

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF)	
THE WHOLESALE WATER SERVICE RATES OF)	CASE NO.
THE CITY OF PIKEVILLE TO MOUNTAIN WATER)	2019-00080
DISTRICT)	

NOTICE OF FILING

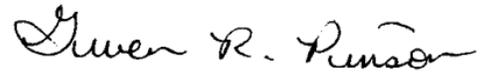
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on September 11, 2019 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on September 11, 2019 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 September 11, 2019.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/Lo-aWvMkWy0>.

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 17th day of September 2019.

A handwritten signature in cursive script that reads "Gwen R. Pinson".

Gwen R. Pinson
Executive Director
Public Service Commission of Kentucky

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

City of Pikeville
243 Main Street
Pikeville, KY 41501

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

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

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:

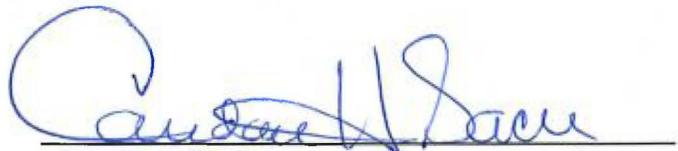
ELECTRONIC PROPOSED ADJUSTMENT OF)
THE WHOLESALE WATER SERVICE RATES OF) CASE NO.
THE CITY OF PIKEVILLE TO MOUNTAIN) 2019-00080
WATER DISTRICT)

CERTIFICATION

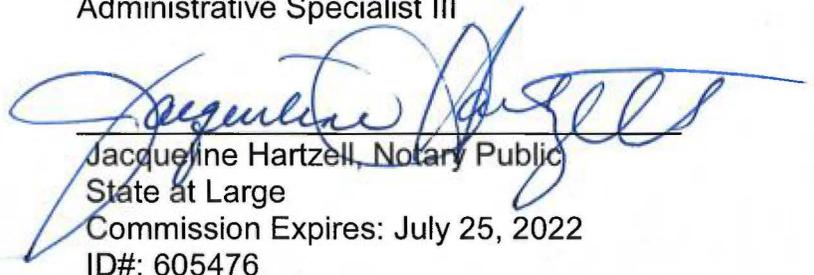
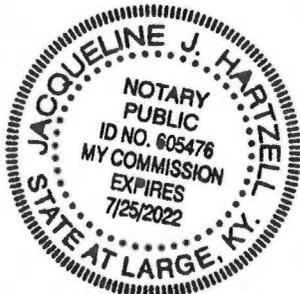
I, Candace H. Sacre, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on September 11, 2019. The Formal Hearing Log, Exhibit List, Exhibits, and Witness List are included with the recording on September 11, 2019;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of September 11, 2019; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of September 11, 2019, and the time at which each occurred.

Signed this 17th day of September, 2019.



Candace H. Sacre
Administrative Specialist III



Jacqueline Hartzell, Notary Public
State at Large
Commission Expires: July 25, 2022
ID#: 605476



Date:	Type:	Location:	Department:
9/11/2019	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: Connie Allen; Philip Elswick; Samuel Petty; Grondall Potter; Roy Sawyers; Tonya Taylor
 Judge: Robert Cicero; Talina Mathews; Michael Schmitt
 Clerk: Candace Sacre

Event Time	Log Event	
8:15:55 AM	Session Started	
8:15:56 AM	Session Paused	
8:56:58 AM	Session Resumed	
8:57:00 AM	Session Paused	
8:59:06 AM	Session Resumed	
8:59:07 AM	Chairman Schmitt Note: Sacre, Candace	Opening remarks.
8:59:18 AM	Chairman Schmitt Note: Sacre, Candace	We are here this morning for the purpose of receiving evidence in Case No. 2019-00080, proposed adjustment of wholesale water service rates of the City of Pikeville to Mountain Water District.
8:59:36 AM	Chairman Schmitt Note: Sacre, Candace	On February 21, 2019, the City of Pikeville filed with the Commission revised tariff sheets setting forth proposed adjustments to existing rates for wholesale water to Mountain Water District to be effective April 5, 2019. On March 4, 2019, Mountain Water District submitted letter requesting the Commission open a formal proceeding to investigate the reasonableness of proposed rate, establish a procedural schedule, and assure proposed rate was not placed into effect before Commission conducted hearing. (Click on link for further remarks.)
9:01:46 AM	Chairman Schmitt Note: Sacre, Candace	At this time, I would ask counsel for City of Pikeville to identify himself, co-counsel, client, and witnesses who will be here to testify today.
9:01:53 AM	Atty Osterloh Pikeville Note: Sacre, Candace	Good morning, Mr. Chairman and Commissioners. Todd Osterloh, representing City of Pikeville, Sturgill Turner Barker and Moloney, Lexington. Alongside me is City Attorney Russell Davis, Baird and Baird, Pikeville, and then we have our witnesses, City Manager Philip Elswick, Executive Finance Director Tonya Taylor, Buddy Petty, Consultant with Rate Studies, and one of our operators affiliated with UMG, Grondall Potter.
9:02:19 AM	Chairman Schmitt Note: Sacre, Candace	For Mountain Water District?
9:02:22 AM	Atty Hughes Mountain District Note: Sacre, Candace	Jack Hughes. With me is Dan Stratton, District's local counsel. We have our witness, Connie Allen, and General Manager of the District, Roy Sawyers.
9:02:31 AM	Chairman Schmitt Note: Sacre, Candace	And for Staff?

9:02:34 AM	Staff Atty Sanders PSC Note: Sacre, Candace	Jenny Sanders with Legal Division and Mark Frost and Eddie Beavers with Financial Analysis branch.
9:02:42 AM	Chairman Schmitt Note: Sacre, Candace	I notice there are two outstanding confidentiality motions, is that correct? (Click on link for further procedural and scheduling comments.)
9:03:59 AM	Chairman Schmitt Note: Sacre, Candace	At this time, if nothing further, Mr. Osterloh, would you like to call your first witness?
9:04:08 AM	Atty Osterloh Pikeville Note: Sacre, Candace	Our first witness will be Tanya Taylor.
9:04:18 AM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
9:04:30 AM	Atty Osterloh Pikeville - witness Taylor Note: Sacre, Candace	Direct Examination. Will you, please, state your name for the record?
9:04:34 AM	Atty Osterloh Pikeville - witness Taylor Note: Sacre, Candace	For whom do you work?
9:04:36 AM	Atty Osterloh Pikeville - witness Taylor Note: Sacre, Candace	What is your business address?
9:04:41 AM	Atty Osterloh Pikeville - witness Taylor Note: Sacre, Candace	What is your title there?
9:04:44 AM	Atty Osterloh Pikeville - witness Taylor Note: Sacre, Candace	Did you cause to be filed response or responses to requests for information in this case?
9:04:52 AM	Atty Osterloh Pikeville - witness Taylor Note: Sacre, Candace	Subject to corrections filed already, do you have other changes or corrections to documents?
9:04:58 AM	Atty Osterloh Pikeville - witness Taylor Note: Sacre, Candace	Do you adopt responses here today?
9:05:03 AM	Atty Osterloh Pikeville Note: Sacre, Candace	This witness is available for cross examination.
9:05:08 AM	Chairman Schmitt Note: Sacre, Candace	Cross examination, Mr. Hughes?
9:05:09 AM	Atty Hughes Mountain District Note: Sacre, Candace	I have one, one question.
9:05:12 AM	Atty Hughes Mountain District - witness Taylor Note: Sacre, Candace	Cross Examination. You sponsored Responses to Commission's First Data Request No. 26 where you provided minutes of City Commission related to water rate increase?
9:05:29 AM	Atty Hughes Mountain District - witness Taylor Note: Sacre, Candace	Are these minutes all minutes related to discussion of proposed rate increase?
9:05:44 AM	Atty Hughes Mountain District - witness Taylor Note: Sacre, Candace	There was Supplemental Response to First Information Request No. 25. Do you know if any minutes related to that ordinance?
9:06:16 AM	Atty Hughes Mountain District - witness Taylor Note: Sacre, Candace	Could you provide those minutes?
9:06:20 AM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ATTY HUGHES MOUNTAIN DISTRICT - WITNESS TAYLOR. MINUTES RELATED TO ORDINANCE DATED 07/08/2019.
9:06:21 AM	Atty Hughes Mountain Water Note: Sacre, Candace	That's all I have.

9:06:28 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Cross Examination. Pikeville pays gasoline and telephone public works expenses and receives reimbursement from UMG?

9:07:04 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace What is the purpose behind arrangement?

9:07:27 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Examination. You don't really know but presume that is reason?

9:07:38 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Who makes determination on contract?

9:08:03 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace I appreciate practice in past is good path forward, but trying to determine fair, just, and reasonable and reasons. If you could find out basis, that would be great.

9:08:21 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Cross Examination (cont'd). You could provide that in Post-Hearing Data Request?

9:08:27 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY SANDERS PSC - WITNESS TAYLOR.
Note: Sacre, Candace BASIS FOR PIKEVILLE PAYING GAS/PHONE EXPENSES.

9:08:36 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Said you believe UMG recovers these through annual management fee but not sure?

9:08:46 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace You can provide that information as well?

9:08:52 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY SANDERS PSC - WITNESS TAYLOR.
Note: Sacre, Candace UMG RECOVERS EXPENSES VIA ANNUAL MANAGEMENT FEE.

9:08:58 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Is there separate recovery in COSS for cost of gas?

9:09:19 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Who decides how annual UMG contract costs allocated?

9:09:47 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace When initial determination made, do you know who made?

9:09:57 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Would you be able to find that out?

9:10:10 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY SANDERS PSC - WITNESS TAYLOR.
Note: Sacre, Candace DETERMINATION OF ALLOCATION OF UMG COSTS.

9:10:10 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Examination. We're talking about allocation between different utilities?

9:10:18 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace There's no basis why UMG established it way?

9:11:01 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace To Pikeville, in general?

