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October 21, 2005

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

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OCT 21 2005

PUBLIC SERVICE
COMMISSION

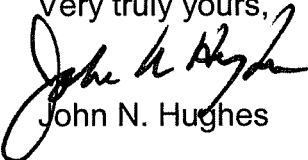
Case No. 2005-00148

Dear Beth:

Northern Kentucky Water District submits for filing its responses to the Commission's third data request. A copy has been delivered to the Attorney General.

If there are any questions about this, please contact me.

Very truly yours,



John N. Hughes

Attorney for Northern Kentucky
Water District

cc: Ron Barrow
Attorney General

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC COMMISSION**

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OCT 21 2005

PUBLIC SERVICE
COMMISSION

**NORTHERN KENTUCKY WATER DISTRICT'S RESPONSE TO THE
COMMISSION STAFF'S THIRD INFORMATION REQUEST**

- Q1. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 8. Commission Staff requested "an itemized estimate of the cost that NKWD will incur to complete the depreciation study by the end of 2005". NKWD provided its agreement with Black & Veatch Corporation ("Black & Veatch") for the depreciation study but no estimate of the cost of the study. Provide NKWD's itemized cost estimate for the depreciation study as originally requested.
- A1. Witness: Barrow. The final draft is currently being reviewed, and the cost spent to date is \$59,699.99. Depending on district staff's review and adjustments I expect the study to not exceed the contract amount of \$100,000.00. See Tab 1 for copies of the Black & Veatch invoices.
- Q2. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 10. Describe the process that NKWD used to plan and approve its construction projects prior to the completion of its Asset Management Program.
- A2. Witness: Harrison. Prior to the completion of its Asset Management Program, the District followed the same basic process but utilized its Hydraulic Master Plan which was submitted to the Commission as a guide for preparing the 5 Year Capital Budget.
- Q3. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 11 (a).
- Q3(a). Between January 1, 2000 and December 31, 2004, NKWD completed only 16 of 41 construction projects (or 39 percent) in the same year in which it began the construction project. Explain why, in light of this experience, NKWD is of the opinion that the proposed multi-year plan's use of budgeted or forecasted construction to adjust rates is reasonable.
- A3(a). Witness: Harrison. Projects constructed by the Northern Kentucky Water District that are not completed in the same year they begin are normally completed within the first few months of the following year. NKWD has a very large capital improvement plan that would be significantly delayed if budgeted or forecasted construction could not be utilized as a basis for establishing rates.

Q3(b). Provide, as the information becomes available, the total actual project cost, variance in dollars, and date of actual end, for the projects listed in the table below :

	Project No.	Project Title
(1)	184-0411.501	SCADA Upgrade Phase 2
(2)	184-0154	Madison Avenue Water Main Replacement
(3)	184-0142	Kettle Road / Rice Road

A3(b). Witness: Harrison. Additional information that is available is being provided for the projects. Each project is substantially complete and in service as of the date shown, but final payment has not been made due to change orders that are still being finalized.

	Project No.	Project Title	Total Budget Cost	Total Actual Cost to Date	Variance in Dollars	Date Substantial Completion
(1)	184-0411.501	SCADA Upgrade Ph. 2	\$2,725,000	\$2,660,007	\$64,993	1/3/2005
(2)	184-0154	Madison Ave Water Main Replacement	\$650,000	\$591,784	\$58,216	4/24/2005
(3)	184-0142	Klette and Rice Road	\$867,013	\$686,786	\$180,227	7/15/2005

