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May 28, 2013

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Re: Case No. 2012-00520
Kentucky-American Water Company

Ladies and Gentlemen:

The enclosed memorandum has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Gerald Wuetcher, Executive Advisor/Attorney, at (502) 782-2590.

Sincerely,

Jeff Derouen
Executive Director

gw
Enclosure

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2012-00520

FROM: Gerald Wuetcher **GEW**
Executive Advisor/Attorney

DATE: May 28, 2013

RE: Informal Conference of May 22, 2013

On May 22, 2013, pursuant to the Commission's Order of January 22, 2013, an informal conference was held in this matter to discuss procedures for the scheduled hearing. Attending the conference were:

Eddie Beavers	-	Commission Staff
Jonathan Beyer	-	Commission Staff
Leah Faulkner	-	Commission Staff
David Foster	-	Commission Staff
Mark Frost	-	Commission Staff
Scott Lawless	-	Commission Staff
Sam Reid	-	Commission Staff
Gerald Wuetcher	-	Commission Staff
David Spenard	-	Office of Attorney General
David Barberie	-	Lexington-Fayette Urban County Government
Monica Braun	-	Kentucky-American Water Company
Cheryl Norton	-	Kentucky-American Water Company
Linda Bridwell	-	Kentucky-American Water Company
Lindsey Ingram III	-	Kentucky-American Water Company
Gary Verdoun	-	Kentucky-American Water Company
Christy Wheeler	-	Kentucky-American Water Company
Iris Skidmore	-	Community Action Council
Jack Burch	-	Community Action Council
Charles N. Lanter	-	Community Action Council

Beginning the conference, Mr. Wuetcher stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

Mr. Wuetcher inquired whether any party wished to make opening or closing statements at the hearing. None indicated a desire to make such statements.

The parties agreed to the following order of presentation of evidence: Kentucky-American Water Company ("KAWC"); the Office of Attorney General ("AG"); Lexington-Fayette Urban County Government ("LFUCG"); and Community Action Council ("CAC"). They agreed that the cross-examination should follow the same order and that Commission Staff would conduct its cross-examination after the parties.

Regarding the order of witnesses, Mr. Ingram stated that KAWC was still developing the order of its witnesses. He expressed hope that the parties and Commission Staff could identify those witnesses for whom no one had questions and whose written testimony the parties and Commission Staff could stipulate. He stated that he had already inquired of AG and LFUCG regarding a possible stipulation of the witnesses who will be addressing rate-of-return issues. He further stated that KAWC would advise all participants of its proposed order by electronic mail no later than May 28, 2013. Mr. Spenard stated that the AG's witnesses would testify in the following order: J. Randall Woolridge, Stephen Rackers, and Brian Kalcic. Conference participants agreed to advise that other parties if an expected witness's testimony could be stipulated.

Mr. Wuetcher requested that KAWC make available a witness from American Water Works Company who could address questions regarding AWWC's decision not to continue billing for outside entities. Based upon KAWC's responses to information requests, Mr. Wuetcher identified David Baker as the AWWC official who could best address these questions. Mr. Ingram stated that KAWC would inquire as to Mr. Baker's availability. Mr. Wuetcher suggested that Mr. Baker could testify by video if necessary and that Commission Staff would agree to the least intrusive method to obtain his live testimony.

Mr. Barberie inquired as to the number of days allotted for the hearing. Mr. Wuetcher responded that two days had been allotted. Counsel for the parties collectively suggested that the starting time for the hearing be moved from 10:00 a.m. to 9:00 a.m. to meet this goal. Ms. Skidmore expressed concerns about changing the starting time as public notice had already been published, but stated that her client had no objection to starting earlier to avoid a third day of hearings. Mr. Wuetcher stated that he would bring this request to the Commission's attention and would advise the parties as soon as possible.

The parties then discussed a briefing schedule. Mr. Ingram stated that KAWC had no preferences regarding a briefing schedule unless the Commission intended to issue a final decision before the suspension period end. If the Commission expected to issue a final order by the end of the suspension period, he recommended that a specific time period running from the date of the hearing be established. Ms. Skidmore preferred a time period that ran from the filing of the video transcript and noted that she would be out-of-town for two weeks following the hearing. Mr. Wuetcher indicated two deadline dates: July 2 and July 8. Mr. Barberie stated that, given the July 4 state

holiday, the earlier date would not significantly increase the available time for the Commission and Commission Staff to review the parties' briefs. Mr. Wuetcher stated that he would convey the parties' concerns to the Commission and that a time for submission of briefs would likely be addressed in a pre-hearing order.

The participants briefly discussed the use of confidential material at the hearing. Mr. Barberie noted that no confidentiality agreement between KAWC and LFUCG presently exists. Mr. Wuetcher suggested that, if any party had questions of a witness that involved confidential material, it should advise the Commission in advance and then defer those questions until all other questioning of the witness had been completed. The Commission could then enter confidential session to permit questioning on the confidential material. All agreed with this proposal.

The conference then adjourned.

cc: Parties of Record