9:11:12 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace That's just an inflationary increase?

9:11:33 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Really no change in allocation?

9:11:55 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Some basis for water divisions receiving out of UMG services?

9:12:30 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace How would Commission know allocation reasonable?

9:13:00 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Not really sure what allocation based on?

9:13:14 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Should be able to understand basis for initial allocation; going to ask for that, too.

9:13:26 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace VICE CHAIRMAN CICERO - WITNESS TAYLOR.
Note: Sacre, Candace BASIS FOR INITIAL ALLOCATION UMG COSTS.

9:13:41 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Why UMG costs allocated to inside water increased by five percent FY 2017-2018 but UMG fee only increased 3.6 percent?

9:15:54 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Pikeville study to support allocating between inside/outside based on revenues or consumption?

9:16:30 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace How operating revenue/consumption give accurate allocation between water divisions?

9:17:12 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Basing cost allocation on revenue/consumption result in unstable costs between fiscal years?

9:17:48 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Examination. Allocating based on revenues between divisions?

9:18:01 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace What is it for sewage?

9:18:10 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Gallons treated?

9:18:19 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace For sewage?

9:18:28 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace UMG services allocated to water, sewage, and what else?

9:18:44 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Handling all city services?

9:18:49 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Allocation for all services based on what?

9:19:06 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Not sure what initial basis for UMG pricing was?

9:19:23 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace We don't know until you provide information what basis was?

9:19:52 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace Why inside customers got five percent increase when UMG was 3.6 percent?

9:20:09 AM Vice Chairman Cicero - witness Taylor
Note: Sacre, Candace You had basis for it?

9:20:23 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Cross Examination (cont'd). How decide what portion goes toward plant?

9:21:19 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Broken down further than amount that goes to plant?

9:21:36 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Have invoices been provided?

9:21:44 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Would you provide?

9:21:47 AM Chairman Schmitt
Note: Sacre, Candace (Click on link for further discussion.)

9:22:15 AM Staff Atty Sanders PSC - witness Taylor
Note: Sacre, Candace Can you explain correlation between water consumption/repairs/maintenance expense allocations?

9:22:56 AM Staff Atty Sanders PSC
Note: Sacre, Candace I don't believe I have any more questions.

9:24:21 AM Atty Hughes Mountain Water - witness Taylor
Note: Sacre, Candace Cross Examination. How long worked in current position?

9:24:28 AM Atty Hughes Mountain Water - witness Taylor
Note: Sacre, Candace First UMG contract for water utility service?

9:24:44 AM Atty Hughes Mountain Water
Note: Sacre, Candace That's all.

9:25:06 AM Chairman Schmitt
Note: Sacre, Candace Witness is sworn.

9:25:15 AM Atty Osterloh Pikeville - witness Elswick
Note: Sacre, Candace Direct Examination. Can you please state your name?

9:25:19 AM Atty Osterloh Pikeville - witness Elswick
Note: Sacre, Candace Title?

9:25:20 AM Atty Osterloh Pikeville - witness Elswick
Note: Sacre, Candace You work for whom?

9:25:23 AM Atty Osterloh Pikeville - witness Elswick
Note: Sacre, Candace Business address?

9:25:28 AM Atty Osterloh Pikeville - witness Elswick
Note: Sacre, Candace Did you cause to be filed responses to data requests?

9:25:37 AM Atty Osterloh Pikeville - witness Elswick
Note: Sacre, Candace Changes or other corrections?

9:25:43 AM Atty Osterloh Pikeville - witness Elswick
Note: Sacre, Candace Adopt those responses in testimony?

9:25:53 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Cross Examination. What is your position with water utility?

9:26:11 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Is there a utility commission?

9:26:16 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace City Commission approves/oversees what water commission does?

9:26:25 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Are you water utility representative before City Commission?

9:26:37 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Liaison if something involves water?

9:26:47 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Issues with water utility, you present to City?

9:27:38 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Supplemental Response to Information Request 25, are you familiar with that?

9:27:42 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Could you explain what that is?

9:27:49 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Date of adoption of that ordinance?

9:27:53 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace There is line says Mountain Water; can you read what says about Mountain Water?

9:28:11 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Effective date shown?

9:28:25 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Do you have tariff City filed on February 21?

9:28:50 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Are you familiar with this document?

9:28:55 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Is that notice City provided as to increase in wholesale water rate to Mountain Water?

9:29:13 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Line that says new rate. Would you read?

9:29:26 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Effective date. What is date?

9:29:42 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Why notice filed Feb 21 has effective date of April 5 and ordinance enacted July 8 has effective date of Aug 1, 2019?

9:30:20 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Was tariff filed on Feb 21 approved by City Commission?

9:30:36 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Approved by ordinance?

9:30:39 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace How approved?

9:30:46 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Would discussion have been in minutes?

9:30:57 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Can explain notice of Feb 21 says usage 28-million gallon minimum but ordinance July 8 adjusts \$2.30 per thousand gallons with no minimum usage?

9:32:01 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Response to Second Request for Information No. 1, under (a) of response, second sentence, initial cost study, what are calling initial study?

9:33:09 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Date on that?

9:33:17 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Cost study draft, is that what you're calling initial study?

9:33:42 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace When that was prepared?

9:33:49 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace August of '18?

9:34:04 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace A few lines down, another cost study, date of cost study?

9:34:23 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Study August 16, 2018, water/waste water rate cost of service analysis, familiar with that?

9:34:49 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace If draft was initial and Feb another, what was purpose of study titled Pikeville Water and Waste Water Rate Study?

9:36:04 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace This study used for purpose of setting rate filed with Commission?

9:37:03 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace This has rate of \$2.25. What is rate proposing for Mountain District?

9:38:11 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace This is one you said was in August '18?

9:38:19 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace This is dated August 18 attached to Response to Mountain Water District Initial Data Request 13. Was draft done before the August 18?

9:39:39 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Final study revised on July 11, 2019, familiar with that?

9:39:41 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Is July 11, 2019, revision study City is relying on for purpose of rate increase?

9:41:10 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Response to Staff Second Request for Information No. 3, under (a), surcharge are properly recoverable from wholesale customers. Are you recovering any expenses associated with rate case from wholesale customers other than Mountain?

9:42:05 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Wholesale rate for Southern increased this year or late last year?

9:42:17 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Result of cost study used in this case?

9:42:32 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Any cost of prior study involving Southern allocated to Mountain District as rate case expense?

9:42:47 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Agree it shouldn't be?

9:43:02 AM Atty Hughes Mountain Water - witness Elswick
Note: Sacre, Candace Same response, second page, first sentence, all costs associated with second cost study, which study when refer to second study?

9:44:17 AM Atty Hughes Mountain Water
Note: Sacre, Candace That's all I have.

9:44:29 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Pikeville Response to Staff's First Data Request No. 27, letter from Mayor to Roy Sawyers dated June 25, 2018, what was proposed rate based on?

9:45:53 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Initial rate study was August?

9:46:06 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Rate proposed in that was \$2.05 for FY 2017 with jump to \$2.25 for FY 2019?

9:46:40 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace What changed between when letter sent in June and initial COSS came out?

9:47:37 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Your expert, Mr. Perry?

9:47:56 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace In initial study and all studies thereafter, you were proposing one tier rate; whereas, in letter, two tier rate. What -

9:48:59 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Do you know if industry practice includes minimum purchase requirement?

9:49:19 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Any discussion about eliminating minimum purchase requirement?

9:49:42 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Has Mountain purchased less than minimum?

9:49:52 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace If they do, still have to pay minimum amount?

9:50:04 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Staff's Second Request for Information, Item 9, did Pikeville set out-of-city rates using that initial COSS?

9:51:35 AM Staff Atty Sanders PSC - witness Elswick
Note: Sacre, Candace Where in initial COSS were those rates calculated?

9:52:45 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace You said it was item what?

9:53:06 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Figure 45. Staff's Second Request for Information Item 20, Article 1.12 gives City right to waive performance bond or letter of credit. Do you know if Pikeville waived right to that?

9:53:56 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Do you know who would?

9:54:15 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Could you respond in post-hearing data request?

9:54:19 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY SANDERS - WITNESS ELSWICK.
Note: Sacre, Candace WAIVER OF PERFORMANCE BOND/LETTER OF CREDIT.

9:54:22 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Does UMG currently maintain performance bond?

9:54:32 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Article 1.13, right to request UMG provide governmental liaison. Does UMG provide that?

9:55:35 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY SANDERS PSC - WITNESS ELSWICK.
Note: Sacre, Candace UMG GOVERNMENTAL LIAISON TO PIKEVILLE.

9:56:22 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace You don't know if that \$74,000 -

9:56:40 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Article 1.14, UMG guarantees produce \$100,000 revenue through master meter management. What is or was master meter management?

9:57:23 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Do you know if able to do that?

9:57:30 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace But you could check?

9:57:34 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY SANDERS PSC - WITNESS ELSWICK.
Note: Sacre, Candace UMG \$100,000 REVENUE/MASTER METER MANAGEMENT.

9:57:36 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Article 1.14, baseline \$386,000, UMG guaranteeng \$100,000 extra; below \$486,000 in revenue, would make up difference. Have fallen below \$486,000?

9:58:27 AM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY SANDERS PSC - WITNESS ELSWICK.
Note: Sacre, Candace UMG BELOW MASTER METER MANAGEMENT \$486.000.

9:58:44 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Article 1.15, City purchasing/installing variable frequency drives. Do you know if for water or sewer divisions?

9:59:03 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Pikeville elected to have UMG install frequency drives?

9:59:13 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace If it impacted electric bill at water division?

9:59:30 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Article 2.20, UMG maintain records/documents for Pikeville review. Has Pikeville ever performed review?

10:00:10 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Any sort of regularly-scheduled inspection of UMG documents relative to public works?