- Q3(c). For the 6-year period between 1998 through 2003, NKWD's actual construction cost was approximately 91 percent of the budgeted amounts. Explain why, if NKWD's budgeting methodology is only 91 percent accurate, it is reasonable to use this methodology for the proposed multi-year rate adjustments.
- A3(c). Witness: Harrison. As discussed in the informal conference with the Attorney General, any additional funding that is available due to projects being completed under budget will be utilized to fund additional projects from the District's 5 Year Capital Budget. If projects come in over budget, additional projects may have to be delayed to meet debt service requirements.
- Q4. Given that the majority of NKWD's construction projects are not completed in a calendar year, explain why it is fair, just and reasonable for NKWD's customers to pay rates in one year based upon the construction of utility plant that will not be completed or placed in service until the following year.
- A4. Witness: Barrow. The completion of a project is determined by the final accounting for that project, not necessarily the date of physical completion of the construction. So, the assumption of the question may not be accurate. See Response 11(b) to the Commission's Order of July 29, 2005. Further, the debt for that project is incurred and included in that years expenses. The fact that a portion of the project is not completed in one calendar year does not defer the debt payments that are made in the current year or the periodic payments made to contractors, suppliers and consultants over the course of construction. Customers are merely paying the ongoing costs of a project that have been incurred, but not necessarily fully expensed
- Q5. Compare the multi-year rate plan that NKWD proposes with the multi-year plans that are used by the utilities that Ms. Howe lists as pages 4 and 5 of her Direct Testimony. For each of the listed utilities, describe the similarities and differences of that utility's plan with NKWD's proposal.
- A5. Witness: Howe. The duration of the plans varies by utility, as noted in the original testimony. The general methodology deployed by the utilities is noted in response to question 22 within the Second Information Request. This methodology is generally consistent with the approach to develop subsequent years of NKWD's multi-year plan. Differences with respect to regulatory environment have also been noted in response to question 22. A significant differentiator between the plans used by the utilities listed and the District's plan is the inclusion within the NKWD approach of the look-back process and the 5 percent cumulative threshold that requires filing of a new plan. These aspects of NKWD's plan represent advanced control mechanisms that are typically not required in a municipal utility, particularly for retail customers.

Q6(a). List and describe all alternate proposals to the proposed multi-year rate that NKWD considered.

A6(a). Witness: Howe/Barrow. The only alternative considered was the ULH&P Accelerated Main Replacement Program Rider (AMPR).

Q6(b). For each listed proposal, explain why NKWD declined to use that proposal.

A6(b). Witness: Howe/Barrow. As noted in A33(b) of NKWD's Response to Commission Staff's Second Information Request, apparent lack of staff support prompted a search for a different solution.

Q6(c). Provide all studies and analyses that NKWD performed or commissioned on each of the alternate proposals listed in Item 6(a).

A6(c). Witness: Howe/Barrow. As noted in A17 of NKWD's Response to Commission Staff's Second Information Request, aside from the analysis provided by Black & Veatch, no other studies have been commissioned, including analysis of the ULH&P AMPR.

Q7. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 26(a). NKWD refer to a witness Lee. Identify this witness and state his or her qualifications to testify on the issue of the use of multi-year test periods.

A7. Witness: Barrow. Carryn Lee is a consultant for the District on this case. She is a former staff member of the Commission and currently employed by the Kentucky Rural Water Association. She has many years experience dealing with rate making issues and is fully qualified to provide testimony on rate design issues, including multi-year plans.

Q8. In response to Commission Staff's Second Information Request, Item 27, NKWD states that no formal cost-benefit analysis of the use of a multi-year rate methodology has been performed. Explain why NKWD has not performed such an analysis.

A8. Witness: Barrow/Howe. To perform a cost benefit analysis there must be information available to compare the time, materials, labor, and other factors involved in each scenario being considered. Because there has been no multi-year rate plan approved by the Commission, there is nothing to compare the current stand alone rate case process to. Because the District had nothing to compare its current costs with, it could not perform a detailed analysis of the benefits of something that currently does not exist, namely a multi-year filing template approved by the Commission.

In lieu of such an analysis, the District had to make certain assumptions about what it expected a multi-year process to entail. Using that process as described in various responses of Ms. Howe and Mr. Barrow in the previous responses to the Commission, the District determined that there is a possibility of savings due to such things as reduced consultant's fees, staff time, administrative costs and debt financing.

- Q9. At page 3 of his direct testimony, C. Ronald Lovan states that "I believe that a multi-year rate adjustment is an alternative, that will make the rate setting process more cost-effective for our customers." State the basis of Mr. Lovan's opinion. Provide all studies and analyses upon which he relied to reach his opinion.
- A9. Witness: Lovan. Mr. Lovan's testimony is based on discussions with Black & Veatch and staff about the possibility of reducing rate case expenses by reducing the number of cases filed, minimizing consultant's fees, internal staff time and resources and financing costs. No written studies or analyses were performed or reviewed.
- Q10. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 28(a) and 28(b). In these responses, Ms. Howe states that she reviewed NKWD's budgeting process to see if it is reliable and accurate, but Ms. Howe concludes that NKWD's approaches to budgeting are appropriate and reasonable. Describe the nature of the review that Ms. Howe performed of NKWD's budgeting process.
- A.10. Witness: Howe. I reviewed NKWD's budgeting process to ensure appropriate and reasonable steps are taken to produce a reliable and accurate budget. Variances will occur as a result of normal operations. As noted in A3(c) of this response, the look-back process and the cumulative 5 percent threshold in total revenue requirements have been included in the multi-year proposal to address potential variances to the multi-year plan.
- Q11. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 29. State whether Ms. Howe believes that NKWD's budgeted and forecasted construction costs are a reliable and accurate basis for adjusting rates even if NKWD's actual construction costs are historically only 90 percent of its budgeted construction costs.
- A11. Witness: Howe. Yes, so long as the cumulative impact of this variance on planned revenue requirements does not exceed 5 percent. If that threshold is met, a new rate case is required under the terms of this multi-year proposal.

