

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2017-00383
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Witness: Russell W. Barron

1. Refer to the Joint Applicants' response to Commission Staffs First Request for Information ("Staff's First Request"), Item 1. The Eastern Rockcastle Board of Directors' meeting minutes indicate that Western Rockcastle Water Association ("Western Rockcastle") proposed entering into an operational contract with Eastern Rockcastle. The meeting minutes further indicate that no action was taken by Eastern Rockcastle's Board of Directors with regard to the Western Rockcastle proposal.
 - a. Provide a copy of Western Rockcastle's proposed operational contract.
 - b. State whether Eastern Rockcastle engaged in negotiations with Western Rockcastle concerning the proposed operational contract.
 - c. Provide a detailed explanation as to why Eastern Rockcastle did not accept Western Rockcastle's proposal.
 - d. Provide a detailed explanation as to why Eastern Rockcastle chose to accept Kentucky American's proposal over Western Rockcastle's proposal.

Response:

- a. Please refer to the attached file.
- b. Eastern Rockcastle did not engage in any negotiations with Western Rockcastle concerning the proposed operational contract.
- c. Eastern Rockcastle was unclear on the terms of the proposal and viewed them as unfavorable. Western Rockcastle's proposal did not seem to position them as a concrete, long-term solution as they could withdraw by only providing a 30 day notice and were unable to help financially. Eastern Rockcastle's board of directors felt they needed at least a six month commitment.
- d. Eastern Rockcastle believed the proposal from Kentucky American was a better, more permanent solution which solved their problems. Eastern Rockcastle's customers preferred Kentucky American as a solution.

OPERATING AGREEMENT

THIS AGREEMENT, made and entered into this the _____ day of August, 2017 by and between Western Rockcastle Water Association, party of the first part and Eastern Rockcastle Water Association, party of the second part.

WITNESSETH: Whereas both parties are operating a potable water distribution system, and

Whereas second party is in need of assistance in the operation and improvement of its system, and

Whereas first party is in a position to provide that assistance,

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the parties agree to work together for their mutual benefit.

It is further agreed that each party has the authority to enter into this agreement and each party has the right to withdraw from this agreement upon thirty (30) days written notice to the other party.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto, this the day and year first above written.

WESTERN ROCKCASTLE
WATER ASSOCIATION, INC.

EASTERN ROCKCASTLE WATER
ASSOCIATION, INC.

By _____

By _____

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Witness: Kevin N. Rogers

2. Refer to the Joint Applicants' response to Staff's First Request, Item 2. As previously requested, provide a list of all assets that Kentucky American will acquire from Eastern Rockcastle, as well as a list of all assets that are excluded from the transfer.

Response:

Kentucky American continues to review the records of Eastern Rockcastle's assets, but the assets listed below will be acquired. Please also see Section 2.1 of the Asset Purchase Agreement for a description of what will be acquired. For assets that will not be acquired, please see those assets described specifically in Section 2.2 of the Asset Purchase Agreement captioned "Excluded Assets."

Mains	Up to 2"	3"	4"	6"	Total
PVC Length (Feet)	11,886	94,543	165,680	20,424	292,533

Distribution System	Number of Assets
Valves	70
Hydrants	4
Service Lines	610
Meter Settings including Pressure Reducing Valves	610

Pump Stations	Number of Pumps
Highway 1955	2
Sand Hill	2
Sand Springs	2

Tanks	Capacity (Gallons)
Three Links	80,400
Sand Springs	15,000
Sand Springs Hydro Pneumatic Tank	80
Sand Hill Hydro Pneumatic Tank	600

Land
Cromer Property (Sand Hill)
Arnold Property (Sand Hill)
Stanley Property (Sand Hill)
Bullock Property (Sand Springs)
Clark Property (Red Hill)

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Witness: Linda C. Bridwell

3. Refer to the Joint Applicants' response to Staff's First Request, Item 4. State whether Kentucky American will require customer deposits if the transfer is approved. If so, provide the monetary deposit amount that each customer classification will be charged.

Response:

Kentucky American will not require deposits if approved.

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4. Refer to Joint Applicants' response to Staff's First Request, Item 11. Provide the job titles of Rodney Trowbridge with Eastern Rockcastle, and Dave Messer with the Kentucky Division of Water, and a summary of the informal conversation(s) that occurred between them concerning the pending transfer.

Response:

Rodney Trowbridge, Water Operator
Eastern Rockcastle Water Association

Dave Messer, Environmental Scientist IV
Kentucky Division of Water

The informal conversation included general discussion regarding the status of Eastern Rockcastle's distribution system and the option selected by the board of directors to be acquired by Kentucky American.