10:00:25 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace When written review, in reference to specific issue?

10:00:34 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Made in writing?

10:00:39 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Written record?

10:00:50 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Customary to make written record of review?

10:01:18 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Response to Staff's Third Data Request No. 16, Pikeville responded unable to provide documentation of UMG costs. Review to see could find information in UMG documents?

10:02:03 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace In Staff's Request for Information Item No. 16,

10:02:24 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Pikeville did not exercise contract right to review?

10:02:35 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace You do have right to review City's?

10:02:43 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Didn't perform independent search?

10:02:52 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Documents you're allowed to inspect?

10:03:03 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Pikeville contemplated contract with UMG possibility of negotiating?

10:03:37 AM Atty Osterloh Pikeville
Note: Sacre, Candace Note my objection.

10:03:41 AM Chairman Schmitt
Note: Sacre, Candace Sustained.

10:03:54 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Contract Article 8.1, Staff's Second Request, Item 20(a), UMG initial management fee little over \$4 million dollars, increased by \$373,300. Can explain why fee increased?

10:06:34 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Do you know any written record besides contract to connect increase?

10:07:09 AM Staff Atty Sanders PSC- witness Elswick
Note: Sacre, Candace Appendix D, annual fee adjustment formula, Pikeville/UMG ever failed to agreed and used formulas?

10:09:17 AM Staff Atty Sanders PSC
Note: Sacre, Candace I don't have any more questions.

10:09:40 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace Examination. Is there audit arrangement of UMG costs?

10:10:02 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace Would be reason why you wouldn't want opportunity to do that?

10:10:10 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace UMG is telling you costs and City accepts what they say?

10:10:46 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace If they add bodies or anything else?

10:10:49 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace Curious why City wouldn't want to validate costs?

10:11:13 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace I understand why it wouldn't be concern, if not broke don't fix it, but sometimes you don't know.

10:11:40 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace Additional COSS, all costs were allocated to Mountain Water?

10:12:04 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace Anticipated rate expense for this case all associated to Mountain Water?

10:12:16 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace Do you know how much that is?

10:12:24 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace Do you know how much incurred to date?

10:12:31 AM Vice Chairman Cicero - witness Elswick
Note: Sacre, Candace Based on actual invoice to date, amount would be adjusted?

10:12:48 AM Vice Chairman Cicero
Note: Sacre, Candace I don't have any other questions.

10:12:49 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Examination. When did you become City Manager?

10:12:56 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace What year?

10:12:59 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace City Manager about year before August 16, 2018, COSS?

10:13:14 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace What was impetus behind hiring Mr. Petty for initial COSS?

10:13:48 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Other wholesale customer is Southern?

10:13:54 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Southern rates raised since 2009?

10:14:01 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace No differentiation between residential, commercial, or industrial?

10:14:09 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace All pay the same?

10:14:12 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Those rates raised since 2009?

10:14:16 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Same be true for outside customers, old Sandy Valley?

10:14:26 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Pikeville separates outside customers from inside. Costs of furnishing water, or what is it?

10:15:37 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Old Sandy Valley customers only "outside customers" Pikeville has, or other people designation outside?

10:16:10 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Where would those people be?

10:16:21 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Coal Run receive water from Pikeville?

10:16:26 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace As direct opposed to wholesale?

10:16:30 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Bill people in Coal Run individually?

10:16:36 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Their rates would be higher than rates inside City of Pikeville?

10:16:47 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace All inside and outside rates lower than wholesale rate proposed for Mountain District and rate with Southern?

10:17:16 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace No individual bears designation of liaison employed by UMG?

10:17:43 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace As City Manager, you person in Pikeville dealing with UMG?

10:18:00 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Deputy City Manager also engineer?

10:18:06 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Are you engineer?

10:18:10 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace What qualifies you as registered engineer?

10:18:32 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace When Pikeville need engineering services, does it acquire from third-party group?

10:18:46 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Who would group be?

10:19:11 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Master meters in Pikeville system, all listed on Water Department Master Meter Reading, taken by UMG, had Sandy Valley-Pikeville, one master meter. Your understanding one meter goes to those outside customers?

10:20:11 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace It has list, Pikeville/UMG document, lists Sandy Valley-Pikeville, Town Mountain, Chloe Road, Island Creek, Mud Creek Southern, Coon Branch, South Mayo Trail, Hoopwood Hollow, Highland Creek Trailer Park, Terrapin Creek, Pike/Floyd Southern, Cowpen Mountain Water. Any others?

10:21:25 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Do those represent all master meters/connections between Pikeville and Southern Water?

10:21:42 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace Mr. Potter probably would know?

10:21:48 AM Chairman Schmitt - witness Elswick
Note: Sacre, Candace These master meter locations, wouldn't be water through there distributed to Mountain Water?

10:22:05 AM Chairman Schmitt
Note: Sacre, Candace I have no further questions.

10:22:15 AM Atty Osterloh PIkeville - witness Elswick
Note: Sacre, Candace Redirect Examination. When did City retain Mr. Petty?

10:22:35 AM Atty Osterloh PIkeville - witness Elswick
Note: Sacre, Candace Second set of work Mr. Petty conducted that resulted in study February 5 and revised in July, was that analysis only related to Mountain Water?

10:23:00 AM Atty Osterloh PIkeville - witness Elswick
Note: Sacre, Candace Proposed rate of \$2.30 came out of second set of work Mr. Petty did?

10:23:10 AM Atty Osterloh PIkeville - witness Elswick
Note: Sacre, Candace \$2.30 rate is identified in ordinance provided by Mr. Hughes?

10:23:19 AM Atty Osterloh PIkeville - witness Elswick
Note: Sacre, Candace You were asked about effective date in ordinance, and it says August 1, 2019?

10:23:28 AM Atty Osterloh PIkeville - witness Elswick
Note: Sacre, Candace What else does it say?

10:23:33 AM Atty Osterloh PIkeville - witness Elswick
Note: Sacre, Candace I have no further questions.

10:23:39 AM	Atty Hughes Mountain Water - witness Elswick Note: Sacre, Candace	Recross Examination. Back to outside-city customer rate, you thought that rate effective when took over Sandy Valley, or outside-city rate prior to that?
10:24:03 AM	Atty Hughes Mountain Water - witness Elswick Note: Sacre, Candace	Still have Amendment 1 to UMG contract?
10:24:29 AM	Atty Hughes Mountain Water - witness Elswick Note: Sacre, Candace	Amendment 1, Appendix B, Second Staff Request No. 20, bottom of page, says 77 miles of water line. UMG to provide management, operation, and maintenance for 77 miles of water line. Total miles of water line in Pikeville System at date of amendment July 1, '07?
10:27:15 AM	Atty Hughes Mountain Water - witness Elswick Note: Sacre, Candace	Because reference in Amendment 1 to Sandy Valley, correct that 77 miles would include facilities acquired from Sandy Valley?
10:27:36 AM	Atty Hughes Mountain Water Note: Sacre, Candace	That's all I have.
10:27:40 AM	Vice Chairman Cicero - witness Elswick Note: Sacre, Candace	Examination. There are inside, outside, and wholesale?
10:27:55 AM	Vice Chairman Cicero - witness Elswick Note: Sacre, Candace	The outside is Sandy Valley, and higher because acquisition and maintenance or costs required to bring up to standard associated with that?
10:28:10 AM	Vice Chairman Cicero - witness Elswick Note: Sacre, Candace	Difference in wholesale being higher is rate case expense and cost of service?
10:28:42 AM	Vice Chairman Cicero - witness Elswick Note: Sacre, Candace	Reason for \$2.30 being higher than inside is why?
10:28:59 AM	Vice Chairman Cicero - witness Elswick Note: Sacre, Candace	Guess we'll find out in COSS when we ask Mr. Petty?
10:29:23 AM	Chairman Schmitt - witness Elswick Note: Sacre, Candace	Coal Run residents/businesses are outside city limits?
10:29:50 AM	Chairman Schmitt - witness Elswick Note: Sacre, Candace	Inside or outside customers for purposes of this case or any allocation purpose?
10:30:03 AM	Chairman Schmitt - witness Elswick Note: Sacre, Candace	Outside customers are old Sandy Valley customers and all customers outside city limits who receive water directly from Pikeville?
10:30:23 AM	Chairman Schmitt - witness Elswick Note: Sacre, Candace	Costs for providing water to outside customers aren't included in case because Pikeville considers them separate?
10:30:42 AM	Chairman Schmitt - witness Elswick Note: Sacre, Candace	What employees of City contributed to determining cost allocation for purposes of this case?
10:31:39 AM	Chairman Schmitt Note: Sacre, Candace	Recess until quarter till 11.
10:36:59 AM	Session Paused	
10:49:47 AM	Session Resumed	
10:49:50 AM	Session Paused	
10:50:00 AM	Session Resumed	
10:50:03 AM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
10:50:11 AM	Atty Osterloh PIkeville - witness Potter Note: Sacre, Candace	Direct Examination. Please state your name for the record.
10:50:14 AM	Atty Osterloh PIkeville - witness Potter Note: Sacre, Candace	For whom do you work?

10:50:16 AM Atty Osterloh PIkeville - witness Potter
Note: Sacre, Candace Business address?

10:50:22 AM Atty Osterloh PIkeville - witness Potter
Note: Sacre, Candace Job title?

10:50:26 AM Atty Osterloh PIkeville - witness Potter
Note: Sacre, Candace General duties

10:50:43 AM Atty Osterloh PIkeville - witness Potter
Note: Sacre, Candace Did you sponsor responses to information requests in this case?

10:50:50 AM Atty Osterloh PIkeville - witness Potter
Note: Sacre, Candace Any other changes/corrections to those?

10:50:57 AM Atty Osterloh PIkeville - witness Potter
Note: Sacre, Candace Adopt those responses here today?

