and to the customers of Clinton and Middlesboro, is that correct?

Witness, Bruce T. Haas: Repeat that again about ...

Gregory Dutton (OAG): The companies have similarly failed the commitment they made to local officials and to the customers in Clinton and Middlesboro, is that correct?

Witness, Bruce T. Haas: No, I don't believe so.

Transcribed from April 9, 2014 hearing in Case No. 2013-00237

(Excerpt beginning at marker 15:38:24 and ending at 15:38:46)

(Excerpt beginning at marker 15:41:37 and ending at 15:48:58)

Gregory Dutton (OAG): Can you reference Appendix A, paragraph 16, page 4 of the same Order that you have there? Do you see what I'm referencing?

Commissioner Breathitt: Appendix A what ...?

Gregory Dutton (OAG): Yes, it's Appendix A, page 4, paragraph 16.

Witness, Bruce T. Haas: Okay.

Gregory Dutton (OAG): Can you please read that paragraph 16?

Witness, Bruce T. Haas: Corix Group consists of 3 business segments ...

Gregory Dutton (OAG): I'm sorry, paragraph 16.

Jennifer Hans (OAG): It's page 3 actually.

Gregory Dutton (OAG): It's page 3? I'm sorry. I have the wrong page number in my notes.

Jennifer Hans (OAG): *(inaudible)*

Gregory Dutton (OAG): Yes, I'm sorry, I told you the wrong page. Page 3.

Witness, Bruce T. Haas: What number? (Mr. Osterloh approaches witness)

Witness, Bruce T. Haas: Corix Utilities and Utilities Incorporated will host annual public meetings in Clinton and Middlesboro to provide a forum for customers to communicate with utility management.

Gregory Dutton (OAG): Mr. Haas, the company is not in compliance with the Order issued by this Commission, is that correct?

Witness, Bruce T. Haas: Uh, correct.

Gregory Dutton (OAG): No further questions.

Ann Ramser (PSC): We have no questions.

Todd Osterloh (WSCK): Mr. Haas, just a couple of re-direct questions. You are aware that I contacted Commission staff with regard to those provisions in, uh, November of 2013. Are you, are you aware of that?

Transcribed from April 9, 2014 hearing in Case No. 2013-00237

(Excerpt beginning at marker 15:38:24 and ending at 15:38:46)

(Excerpt beginning at marker 15:41:37 and ending at 15:48:58)

Witness, Bruce T. Haas: Yes, I am.

Todd Osterloh (WSCK): And, you are aware that in communications with Commission staff that we agreed that some of the provisions of that uh, of those, uh, of that Order, would be held off for a year. Is that correct?

Witness, Bruce T. Haas: That's correct.

Todd Osterloh (WSCK): At least that's your understanding?

Witness, Bruce T. Haas: Yes.

Todd Osterloh (WSCK): You were not privy to those communications. That was between myself and Commission staff, correct?

Witness, Bruce T. Haas: That's correct.

Todd Osterloh (WSCK): Thank you.

(end of transcription at marker 15:48:58)