

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF THE CITY OF WEST LIBERTY,)
KENTUCKY FOR APPROVAL TO ACQUIRE THE) CASE NO.
UTILITY ASSETS OF ELAM UTILITY COMPANY) 2010-00302
INC., AND FOR APPROVAL OF A MANAGEMENT)
AGREEMENT)

ATTORNEY GENERAL'S INITIAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Initial Requests for Information to Petitioner, the City of West Liberty [hereinafter referred to as "the City"] to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for the City with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information

within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

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

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(11) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(12) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership;

blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

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

Respectfully submitted,
JACK CONWAY
ATTORNEY GENERAL


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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

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Wilma B. Sorrell
President
Elam Utility Company, Inc.
459 Main St.
West Liberty, KY 41472

this 22nd day of July, 2010


Assistant Attorney General

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1. Please provide the names of the personnel who will comprise the management of Elam Utility Co., Inc. ["Elam"], or its surviving / successor entity or company, following any transfer of control allowed by the Commission, and describe in detail the financial, technical and managerial abilities they possess enabling them to engage in the natural gas delivery industry.
 - a. Identify by name the personnel charged with system maintenance and system safety. Provide a summary of their qualifications and certifications.
 - b. Please provide the total employee count of Elam immediately prior to the contemplated transaction, and state whether the City at this time believes it will be necessary to hire any additional personnel. If so, please identify such personnel by expected job title and the nature of that employee's duties.
 - c. Please state whether the financial, technical or managerial functions or duties of any current Elam employee will be outsourced, and if "yes", specifically identify the nature of the job responsibilities to be outsourced and the name of the person or entity who/which will assume the responsibilities, together with their relevant qualifications and/or credentials.
 - d. State whether any Elam employees residing in Kentucky will be laid off or otherwise terminated as a result of the contemplated transaction, and if so, provide, with as much accuracy as possible, the number, and names, of any employees so affected, together with their relevant qualifications and/or credentials.
 - e. Please identify the employee who will work on customer service issues, both before and after the contemplated transfer of control and provide their relevant qualifications and/or credentials.
2. Please identify whether Elam has any subsidiaries and affiliates, and if so, whether each one will be subject to regulation by:
 - a. the Kentucky Public Service Commission;
 - b. any other state utility Commission, and if so, the name of the Commission(s); and

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- c. any other municipal, state, federal or other agency.
2. Did, or will, the City seek approval for the contemplated transaction from any state agency (including the Kentucky State Fire Marshal), federal agency or other governmental authority for the contemplated transaction? If so, please submit copies of any and all filings and responses from any such agency in this regard.
 - a. If so, has or will any such agency seek any conditions to the transaction?
4. Does the City anticipate any changes in any contracts as a result of the contemplated transaction (e.g., engineering, information technology, maintenance, etc.)?
5. Does the City anticipate any changes in customer charges or any and all other fees charged for services as a result of the contemplated transaction?
 - a. If the answer to the previous question is yes, please describe the changes in specific detail.
6. Please state whether the City intends to provide any sort of directory board or commission to oversee the operations of the gas utility.
 - a. If so, provide a description of the board or commission members' expected qualifications and/or credentials to serve as a board member in a natural gas delivery company.
7. Please state whether the City will retain any members of Elam's board of directors, officers or shareholders following the transfer of control, if approved by the Commission. If so, identify each such person by name and address.
 - b. Provide biographical information of each member of Elam's current board of directors, including a statement of their qualifications to serve as a board member in a natural gas delivery company.
8. State whether the City is aware whether any of Elam's executive management, and members of its board of directors are members, officers, partners, directors of, or have a controlling interest in, any business entity engaged in the distribution or transportation of natural gas, and if so, identify them by name and by type of interest.

