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BEFORE THE
COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ADJUSTMENT OF THE RATES OF
KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2004-00103

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PUBLIC SERVICE
COMMISSION

TRANSCRIPT OF PUBLIC HEARING

DATE OF HEARING: November 4, 2004 - 5:00 p.m. - 9:00 p.m.
Paul L. Dunbar High School
Lexington, Kentucky

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APPEARANCES

HON. MARK DAVID GOSS, CHAIRMAN
HON. ELLEN C. WILLIAMS, VICE CHAIRWOMAN
HON. W. GREGORY COKER, COMMISSIONER

HON. GERALD WUETCHER, COUNSEL FOR COMMISSION STAFF
HON. JASON BENTLEY, COUNSEL FOR COMMISSION STAFF

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1 CHAIRMAN GOSS:

2 Good evening. My name is Mark David Goss, and I'm
3 Chairman of the Kentucky Public Service Commission.
4 Seated to my right is Vice Chairman of the Public
5 Service Commission, Ellen Williams. Seated to my left
6 is Greg Coker who is Commissioner of the Public Service
7 Commission. Welcome to this public meeting that has
8 been called by the Kentucky Public Service Commission.
9 We are here for the purpose of taking public comment on
10 the application of Kentucky-American Water Company for
11 an adjustment of its rates. Kentucky-American serves
12 about 108,000 customers in ten counties in Central
13 Kentucky, and the company is seeking to increase its
14 annual revenue by \$7.3 million or 16.8 percent. The
15 average monthly residential bill would rise \$2.85 to
16 \$21.50 from its current rate of \$18.65. Let me explain
17 to you how we will proceed this evening. First of all,
18 let me say that there will be no presentation tonight
19 by Kentucky-American Water Company or the parties that
20 have intervened in this rate case. We are here to
21 listen to the views of the public on this application
22 for a rate adjustment. Those of you out in the
23 audience that wish to speak should have indicated your
24 intention to do so when you signed in outside at the
25 table. If you have not signed in and wish to speak,

1 please do so. Actually, let me rephrase that. Please
2 sign in whether or not you intend to speak and indicate
3 on the form whether you wish to speak and we'll see
4 that your name gets up here to me and we'll call on you
5 at the appropriate time. Based on the number of people
6 who have indicated a desire to speak, which, quite
7 frankly, are not that many at this early hour, we are
8 going to allow five minutes per speaker so that
9 everyone has an opportunity to be heard. Our
10 timekeeper, Shannon Pratt, who is right over here, who
11 is a Public Service Commission employee, will let you
12 know when you have a minute remaining and then will let
13 you know when your time is up. Everyone who is signed
14 up by 9:00 p.m. will have an opportunity to address the
15 Commission. Certainly those of you who have not signed
16 up to speak may submit comments in writing. We have
17 formal comment forms available outside at the
18 registration table, and you may turn those in tonight
19 also at the registration table or mail them or fax them
20 to the Public Service Commission in Frankfort. The
21 address and phone number are on the forms, and you may
22 also submit comments certainly by e-mail through our
23 website which is www.psc.ky.gov. This meeting, of
24 course, will be videotaped and a summary of the public
25 comments will be prepared for the Public Service

1 Commission and will become a part of the formal case
2 record. All written comments also will be entered into
3 the case record. The formal evidentiary hearing in
4 this case will begin next Monday, November 8th, at
5 9:00 a.m. at the Public Service Commission offices over
6 on Sower Boulevard in Frankfort. It is open to the
7 public. However, because we are holding this meeting
8 tonight, there will not be an opportunity for oral
9 public comments at the evidentiary hearing. In other
10 words, when we take up next Monday, we're going to go
11 right into taking evidence and will not be accepting
12 any public comment. That's the purpose for tonight's
13 meeting. There are a couple of things that I'd like
14 for you to keep in mind before we begin. First,
15 because the Public Service Commission acts in a quasi-
16 judicial capacity and Commissioners must rule on the
17 Kentucky-American Water Company Application, they
18 cannot answer questions pertaining to the substance of
19 this case. However, questions that you raise during
20 this meeting may obviously be of assistance to the
21 Public Service Commission and Staff as we prepare for
22 the evidentiary hearing. Secondly, the PSC can
23 consider only comments on matters that are before it.
24 Therefore, I would encourage you to focus your comments
25 on the rate request by Kentucky-American Water Company.

1 Comments on issues not before the Public Service
2 Commission, for instance, such as the question of local
3 ownership of the water company, cannot be considered by
4 the Commission as it reaches its decision in this case.
5 The third thing I would ask of you tonight, most folks
6 nowadays have cell phones and certainly it's okay with
7 us if you keep your cell phone on, but I would ask that
8 you put your cell phone on vibrate or certainly on low
9 ring volume and, if you get a call, just step outside
10 and take it. That way, when someone is speaking, they
11 won't be interrupted by the ringing of a cell phone.
12 When you come up to speak to the microphone, here to my
13 right, please state your name clearly and your place of
14 residence, and, if you have, I'll say, an odd last
15 name, something other than Smith or Jones or sort of a
16 common name, please spell your name so the Court
17 Reporter can put it of record, because we want to know
18 who you are, certainly. I would also urge that
19 everyone please keep your comments to the allotted time
20 so that everyone may have a turn and an opportunity to
21 speak to the Commission. Before we get started, I'd
22 like for everyone from the Kentucky Public Service
23 Commission that's here tonight to stand up. If you're
24 an employee of the PSC, please stand up. Now, you all
25 take a look at these folks. If you have a problem, or

1 a question, or a concern, or some issue that you would
2 like to take up with the PSC, it's better not to
3 address one of us, since we're going to be deciding the
4 case, but certainly take it up with one of these folks
5 that you see here this evening. Okay. Thank you all
6 very much. I would like to introduce the folks that
7 are up on stage with us so you'll know who they are.
8 I've already introduced Shannon Pratt, who is going to
9 be our timekeeper. Seated next to Shannon is Jerry
10 Wuetcher, who is an attorney, Staff Attorney, Assistant
11 General Counsel to the Public Service Commission, and
12 seated next to him is Jason Bentley, who is General
13 Counsel for the Public Service Commission. Okay. Let
14 me ask this question before we get started with public
15 comment. Are there any public officials here this
16 evening that wish to address the Commission with any
17 public comments? If so, we'll let you folks go first.
18 All right. Seeing none, we'll then move right along to
19 the sign-up sheet. Now, I'm going to apologize ahead
20 of time if I mispronounce a name. My pronunciation is
21 not always the best and sometimes I have a hard time
22 reading certain penmanship or writing. So I'll do my
23 best. I think the first individual on the list is
24 Wallace - I think it's Morton. Wallace Morton? Mr.
25 Morton, are you here? Do you wish to speak, sir?