10:51:12 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Cross Examination. Response to Staff's First Data Request June 10, 2019, Order Item 5(c), Appendix to that Order, Pikeville explained USDA bonds used to construct water/sewer services?

10:52:40 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Third Data Request, Item 5(d), Mountain District demands, can you explain how those demands or needs were taken into account during design and construction?

10:55:46 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Any written documentation to support back and forth you've just told us?

10:55:58 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Was analysis or study done?

10:57:14 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace If there is, it would be in the engineering report?

10:57:31 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace The master meter, regulator station, pump station, and storage tank, were they installed to serve industrial park or Mountain District or both?

10:57:54 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Examination. So far, I haven't heard a yes or no. Answer to all those is you don't know?

10:58:10 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace So far, no basis for anything?

10:58:23 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Cross Examination (cont'd). If engineering report, Pikeville still in possession or UMG?

10:58:39 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Examination. Used for basis for allocation?

10:58:57 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Cross Examination (cont'd). Would Mountain Water have been provided with a copy of engineering report?

10:59:22 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Examination. And it's basis for allocation?

10:59:35 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Are those facilities being allocated to -

10:59:43 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Cross Examination (cont'd). Do you know what basis for that allocation is?

11:00:04 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace You don't know what basis is or if there is a basis?

11:00:16 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Examination. Any documentation?

11:00:34 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Cross Examination (cont'd). Before construction project, if that river crossing out, way to continue service to Mountain?

11:01:59 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Analysis to support that?

11:02:12 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Examination. When did that occur?

11:02:23 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace When did allocation start?

11:02:30 AM Vice Chairman Cicero- witness Potter
Note: Sacre, Candace Was allocation developed in anticipation of an emergency?

11:02:48 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Cross Examination (cont'd). Third Request for Information, Item 19, Part A, explain whether sales to retail include retail sales for out-of-city customers, response-yes, it does.

11:04:04 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Staff's Second Request for Information Item 11, explain how water flowing through City center's grid system benefits wholesale customers?

11:05:26 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Grid system benefits industrial park as well?

11:06:19 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Hydraulic study to help you figure out -

11:06:35 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Without a hydraulic study, difficult to figure out who grid system benefitting?

11:07:22 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Hydraulic study help estimate benefit more accurately?

11:08:01 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace Grid system also benefitting other large usage customers?

11:08:18 AM Staff Atty Sanders PSC - witness Potter
Note: Sacre, Candace No hydraulic study to back it up?

11:08:24 AM Staff Atty Sanders PSC
Note: Sacre, Candace I don't have any other questions.

11:08:34 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Examination. You recently worked with Mountain?

11:08:38 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Currently working with Southern?

11:08:49 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace How do you allocate your costs?

11:09:08 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace When new customer comes on, you look at administrative overhead, and you reallocate those costs out?

11:09:24 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace When did COSS, you reduced overall administrative costs in the allocation?

11:10:15 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace For all administrative costs, UMG would look at that on headquarters type basis?

11:10:39 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace That reallocation was taken into consideration when COSS done?

11:10:49 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace You would be responsible for UMG allocation, and Tonya was responsible for allocation methodology for Pikeville?

11:11:47 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace What different allocation methods were used?

11:12:27 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace When add two people because refuse in park, those costs aren't allocated; direct costs are allocated?

11:12:44 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Anything identified as direct is assigned as direct?

11:13:08 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Allocation methodology for UMG overhead, primary basis for that allocation?

11:14:01 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Interested in methodology for allocation of UMG costs, so I'd like to see that. It would be important to get it.

11:14:29 AM Atty Osterloh Pikeville
Note: Sacre, Candace To the extent City of Pikeville to obtain that?

11:14:33 AM Vice Chairman Cicero
Note: Sacre, Candace To the extent associated with Mountain.

11:14:40 AM Atty Osterloh Pikeville
Note: Sacre, Candace I completely understand. To the extent we can obtain them from UMG.

11:14:48 AM Vice Chairman Cicero
Note: Sacre, Candace Between Pikeville and UMG. Burden is on City of Pikeville to establish rates. I am interested in knowing methodology for allocation. I'm not sure determination can be made how those costs should be placed on any group within City unless you know what basis is. What is the methodology being used to allocate costs?

11:15:37 AM Atty Osterloh Pikeville
Note: Sacre, Candace Understood. Thank you.

11:15:49 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace Direct costs and indirect costs.

11:15:55 AM Vice Chairman Cicero - witness Potter
Note: Sacre, Candace It can't be strictly on consumption basis. I understand that for UMG and understand City uses consumption basis. (Click on link for further comments.)

11:16:46 AM Chairman Schmitt - witness Potter
Note: Sacre, Candace Examination. Contribute to data used to result in August 16, 2018, COSS?

11:17:09 AM Chairman Schmitt - witness Potter
Note: Sacre, Candace How did cost of service to Southern compare to cost of service to Mountain? Are they same, more or less?

11:17:50 AM Chairman Schmitt - witness Potter
Note: Sacre, Candace That's this August 16, the big one.

11:18:09 AM Chairman Schmitt - witness Potter
Note: Sacre, Candace Connections between Pikeville and Southern basically two, Mud Creek and Pike-Floyd?

11:18:45 AM Chairman Schmitt - witness Potter
Note: Sacre, Candace Mud Creek or Pike-Floyd?

11:18:55 AM Chairman Schmitt - witness Potter
Note: Sacre, Candace Pike-Floyd Connection, is that Pike-Floyd Hollow or something else?

11:19:18 AM Chairman Schmitt - witness Potter
Note: Sacre, Candace Cost of service to Southern and cost of service to Mountain would be the same?

11:19:56 AM Chairman Schmitt - witness Potter
Note: Sacre, Candace Used different methodology or formula?

11:20:14 AM	Chairman Schmitt - witness Potter Note: Sacre, Candace	Where are Sandy Valley's customers, old Sandy Valley District?
11:20:26 AM	Chairman Schmitt - witness Potter Note: Sacre, Candace	Same water lines that carry water to Coal Run carry water to Old Sandy Valley District?
11:20:50 AM	Chairman Schmitt - witness Potter Note: Sacre, Candace	Would they take it to Toller?
11:20:56 AM	Chairman Schmitt - witness Potter Note: Sacre, Candace	Different line to Toller?
11:21:10 AM	Atty Osterloh Pikeville - witness Potter Note: Sacre, Candace	Redirect Examination. Involved in process in Mr. Petty's rate analysis?
11:21:15 AM	Atty Osterloh Pikeville - witness Potter Note: Sacre, Candace	Other folks involved in that?
11:21:19 AM	Atty Osterloh Pikeville - witness Potter Note: Sacre, Candace	Can you identify other folks?
11:22:11 AM	Atty Osterloh Pikeville - witness Potter Note: Sacre, Candace	Donnie Sloane, what is his affiliation with City?
11:22:25 AM	Atty Osterloh Pikeville - witness Potter Note: Sacre, Candace	Can you explain how master meters are situated on list?
11:22:38 AM	Chairman Schmitt Note: Sacre, Candace	There is a map in the record.
11:22:53 AM	Atty Osterloh Pikeville - witness Potter Note: Sacre, Candace	Do you have that here?
11:24:41 AM	Atty Osterloh Pikeville - witness Potter Note: Sacre, Candace	Work with any other utilities where there are many metering points that surround utility?
11:25:00 AM	Atty Osterloh Pikeville Note: Sacre, Candace	Thank you. That's all the questions I have.
11:25:10 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	Recross Examination. How often does Pikeville test master meters?
11:25:16 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	That provide service to Mountain?
11:25:20 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	Something to check?
11:25:27 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	Do you keep written records of tests?
11:25:32 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	You could provide copies of those?
11:25:41 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	Maintaining and testing meters fall under metering equipment provision of purchase water agreement between Pikeville and Mountain?
11:26:12 AM	Atty Osterloh Pikeville Note: Sacre, Candace	Note my objection. Not exactly what's in contract.
11:26:20 AM	Chairman Schmitt Note: Sacre, Candace	If dispute, do you have copy of contract?
11:26:29 AM	Staff Atty Sanders PSC Note: Sacre, Candace	I do.
11:26:30 AM	Chairman Schmitt Note: Sacre, Candace	You could read it into the record, and Mr. Potter could look at it.
11:26:46 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	(Reading provision into record.) Would that include master meters?

11:27:43 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	Trying to find out if master meters included under that provision.
11:28:12 AM	Staff Atty Sanders PSC - witness Potter Note: Sacre, Candace	Testing meters wouldn't fall under furnishing, installing, operating, or maintaining?
11:28:27 AM	Staff Atty Sanders PSC Note: Sacre, Candace	I don't have any other questions.
11:28:28 AM	Vice Chairman Cicero - witness Potter Note: Sacre, Candace	Examination. Mr. Osterloh asked who involved in allocation methods, several people and detail. Detail provided in Response?
11:29:06 AM	Vice Chairman Cicero - witness Potter Note: Sacre, Candace	Took meter count and 10 percent associated with Mountain, wouldn't have kept record that was basis for allocation?
11:29:31 AM	Vice Chairman Cicero - witness Potter Note: Sacre, Candace	Referring to collaborative effort to develop allocation, if records kept how developed allocation percentage.
11:29:51 AM	Atty Osterloh Pikeville Note: Sacre, Candace	Believe Mr. Petty may be able to address question.
11:30:01 AM	Vice Chairman Cicero Note: Sacre, Candace	He responded there was group using knowledge and expertise can associate these costs to these groups and provided to Mr. Petty to do COSS. (Click on link for further comments.)
11:30:36 AM	Atty Osterloh Pikeville Note: Sacre, Candace	Yes, have provided names Danny Sloane, Brad Sloane, provided in Data Requests.
11:30:48 AM	Vice Chairman Cicero - witness Potter Note: Sacre, Candace	Interested in how developed calculation, experts, how system works and basis for it. Interested in knowing methodology used. I don't have any further.
11:31:23 AM	Chairman Schmitt Note: Sacre, Candace	Identity of people collaborated was Response to Data Request. Don't know asked methodology.
11:31:37 AM	Atty Osterloh Pikeville Note: Sacre, Candace	Collaborative, narrative described in that. Mr. Petty can elaborate.
11:31:46 AM	Chairman Schmitt - witness Potter Note: Sacre, Candace	Examination. Mr. Potter, may I see map? (Click on link for further discussion.)
11:33:51 AM	PIKEVILLE EXHIBIT 1 Note: Sacre, Candace Note: Sacre, Candace	CHAIRMAN SCHMITT - WITNESS POTTER. PIKEVILLE WATER MAP.
11:34:17 AM	Chairman Schmitt - witness Potter Note: Sacre, Candace	How many customers Pikeville have, water customers?
11:35:00 AM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
11:35:10 AM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Direct Examination. Can you please state your name?
11:35:16 AM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	You go by Buddy as well?
11:35:18 AM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Name of your company?
11:35:24 AM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Your role?
11:35:28 AM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Business address?

