

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED)
ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF) CASE NO. 2017-00199
CENTRAL CITY MUNICIPAL WATER)
& SEWER)

**FIRST REQUEST FOR INFORMATION TO CENTRAL CITY FILED BY
MUHLENBERG COUNTY WATER DISTRICT AND
MUHLENBERG COUNTY WATER DISTRICT NO. 3**

Pursuant to the Public Service Commission’s (“Commission”) Order of June 22, 2017, Muhlenberg County Water District (“MCWD”) and Muhlenberg County Water District No. 3 (“MCWD3”) respectfully submit the following requests for information to the City of Central City, Kentucky (“Central City”), to be answered no later than July 31, 2017.

Instructions

1. As used herein, “Documents” include all correspondence, memoranda, notes, email, maps, drawings, surveys or other written or recorded materials, whether external or internal, of every kind or description in the possession of, or accessible to, Central City, its witnesses, or its counsel.

2. Please identify by name, title, position, and responsibility the person or persons answering each of these data requests.

3. These requests shall be deemed continuing so as to require further and supplemental responses if Central City receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted herein.

4. To the extent that the specific document, work paper, or information as requested does not exist, but a similar document, work paper, or information does exist, provide the similar document, work paper, or information.

5. To the extent that any request may be answered by a computer printout, spreadsheet, or other form of electronic media, please identify each variable contained in the document or file that would not be self-evident to a person not familiar with the document or file.

6. If Central City objects to any request on the ground that the requested information is proprietary in nature, or for any other reason, please notify the undersigned counsel as soon as possible.

7. For any document withheld on the ground of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown or explained; and the nature and legal basis for the privilege asserted.

8. In the event any document requested has been destroyed or transferred beyond the control of Central City, its counsel, or its witnesses, state: the identity

of the person by whom it was destroyed or transferred and the person authorizing the destruction or transfer; the time, place and method of destruction or transfer; and the reason(s) for its destruction or transfer. If such a document was destroyed or transferred by reason of a document retention policy, describe in detail the document retention policy.

9. If a document responsive to a request is a matter of public record, please produce a copy of the document rather than a reference to the record where the document is located.

Requests for Information

1. Provide Mr. McGhee's curriculum vitae.
2. Describe Mr. McGhee's role in the renovation of Central City's water treatment plant that was completed in 2013 ("2013 renovation").
3. Provide all studies, analyses, and reports regarding the projected use of water in Muhlenberg County that Central City had available when planning the 2013 renovation.
4. Provide the preliminary engineering report and final engineering report on the 2013 renovation.
5. Provide a copy of all cost of service studies that Central City has conducted or commissioned since 2013.

6. Provide a copy of all of Central City's accounting instructions, assumptions, directives, manuals, policies, and procedures.

7. Provide Central City's cost allocation manual and all other documents, including policy statements, memoranda, correspondence, and official guidance, that address how Central City allocates shared or joint costs between city departments and operations.

8. Describe how Central City allocates shared or joint costs between its water and sewer operations. Provide all documents that establish these cost allocation methods.

9. Provide the system of accounts that Central City uses for its water and sewer operations.

10. List each charge to the water fund during Fiscal Year ("FY") 2016 for the costs other than Central City's water operations. The response shall include a detailed explanation of why the water fund was charged for each non-water operation cost.

11. Identify all persons or entities to which Central City provides wholesale water service.

12. Provide the rates that Central City currently charges its retail customers and each wholesale customer and the date when these rates were placed into effect.

13. Refer to the Testimony of David Rhoades at page 3, lines 15-17.

Provide a copy of the ordinance to which Mr. Rhoades refers.

14. Provide the following for FY 2014, FY 2015, and FY 2016:

- a. Total gallons of water sold to MCWD;
- b. Total gallons of water sold to MCWD3;
- c. Total gallons of water sold to Central City's retail customers;

and

d. Total gallons of water produced at Central City's Water Treatment Plant;

15. State whether Central City provides unmetered water service to any city departments or related entities (e.g., service to municipal buildings, fire departments, fire protection services, city parks, swimming pools, water parks, and sports parks). If unmetered service is provided, estimate the unmetered water provided for each entity or type of service.

16. Provide a map of Central City's water system showing all facilities used to serve Central City's wholesale customers. This map shall, at a minimum, show all master meters, pumping stations, storage tanks, water transmission mains, and water distribution mains used to serve its wholesale customers.

17. Refer to "Audited Financial Statements and Supplemental Schedules For Year-Ended June 30, 2016 and Independent Auditor's Report" at page 15,

Note 13. Describe the leased office space and explain how the monthly rental amount was determined.

18. Describe the operation of Central City's water system. This description should include a detailed description of the treatment process that Central City uses.

19. Does Central City meter finished water as it leaves its water treatment plant and enters Central City's distribution system? If yes, provide the daily meter readings for FY 2016.