1 MR. MORTON:

2 Yes, sir.

3 CHAIRMAN GOSS:

4 Okay, sir. Just come on up front here and come to the
5 microphone and we'll let you be the first on the list.
6 Tap that mike, Mr. Morton, and see if it's - yeah, it's
7 live. If you would, sir, state your name and where you
8 live.

9 STATEMENT BY MR. WALLACE MORTON:

10 My name is Wallace Morton. I live here in Lexington,
11 1918 Bedinger Court, zip code 40511.

12 CHAIRMAN GOSS:

13 Okay, Mr. Morton. Have at it.

14 MR. MORTON:

15 I'm here on behalf of Kentucky-American Water. I'm
16 proud to say that I've been employed for 26 years, and
17 I know that this is a good company to work for. I
18 raised my two sons, one partially the way through
19 college, and bought my home, and what have you, and I
20 also would like to state that this company gives back
21 to the community. They're real big on the United Way
22 and you know that the United Way spreads all over,
23 doing a lot of things and a lot of foundations. Also
24 they're part of the Big Brothers Big Sisters, and, just
25 the other day, Stacy Owens and I went out to the local

1 church and we talked to the Senior Citizens and gave
2 them the opportunity to ask questions and we tried to
3 provide them with answers of the functions of Kentucky-
4 American Water Company, and, if anybody asked me for
5 good employment, I would recommend Kentucky-American
6 Water. Thank you.

7 CHAIRMAN GOSS:

8 Thank you, Mr. Morton, very much. Okay. The next
9 person on the list, I think the first name is Walter,
10 or it may be William. I'm not sure, but the last name
11 is White, and I apologize for butchering your name, Mr.
12 White. State your name and your residence, please,
13 sir.

14 STATEMENT BY MR. WILLIAM F. WHITE:

15 My name is William F. White, and I live at 4005 Forrest
16 Green, in Lexington.

17 CHAIRMAN GOSS:

18 Mr. White, proceed.

19 MR. WHITE:

20 I just had a few comments I wanted to make. Like
21 Wallace, first of all, the first thing I wanted to say
22 is I'm also an employee of Kentucky-American Water.
23 I've worked for Kentucky-American Water Company for
24 30 years. I've had firsthand knowledge of the
25 generosity and integrity of Kentucky-American in

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helping people obtain water service and solve their problems. I know this because I'm one of many on the front lines making this happen. I'm proud of the company I work for because not only does the company continually upgrade its facilities but they care about their employees and develop them and treat them with dignity and respect. As far as being a corporate citizen, there's not a day that passes in Lexington that Kentucky-American Water does not help individuals or organizations meet their needs. The people of Lexington value Kentucky-American. I believe that was proven this last week. Therefore, I stand here today to say publicly thank you, Kentucky-American, for being faithful to me and my family, just like Wallace, for the last 30 years. Thank you.

CHAIRMAN GOSS:

Thank you, sir, very much. Okay. We'll move next to Greg Tomko.

STATEMENT BY MR. GREG TOMKO:

Greg Tomko. I live at 2861 Ashbrooke Drive, Lexington, Kentucky.

CHAIRMAN GOSS:

Mr. Tomko, would you please spell your last name for the Court Reporter?

1 MR. TOMKO:

2 T-o-m-k-o.

3 CHAIRMAN GOSS:

4 All right. Thank you.

5 MR. GREG TOMKO:

6 For nearly 30 years, I was an employee of Columbia Gas
7 and took an early retirement about three and a half
8 years ago. Prior to that, I've worked in several
9 states and the last ten years I've been in Lexington.
10 Seven of those years were spent with Columbia Gas and I
11 retired from there as the Engineering Manager. During
12 that time, I was responsible for a budget of about
13 \$12.5 million annually, to develop a capital budget,
14 follow it, and so on. After I retired, I still had a
15 daughter in college so I wanted to keep working doing
16 something, so I went to work for Kentucky-American
17 Water. I had a couple of other opportunities, but I
18 chose Kentucky-American and I'm glad that I did, and
19 I'm working for them as an Operations Engineer and
20 Project Manager. What I have seen since being there,
21 and, when I was hired, I was told, "If you can find a
22 better way to do things than we're doing them or bring
23 some different perspective to our company, do so and
24 let us know about it." I was really impressed with
25 that type of a start, coming from Nick Rowe and Roy

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Mundy at the time, but also I was impressed with how they follow their capital budget. They did some of the same things and used some of the same discretions that I did in prioritizing work and trying to get the most value out of those dollars that you have to abide by in the capital program, and the projects that I track for them now I'm held very accountable for them. Also I see a change with the new ownership, a change in the culture that I think is going to benefit Kentucky-American Water, more of a teamwork type culture, a breakdown of some of the barriers between departments. I was asked to be Chairman of a committee that reviews ideas, an idea program, and those ideas come from all parts of the company, and they come from the ground up. They come from where the work is being done, and, if the idea is found to have merit, then it goes to managers for implementation, and I think that's a very positive thing. The other thing I see is that we will be seeing more technology coming to the company, made available through the sources that we have now with Thames Water and RWE, and I can see things happening that are coming this way that the water industry has been a little slow in general to pick up, but they're now coming this way, things that Columbia Gas has done, such as mobile data terminals in the trucks and the

1 efficiencies they've gained from things like that, GIS
2 systems where you can plot information on maps and make
3 good decisions based on that information. That's all I
4 have. Thank you.

5 CHAIRMAN GOSS:

6 Thank you, Mr. Tomko. Don Wiggins. Would you state
7 your name and residence, please, Mr. Wiggins?

8 STATEMENT BY MR. DON WIGGINS:

9 Right. I'm Don Wiggins. I live in Winchester, but I'm
10 speaking as an agent for my son, Mike Wiggins, who
11 lives in Lexington and it's at 178 Bassett Avenue, and
12 he's also a customer of Kentucky-American Water. I'm
13 not here to complain about the service of Kentucky-
14 American. I'm not here to complain about the
15 employees' work or anything like that. I'm here to
16 talk about the profit margins, the amount of, you might
17 say, revenue that they have coming in, and things like
18 that. I'm getting into some facts and figures that
19 probably none of you, you in the audience, have been
20 exposed to. I've got here a report that I filed with
21 the Commission. They already have it on their desk up
22 there, and I will have one available to the media if
23 you want it, but it's a comparison of the revenues, the
24 net profits, and the profit margins of Kentucky-
25 American Water for 2001, 2002, and 2003 years. The