11:35:34 AM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Testimony and Responses?
11:35:40 AM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Any changes to documents?
11:35:45 AM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Adopt Responses in testimony today?
11:36:00 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Cross Examination. Response to MW Initial Request No. 1, any studies reviewed by state regulatory authority like Kentucky?
11:36:30 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	What states are those?
11:36:34 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Example of case submitted in Tennessee reviewed?
11:36:52 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Response to Commission Second Request Item No. 2, most accepted practice, under (a), abandon tier rates, go to single rate structure. Purpose of eliminating two steps in Mountain current contract rate?
11:39:26 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Prepared rate study for Pikeville retail rates?
11:39:32 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Eliminate tier rates in retail rates?
11:40:18 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Any reason for eliminating second step?
11:40:55 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Current rate for second step lower than initial step?
11:41:09 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Effect on cost to Mountain wholesale water eliminating second step?
11:41:23 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Proposal to pay \$2.30 for all water?
11:41:33 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Currently reduced rate for any over 28 million gallons?
11:41:43 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Effect of eliminating second step to increase total cost for water to Mountain assuming equal purchase?
11:42:08 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Effect of proposed rate increase cost of water assuming same level of purchase?
11:42:27 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Effect of that to increase revenue to Pikeville?
11:43:33 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	True if Commission finds 28-million-gallon minimum unreasonable, could eliminate second tier?
11:44:08 AM	Atty Osterloh Pikeville Note: Sacre, Candace	Note my objection. May call for a legal conclusion.
11:44:11 AM	Chairman Schmitt Note: Sacre, Candace	Sustained.
11:44:16 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Response to MW Initial Data Request No. 67, second sentence, initial cost study, which study are you talking about?
11:45:30 AM	Atty Hughes Mountain Water - witness Petty Note: Sacre, Candace	Which study referencing here when refer to initial study, sewer study?

11:45:47 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Date of study?

11:45:50 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Study before that, draft?

11:46:04 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Of what year?

11:46:08 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Draft after initial study?

11:46:22 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Halfway down, rate study completed, another COSS?

11:46:34 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Date of that study?

11:46:43 AM Chairman Schmitt - witness Petty
Note: Sacre, Candace Examination. Draft preliminary document to February second COSS?

11:46:50 AM Chairman Schmitt - witness Petty
Note: Sacre, Candace What is draft with respect to August 15, 2018, and February 2019 studies?

11:48:21 AM Chairman Schmitt - witness Petty
Note: Sacre, Candace Your opinions in this case you've expressed, any of those opinions based in whole or in part on that draft?

11:48:41 AM Chairman Schmitt - witness Petty
Note: Sacre, Candace February 2019?

11:48:43 AM Chairman Schmitt - witness Petty
Note: Sacre, Candace Draft is irrelevant to any position Pikeville takes?

11:48:54 AM Chairman Schmitt - witness Petty
Note: Sacre, Candace If draft is just working document that doesn't form basis for opinions, we ought not be talking about draft. In relation to your opinions, does draft represent opinions in this case? Yes or no?

11:49:44 AM Chairman Schmitt - witness Petty
Note: Sacre, Candace July 11, 2019, it's an evolution?

11:49:59 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Cross Examination (cont'd). Everything before revised July 11 study if not what you're relying on for MW District now?

11:50:28 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Testimony on page 4, first two lines, top of page, estimated MW District used 95 percent of water lines. Question is, when you refer to 95 percent of water lines inside city limits, miles of pipe inside city limits or inch miles?

11:51:55 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Ninety-five percent of lines inside city limits actually inch miles?

11:52:25 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Wholesale rate for MW, contract rate? Rate set for Mountain is in contract?

11:52:53 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Recommend to City to create wholesale customer class?

11:53:12 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace What would wholesale class consist of?

11:53:27 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Which customers currently wholesale?

11:53:58 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Purpose or benefit creating wholesale class?

11:54:19 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Benefit to being put in wholesale class?

11:54:39 AM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Benefit of wholesale class, larger customers get lower rate?

11:55:15 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Examination. When asked benefit of placing large consumer customer into wholesale class, you said lower rate. Then asked about lower rates, you said -

11:55:56 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace You recommended everybody be put into wholesale?

11:56:11 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Weren't looking case-by-case basis?

11:56:32 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Saying they didn't; do they now have?

11:56:43 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Wholesale customers Southern and Mountain?

11:56:49 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Mountain had contract for 28-million-gallon minimum and another tier reduced rate for over?

11:57:00 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Southern did not?

11:57:04 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace You knew Mountain did?

11:57:08 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Contract come into play whether tier or no tier?

11:57:22 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace If contract exists, why disregard contract?

11:57:35 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Knowing there is contract, would you have adjusted COSS to reflect rates?

11:57:47 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace If other party didn't agree?

11:58:06 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Industry practice to eliminate tiers?

11:58:16 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Declining rates for tier activity discourages water conservation?

11:58:35 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace So declining rates encourages?

11:59:00 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Declining rates discourages water conservation because consume more at lower rate. It discourages water conservation?

11:59:35 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Lower rate for higher consumption would encourage higher usage not based on conservation policy but costs associated?

11:59:50 AM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Costs associated typically with higher volume means fixed costs spread over greater gallons of water. Lower rate volumetrically is justified?

12:00:09 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace I'm curious why recommend elimination of tier rate?

12:00:56 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Agree 100 percent but depends on how that revenue requirement spread over number of customers?

12:01:08 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Customer uses higher volume of water paying more than fair share because fixed cost covering through higher usage benefits other customers?

12:01:53 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace First 28 million is hard to segregate. Master meter to MW. 28 million metered. After that, some other volume at a different rate. At that point, all delivery is responsibility of MW?

12:02:44 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Higher volume is method benefits those who consume more, and fixed cost lower for all others. Certainly not water conservation, already on contract.

12:03:26 PM Atty Hughes Mountain Water - witness Petty
Note: Sacre, Candace Cross Examination (cont'd). Agree, for all customer classes, rates based on cost of service?

12:03:44 PM Chairman Schmitt - witness Petty
Note: Sacre, Candace Examination. Present capacity of City water plant, how many gallons a day capable and produced?

12:04:03 PM Chairman Schmitt - witness Potter
Note: Sacre, Candace Examination. Grondall, do you know?

12:04:07 PM Chairman Schmitt - witness Potter
Note: Sacre, Candace Six, and you sell about three, produce about three?

12:04:20 PM Chairman Schmitt
Note: Sacre, Candace Mr. Potter is still under oath.

12:04:24 PM Chairman Schmitt - witness Potter
Note: Sacre, Candace You have excess capacity?

12:04:29 PM Chairman Schmitt
Note: Sacre, Candace We'll be in recess till one o'clock.

12:04:39 PM Session Paused

12:04:45 PM Session Resumed

12:04:50 PM Session Paused

1:09:09 PM Session Resumed

1:09:11 PM Chairman Schmitt
Note: Sacre, Candace We're back on the record. Mr. Hughes, do you have additional cross examination?

1:09:18 PM Chairman Schmitt
Note: Sacre, Candace Ms. Sanders, questions?

1:09:23 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Cross Examination. On page 4 of your testimony, Mr. Hughes asking about estimated 95 percent of water lines inside City that MW uses, you said that was inch methodology?

1:10:00 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Line 13, 14, 15, calculated percentage inside city lines serving MW based on inch mile methodology. Result MW was using 92 percent inside lines?

1:10:28 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Ninety-five percent was estimate?

1:10:34 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace That was not inch mile?

1:10:43 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Ninety-two was inch mile methodology, and 95 was inch mile methodology?

1:11:00 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Asked what is 95 percent estimate based on, and saying inch mile calculation?

1:11:56 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace And the result was 92?

1:12:09 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Ninety-five was estimate of inch mile method and not actual calculation?

1:12:20 PM Commissioner Mathews - witness Petty
Note: Sacre, Candace Examination. The 92 is the calculation?

1:12:36 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Cross Examination (cont'd). Testified you had previously provided testimony at regulatory authority in Tennessee?

1:12:57 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Didn't involve live testimony?

1:13:05 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Testify in Tennessee?

1:13:28 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Staff of exactly what body?

1:13:40 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Appeared before this Commissioner?

1:13:50 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Appeared before Tennessee Commission?

1:14:01 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Have you prepared COSS for any other cities or water utilities in Kentucky?

1:14:25 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Final COSS, you used debt service coverage method?

1:14:37 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Not what started with?

1:14:39 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Method start with?

1:14:48 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Your decision?

1:14:52 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Wasn't suggestion of Pikeville?

1:15:21 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Responses to MW First Data Request Item 10, statement the allocation of percentages product of collaborative effort. Define collaborative effort.

1:17:05 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Pulling all different directions, master meters?i

1:18:51 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Limited data in some areas, what areas were those?

1:19:58 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace How did that affect, lacking this data, fair and reasonable rate for MW?