20. Provide the number of gallons of non-revenue water that Central City experienced for each month of FY 2016 and FY 2017. For purposes of this request, "non-revenue" water is the total volume of water produced and distributed less the volume of water billed.

21. List each water storage tank in Central City's water distribution system, its storage volume, and its location. For each listed storage tank, state whether it is used to provide water service to MCWD or MCWD3 and the percentage of the tank's capacity that Central City has reserved for MCWD or MCWD3.

22. State the maximum capacity of Central City's water treatment facilities.

23. State the maximum daily demand in gallons for each of the following and the date upon which it occurred:

- a. MCWD;
- b. MCWD3;
- c. Central City's retail distribution system; and
- d. Central City's combined wholesale and retail operations.

24. Provide the ordinance of the Central City Council authorizing the proposed wholesale rate adjustment.

25. Provide the ordinance that established Central City's current retail rates.

26. Provide a copy of the budget for Central City's water operations for FY 2018.

27. Provide a copy of the most recent depreciation study for Central City's water system.

28. If Central City has not performed or commissioned a depreciation study, explain how Central City determined the depreciation rate for its assets and identify the person(s) who made the determination.

29. Explain how Central City determined the useful life for the assets listed in Table B of the Testimony of Michael W. McGhee.

30. Are portions of the depreciation for all of Central City’s depreciable assets allocated to MCWD and MCWD3?

31. Provide a copy of the current asset management plan for Central City’s water operations.

32. Provide a copy of the current capital improvement plan for Central City’s water operations.

33. For all mains in the Central City System, complete the table below.

Water Main Size	Total Miles of Line	Miles of Lines Used to Serve MCWD	Miles of Lines Used to Serve MCWD3
16-inch			
14-inch			
12-inch			
10-inch			
8-inch			
6-inch			
4-inch			
2-inch			

34. List all persons on Central City’s payroll during FY 2016 who performed duties on behalf of Central City’s water operations. (Employee may be identified by position or employee number in lieu of name.) For each employee, state his or her job duties, total wages paid during the test year, current salary or wage rate, and the percentage of work hours spent performing duties for the water operations during the test year. If Central City’s records do not permit the allocation of an employee’s work hours among city divisions, provide an estimate for each employee and explain how Central City derived the estimate.

35. Describe the benefits (e.g., health insurance, life insurance, pension costs, etc.) that Central City provides to the employees listed in the response to Question 34 and, for each employee listed in that response, state the cost of each benefit provided.

36. For each employee listed in Question 34, describe how Central City allocated his or her payroll and payroll overhead charges to water operations for the proposed test period. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

37. Provide the amortization schedule for each of the following debt instruments:

a. Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2012A;

b. Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2012B;

c. Department of Agriculture Rural Development Water and Sewer Revenue Bonds, Series 2014; and

d. 2013 Kentucky Rural Water Finance Corporation loan.

38. For each debt instrument listed in Question 37, provide a copy of the loan agreement or bond ordinance.

39. For each debt instrument listed in Question 37, state the required debt service coverage and indicate whether depreciation expense is considered in determining the required debt service coverage.

40. State the purpose and use of the proceeds from the 2013 Kentucky Rural Water Finance Corporation loan.

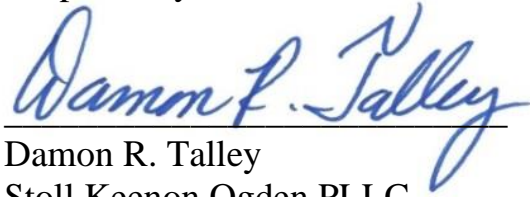
41. State whether the pension expense of \$139,001 that is listed under “General Administrative Expenses-Water” on page 17 of “Audited Financial Statements and Supplemental Schedules For Year-Ended June 30, 2016 and Independent Auditor’s Report” is contained in “Total Operating Expenses” of \$1,846,639 in Table A of the Testimony of Michael W. McGhee.

42. Refer to “Audited Financial Statements and Supplemental Schedules For Year-Ended June 30, 2016 and Independent Auditor’s Report” at 17. State whether the pension expense of \$139,001 that is listed under “General Administrative Expenses-Water” represents more than the actual cash payments made to County Employees Retirement System for FY 2016.

43. Refer to Testimony of Michael W. McGhee, Table B. For each item that is not fully depreciated, indicate how the item’s construction or purchase was originally financed. Did Central City use the proceeds of any of the debt instruments listed in Question 37 to finance the item’s construction or purchase? If so, identify the debt instrument and the amount of proceeds used.

Dated: July 18, 2017

Respectfully submitted,



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District and Muhlenberg County Water
District No. 3*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct electronic copy of the foregoing First Request for Information is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on July 18, 2017; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of the First Request for Information will be delivered to the Commission on or before July 20, 2017.

A handwritten signature in blue ink that reads "Damon P. Talley". The signature is written in a cursive style and is positioned above a horizontal line.

*Counsel for Muhlenberg County Water
District and Muhlenberg County Water
District No. 3*