1 revenues, I won't go into the exact dollars and cents
2 because it's going to take too much time, but they're
3 hanging around \$41 million to \$42 million in gross
4 revenues. That's income. Their net profits are
5 hitting around, in 2001, the highest was around
6 \$7 million. It's down low now to about \$5,046,000, but
7 the main point is you can't judge figures by dollars
8 and cents. When you get into the dollar amounts,
9 you've got to go by profit margins and most all of your
10 large corporations, especially the ones that are on the
11 New York Stock Exchange, and your small businesses
12 that's what they judge by. The bottom line is your
13 profit. You can talk about sales all you want to. I
14 don't care if you had \$100 billion in sales, but, if
15 you aren't making any profit, that company is going to
16 fold and go under and all your employees are going to
17 be laid off. So profit is very important, not only to
18 the company, but it's very important to the ratepayers
19 when you get a utility that's a monopoly and has no
20 competition. Now, the other thing here, the amount of
21 the increase that's requested by Kentucky-American is
22 \$7,297,443, and that figure was given to me by one of
23 the financial analysts at the PSC. That's who I deal
24 with mostly, people who are upstairs dealing with these
25 figures constantly, and I've talked with also some of

1 the rate analysts that's with the PSC. I've been at
2 this type of information, consumer advocate work, since
3 1970 - well, close to 1980. We've helped save, for the
4 consumers and taxpayers of the state of Kentucky, over
5 \$270 million. I've testified not only in the state of
6 Kentucky but also in Washington, D.C., before certain
7 Congress and everything. The amount of the increase of
8 revenue is about 17 percent. I think Commissioner Goss
9 said it was 16.8, but, anyway, I came up with 17, so
10 we're close. I'm not going to argue over it. And
11 that's over the 2003 revenue figures. Now, if the net
12 profit remains the same in 2003, this would be an
13 increase of 144 percent on the Kentucky-American's
14 profit for that same 2003 figures, a 144 percent
15 increase. Now, that's provided that your costs stay
16 the same and that your revenues stay the same, which
17 could vary some. So, anyhow, if Kentucky-American was
18 required to have a maximum 7 percent net profit margin
19 on its 2003 revenue, its net profit would be approxi-
20 mately around \$2,993,000, which would amount to about
21 an 82 cents per month decrease in the ratepayers' water
22 bill that uses an average of 800 cubic feet of water
23 per month. Now, I've also attached to this report a
24 list of 12 corporations that I've taken off an
25 investment survey called Value Line, and it quotes

1 almost all the corporations on the New York Stock
2 Exchange. It gives their sales, their profits, their
3 profit margins, everything. So there's a list of about
4 12 corporations there and they range, the high, a
5 little over 9 percent to a low of about 5.4, but the
6 average for those 12 for the year 2003 was only a
7 7 percent profit margin. Now, get this, because it's a
8 very important difference between the competition of
9 these corporations. They have certain cost factors
10 that a monopoly does not have. These corporations have
11 to have a marketing force, sales force. That's
12 something that Kentucky-American does not have to have.
13 They have to have advertising nationwide all the time.
14 Kentucky-American does not have to have that. They
15 also must have a . . .

16 CHAIRMAN GOSS:

17 Mr. Wiggins, I think she's telling you you've got about
18 one minute left.

19 MR. WIGGINS:

20 Oh, about one minute? Okay. But these certain cost
21 factors here are something that Kentucky-American would
22 not have. That's why I say, if these corporations
23 could operate on 7 percent, then Kentucky-American
24 should be allowed to operate at 7 percent and I don't
25 think they'd have any problem in doing that. I'll just

1 wind it up and say consider the above factors and
2 information. I strongly recommend that the PSC
3 reduce Kentucky-American Water's net profit margin to
4 7 percent of its revenues for the years following the
5 effective rate of the rate decrease set by the PSC.
6 Thank you for the time. Thank you for the opportunity.
7 CHAIRMAN GOSS:
8 Thank you very much, Mr. Wiggins.
9 COURT REPORTER:
10 Sir, did you say "rate decrease"?
11 MR. WIGGINS:
12 Rate decrease.
13 CHAIRMAN GOSS:
14 Mr. Wiggins, would you like to make your submission
15 here an exhibit to your statement?
16 MR. WIGGINS:
17 Yes, I would. Yes, sir, sure would.
18 CHAIRMAN GOSS:
19 Okay.
20 WIGGINS EXHIBIT 1
21 CHAIRMAN GOSS:
22 Okay. Joanne Bell.
23 STATEMENT BY MS. JOANNE BELL:
24 Good evening. I'm Joanne Bell, and I live at
25 766 Bravington Way, and I have a question which I've

1 tried to have answered elsewhere, including a broker,
2 and can get no answer. Last year, I spent a month in
3 Germany and one day in the newspaper there was an
4 article about the municipal government was beginning to
5 be concerned about the loss of income because of the
6 exchange rate between the dollar which was losing value
7 and the euro which was gaining value, and they
8 commented that they had anticipated in some of the
9 utility companies owned by German companies that there
10 would be rate increases and they would offset this loss
11 due to the exchange rate, and so my question is, in
12 what way, if any at all, does the exchange rate factor
13 in to determine profits in this country? For example,
14 when the water company was purchased, the euro was
15 worth 87 cents. It only took 87 cents to buy a euro.
16 Today it takes \$1.28 to buy a euro, and so the
17 municipality of Wurzburg was talking about a loss of
18 over 20 percent of their income from the shares owned
19 in utilities, and they didn't name the shares in the
20 newspaper article, so I don't know whether they were
21 talking about RWE or whatever. So my question is, what
22 factor, if any, does the exchange rate play in
23 determining the rate of profit and at what point is
24 profit determined? Is it determined by a profit in
25 this country or do they consider the losses to shares

1 held abroad because of the value of the dollar
2 lessened? Thank you very much, and I really would
3 appreciate an answer.

4 CHAIRMAN GOSS:

5 All right. Let me state to you that, as I said before,
6 the Commission, because we're going to be deciding the
7 case ultimately, is not permitted to answer your
8 question or any question. However, . . .

9 MS. BELL:

10 Would you have a Staff member who could answer that
11 question?

12 CHAIRMAN GOSS:

13 Yes. Well, there are members certainly of Kentucky-
14 American here. You can probably speak to one of them
15 at the break. Maybe one of the PSC folks in Financial
16 Analysis could speak to you.