1:20:28 PM Chairman Schmitt - witness Petty
Note: Sacre, Candace Examination. You did best you could considering you didn't have data to work with, fair statement?

1:20:38 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Cross Examination (cont'd). Met with individuals as part of collaborative process, Grondall Potter, Philip Elswick, Tonya Taylor, Brad Sloane, Donnie Sloane, Robbie Bentley, and Rebecca Hamilton, complete list?

1:21:00 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Employer for Brad Sloane and Donnie Sloane?

1:21:20 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Mr. Bentley?

1:21:27 PM Atty Osterloh Pikeville
Note: Sacre, Candace Robbie Bentley, Ms. Bentley, she's with City.

1:21:32 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Ms. Hamilton?

1:22:13 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Your testimony, page 4, stated Line 5 almost all inside water infrastructure used to serve MW, that information came from UMG. What information?

1:22:41 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Consisted of maps?

1:22:57 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Would mark lines Mountain using?

1:23:14 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Examination. Identified 92 percent of transmission lines used for delivery to MW?

1:23:25 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace No service lines, all distribution?

1:23:38 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Making sure just looking at distribution lines.

1:23:54 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Cross Examination (cont'd). Total percentage of all water used by Mountain in relation to all, inside and outside?

1:24:38 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace If just looked at all cusotmers, what Mountain's -

1:25:35 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace COSS august 2018, water and waste water rate study, stated over next five years, approximately \$2,694,350 water infrastructure installed, resulting in \$154,000 new drepceiation. Do you know if any of water infrastructure related to providing water to Mountain?

1:27:03 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Page 17 of that study, referenced new loan of \$805,000 to refinance radio read meter project. Inside system to pay 74 percent of principal and interest. Any principal/interest applied to Mountain?

1:27:52 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Examination. To clarify, you wouldn't have included those costs anyway?

1:28:35 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Cross Examination (cont'd). Reviewed testimony of Connie Allen filed by Mountain Water?

1:28:54 PM Staff Atty Sanders PSC
Note: Sacre, Candace Do you have copy of that?

1:29:00 PM Atty Osterloh Pikeville
Note: Sacre, Candace Yes.

1:29:13 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace One of her problems with UMG services and public works water, those categories too broad and should have been broken down into specific areas. Did you discuss that in collaborative process?

1:30:52 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace She states those two categories make up 60 something percent of total expense. Did you not think that couldnt' be broken down any farther than that?

1:32:00 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Mr. Potter may have information on that?

1:32:13 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace In her testimony on page 8, states lack of hydraulic models, no maps of pressure zones, no knowledge of overflow elevation of tanks, no information regarding piping configuration of booster pumping stations interfere with accuracy. Would you agree?

1:32:56 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Ask for information when doing COSS?

1:33:21 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Mr. Potter?

1:33:30 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Any discussion of lack of those things?

1:33:47 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Everyone agree would have been nice to have?

1:34:26 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Page 9, Ms. Allen says power costs could have been beter functionalized, that MW is paying power costs that do not serve MWD. Agree?

1:35:25 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Everything within system benefits MW?

1:35:42 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Looking at system as a whole?

1:36:20 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Third COSS, does not include draft, revised July 11 COSS, Ms. Allen points out revenue requirement decreased \$25,631, eleven percent, but no change in rate suggested.

1:37:18 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Page 12, Line 5, revised COSS, Pikeville water expenses decreased one percent. Despite decrease of 11 percent total revenue requirement, no change in rate proposed by Pikeville.

1:38:10 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace What was the mistake?

1:39:11 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Given all outside and inside city customers using same treatment plant, same tanks, pump stations, why aren't outside customers being charged depreciation?

1:40:12 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Outside city customers have depreciation schedule, and inside have depreciation schedule?

1:40:17 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Doesn't identify what depreciation is on?

1:40:30 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Examination. How do you know how to segregate that out between all three?

1:40:57 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Did you assign depreciation?

1:41:02 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace No depreciation for distribution lines assigned to costs?

1:41:14 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Total depreciation for distribution lines between the three groups add up to total depreciation as 100 percent?

1:41:26 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Could be 12 depreciation schedules but total of all should be equal to annual depreciation.

1:41:38 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Do all three of those add up to annual depreciation for distribution?

1:42:01 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace You haven't answered my question. Question was, if you take all three together, asset value for depreciation. Whatever value of assets, there's annual amount. Do total of three equal annual depreciation? If so, how did you determine amount since you can't identify on other two what depreciation is?

1:42:53 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace It can't be substantiated; that's the answer to the question?

1:43:06 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace Cross Examination (cont'd). When doing COSS and meeting with UMG and Pikeville in collaborative process, any discussion of doing away with inside and outside customer given fact initial reason for it was twenty years ago?

1:43:56 PM Staff Atty Sanders PSC - witness Petty
Note: Sacre, Candace I understand City decision, but any discussion of it during COSS?

1:44:13 PM Staff Atty Sanders PSC
Note: Sacre, Candace I don't have any other questions.

1:44:16 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Examination. COSS done in past?

1:44:29 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace When you did this COSS, did you follow same outline utilized in past or start from scratch?

1:44:45 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace If there was, it didn't matter because it didn't figure into calculations?

1:44:50 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace If prior COSS done, back in early 2000s, whatever methodology was thrown out and -

1:45:12 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Said collaborative effort, you and UMG and City personnel all worked together and basis was developed for allocation on all points you were aware of?

1:45:29 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Means there has to be basis for COSS. Did you keep notes show basis for allocation?

1:46:07 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace I applaud everybody sat down and put together. Did you record it?

1:46:14 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Nobody wrote down how methodology worked in the end? No memorialization of how percentages developed? In a room, and that's what you came up with?

1:46:54 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Spreadsheet that shows how percentages calculated?

1:47:07 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace How many COSSs performed in past?

1:47:19 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Is this typical?

1:47:40 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace You directly participated in this?

1:47:46 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace Typical not to record methodology?

1:48:01 PM Vice Chairman Cicero - witness Petty
Note: Sacre, Candace (Click on link for comments.) No memoriazation of calculations for how allocations occurred?

1:49:01 PM	Vice Chairman Cicero - witness Petty Note: Sacre, Candace	Would think, as a professional, you would want for records.
1:50:14 PM	Vice Chairman Cicero - witness Petty Note: Sacre, Candace	You can't, if you don't have information.
1:50:24 PM	Vice Chairman Cicero - witness Petty Note: Sacre, Candace	Into the future and want to see how did COSS and allocation developed, how can do it without information to do it with?
1:51:08 PM	Vice Chairman Cicero - witness Petty Note: Sacre, Candace	You agree all individuals have different perspective?
1:51:11 PM	Vice Chairman Cicero - witness Petty Note: Sacre, Candace	Look at historical experience basis, like Grondall, remembers what happened in Mountain and supplying information to come up with calculation of fair share going to MW?
1:51:30 PM	Vice Chairman Cicero - witness Petty Note: Sacre, Candace	If he is not there next time COSS is done, how do you make determination how basis was established that MW charged for certain allocation?
1:52:12 PM	Vice Chairman Cicero Note: Sacre, Candace	I don't have any other questions.
1:52:13 PM	Chairman Schmitt Note: Sacre, Candace	Commissioner Mathews?
1:52:15 PM	Commissioner Mathews Note: Sacre, Candace	I don't have any.
1:52:18 PM	Chairman Schmitt - witness Petty Note: Sacre, Candace	Examination. Employed to do rate study and then COSS, prepared final report revised July 2019 based on best information you could get?
1:52:46 PM	Chairman Schmitt - witness Petty Note: Sacre, Candace	In fact, best and only information you could get?
1:52:52 PM	Chairman Schmitt - witness Petty Note: Sacre, Candace	Would like to have obtained evidence used to support allocations of expenses?
1:53:15 PM	Chairman Schmitt - witness Petty Note: Sacre, Candace	Without adequate records, you could not have completed report without subjective information by City and UMG?
1:53:33 PM	Chairman Schmitt - witness Petty Note: Sacre, Candace	Not talking, in terms of allocations, anything that can be objectively proven?
1:53:52 PM	Chairman Schmitt Note: Sacre, Candace	I don't have any questions. Mr. Osterhol?
1:53:55 PM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Redirect Examination. Twenty-six categories of expenses assigned percentage of allocation for administration, water treatment plant, and distribution?
1:54:23 PM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	Able to summarize, with help from other folks, points on why allocations appropriate?
1:54:42 PM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	With staff and your collaboration, something you could do?
1:54:54 PM	Atty Osterloh Pikeville Note: Sacre, Candace	Is that something Commission would like to see as Post-Hearing Data Response?
1:55:02 PM	Chairman Schmitt Note: Sacre, Candace	I don't think so, no.

