

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT (A) FOR AUTHORITY TO ISSUE)
PARITY REVENUE BONDS IN THE APPROXIMATE) CASE NO. 2000-481
AMOUNT OF \$16,545,000; AND (B) A CERTIFICATE)
OF CONVENIENCE AND NECESSITY FOR THE)
CONSTRUCTION OF WATER MAIN FACILITIES)

COMMISSION STAFF'S SECOND SET OF INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS TO
NORTHERN KENTUCKY WATER DISTRICT

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Northern Kentucky Water District ("Northern Kentucky") file the original and 8 copies of the following information with the Commission within 14 days of this request, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. 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.

1. Refer to Northern Kentucky's Application, Tab 18 at 2. For each project that is funded from the \$7,144,150 deposited to the Construction Fund, list the project name, project number, and the portion of the \$7,144,150 assigned to that project.

2. In Case No. 99-150,¹ the Commission authorized Northern Kentucky to conduct a private bond issuance not to exceed \$1,828,000 to finance the construction of facilities within Sub-District C. In Case No. 2000-329,² the Commission authorized Northern Kentucky to issue private bonds not to exceed \$2,140,900 for additional facilities to be constructed in Sub-District C. Explain why, although Northern Kentucky has been authorized to issue private bonds up to a total amount of \$3,968,900 for facilities in Sub-District C, only \$1,255,600 of the total proposed bond issuance in the current proceeding is related to facilities in Sub-District C.

3. In Case No. 2000-171,³ the Commission authorized the construction of certain facilities in Sub-District D that would be funded in part from the proceeds of the issuance of Bond Anticipation Notes ("BANs") in the amount of \$1,165,986. Explain why the portion of the BANs related to Sub-District D is included at a level of only \$1,130,457 in this proceeding.

¹ Case No. 99-150, The Application and Motion of Northern Kentucky Water Service District to Construct An Extension, Sub-District C, to Serve Approximately 400 New Customers, and to Institute a Surcharge Under KRS 278.023 With No Change In Northern's General Water Rates; Estimated Funding of \$5,200,000 In Large Measure By USDA, Plus Community Efforts (Ky. PSC May 17, 1999).

² Case No. 2000-329, The Application of Northern Kentucky Water District for Approval to Construct Additional Facilities as Part of Subdistrict C and For Approval of Financing Pursuant to KRS 278.023 (Ky. PSC May 31, 2000).

³ Case No. 2000-171, Application of Northern Kentucky Water Service District for a Certificate of Public Convenience and Necessity for the Construction of Sub-District D Water Main Extensions and Surcharge (Ky. PSC May 31, 2000).

4. Provide for each item listed below an amortization schedule showing the expected principal and interest payments:

a. The portion of the proposed bond issue (\$2,300,783) that will be funded through the surcharge authorized in Case No. 2000-329 for Sub-District C.

b. The portion of the bond issue (\$949,117) that will be funded through the surcharge authorized in Case No. 2000-171 for Sub-District D.

c. The remaining portion of the bond issue (\$13,470,100). If Northern Kentucky intends to finance any of this remaining portion through a means other than general rates, provide separate schedules and indicate the source of funding.

5. Refer to Northern Kentucky's Response to the Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 6.

a. List each phase of Project Z.

b. Describe each phase of Project Z.

c. For each phase of Project Z, state the date on which construction began or is expected to begin and the date construction was completed or is expected to be completed.

d. Provide a map to suitable scale showing each phase of Project Z.

6. Refer to Northern Kentucky's Response to the Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 7.

a. In Northern Kentucky's opinion, why is the Commission's finding in Case No. 98-079⁴ that Project VV was construction in the ordinary course of business still applicable when significant changes in Project VV's scope and cost were made after the Commission's determination?

b. Why did Northern Kentucky fail to apply for a Certificate of Public Convenience and Necessity for Project VV after it determined that construction of a new chlorine building (rather than renovation of its existing chlorine building) was required?

7. Refer to Northern Kentucky's Response to the Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 8. When did Northern Kentucky file with the Commission the total costs of project Q and a copy of the "as-built" drawings with a certified statement that the construction had been satisfactorily completed in accordance with the contract plans and specifications? If these documents have not been filed with the Commission, explain why.

8. Refer to Northern Kentucky's Response to the Commission Staff's First Set of Interrogatories and Requests for Production of Documents, Item 16.

a. Provide a copy of the specifications approved by the Natural Resources and Environmental Protection Cabinet as referenced in its approval letter of October 25, 2000.

⁴ Case No. 98-079, The Application of Northern Kentucky Water Service District for Permission or Certificate to Construct Various Normal Extensions to Its Water System; To Make Replacements; To Install Betterments in the Existing Water Treatment Plants; To Make Studies of Its Water Supply Needs; and to Increase Storage Capacity [Funding Will Be From Cash Flows and Notes Authorized By Statute] (Ky. PSC June 9, 1998).

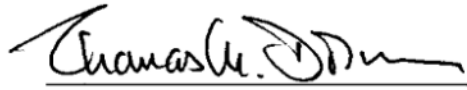
b. Provide the bid tabulations along with an updated “Total Project Cost” including, but not limited to, construction cost, engineering, geo-technical engineering, contingency, legal, administrative, inspection, and interest during construction.

c. How did Northern Kentucky determine that a 42-inch transmission main is necessary if it did not perform a hydraulic analysis prior to designing Project No. 184-082? Northern Kentucky’s response should include all calculations and hydraulic data used to determine the need for the 42-inch transmission main. Hydraulic data includes, but is not limited to, the actual length of the transmission line, peak demand flow calculations, the coefficient of friction, and a node map that highlights Project No. 184-082 and includes node and line numbers.

9. In Northern Kentucky’s opinion, why should Project No. 184-411 be considered an extension in the ordinary course of business?

10. In its response to the Commission Staff’s First Set of Interrogatories and Requests for Production of Documents, Item 3, sheet 3, Northern Kentucky states that the Commission approved Project 184-423. Identify the proceeding in which the Commission issued a Certificate of Public Convenience and Necessity for this project.

11. In Northern Kentucky’s opinion, why should Project No. 184-044 (Phase 2) (“Bristow Road, KDOT to Hogleffee”), Project No. 184-044 (Phase 1b) (“Bristow Road, KDOT Project”), and Project No. 184-426 (“Booster Chlorine Station, Covington”) be considered extensions in the ordinary course of business when the funding source for these projects will be from the proceeds of a long-term revenue bond issuance?



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DATED: 1/25/01

cc: Parties of Record