17 MS. BELL:

18 I would find that most helpful, and thank you very
19 much.

20 CHAIRMAN GOSS:

21 All right. Thank you. Okay. Troy Lacefield.

22 STATEMENT BY MR. TROY LACEFIELD:

23 Hello. My name is Troy Lacefield. I live at 1628
24 Maywick View Lane. I am a ratepayer. I am here to
25 specifically ask you to turn down the request of the

1 rate increase. RWE, which now owns the company - it is
2 not Kentucky-American anymore; it is RWE, a German
3 conglomerate - they need this money for one reason.
4 They've got over \$30 billion in debt they have to pay
5 for. They paid \$8 billion to buy American Water Works
6 they have to pay for and they expect us to pay it, the
7 ratepayers. All across the country, they asked for a
8 23 percent rate increase from all the other water
9 subsidiaries that they now own. There's something
10 wrong. Right now, we're trying to get a congregation.
11 This past week, the Council - they have spent I don't
12 what, \$3 million buying (inaudible) for the City
13 Council. I'd like to know how much money they have
14 spent on buying our City Council of my money, my rate
15 dollars, and how much money they have given to the No
16 Takeover Coalition to buy the Council, but I'd like to
17 specifically say that I really wish that you guys,
18 everybody in this room, read three different books on
19 the globalization of water, "Blue Gold," "The Best
20 Democracy Money Can Buy," by Greg Plast, and
21 "Globalization and its Discontent," by Nobel Prize
22 Economist Joseph Stiglitz, who was the author and
23 former head of World Bank. Water is becoming the oil
24 of the 21st century. By the year 2050, all of the
25 world's available freshwater resources will be used up

1 through economic development, population growth, etc.,
2 etc. This is why companies, like RWE and others, want
3 our water. They want to buy our water to guarantee
4 profit margins, to guarantee a monopoly for them.
5 There ain't no competition, and that is why they are
6 fighting so hard to prevent the City of Lexington of
7 buying my water. It is my water. It belongs to the
8 water of this state and not to them. So I really would
9 request that the Commission would turn down their
10 request for a rate increase, because, in all honesty,
11 they really don't need it. I mean, all they're going
12 to use the money for is the exchange rate with the euro
13 and to pay down that \$30 billion in corporate debt that
14 they have acquired trying to buy all these other
15 utility and water companies. So thank you.

16 CHAIRMAN GOSS:

17 Thank you very much. Okay. For now, those are all of
18 the individuals that have signed up that have indicated
19 a desire to speak. Are we missing anyone? Does anyone
20 desire to speak that has signed up? Do we have a hand
21 back there someplace? Well, the way that the meeting
22 was advertised, it was advertised to run from five to
23 nine o'clock. Oh, we do have one? All right.

24 STATEMENT BY MS. DONNA BRAXTON:

25 Hello. My name is Donna Braxton. I live at 1144

1 Windham Hills Drive, here in Lexington, Kentucky. I am
2 also an employee of the company and I wasn't originally
3 going to sign up to speak. I will sign the form. But
4 one of the reasons that I did decide to speak I've
5 worked for Kentucky-American for the past 17 years.
6 I've worked for American Water for the past 24 years.
7 You know, we get criticized a lot for a lot of things,
8 and the gentleman that just spoke said that we don't
9 need the money. Well, in my particular position, I
10 really don't have a lot to do - I don't have anything
11 to do with the rates and that type of thing, but, being
12 with the company for the past 24 years, I do understand
13 a little bit about the water utility industry. You
14 know, it takes a lot of money to run a water business.
15 You know, you get water from Kentucky River, but it
16 takes money to treat that water and, every time we have
17 a hard rain, it takes more chemical costs to treat that
18 water. Also it takes money to train the employees. It
19 also takes money to be competitive when you try to hire
20 good employees with good education and be competitive
21 in the market. So there are a lot of things, a lot of
22 costs, that are involved with running a water utility,
23 and a lot of times people can make comments about, you
24 know, what their thoughts are, but, unless you actually
25 live it, you know, you really don't understand, truly

1 understand. You can read all the books in the world,
2 but, unless you work it everyday, you don't truly
3 understand what it takes to operate a water utility,
4 and it takes a lot of expenses to operate a water
5 utility, and, even though I don't get involved in the
6 rates, I do understand that from working with the
7 company for 24 years. I also get offended when we have
8 some of these comments in the newspaper and on the
9 radio and television because, when you attack Kentucky-
10 American Water Company, you attack every one of us that
11 work there everyday, and the only thing that we're
12 trying to do is to go out and provide a service to the
13 company and to our customers, and we deserve that
14 right, and so just give us a break.

15 CHAIRMAN GOSS:

16 Thank you, Ms. Braxton. All right. Does anyone else
17 wish to speak at this point in time? All right. As I
18 was about to say before, we advertised the meeting to
19 run from five till nine. It wasn't advertised such
20 that we would only stay here until everyone had spoken.
21 We are going to stay here until nine o'clock. I'm not
22 a very good joke teller and I don't dance, so we're not
23 going to have a floorshow up here. I think what we'll
24 probably do is take several breaks and what I guess I
25 propose to do at this point is to take a break. Have

1 we got another one, Andrew? Okay. Fine. To finish
2 that thought, when this speaker is finished, if there
3 is no one else to speak, we'll just take a break and
4 the Commission will remain here and all the Staff will
5 remain here, and those of you who wish to remain
6 certainly are more than welcome to do that, and we will
7 not reconvene the public hearing until someone desires
8 to make a statement of some sort. Okay? We'll call on
9 Janet Cabaniss. Janet Cabaniss? Am I pronouncing that
10 last name correctly?

11 MS. JANET CABANISS:

12 I just arrived here and . . .

13 CHAIRMAN GOSS:

14 I'm sorry. Would you care to come up front? I hate to
15 make you walk all that distance, but we certainly want
16 everyone to hear you and we would like to be able to
17 hear you also.

18 MS. JANET CABANISS:

19 Well, actually what I'm going to do is, since I just
20 arrived here, I wanted to get a flavor of what was
21 going on here before I spoke about anything. I haven't
22 heard anything. I don't know what's going on, so I'd
23 like to defer if I could. Is that acceptable?

24 CHAIRMAN GOSS:

25 Well, sure. We're going to be here until nine o'clock.

1 MS. CABANISS:

2 Okay. Great. Thank you.

3 CHAIRMAN GOSS:

4 All right. That's fine. We'll then be in recess for
5 an indefinite period of time until someone else signs
6 up to speak. If you all will just be close by, I will
7 announce when the public hearing is going to resume.
8 So, at this point in time, if no one else wishes to
9 speak, at this juncture we'll be in recess.

10 OFF THE RECORD

11 RECESS

12 CHAIRMAN GOSS:

13 Okay. Let's go ahead and resume the public hearing,
14 then. We have four individuals that have expressed a
15 desire to speak to the Commission. Let me go over a
16 couple of ground rules in case you folks weren't here
17 when we started. Basically, we're going to permit
18 comments for a period of five minutes. Shannon, here
19 to my right, will kind of give you the high sign when
20 you've got a minute left and then I'll stop you at the
21 end of five minutes. Okay. Let's call first up David
22 Cooper. And the other thing, please come forward to
23 the mike here and identify yourself for the record and
24 also give the Court Reporter your address, please.