1:55:19 PM	Atty Osterloh Pikeville - witness Petty Note: Sacre, Candace	That's all the questions I have.
1:55:26 PM	Chairman Schmitt Note: Sacre, Candace	May Mr. Petty be excused?
1:55:34 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Osterloh, the reason I said that, this is the hearing, and there's not opportunity for any follow-up on it to the extent you can explain in brief. (Click on link for further comments.)
1:56:17 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Hughes do you have a witness?
1:56:33 PM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
1:56:42 PM	Atty Hughes Mountain Water - witness Allen Note: Sacre, Candace	Direct Examination. Would you state your name and business address?
1:56:55 PM	Atty Hughes Mountain Water - witness Allen Note: Sacre, Candace	Retained by Mountain Water District to review cost study prepared by City?
1:57:06 PM	Atty Hughes Mountain Water - witness Allen Note: Sacre, Candace	Did you prefile testimony?
1:57:10 PM	Atty Hughes Mountain Water - witness Allen Note: Sacre, Candace	Changes or corrections to testimony?
1:57:15 PM	Atty Hughes Mountain Water - witness Allen Note: Sacre, Candace	File Responses to Data Requests?
1:57:20 PM	Atty Hughes Mountain Water - witness Allen Note: Sacre, Candace	Under oath, would answers be same?
1:57:26 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Osterhol, questions?
1:57:29 PM	Atty Osterloh Pikeville - witness Allen Note: Sacre, Candace	Cross Examination. MWD does not have rates for industrial class?
1:57:35 PM	Atty Osterloh Pikeville - witness Allen Note: Sacre, Candace	Nor commercial class?
1:57:45 PM	Atty Osterloh Pikeville - witness Allen Note: Sacre, Candace	In Data Responses, you provided analysis included two- to six-inch mains used for peak domestic flow. Are you familiar?
1:58:04 PM	Atty Osterloh Pikeville - witness Allen Note: Sacre, Candace	Analysis specific to City and water system to show only two- to six-inch mains used for peak domestic flow?
1:58:18 PM	Atty Osterloh Pikeville - witness Allen Note: Sacre, Candace	Where did you come up with information?
1:58:49 PM	Atty Osterloh Pikeville - witness Allen Note: Sacre, Candace	That data did not come with analysis with respect to Pikeville system?
1:58:55 PM	Atty Osterloh Pikeville - witness Allen Note: Sacre, Candace	Do you know where WRIS got information?
1:59:02 PM	Atty Osterloh Pikeville - witness Allen Note: Sacre, Candace	You were not able to develop proposed rate based on review?
1:59:16 PM	Chairman Schmitt Note: Sacre, Candace	Ms. Sanders?
1:59:33 PM	Staff Atty Sanders PSC - witness Allen Note: Sacre, Candace	Cross Examination. You do not have faith in COSS provided by Pikeville. Explain your lack of faith in what Mr. Petty provided.
2:00:37 PM	Staff Atty Sanders PSC - witness Allen Note: Sacre, Candace	You don't feel COSS did that?

2:00:58 PM Staff Atty Sanders PSC - witness Allen
Note: Sacre, Candace One of problems, public works water/UMG services line items make up 69 percent of City water expenses, Pikeville monthly payment to UMG. What things would you expect included and why important it was not broken down to specific areas?

2:05:37 PM Staff Atty Sanders PSC - witness Allen
Note: Sacre, Candace Have you performed COSS?

2:05:54 PM Staff Atty Sanders PSC - witness Allen
Note: Sacre, Candace When done with COSS, typical to have documentation Vice Chairman was asking Mr. Petty about to support allocations in COSS?

2:06:19 PM Staff Atty Sanders PSC - witness Allen
Note: Sacre, Candace Done one where didn't have it, if asked for it?

2:06:46 PM Chairman Schmitt
Note: Sacre, Candace Commissioner Cicero?

2:06:47 PM Vice Chairman Cicero - witness Allen
Note: Sacre, Candace Examination. Did you attempt to calculate rate?

2:06:58 PM Vice Chairman Cicero - witness Allen
Note: Sacre, Candace Do you know if MW has documentation from prior rates?

2:07:14 PM Vice Chairman Cicero - witness Allen
Note: Sacre, Candace Memorialization of that calculation exists at Mountain?

2:07:30 PM Vice Chairman Cicero - witness Allen
Note: Sacre, Candace But there's something there?

2:07:35 PM Vice Chairman Cicero - witness Allen
Note: Sacre, Candace Mountain challenged rate before?

2:07:48 PM Vice Chairman Cicero - witness Allen
Note: Sacre, Candace Yes.

2:07:56 PM Vice Chairman Cicero - witness Allen
Note: Sacre, Candace Not sure rate case indicates protest.

2:08:01 PM Chairman Schmitt
Note: Sacre, Candace Purchase water adjustment case, a case just like this?

2:08:12 PM Vice Chairman Cicero
Note: Sacre, Candace Only other question is for somebody else. I'm good.

2:08:15 PM Chairman Schmitt
Note: Sacre, Candace Commissioner Mathews?

2:08:20 PM Commissioner Mathews - witness Allen
Note: Sacre, Candace Examination. Do you know if system has changed since 2002?

2:08:38 PM Commissioner Mathews - witness Mathews
Note: Sacre, Candace At best, most COSSs, unless done on ground, are estimates?

2:09:00 PM Commissioner Mathews - witness Allen
Note: Sacre, Candace They're all estimates?

2:09:10 PM Chairman Schmitt - witness Allen
Note: Sacre, Candace Examination. Have you testified before Commission before?

2:09:23 PM Chairman Schmitt - witness Allen
Note: Sacre, Candace Don't think Commission ever accepted 17-year COSS. You wouldn't recommend?

2:09:32 PM Chairman Schmitt - witness Allen
Note: Sacre, Candace In performing COSS, would more evidence, more information be required than what provided Mr. Petty?

2:10:10 PM Chairman Schmitt - witness Allen
Note: Sacre, Candace Eleven years Pikeville rates been in effect. Costs have gone up over 11-year period between 2008 and present?

2:10:31 PM Chairman Schmitt - witness Allen
Note: Sacre, Candace You haven't calculated rate yourself?

2:10:43 PM	Chairman Schmitt - witness Allen Note: Sacre, Candace	Not testifying Pikeville not entitled to rate increase?
2:10:50 PM	Chairman Schmitt Note: Sacre, Candace	No further questions. Anything?
2:10:58 PM	Atty Hughes Mountain Water Note: Sacre, Candace	You asked question this morning, master meters serve Mountain. She can elaborate on that.
2:11:16 PM	Chairman Schmitt Note: Sacre, Candace	I don't think I need it. May this witness be excused?
2:11:56 PM	Chairman Schmitt Note: Sacre, Candace	Witness is sworn.
2:12:04 PM	Atty Hughes Mountain Water - witness Sawyers Note: Sacre, Candace	Direct Examination. Would you state name and business address?
2:12:15 PM	Atty Hughes Mountain Water - witness Sawyers Note: Sacre, Candace	What's your position with Mountain Water?
2:12:19 PM	Atty Hughes Mountain Water - witness Sawyers Note: Sacre, Candace	How long had that position?
2:12:24 PM	Atty Hughes Mountain Water - witness Sawyers Note: Sacre, Candace	Are you senior management employee in District?
2:12:33 PM	Atty Hughes Mountain Water - witness Sawyers Note: Sacre, Candace	Nobody above you on operational basis?
2:12:40 PM	Atty Hughes Mountain Water - witness Sawyers Note: Sacre, Candace	Responses to Data Requests from Staff and City?
2:12:51 PM	Atty Hughes Mountain Water - witness Sawyers Note: Sacre, Candace	Changes or corrections?
2:12:58 PM	Atty Hughes Mountain Water - witness Sawyers Note: Sacre, Candace	If asked questions today, would answers be same?
2:13:00 PM	Atty Hughes Mountain Water Note: Sacre, Candace	That's all I have.
2:13:02 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Osterloh, questions?
2:13:05 PM	Atty Osterhol Pikeville - witness Sawyers Note: Sacre, Candace	Cross Examination. Present for hearing today?
2:13:10 PM	Atty Osterhol Pikeville - witness Sawyers Note: Sacre, Candace	Heard discussions related to Marion Branch or Industrial Park?
2:13:18 PM	Atty Osterhol Pikeville - witness Sayers Note: Sacre, Candace	Present for meetings with City or officials related to infrastructure of Marion Branch project?
2:13:38 PM	Atty Osterhol Pikeville - witness Sawyers Note: Sacre, Candace	When you say Board, you mean Mountain Water District Board?
2:13:43 PM	Atty Osterhol Pikeville - witness Sawyers Note: Sacre, Candace	Know if MW supported project?
2:13:55 PM	Atty Osterloh Pikeville - witness Sawyers Note: Sacre, Candace	Your understanding project would benefit MWD?
2:14:05 PM	Atty Osterloh Pikeville - witness Sawyers Note: Sacre, Candace	If you have documents such as that letter or minutes that would relate to Marion Branch, would you provide through Post-Hearing Data Request?
2:14:16 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ATTY OSTERLOH PIKEVILLE - WITNESS SAWYERS. MWD DOCUMENTS RELATED TO MARION BRANCH PROJECT.
2:14:20 PM	Chairman Schmitt Note: Sacre, Candace	Ms. Sanders, questions?

2:14:26 PM Staff Atty Sanders PSC - witness Sawyers
Note: Sacre, Candace Cross Examination. Mr. Potter testified maybe could be engineering report. MW given copy?

2:14:44 PM Staff Atty Sanders PSC - witness Sawyers
Note: Sacre, Candace Yes, please.

2:14:47 PM POST-HEARING DATA REQUEST
Note: Sacre, Candace STAFF ATTY SANDERS PSC - WITNESS SAWYERS.
Note: Sacre, Candace MARION BRANCH PROJECT ENGINEERING REPORT.

2:14:48 PM Chairman Schmitt
Note: Sacre, Candace Commissioner Cicero?

2:14:50 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace Examination. Twenty-eight-million-gallon minimum in contract, when Pike eliminated tier, did they contact Mountain and advise they intended to eliminate that tier?

2:15:23 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace That's what I'm asking, if somebody contacted you and said need to adjust contract, taking out tier?

2:15:37 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace More in line when you received notice they were increasing rate?

2:15:50 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace I'm sorry. Say that again.

2:16:00 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace Still two tiers?

2:16:04 PM Staff Atty Sanders PSC
Note: Sacre, Candace Letter in June, still two tiers. Didn't go to one tier until COSSs kept coming out.

2:16:15 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace When COSS completed, proposed new rate. Notify you that intended to change contract?

2:16:46 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace Effort made to renegotiate terms of contract to show one-tier rate?

2:16:59 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace You're not sure?

2:17:02 PM Vice Chairman Cicero - witness Sawyers
Note: Sacre, Candace Didn't approach you? Don't know if Board received information?

2:17:12 PM Vice Chairman Cicero
Note: Sacre, Candace Thank you.

