

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Consolidated)	REGULATORY DIVISION
Petition by Mountain Water Company for)	
Declaratory Rulings and Application for)	DOCKET NO. D2011.1.8
Approval of Sale and Transfer of Stock in)	
Park Water Company)	

DATA REQUESTS OF THE MONTANA CONSUMER COUNSEL

MCC-005. RE: Scope of the Proceedings
WITNESS: John Kappes

In reference to your statement at page 2, lines 21-22 of your rebuttal testimony, please provide an explanation of the witness' qualifications to testify about "lawful scope of [the Commission's] authority."

MCC-006. RE: Mountain Water Ownership
WITNESS: John Kappes

In reference to your statement at page 3, lines 10-11, you assert that the ownership of Mountain Water is not an issue in this proceeding.

- a. Do you agree that an issue in this proceeding is a change in the proposed ultimate control of Mountain Water by virtue of the sale of its parent from the Wheelers to Carlyle? If not, provide a full explanation.
- b. Do you agree that Mountain Water customers and the State of Montana have a legitimate interest in who exercises ultimate control over Mountain water and in how that control is exercised? If not, provide a full explanation.
- c. Do you agree that it is appropriate for the Commission to investigate the intentions of Carlyle regarding its proposed acquisition of Park Water ownership and Park's ultimate control over Mountain Water? If not, provide a full explanation.

MCC-007. RE: Mountain Water Ownership
WITNESS: John Kappes

In reference to your statement at page 4, line 2, do you agree that the proposed transaction is, from the perspective of the MPSC and Mountain Water customers, more than simply a stock sale in that the full ownership of Mountain Water's parent will transfer to Carlyle and that Carlyle will acquire full effective ownership control over Mountain Water?

MCC-008. RE: Mountain Water Ownership
WITNESS: John Kappes

In reference to your statement at page 9, lines 14-16, you state that Mountain "has offered a 90 day opportunity to the City." Does Park acknowledge that Mountain is fully authorized to provide the City with such a binding opportunity and that such opportunity cannot, under any circumstances, be revoked at Carlyle's discretion?

MCC-009. RE: Ring Fencing
WITNESS: John Kappes

In reference to your statement at page 12, lines 19-20, you state that ring fencing is considered when "jurisdictional utilities are acquired by non-jurisdictional entities."

- a. Are Park and/or Carlyle "jurisdictional entities" in Montana?
- b. Is it appropriate for Commissions to consider ring fencing when the ultimate control of a jurisdictional utility is being acquired by a non-jurisdictional entity like Carlyle? Explain your answer.
- c. Is it appropriate for the MPSC to institute ring fencing "to protect against potential abuse" by a non-jurisdictional controlling entity like Carlyle? If not, please provide a complete explanation of your answer and all authority.

MCC-010. RE: Page 15, line 10, Rebuttal Testimony
WITNESS: John Kappes

Please explain fully why you propose that Mountain Water's accounts should be maintained separate from those of Park's utility affiliates, but not separate from those of Park's parent or its non-utility affiliates.

MCC-011. RE: Page 15, line 16, Rebuttal Testimony
WITNESS: John Kappes

Since Park's accounts are now maintained electronically, please explain the difficulty with making them available electronically at the Company's offices in Missoula.

MCC-012. RE: Page 17, lines 14-23, Rebuttal Testimony
WITNESS: John Kappes

Please explain fully why you object to a provision to supply the Commission with access to information provided to rating agencies. In answering this question please note that although neither Mountain nor Park is publicly traded now, Carlyle has suggested the possibility of a future IPO which would change that circumstance.

MCC-013. RE: Page 19, lines 5-6, Rebuttal Testimony
WITNESS: John Kappes

Please provide documentation and authority for your contention that because cost allocation is relevant in a rate case, it is inappropriate for the Commission to be concerned about charges that Park or its affiliates may impose on Mountain Water without Commission knowledge or authorization. Would you object to such a provision if it were limited to charges above a threshold amount?

MCC-014. RE: Page 19, line 17, Rebuttal Testimony
WITNESS: John Kappes

Please explain why there should be no requirement for Commission authorization in the event that Mountain Water's parent decides to sell or encumber Mountain Water utility property having a book value exceeding \$1,000,000 whose costs are recovered through Commission-approved rates.

MCC-015. RE: Page 20, lines 3-7, Rebuttal Testimony
WITNESS: John Kappes

Please explain fully why you believe that the MPSC lacks authority to require that debt financing that is secured by Mountain Water property that is in Mountain Water's utility rate base with costs that are recovered from Montana ratepayers through Commission-approved rates, may be used only for utility purposes.