25

1 STATEMENT BY MR. DAVID COOPER:

2 I've got three handouts. Can I bring them up?

3 CHAIRMAN GOSS:

4 Certainly. Okay. Mr. Cooper, thank you. You may
5 proceed, sir.

6 MR. COOPER:

7 Okay. My name is David Cooper. I live at 608 Allen
8 Court, in Lexington. I'll briefly run through this
9 handout with you. It's just some newspaper clippings.
10 The first page is a rough research that I did today.
11 It's off the Internet, but, as far as I know, these are
12 reputable figures. These are in costs per thousand
13 cubic feet of water, which I understand is the general
14 industry standard for a comparison in various cities
15 around the country. Very briefly, Chicago, about
16 \$8 per month for a thousand cubic feet; Omaha,
17 Nebraska, about \$10; Saginaw, Michigan, \$10; Ft. Wayne,
18 \$11.90; Columbus, Ohio, \$12.52; Dallas, Texas, \$14.23;
19 Louisville, \$16.84, and on and on, and all the way down
20 towards the bottom of the list is Lexington. If the
21 current rate request is approved, we'd be at, my
22 calculation, \$28.11. I only could find two cities -
23 the Huntington/Charleston area has just astronomical
24 water rates in West Virginia and that, of course, is
25 West Virginia-American, and the other city I found that

1 was a real anomaly was New Orleans. I'm not really
2 sure why. But, for all of those in this room that are
3 interested in this issue and you don't know who Chris
4 Jarrett is, if you don't know that name, you will; he
5 is the guy that's been running West Virginia-American
6 and my understanding is that he's now over Kentucky-
7 American. I only lived in West Virginia for a year,
8 but I saw West Virginia-American and how they operated.
9 It's one rate increase after another, after another.
10 April 2003, they asked for a 16 percent rate increase.
11 They've already got rate increases in West Virginia
12 that are just more than double any other city in the
13 country. Just for an example, Charleston, West
14 Virginia, the water rates for this thousand cubic feet
15 are eight times higher than Chicago. Okay? So what do
16 they do? They asked for a 16 percent rate increase.
17 Well, the public went crazy after that. The West
18 Virginia - the Charleston Gazette called it an
19 astronomical rate hike. The County Commissioner in
20 Kanawha County called it "greedy, grabby, obscene." So
21 West Virginia-American, that rate request was denied.
22 West Virginia-American promised not to seek another
23 rate increase before the RWE thing went through, which
24 was March 7th of 2004. Four days afterwards, they
25 filed another rate request increase; 19 percent this

1 time. That was in March of 2004, and I don't know what
2 happened with that rate request. But that's what we're
3 in for here in Lexington. It's going to be one rate
4 increase after another. And the second page of this
5 packet shows the cost of water, how it's gone up in the
6 last - well, since 1991, and I realize this is West
7 Virginia, but, since we're getting some of the same
8 leadership over Kentucky-American that we've got over
9 West Virginia-American, I just see an endless series of
10 rate increases coming. This is just the beginning.
11 They have a tap-on fee now that they requested for home
12 builders to tap on when they build a new home, \$450 -
13 do we have that here? I don't know. Does
14 anybody . . .

15 CHAIRMAN GOSS:

16 Well, unfortunately, as much as I would like to answer
17 your question, the Commission is really not permitted
18 to answer any questions because of the ultimate
19 decision we have to make in the case, but certainly
20 there are several PSC employees here and certainly
21 Kentucky-American folks here and any questions that you
22 have in that regard you're welcome to ask them so you
23 can get an answer.

24 MR. COOPER:

25 All right. Well, thanks. So that's another

1 possibility of something, if we don't have it now, we
2 may be facing that in the future. What they requested
3 in West Virginia was a \$450 tap-on.

4 CHAIRMAN GOSS:

5 She's telling you you've got one minute.

6 MR. COOPER:

7 One minute? I'm almost done. And we just had a
8 Council election here. I guess this is what people
9 want. There was a lot of support for the water
10 company, candidates, and a lot of support for the water
11 company in the election. Apparently this is what
12 people want. They want Kentucky-American to be a
13 strongly supported corporation so, hey, give them the
14 rate increase. Give it all. Give them 19 percent,
15 whatever they want. Let's jack up those water rates so
16 people can see what they voted for. Maybe some people
17 will wake up.

18 CHAIRMAN GOSS:

19 Thank you, Mr. Cooper. Mr. Cooper, would you like to
20 make the handout you gave the Commission an exhibit to
21 your statement?

22 MR. COOPER:

23 Yes.

24 CHAIRMAN GOSS:

25 Do you have another copy?

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MR. COOPER:

No.

CHAIRMAN GOSS:

Okay. Well, we'll just give the Court Reporter one of our copies.

COOPER EXHIBIT 1

CHAIRMAN GOSS:

Okay. The next person is Jeanie Adams.

STATEMENT BY MS. JEANIE ARTIS ADAMS:

My name is Jeanie Artis Adams. I live at 1048 Fontaine Road. I founded and owned a business in Lexington for more than 20 years. It's still in existence in the Chevy Chase area. I was a mother of two teenaged children, a single mother of teenaged children, when I founded my store, and let me tell you I certainly would have appreciated being subsidized by the local government for a 9 percent profit to raise my children. It was not easy. I worked seven days a week. I am so disgusted, because, as I read in the paper today by Cheryl Truman, the Council members who won fought a good battle. No, they didn't. RWE fought a good battle and subsidized all of them. And they talk about the support, like Mr. Cooper talked about, RWE focused on the folks around Man-O-War, which is a new area of town. They're newcomers. They don't know. They

1 should have heard Dr. Clark, Thomas Clark, the hundred
2 year old citizen of Kentucky who is a state historian,
3 talking about the drought he experienced as a young man
4 in Lexington when he said we were literally down to our
5 last bucket of water. Most of us haven't lived that
6 long to have experienced that. Most of us haven't
7 lived that long in Lexington to have experienced that
8 here. It's mind-boggling what this company has done.
9 I don't know if you all are aware, but they also own,
10 recently purchased, the Clorox Company. I foresee them
11 moving the chlorine processing to Germany and, as large
12 as their conglomerate is, I'd be willing to bet they
13 have a shipping company too, and the cost of business
14 is going to be the chlorine manufactured in Germany,
15 shipped by one of their boats to the United States, and
16 that's a cost of business, and do you know what, those
17 businesses can charge RWE anything they want and you
18 all want to give them 9 percent profit on top of that.
19 That is absolutely disgusting. It is not the free
20 enterprise system. My business was extremely
21 competitive. They're a monopoly. What are the people
22 thinking? That is not the American way. It is not
23 free enterprise. It's not competition. It's a
24 monopoly. I love this place. I've been here 30 years
25 and it is my home. My family, the men in my family,

1 have fought in every war in the United States since the
2 Indian wars, all of them. I've lost a brother. My
3 father was blinded in World War I, and they did not
4 make those sacrifices so that any company could do
5 this, American owned or not American owned. I don't
6 give a darn where they are, but this is wrong. This is
7 wrong, and I think, if you asked anybody else,
8 especially like me - I have no formal education. I
9 have a high school diploma, and I've worked hard to
10 achieve the success I have. I have with my business a
11 national as well as an international clientele. My
12 name is very well known in surrounding states as well
13 as New York City where I did consulting for 20 years to
14 other manufacturers. I owned a factory in Houston
15 before I moved here, and I've done it all on my own.
16 RWE is doing it with lawyers and, you know, my doctor
17 told me a nice story the other day. He has two very
18 bright young men, his children. The oldest one is
19 11 years old. When he asked him what he wanted to be
20 when he grows up, he said he wants to be a lawyer
21 because he likes to lie. Now, that's a terrible thing
22 for a child to say, and I know there's some darn good
23 lawyers in the United States, but that's the reputation
24 they have, and it's issues like this that have made
25 most of us think of all attorneys as being horrible,

1 horrible people with no conscience whatsoever because
2 they can be bought, and there are many lawyers sitting
3 in this room and Mr. Rowe who are easily bought. You
4 know, money talks, and I work for mine. Thank you.

