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Mark David Goss  
Chairman

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Vice Chairman

September 1, 2006

Hon. John N. Hughes  
124 West Todd Street  
Frankfort KY 40601

Hon. David E. Spenard  
Office of Rate Intervention  
Suite 200  
1024 Capital Center Drive  
Frankfort KY 40601

RE: Case No. 2005-00325  
August 14, 2006  
Informal Conference

To All Parties of Record:

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding the memorandum should be directed to Mark Frost of the Commission Staff at 502-564-3940, extension 274.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

Attachment

CC: Parties of Record

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**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Main Case File No. 2005-00325  
**FROM:** Mark Frost  
**DATE:** August 28, 2006  
**SUBJECT:** Informal Conference of August 14, 2006

Pursuant to Commission Staff's request, an informal conference was held on August 14, 2006 for the purpose of discussing issues surrounding Case No. 2005-00325, Application of Water Service Corporation of Kentucky for an Adjustment of Rates. The following participated in the informal conference:

Jack Hughes	—	Counsel for Water Service Corporation of Kentucky ("Water Service")
Kirsten Weeks	—	Water Service
Herbert McKee, Jr.	—	Office of the Attorney General <sup>1</sup>
Linda Mattox	—	Commission Staff
Dawn McGee	—	Commission Staff
Eddie Beavers	—	Commission Staff
James Rice	—	Commission Staff
Mark Frost	—	Commission Staff

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

The following is a list of the issues that were discussed at the informal conference:

- Staff's continued request for customer billing information in an Excel Spreadsheet or other electronic format. At the informal conference Water Service provided a disk containing the billing information in Excel Spreadsheets.

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<sup>1</sup> Mr. McKee participated in the conference via telephone.

- Rate base adjustments to reflect post-test period plant additions.
- Revenue and expense adjustments using the Consumer Price Index.
- Updating cost of the rate case to the date of the hearing.
- Water Service's knowledge of the filing requirements of other jurisdictions and Staff's explanations of the requirements of the Kentucky Public Service Commission.
- Parties discussed whether the witness sponsoring the cost of capital testimony would be needed at the hearing. Water Service agreed to contact the witness to see if she would be providing any updates to her testimony.

Water Service agreed to submit in the record the following information:

- The meter size codes for the billing data.
- The contract between Water Service and the service company.
- The actual construction costs for the post test-period plant additions.
- The actual cost of the plant that will be retired.
- The accumulated depreciation associated with the utility plant to be retired.

After the parties discussed the above issues, the informal conference was then adjourned.

cc: Parties of Record