

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)	CASE NO.
WHOLESALE WATER SERVICE RATES OF)	2014-00392
CITY OF DANVILLE)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO THE CITY OF DANVILLE WATER DEPARTMENT

The city of Danville Water Department ("Danville"), pursuant to 807 KAR 5:001, shall file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 5, 2015. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, 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.

Danville shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Danville fails or

refuses to furnish all or part of the requested information, Danville shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, Danville shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Danville's Response to Commission Staff's First Request for Information ("Staff's First Request"), Item 5.b., where Danville states that "[t]he improvements at the raw water intake and new treatment capacity. . . will be on line in summer 2015. . ." ("2015 Construction Projects"). The response continues, ". . . [T]he renovation to the existing filter building. . ., the additional chemical feed building and the enhanced treatment components will be complete in 2016" ("2016 Construction Projects").

a. Provide a breakdown of the total project cost of \$28,608,171¹ between the 2015 Construction Projects and the 2016 Construction Projects.

b. The Total Project funding consists of: \$12,467,849 of Kentucky Infrastructure Authority ("KIA") loans, \$15,000,000 of United States Department of Agriculture, Rural Development ("USDA-RD") bonds, and \$1,140,322 in Utilities Fund.²

¹ Danville's Response to the Commission's Order, Appendix B (Ky. PSC Nov. 14, 2014), Item 5.a., the July 14, 2014 Kentucky Infrastructure Authority ("KIA") Conditional Commitment Letter (F13-011 (Increase #2), Appendix A, Project Budget Schedule.

² *Id.*, Project Funding Schedule.

c. Provide a breakdown of the Total Project funding between the 2015 Construction Projects and the 2016 Construction Projects.

2. Refer to Danville's Response to Staff's First Request, Item 6.b., where Danville states that "KIA is treating the loan as a construction loan," and in its Response to Item 9 of that same request, Danville explains that USDA-RD will provide a final schedule when the loan is closed. Provide the dates on which Danville expects to close the KIA and USDA-RD loans.

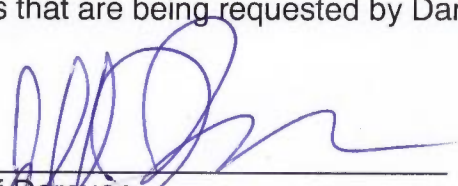
3. Refer to Danville's Response to Staff's First Request, Item 10.b.(1). Confirm that Danville does not have an analysis or study to support the following cost allocation formula: 20.85% of Legislative and Executive Expenses + 35.24% of Finance and Administrative Expenses + 5% of Utility Operational Revenue.

4. Refer to Danville's Response to Staff First Request, Item 14.h. Provide the schedule as requested that lists each expenditure recorded in the account and includes a detailed description of each expenditure listed for each account.

5. In its January 5, 2015 filing, Danville submitted a revised cost-of-service study that used "known and measurable" expense adjustments and a rate funded-capital of \$580,000 rather than depreciation expense. Confirm that the wholesale water rates produced by this cost-of-service study are the rates that are being requested by Danville.

DATED **FEB 19 2015**

cc: Parties of Record



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

*City of Danville Water Dept.
P. O. Box 670
Danville, KY 40423

Bernie Hunstand
Mayor
City of Danville Water Dept.
P. O. Box 670
Danville, KY 40423

*Jeffrey W. Jones
Jeffrey W. Jones PLLC, Attorney at Law
1000 E. Lexington Ave. #3
Danville, KENTUCKY 40422

*Caywood Metcalf
Metcalf & Metcalf
214 Stanford Street
Lancaster, KENTUCKY 40444

*M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

*Sean Smith
Manager
Garrard County Water Association, Inc.
P. O. Box 670
Lancaster, KY 40444

*Debbie Webb
Co-Manager
Parksville Water District
10711 Lebanon Road
P. O. Box 9
Parksville, KY 40464