5 CHAIRMAN GOSS:

6 Thank you, Ms. Adams. Don Pratt. Hello, Mr. Pratt.
7 Go ahead, sir.

8 STATEMENT BY MR. DON PRATT:

9 Actually, I had no intention of speaking. I actually
10 came to listen, but, surprisingly, there aren't enough
11 people representing the public here, and I heard some
12 comments which I will respond to first from employees.
13 In the battle to own this water company locally, which
14 I appeared or went to the PSC hearing in Frankfort
15 concerning, there was never an attack by anybody on the
16 employees of Kentucky-American Water, even on the
17 hierarchy that runs the company who would be the people
18 that stand to gain so much more than the average
19 employee. I would hope that, if they were to get this
20 17 percent, that each of those employees would get
21 17 percent increases in salaries, but I doubt that, and
22 that's why I speak. If the public knew and understood
23 what the process was for this grant to a water company
24 or to a monopoly, like the other two utilities are,
25 they should see this as a tax, and I can guarantee none

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of those citizens would want a 17 percent increase in taxes. Maybe the employees of the city or the state deserve 17 percent increases in salaries. Some of you are here, I hear, but I don't know, from what I've been asking and not getting answers to, from people you said I might be able to get answers from, I don't know that this company pays much taxes to this state, and my greatest fear overall, too, is that PSC may not even have the final say on this because of international law and international agreements which may override your decisions, and I understand, Dave, that even in West Virginia the contract that they let with the State of West Virginia had a clause that said that they cannot use international law to override state law, but, in our case, PSC did not get that into the law. So our public may be subject to 17 percent or even more if they decide to go beyond that amount at some point, because you are not who is in control or can't get to make the decision in their favor. I hope you all are planning on giving your employees huge benefits like you'll get from bonuses as this company is saved from condemnation, which is a proceeding that the public does not understand either, like they don't understand the PSC, and the effect of hiding the cost, as this woman inserted into her argument that these huge

1 conglomerates buy out companies that supply them in
2 order to raise their profits by raising the cost, you
3 don't see that in their books, and we don't get to see
4 that, because we aren't getting provided that here at
5 this meeting either, and the public deserves better,
6 and I'm sorry that you all are put in the position of
7 making this decision. I wish they would put this to a
8 vote, like at one point they demanded the City to allow
9 us to vote on condemnation as a public. You would
10 lose. The public doesn't want to pay this kind of
11 money, and I think actually the 17 percent is
12 fraudulent. They usually, or in the past, came before
13 and asked for these larger rates in order to get a
14 smaller rate. Give them a smaller rate. Give them
15 zero.

16 CHAIRMAN GOSS:

17 Thank you, Mr. Pratt. Okay. Janet Cabaniss?

18 STATEMENT BY MS. JANET CABANISS:

19 This time I'll take the opportunity actually to speak.

20 I appreciate you putting up with me the other time.

21 CHAIRMAN GOSS:

22 You're welcome.

23 MS. CABANISS:

24 I want to be very brief. First of all, I want to thank
25 you for being here tonight. I've been on committees in

1 local government where we have made the point that
2 normal people can't get to talk to the governing units
3 or the people who make the decisions for them because
4 they always have to go during working hours, take
5 vacation time, and you're not doing that; you're here
6 from five till nine, and I appreciate that.

7 CHAIRMAN GOSS:

8 Thank you.

9 MS. CABANISS:

10 Now, having said that, my point is going to be along
11 the lines of I really did not find out about this until
12 I read the newspaper kind of haphazardly, just picked
13 it up and read the editorial this morning in the
14 Herald-Leader about the fact that there was to be a
15 public meeting tonight. I hustled to get here and I
16 was late, even at that. I think Don Pratt made the
17 point that he didn't see very many people here, and I
18 know there are so many people that are interested in
19 this issue. I'm not going to say that you advertised
20 correctly or incorrectly, or whatever, but I think it
21 probably got buried in the election events, and I just
22 want to comment that I certainly wish this could be
23 held like a week later with a little more publicity so
24 that more people could show up and actually, you know,
25 give you a representative sample of Lexington's

1 sentiments on this. Thank you.

2 CHAIRMAN GOSS:

3 All right. Thank you. All right. Dawn Cloyd?

4 Ms. Cloyd, if you would, state your name and residence,
5 please.

6 STATEMENT BY MS. DAWN CLOYD:

7 Dawn Cloyd, 4390 Fort Springs, Lexington, Kentucky.

8 CHAIRMAN GOSS:

9 All right. Go ahead. Thank you.

10 MS. CLOYD:

11 Thank you for giving us the opportunity to speak. I
12 had planned to come here this evening just to tell
13 whoever wanted to hear it how happy I am with the
14 water, the service, the company, the people at
15 Kentucky-American. I was born and raised here. I went
16 away for ten years and came back. I was happy to be
17 back. I volunteer in education in the community.
18 Kentucky-American is very involved in that. So, in
19 terms of water quality, service, company, all those
20 things, I am a very, very happy customer, but some of
21 the things that the other people have gotten up and
22 said have compelled me to want to say a few other
23 things just for the record, but I am very much in favor
24 of this company remaining in private hands and
25 principally because we have the oversight of the PSC

1 for rate raises. As you know, there's a condemnation
2 battle going on and there are a lot of people in this
3 city that would like it to be municipally owned because
4 they think that the profits would stay here. For one,
5 under City ownership, there will be no profits so I
6 think that's an erroneous argument. Secondly, where a
7 company is based is neither here nor there. It's a
8 global economy. My family has a business here. We
9 sell to people all over the world. I think that it's a
10 fallacious argument; it's neither here nor there, and,
11 under municipal ownership, as you know, there would be
12 no PSC oversight of rate raises and I think that is a
13 bad situation for everybody. It becomes political.
14 Monies can be used for things that they weren't
15 intended to. I'm interested in having the long-term
16 infrastructure of the company invested in so that, 10,
17 15, 20 years from now, we don't find ourselves in a
18 situation where we have a decayed infrastructure and no
19 money to fund its repair. I think that the best thing
20 is for the company to be in the hands of people who
21 have a vested interest in keeping the quality of the
22 system and the water at its best, and I think they need
23 to make a profit doing that to keep it viable for them.
24 Nobody wants to have their water rates raised. I'm not
25 saying I want to, you know, pay more money for my

1 water, but, if that is what it takes to keep the
2 company healthy, then so be it. So thank you.