2:17:13 PM Chairman Schmitt
Note: Sacre, Candace Commissioner Mathews?

2:17:15 PM Commissioner Mathews
Note: Sacre, Candace I don't have any questions.

2:17:16 PM Chairman Schmitt
Note: Sacre, Candace I don't have any questions.

2:17:21 PM Atty Osterloh Pikeville - witness Sawyers
Note: Sacre, Candace Cross Examination. Meeting between City and Water District in December 2018?

2:17:30 PM Atty Osterloh Pikeville - witness Sawyers
Note: Sacre, Candace And Mr. Petty was present?

2:17:34 PM Atty Osterloh Pikeville - witness Sawyers
Note: Sacre, Candace I was present for that. Were you present?

2:17:37 PM Atty Osterloh Pikeville - witness Sawyers
Note: Sacre, Candace During meeting, City proposing \$2.25-per-thousand-gallon rate that didn't have two tiers?

2:17:54 PM	Atty Osterloh Pikeville - witness Sawyers Note: Sacre, Candace	Later on, after February 2019 study, rate proposed would be \$2.30 per thousand gallons without a tier approach?
2:18:11 PM	Atty Osterloh Pikeville - witness Sawyers Note: Sacre, Candace	Water District received that information?
2:18:16 PM	Atty Osterloh Pikeville Note: Sacre, Candace	Thank you. That's all questions I have.
2:18:20 PM	Chairman Schmitt Note: Sacre, Candace	May this witness be excused?
2:18:31 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Hughes, any other witnesses?
2:18:36 PM	Chairman Schmitt Note: Sacre, Candace	Let me ask Mr. Hughes a question. Mr. Hughes, does MWD contest ability of Pikeville to, basically, whatever the rate increase, if any, might be, that it could be the same rate before and after 28 million gallons water used? If two tier rate, first part has to be higher than second to achieve same amount of money?
2:19:22 PM	Atty Hughes Mountain District Note: Sacre, Candace	We're contesting not only proposed rate but fact that contract has two tiers, and that contract's not been modified, so we would still have two tiers.
2:19:44 PM	Chairman Schmitt Note: Sacre, Candace	What you want is, assuming rate increase, you want calculation based upon higher initial rate and lower rate after 28 million gallons purchased?
2:20:04 PM	Atty Hughes Mountain District Note: Sacre, Candace	We're not proposing rate for two tiers. We're dealing with rate that City has proposed of \$2.30.
2:20:14 PM	Chairman Schmitt Note: Sacre, Candace	Across the board, \$2.30, no matter how much water is purchased?
2:20:20 PM	Atty Hughes Mountain District Note: Sacre, Candace	That's right. That's right, but we aren't in a position to determine what second tier rate is. If flat rate of \$2.30 per 1,000, we think that's what rate is. If tier is eliminated, that eliminates need for minimum.
2:21:06 PM	Chairman Schmitt Note: Sacre, Candace	Contract isn't changed in terms of how it's drafted. It's just amount of money. Same amounts before and after. Contract hasn't changed, just the numbers?
2:21:22 PM	Atty Hughes Mountain District Note: Sacre, Candace	Contract specifies how those numbers are allocated, so instead of allocating among two tiers, it's just one number for all.
2:21:36 PM	Chairman Schmitt Note: Sacre, Candace	I haven't looked at contract in a couple of days. Original contract didn't have specific sum of money divided by various rates?
2:21:48 PM	Atty Hughes Mountain District Note: Sacre, Candace	Right.
2:21:49 PM	Chairman Schmitt Note: Sacre, Candace	You're going to pay \$5 million this year based upon \$2.30 and the other, whatever various rates were. I didn't think you were contesting it. I just wanted to find out if you were or not based on Vice Chairman's questions. You're not?
2:22:13 PM	Atty Hughes Mountain Water. Note: Sacre, Candace	Right.

2:22:16 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Osterloh, anything else you wanted to point out or any other thing we needed to address before we talk dates for briefs?
2:22:30 PM	Atty Osterloh Pikeville Note: Sacre, Candace	No, Your Honor, no.
2:22:37 PM	Chairman Schmitt Note: Sacre, Candace	I'm supposing Staff can get Data Requests filed and to Mr. Osterloh by Friday, the 13th. Is that doable?
2:22:53 PM	Staff Atty Sanders PSC Note: Sacre, Candace	I will be in training Friday afternoon, but they can work on them.
2:23:11 PM	Chairman Schmitt Note: Sacre, Candace	Mr. Osterloh, if staff can get Data Requests to you by Friday, the 13th, can you respond in a week?
2:23:23 PM	Atty Osterloh Pikeville Note: Sacre, Candace	Questions asked of Ms. Taylor, I'm not sure we have information. I think a week is doable as long as we dont' have to track down information.
2:23:43 PM	Chairman Schmitt Note: Sacre, Candace	You have to look and see what you can do. Whatever, see if you can get them by the 20th. If you have a problem, just file a motion. With that schedule, we will enter order before day is out. If you get Response by 20th, Mr. Osterloh, October 4th to file brief, if you choose to do so, two weeks beyond next Friday. Mr. Hughes, two weeks after that, October 18. (Click on link for further procedural discussion.)
2:25:06 PM	Chairman Schmitt Note: Sacre, Candace	Give you to October 25 to file a reply brief to Mountain's brief, if you want to. If you don't want to, just don't, and that will be end of it. If those dates aren't acceptable, have a problem, vacation, we'll change them right now. (Click on link for further procedural discussion.)
2:26:17 PM	Session Note Entry Note: Sacre, Candace	If there's nothing else, then this hearing is adjourned. Thank you all very much.
2:26:21 PM	Session Paused	
2:26:29 PM	Session Ended	



Exhibit List Report

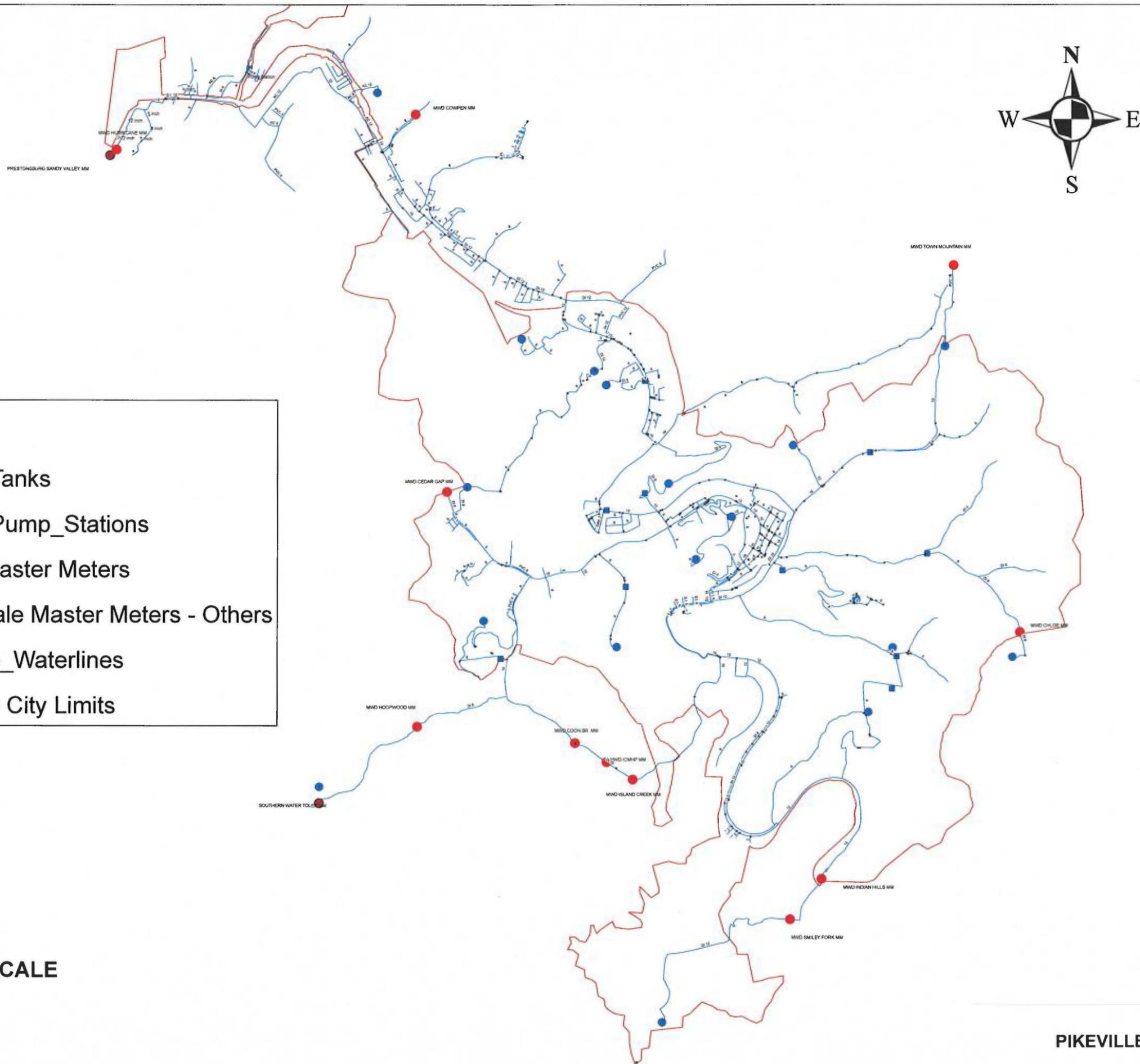
2019-00080 11Sep2019

City of Pikeville, Mountain Water
District (Pikeville)

Name:**Description:**

PIKEVILLE EXHIBIT 1

PIKEVILLE WATER MAP



Legend

- Water_Tanks
- Water_Pump_Stations
- MWD Master Meters
- Wholesale Master Meters - Others
- Pikeville_Waterlines
- Pikeville_City_Limits

NOT TO SCALE

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