

Commonwealth of Kentucky
Before the Public Service Commission

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) CASE NO. 2012-00096
AUTHORIZING CONSTRUCTION OF THE)
NORTHERN DIVISION CONNECTION)

PETITION FOR RECONSIDERATION

The Attorney General does hereby petition the Public Service Commission (“the Commission”) pursuant to KRS 278.400 for reconsideration and/or clarification of its February 28, 2013 Order in the above-referenced proceeding. While the Attorney General does not seek a rehearing regarding the final determination of the Commission approving a Certificate of Public Convenience and Necessity permitting Kentucky-American Water Co., to build its Northern Division Connection, he does seek an amendment and/or clarification of the Commission’s Final Order.

The Commission’s Order, as to the allocation of costs discussed at pp. 17-18, states as follows:

The AG suggests that, in light of the known inadequacies of the Owenton water system, Kentucky-American’s acquisition of that system was unreasonable. In discovery questions, he has further suggested that the costs of the Northern Division Connection Project should be allocated to the Northern Division customers only. [FN 61 *See, e.g.,* AG’s Supplemental Request for Information, Item 14]

The Attorney General disputes this characterization of his position in this matter.

KRS 278.400 provides that “[a]fter a determination has been made by the commission in any hearing, any party to the proceedings may, within twenty (20) days after the service of the order, apply for a hearing with respect to any of the matters determined.” The Commission’s Final Order in this matter determined a position of the Attorney General, which is, in relevant part, disputed.

In its Supplemental Requests for Information, filed on August 6, 2012, the Attorney General included Item 14, which asked the following questions:

14. Reference KAWC’s Response and Amended Response to AG 1-14. Does KAWC agree or disagree that the construction of the Northern Division Connection will have direct impacts on ratepayers located in Central Kentucky, including but not limited to the ratepayers located in Lexington-Fayette Urban County?

a. If KAWC agrees that direct impacts do exist, please identify the specific impacts to ratepayers located in Lexington-Fayette Urban County and characterize each impact as positive or negative.

b. If KAWC disagrees that Central Kentucky ratepayers will face any direct impacts regarding the Northern Division Connection, would it agree to a deferral of future recovery from ratepayers outside of the immediate service territory for the Northern Division Connection? If KAWC would not agree, please explain why not.

The Attorney General did not suggest that the costs of the Northern Division Connection should be allocated exclusively to Northern Division customers.

In his final brief in this matter, the Attorney General made several points regarding Kentucky-American Water Co.’s duties and responsibilities with respect to the Owenton Water Treatment Plant (“OWTP”) and the Kentucky River Station II facility (“KRS II”) and expressed concern regarding the reallocation of capacity from the

KRS II in this instance and in the future. *See Brief of the Attorney General, Case No. 2012-00096* (November 15, 2012) at pp. 6-7. In concluding his brief, the Attorney General took the following position with caveat:

In this instance, the evidence supports the issuance of a Certificate. This position should not be interpreted as a concession by the Attorney General that KAW's investigation of alternatives was sufficient and reasonable and that KAW's actions with regard to the OWTP have been prudent.

The Attorney General did not suggest or otherwise imply that Kentucky-American's acquisition of the OWTP was unreasonable. Rather, he questioned the prudence of Kentucky-American's actions with regard to addressing the problems at the OWTP and took great issue with Kentucky-American's lack of leadership with respect to water planning.

The Attorney General has no desire to re-litigate this matter, and does not believe that a rehearing should be required to clarify the record. Rather, this petition seeks the Commission's reconsideration of the Attorney General's original brief and amendment of the Final Order to accurately reflect the Attorney General's position in this matter.

Respectfully submitted,

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Notice of Filing, Certificate of Electronic Filing, and Certificate of Service

Pursuant to Ordering Paragraphs 3, 13, and 14 of the Commission's 20 March 2012 Order of procedure, the Attorney General will submit the original and one photocopy in paper medium on 20th March 2013, and he has submitted one copy in electronic format by uploading the electronic file to the Commission's Web Application Portal on this 19th day of March 2013.

Pursuant to Ordering Paragraphs 10 and 11 of the Commission's 20 March 2012 Order of procedure, counsel certifies that the electronic filing is a true and accurate copy of the document filed in paper medium. Further, the electronic version of the filing has been transmitted to the Commission, and the Attorney General has transmitted notice to the other parties of record. There are no parties that have been excused from participation by electronic means. The date for this action is 19th March 2013.



Assistant Attorney General