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9. Please state whether Elam, either currently or as a result of the contemplated transaction, will engage in non-regulated activities in any location. If so, please provide:
 - a. the nature of the activity;
 - b. the location of the activity;
 - c. a breakdown by percentage of the amount of non-regulated activity and regulated activities in which Elam will engage; and
 - d. the amount of revenue derived from non-regulated activities.
10. As a result of the contemplated transaction, will the City be incurring any additional debt? If so, provide full details including whether the debt will be passed along to Elam's existing ratepayers.
11. Please identify, in detail, any and all tax savings that Elam and the City expect to result from the contemplated transaction, and provide any relevant quantifications.
12. Please state whether Elam currently has any deferred tax accounts on its balance sheets. If "yes," please identify the account(s), the amount carried therein, and provide a summary of the nature of the balance.
 - a. For each deferred tax balance identified above, please state what impact the contemplated transaction will have on the account (e.g., will the contemplated transaction result in a loss of any deferred tax credits?).
13. Please state whether any employee, officer, director, consultant, or contractor of Elam or the City will receive, directly or indirectly, any bonus, stock option, and/or any other remuneration of any type or sort resulting from the contemplated transaction. If so, please identify the person, the method of remuneration, whether directly or indirectly, whether it is deferred, and the amount or dollar value thereof.
14. When was the last time Elam performed any safety-related maintenance on its utility system? If known, identify the nature of the work and any and all relevant details.
15. Has the city conducted any due diligence reviews? If so, please provide copies of all such reports.

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- a. In the course of conducting any such due diligence review of Elam's facilities and accounts, etc., did the City identify any facts or circumstances that would have a material adverse effect on Elam's existing customers?
 - b. If the City did not conduct any such due diligence review, and in the event latent problems or issues should arise, what recourse and / or plan of action does the City contemplate? Please describe in detail.
 - c. Has the City reviewed Elam's accounting records? If so, does it appear that Elam has collected from its customers the sums necessary to pay for the gas costs Elam owes to Columbia Gas Transmission and its affiliates? If not, please explain in detail.
 - d. Please identify all accounts where the sums referenced in the City's response to (c), above, are located, and any other relevant details.
 - e. Has the City developed a plan for how to repay any potential arrearages Elam owes to its gas suppliers? If so, please provide complete details.
16. Please provide all minutes of any and all meetings held between Elam, its board of directors (or supervisory management), and the City pertaining to the contemplated transaction.
 17. Please provide copies of any documents (as defined in the Attorney General's instructions attached hereto), in the possession of Elam's officers or other officials, or in the possession of City officials, which in any way describe the contemplated transaction.
 18. Will the contemplated transaction result in any changes in accounting principles for the gas utility? If yes, please summarize the change(s).
 19. Does the City anticipate entering into any new contracts as a consequence of the contemplated transaction? If so, will any of the entities with which the City will enter said contract(s) be affiliated in any way with the City, or any of its officials, employees, or consultants?
 20. Please provide a copy of any and all materials, including but not limited to transcripts of presentations, recordings or notes of presentations, or other information, regarding any and all financial analyses concerning the transaction.
 21. Please state whether as a result of the contemplated transaction the City will be required to guarantee any debts of Elam or its principles, or any partnerships in any manner associated therewith. If so, provide full details.

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22. Please state whether as a result of the contemplated transaction, the City will be required to grant liens in favor of any lenders or lien or judgment holders of Elam. If so, provide full details.
23. Please state whether the contemplated transaction, if approved, will or could have an adverse impact of any type or sort on the ability of the City to borrow money. If so, explain in complete detail.
24. Will the City provide clear and conspicuous notice to Elam's existing customers regarding any change in service(s) or tariffs resulting from the proposed transaction? If so, please describe in detail.
25. Describe, in detail, any and all inducements that Elam offered (other than the consideration stated in the application), or that the City demanded or requested during the course of negotiations leading to the proposed purchase that is the subject of the instant filing.
26. In the event the Kentucky Public Service Commission approves the City's application, would the City agree and adhere to the following commitments (note: this question should not necessarily be construed as the Attorney General's acquiescence to the contemplated transaction):
 - a. The contemplated transaction will not impair, impede, nor prohibit the ability and capabilities of the City in meeting its obligations to provide adequate, efficient and reasonable service to its gas customers.
 - b. The contemplated transaction will not detract from the benefits that Elam customers currently receive.
 - c. The contemplated transaction will not result in increased rates or increased charges of any type or sort, except those directly related to the purchase, transmission and delivery of natural gas not otherwise financially avoidable by the City, for Elam's existing customers.