3 CHAIRMAN GOSS:
4 Thank you, Ms. Cloyd, very much. Okay. Bill Cloyd?

5 MS. CLOYD:
6 He is not here yet.

7 CHAIRMAN GOSS:
8 Okay. We'll come back to him. Is he coming?

9 MS. CLOYD:
10 He is, and I, in fact, apologize . . .

11 CHAIRMAN GOSS:
12 Oh, that's okay. That's all right. We'll then call
13 him when he comes. Kathy Gornik?

14 STATEMENT BY MS. KATHY GORNIK:
15 My name is Kathy Gornik, and I live at 4158 Georgetown
16 Road, here . . .

17 CHAIRMAN GOSS:
18 Would you spell your last name, please?

19 MS. GORNIK:
20 G-o-r-n-i-k.

21 CHAIRMAN GOSS:
22 Okay. Thank you. Go ahead.

23 MS. GORNIK:
24 I have a little company here in Lexington that I've had
25 for about 28 years, and it's pretty small. We only

1 hire or employ about 30 people, but it is global in the
2 sense that, as small as we are, we do business with a
3 lot of folks in about 30 different foreign countries,
4 including Germany, and we buy parts for our company all
5 over the world too, and, as a result, I'm very
6 fortunate in that I get to travel to all of these
7 places and meet people from all over the world with
8 whom I do business, and I would like to say that I'm
9 not only very happy with Kentucky-American Water, but,
10 because I've been a business owner for all these years,
11 I am extremely aware of the costs of running a business
12 and the investment that you need to make long term so
13 that your business remains viable. I mean, it's sort
14 of fun to think you can have profits in a quarter, but,
15 in fact, long-term investments need to be made. I
16 think it's unfortunate that more people don't own their
17 own business so that they can be more sensitive to the
18 hard realities of a very competitive world that we're
19 in and also the value of having people who do have a
20 vested interest in the long term. So I want to say
21 that, although I don't like price increases ever on
22 anything, I also recognize that price increases are an
23 inevitable part of doing business. I also get my taxes
24 increased more frequently than I do goods and services
25 from the private sector. So my confidence in

1 politicians whose primary focus is on their electa-
2 bility the next session is less comforting to me than
3 keeping and supporting the water company as it is and
4 the increases that I think are a necessity. I also
5 just want to make sure you understand that the service
6 has been flawless; the people have been terrific, and I
7 just feel supportive. Thank you.

8 CHAIRMAN GOSS:

9 Thank you, Ms. Gornik. Let me go back just a second to
10 something that Ms. Cabaniss said. Mr. Wuetcher, are
11 you aware, was notification of this public hearing
12 provided and did it conform with the requirements as
13 far as you know?

14 MR. WUETCHER:

15 Yes, sir. The Order required publication in the same
16 manner as any public Commission hearing and my under-
17 standing is that it was complied with. I inquired of
18 counsel for the water company yesterday regarding that
19 matter.

20 CHAIRMAN GOSS:

21 Okay. Most of you all probably couldn't hear what Mr.
22 Wuetcher said. He's the lead attorney for the
23 Commission in this case, and he indicated that the
24 public notice, which is required by statute, was given
25 in an appropriate fashion and met all the requirements

1 and I just wanted to make sure that that had been done
2 and he said it had been. All right. Mr. Ingram?

3 MR. INGRAM:

4 Mr. Chairman, it has been done and I am prepared Monday
5 morning at the evidentiary hearing to produce evidence
6 of the fact that that has been done.

7 CHAIRMAN GOSS:

8 Okay. All right. Thank you. Okay. I presume Mr.
9 Cloyd has not gotten here yet. So, at this point, let
10 me ask, has anyone else come in the room that desires
11 to address the Commission?

12 MS. ADAMS:

13 May I have another 30 seconds?

14 CHAIRMAN GOSS:

15 Certainly. Go ahead.

16 MS. ADAMS:

17 Do I need to repeat my name?

18 CHAIRMAN GOSS:

19 You are Ms. Adams? Is that right?

20 MS. ADAMS:

21 Yes, I am.

22 CHAIRMAN GOSS:

23 All right.

24 STATEMENT BY MS. JEANIE ADAMS:

25 I would like to answer the last two ladies who were up

1 here. I too have been all over the world, the Orient,
2 South America. I've lived in Scandinavia. I've been
3 all over Europe. Yours, your business, is a
4 competitive business. This business is a monopoly.
5 There's a difference. Wait a minute. It's my turn.
6 There's a big difference between a competitive market-
7 place and a monopoly, a big difference.

8 MS. CLOYD:
9 I agree with you 100 percent that there are two . . .
10 (Court Reporter's Note: Rest of sentence inaudible from
11 the back of the auditorium.)

12 COURT REPORTER:
13 I can't hear you back there.

14 CHAIRMAN GOSS:
15 Let's . . .

16 MS. CLOYD:
17 May I come up to the microphone?

18 CHAIRMAN GOSS:
19 Well, why don't you hold on one second.

20 MS. ADAMS:
21 That's fine. We won't hit each other, I promise.

22 CHAIRMAN GOSS:
23 Oh, I understand that.

24 MS. CLOYD:
25 I just would like 30 seconds, because it's something I

1 actually intended to say before, but I forgot.

2 CHAIRMAN GOSS:

3 Okay. That's fine. Why don't we let Ms. Adams and you

4 stand right there and then you can . . .

5 MS. ADAMS:

6 Okay. May I finish then?

7 CHAIRMAN GOSS:

8 Sure. Sure.

9 MS. ADAMS:

10 Okay. I learned something recently that is very

11 interesting about Thames Water Company that is also

12 owned by RWE. I believe it's the Coca-Cola Company

13 that produces Dasani water. Even with their very

14 modern technologies, they could not get all of the

15 carcinogenics out of the water. So it was pulled off

16 the shelves in England. I would certainly hate to see

17 our water get that bad, and I agree, I have good

18 service from RWE, but I don't have confidence in the

19 future whatsoever.

