

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WESTERN LEWIS-)	
RECTORVILLE WATER DISTRICT FOR)	CASE NO.
APPROVAL OF AN INCREASE IN RATES FOR)	2008-00510
WATER SERVICE AND TO REVISE ITS TARIFF)	

COMMISSION STAFF'S FIRST INFORMATION REQUEST
TO WESTERN LEWIS-RECTORVILLE WATER DISTRICT

Western Lewis-Rectorville Water District ("Western Lewis"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before February 15, 2009. 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 the 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.

Western Lewis shall make timely amendment to any prior responses 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 Western

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

Careful attention shall be given to copied material to ensure that it is legible. 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Provide all ordinances and resolutions of the Lewis and Mason County Fiscal Courts that address the current level of compensation for members of Western Lewis' Board of Commissioners.

2. Provide a complete copy of the workpapers, calculations, and assumptions Western Lewis used to develop its pro forma test period financial information.

3. List all business activities of Western Lewis aside from its regulated utility activities. For each activity listed, describe the accounting policies and procedures in place to ensure that those activities are not subsidized by regulated rates or vice versa.

4. Provide a schedule listing each project included in calendar year 2007 ("test period") construction work in progress. Include a detailed description of each project included in the schedule.

5. Provide the test period general ledger showing account number, subaccount number, account title, subaccount title, and all entries to each account. For each entry, state the date paid, vendor name, check number used to make payment and the amount.

The general ledger shall include all asset, liability, capital, income, and expense accounts used by Western Lewis. All accounts should show activity for 12 months. Show the balance in each control and all underlying subaccounts per company books.

6. For each cash account used by Western Lewis during the test period, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount.

7. Reconcile the test period general ledger expense accounts to the expense amounts reported on page 28 of Western Lewis' 2007 annual report.

8. Provide a copy of all audit adjustments made for the calendar year 2007 financial statements.

9. a. List all employees employed during the test period. For each employee listed, provide the following:

(1) Name.

(2) Title.

(3) Length of employment with Western Lewis.

(4) Job duties.

(5) Test period pay rate and current pay rate.

(6) Test period regular time worked and overtime worked.

(7) Percentage of test period payroll capitalized.

(8) Total test period payroll expenses and capitalized.

(9) Type of employee benefits (i.e., health insurance, dental insurance, vision insurance, pension, etc.) and amounts paid for each by Western Lewis.

b. Identify any employees listed in 5(a) who are no longer employed by Western Lewis.

c. Identify any new employees whom Western Lewis has hired since December 31, 2007. For each new employee listed, provide the information that is requested in Item 10(a). Also, state the type of health insurance coverage that Western Lewis is providing to each employee listed.

d. Provide a copy of the employee information requested in 10(a) on a computer disk in Microsoft Office Excel format.

e. Provide the employer retirement contribution rates that were effective during calendar years 2006, 2007, and 2008, including the date the rate became effective.

f. Provide the written notice that Western Lewis received from the Kentucky Retirement Systems of the employer contribution rate that will be effective for the fiscal year July 1, 2008 through June 30, 2009.

10. Provide a detailed list of all fringe benefits available to Western Lewis employees and the actual test-period cost of each benefit compared to the costs incurred in 2008. Provide comparative cost information for calendar years 2006, 2007, and 2008. Indicate which fringe benefits, if any, are limited to management or full-time employees. Explain any changes in fringe benefits occurring during this period.

11. a. Provide the most recent vendor invoice for health insurance. The invoice shall list employees individually by name and state clearly the type of coverage provided.

b. Does Western Lewis require its employees to contribute toward their health insurance coverage?

c. (1) If the response to 11.b. is yes, provide for each employee the amount that Western Lewis requires him to contribute towards his health insurance coverage.

(2) If the response to 11.b. is no, explain why Western Lewis does not require an employee contribution for health insurance coverage.

12. a. Provide a schedule detailing all test-period expenditures related to the preparation of the application filed in this current proceeding. Provide in the schedule the nature and amounts of all charges along with a copy of vendor invoices. The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.

b. Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor with supporting documentation for each.

13. Refer to Exhibit 4 of the application, Income and Expenses. Western Lewis states that “[f]or the purposes of the annual report, expenses between the water and gas divisions are allocated based on the number of customers and other allocations.” Identify each operating expense that is allocated between the water and gas divisions, state the allocation factor used for each expense, and state the reason for using each allocation factor.

14. Refer to Exhibit 4 of the application, Income and Expenses. Western Lewis states that “the number of customers to be gained by the .023 project was overestimated.”

a. Compare the number of customers that were originally projected to the number of customers that actually connected to the system as a result of this construction project.

b. Does the test-period operating revenue reflect the customers that were a result of the “.023 project?”

15. Refer to Exhibit 5 of the application, Audited Financial Statements for the Years Ended December 31, 2007 and 2006 at 11. For each bond issuance listed on this schedule:


a. Provide the bond ordinance or resolution authorizing each bond issuance. Identify the Commission proceeding wherein Western Lewis was authorized to issue the bonds.

b. Provide a current amortization schedule that includes the entire life of the loan or bond and that details the payment amounts, principal retirements, interest payments, interest rates, and outstanding balances.

c. Provide a description of the use of the borrowed funds.

16. Refer to Exhibit 6 of the application. Provide the cost-of-service study on a computer disk in Microsoft Excel Spreadsheet format allowing for the review of and unrestricted access to the underlying formulas.

17. Refer to item number 2 of the application. Western Lewis states that it currently provides water service to approximately 1,790 customers. In its 2007 Annual Report to the Commission, Western Lewis states the number of customers as 2,149. Explain the difference in customer numbers. State whether this difference will require revisions to the billing analysis and cost-of-service study.



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DATED: JANUARY 20, 2009

cc: Parties of Record

John H Thomas, Jr.
Chairman of the Commission
Western Lewis-Rectorville Water and Gas District
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