

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WATER SERVICE)	
CORPORATION OF KENTUCKY FOR A)	CASE NO.
GENERAL ADJUSTMENT IN EXISTING)	2015-00382
RATES)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO THE ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

The Attorney General of the Commonwealth of Kentucky, by and through his office of Rate Intervention, ("AG") pursuant to 807 KAR 5:001, is to file with the Commission an original in paper medium and an electronic version of the following information. The information requested herein is due on or before March 15, 2016. Responses to requests for information in paper medium 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.

The AG 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 the AG fails or refuses to furnish all or part of the requested information, the AG 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 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 filing a paper containing personal information, the AG shall, in accordance with 807 KAR 5:001, Section 10(4), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Direct Testimony of Scott J. Rubin (“Rubin Testimony”), page 5, line 15. Mr. Rubin states, “The Commission can make certain judgments about the relative level of rates in the two service areas (Clinton and Middlesboro) from the revenue requirements exhibits of the company and other parties. If it appears that the cost to serve customers (on a per-gallon basis) . . . [is] similar in the two service areas, then steps should be taken to move toward consolidated rates.”

a. Explain whether it is Mr. Rubin’s opinion that the Commission should make these judgments and assumptions without a cost-of-service study.

2. Refer to the Rubin Testimony, page 6, line 1. Mr. Rubin states that the costs to provide service in the two service areas are not similar.

a. Explain whether Mr. Rubin’s above referenced statement contradicts his statement on page 5 at line 15.

b. Based upon Mr. Rubin's response to Item 2.a. above, explain why the Commission should consider consolidating the rates in these two service areas.

3. Refer to the Rubin Testimony, page 6, line 10. Mr. Rubin concludes that it costs 75 percent more to provide service (on a per-gallon basis) in Clinton than it does in Middlesboro. Explain how Mr. Rubin came to this conclusion.

4. Refer to the Rubin Testimony, page 12, line 5. Explain whether the rates provided were produced without a standard cost-of-service study.

a. Explain Mr. Rubin's opinion that without a standard cost-of-service study, a change in rate design is generally more difficult to evaluate as to the costs allocations to alter the rate design.

b. Explain how Mr. Rubin determined the rates proposed were appropriate for the customer charge (or meter charge) and the volumetric rates.

c. Explain why Mr. Rubin used meter size ratios that are approximately one-half of the meter capacity ratios as developed by the American Water Works Association.

d. Provide the meter charge using the meter size ratio as developed by the American Water Works Association.

e. Explain why Mr. Rubin set the volumetric rates as separate per-1,000-gallons rates for the two service areas.

f. If the meter charges are the same, why should the volumetric rates be different?

5. Refer to the Rubin Testimony, page 13, line 18. Mr. Rubin recommends that if the Commission finds that a reduction in revenue requirement is warranted, the Commission should accept his rates and rate structure and reduce the Middlesboro's volumetric rates accordingly. In the absence of a cost-of-service study, explain why it is not equitable that all customers benefit from any reduction to the revenue requirement.

6. Fire protection rates are not addressed in the Rubin Testimony.

a. Explain why fire protection rates are not addressed.

b. Does Mr. Rubin believe that the fire protection rates should be increased by 24.62 percent across the board, as proposed by the utility in this case? If not, explain Mr. Rubin's proposal for fire protection rates. Provide all calculations made in support for the proposed rates.

7. Refer to the Rubin Testimony. State whether it is Mr. Rubin's testimony that WSKY's calculated revenue requirement and requested revenue increase are reasonable.


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DATED MAR 01 2016

cc: Parties of Record

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