20 CHAIRMAN GOSS:

21 Thank you, Ms. Adams.

22 MS. ADAMS:

23 Thank you, sir.

24 CHAIRMAN GOSS:

25 You're very welcome. Ms. Cloyd, you can come up.

1 STATEMENT BY MS. DAWN CLOYD:

2 Thank you. I appreciate it. The point of monopoly is
3 something that a lot of people bring up when they talk
4 about, you know, private sector versus municipal
5 ownership and I would like to point out that, although
6 Kentucky-American/RWE has a monopoly in this city, in
7 a global system they do not, and, in fact, there are
8 other water companies out there, they are constantly
9 having to hone their skills, improve their business,
10 improve their practices, etc., because they do compete
11 very much in a global marketplace. That's one of the
12 reasons that Kentucky-American got sold to RWE, is
13 because there is a lot of competition out there and
14 people are buying and selling and constantly having to
15 improve. So, just because locally something is a
16 monopoly doesn't mean that on the world's scale it's
17 not, and so all the things that improve businesses due
18 to competition exist within this, quote/unquote,
19 "monopoly system." They do not exist when a water
20 company is municipally owned, and I would point out
21 that the government is a monopoly and, if it's
22 municipally owned, it's still a monopoly. That doesn't
23 change. What changes is that, if it's municipally
24 owned, we don't have PSC oversight of rate increases
25 and we don't have all the wonderful things that happen

1 in private enterprise even in this monopolistic system.
2 So I think that those are some important points to keep
3 in mind.
4 CHAIRMAN GOSS:
5 Thank you, Ms. Cloyd.
6 MS. CLOYD:
7 Thank you. Oh, and Bill Cloyd is here now, so . . .
8 CHAIRMAN GOSS:
9 All right. Bill Cloyd? If you would, Mr. Cloyd,
10 identify yourself and your address, please.
11 STATEMENT BY MR. BILL CLOYD:
12 My name is Bill Cloyd. I live at 4390 Fort Springs
13 Road, which is kind of right behind the airport.
14 CHAIRMAN GOSS:
15 Okay. Go ahead.
16 MR. CLOYD:
17 I've lived there for 30 years. We own a small farm.
18 We use a little bit more water than the average person
19 or the average household and we've never had any
20 trouble whatsoever. For as long as I can remember
21 we've had good service and I'd like to see that stay
22 the same. The other thing is that I do a lot of
23 volunteer work in the high schools and middle schools
24 working with kids, getting them interested in science,
25 and math, and engineering. Every year, the water

1 company sponsors the Science Fair, and I've seen
2 firsthand the effects that that has on our kids. I'd
3 really hate to see that change. Kentucky-American has
4 been a good benefit in this community, particularly
5 from my point of view, seeing how it has affected those
6 kids, and I'd like to see that relationship maintained
7 for a long time. Thank you.

8 CHAIRMAN GOSS:

9 Thank you, Mr. Cloyd. All right. Does anyone else
10 wish to speak at this time?

11 MS. ADAMS:

12 May I take advantage of one more short time?

13 CHAIRMAN GOSS:

14 Pardon me?

15 MS. ADAMS:

16 May I take advantage of one more short time?

17 CHAIRMAN GOSS:

18 Yes, ma'am, one more time.

19 STATEMENT BY MS. JEANIE ADAMS:

20 Thank you. Third's a charm, I hope. It's very nice
21 that Kentucky-American Water likes to help the
22 community, but, if you compare it with other cities and
23 what their water companies contribute financially to
24 the areas they serve, Kentucky-American Water has a
25 dismal record, and, as far as volunteering, I've always

1 volunteered, including giving 12 gallons of blood, and
2 I would give that much, I would give another 12 gallons
3 of blood, to keep our water in Kentucky, the processing
4 of our water in Kentucky.

5 CHAIRMAN GOSS:

6 Thank you, Ms. Adams. All right. Anyone else at this
7 time wish to speak? Okay. Seeing none, we'll take
8 another break and wait a little while and see if
9 someone else comes in and we'll reconvene at the
10 appropriate time.

11 OFF THE RECORD

12 RECESS

13 VICE CHAIRWOMAN WILLIAMS:

14 We're going to go back on the record. I believe a Mr.
15 Walters came in a minute ago and signed up. So, Mr.
16 Walters, if you want to come down, the rules of
17 engagement here are five minutes. When you have one
18 minute to go, Jason, General Counsel for the PSC, will
19 give you the high sign.

20 MR. WALTERS:

21 Yes, ma'am.

22 VICE CHAIRWOMAN WILLIAMS:

23 We appreciate you being here.

24 MR. WALTERS:

25 Thank you. Thank you for being here.

1 VICE CHAIRWOMAN WILLIAMS:

2 State your name and your address, please, for our Court
3 Reporter.

4 STATEMENT BY MR. MARK WALTERS:

5 Yes, ma'am. My name is Mark Walters, 1758 Raleigh
6 Road. I've worked for Kentucky-American for over 20
7 years and, in that 20-year span, I've seen a threshold
8 of change, watching this company strive to improve and
9 provide this community with a safe and productive
10 product at all times, and one thing I've noticed about
11 Kentucky-American that they've not done in 20 years and
12 not have changed and stayed very grounded and very
13 consistent is that they're a big part of this
14 community. I'm a member of a non-profit organization
15 and a big part of what we do is community service and,
16 just to name a few, we propped up and supported the
17 cleanup of African Cemetery No. 2 and the feeding of
18 families of the Ronald McDonald Home, amongst other
19 things like that, and, every time that my organization
20 was in need, we could go to Kentucky-American and they
21 were very eager to jump in and help support and prop up
22 this community and my organization in their endeavors,
23 and I think, when you find that type of leadership and
24 commitment to family and community, it's a real rare
25 find, and I'd just like to say that I think that

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Kentucky-American is a huge, huge part of our community and how it grows, and I thank you for your time.

VICE CHAIRWOMAN WILLIAMS:

Thank you, Mr. Walters. Is there anyone else here that has public comments to make? Well, we'll go in recess maybe for the last time. If no one else comes, we will adjourn promptly at 9:00 p.m. If more folks come in and do want to provide public comment, then we will come back in this room and reconvene. However, if nobody else comes in, thank those of you who have been with us since the beginning, and many of you, I'm sure, we'll see you Monday morning at 9:00 a.m. at the Public Service Commission. So, thanks, unless we come back in. We'll go off the record now.

HEARING ADJOURNED
OFF THE RECORD

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STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Connie Sewell, the undersigned Notary Public, in and for the State of Kentucky at Large, do hereby certify the foregoing transcript is a complete and accurate transcript, to the best of my ability, of the public hearing taken down by me in this matter, as styled on the first page of this transcript; that said hearing was first taken down by me in shorthand and mechanically recorded and later transcribed by me; that the public speakers were not sworn before giving their statement.

My commission will expire November 19, 2005.

Given under my hand at Frankfort, Kentucky, this the 2nd day of December, 2004.

Connie Sewell

Connie Sewell, Notary Public
State of Kentucky at Large
1705 South Benson Road
Frankfort, Kentucky 40601
Phone: (502) 875-4272