Q12. Refer to NKWD's Response to Commission Staff's Second Information Request, Items 31 and 32.

Q12(a). In its responses NKWD only addressed the look back process. Describe the information that NKWD proposes to file to support its annual increase.

A12(a).Witness: Howe. Information included in the look back analysis is addressed in my pre-filed testimony, pages 7 through 9, with specific detail starting on page 8, line 13.

Q12(b). Describe the review process that NKWD proposes that the Commission use in reviewing the annual filing described in 12(a).

A12(b).Witness: Howe. Please refer to A32 in NKWD's Response to Commission Staff's Second Information Request.

Q12(c).The filing requirements for forecasted or budgeted financial information to support an increase in rates are set forth in KRS 278.192 and 807 KAR 5:001, Section 8. Explain why NKWD should not follow these filing requirements when submitting its annual increase requests.

A12(c).Witness: Howe. The filing requirements noted above are most effective in addressing major capital expansion plans. The multi-year proposal by NKWD is focused on recovering expected operating and capital costs, controlled by the look-back process. If the look back process becomes as cumbersome as a rate filing, particularly a future test year filing, there will be no savings to the district. The point of this proposed mechanism is to minimize rate case expenses. Filing all information required of a future test year application defeats the purpose of the proposal.

Q13. Compare NKWD's proposed multi-year rate plan with the multi-year plan approved by the California Public Utilities Commission in Decision 04-06-018 on June 9, 2004 in Proceeding R0309005. List and describe the similarities and differences between the two plans.

A13. Witness: Howe. The proceedings adopted by the California PUC were prompted by new legislation requiring a general rate case (GRC) every three years for Class A water utilities. The GRC will include 3 years, rather than 5 years as proposed in the NKWD multi-year plan. The first GRC year is approached as a traditional test year, with two escalation years. The California PUC has specified tactical procedures for escalating costs in the second two years based on inflation factors, a five year average of routine capital expenditures, and a CIP plan for major improvements. These standards were set out of necessity as increased filing demands caused by the new legislation were anticipated to exceed processing capabilities of current Commission staff. Such standards have not been defined in Kentucky. In the first test year, NKWD's approach is based on a traditional known and measurable framework. Subsequent test years reflect the approved CIP program, related to debt service and depreciation expenses, and estimates of future operating expenses trended from the initial test year. The California proceedings offer a provision for interim rate relief should a decision by the California PUC be delayed, but does not include provisions for a look-back process. NKWD's approach allows for implementation of rates with subsequent control on cost recovery applied through the look-back process.

Q14. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 34(c).

Q14(a). Explain how, if the annual increases are based upon budgets or forecasts of construction, debt, operating revenues and operating expenses, the increases allow NKWD the opportunity to recover known increases in the operations quickly and efficiently.

A14(a). Witness: Howe. The first year of the multi-year filing is based on the traditional known and measurable approach. Subsequent years represent reasonable extensions of the first year's known and measurable expenses. When controlled by the look-back process, the multi-year plan allows for annual increases in a time frame that would not be possible under conventional rate case filings.

Q14(b). Describe the nature of the review that NKWD believes that the Commission should undertake in annual review proceedings.

A14(b). Witness: Howe. The nature of the review is expected to include review of variances, and approval for recommended adjustments noted in the look-back analysis to true-up rates. We expect the look-back process to ensure recovery of costs meeting known and measurable standards, and to provide adjustments to rates if variances are noted.

Q15. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 34(d).

Q15(a). Describe the assurances or guarantees that the Commission will have under NKWD's proposal that proposed or budgeted construction project will actually occur in the proposed or budgeted time period if NKWD does not apply for a Certificate of Public Convenience and Necessity for that project.

A15. Witness: Harrison. By filing for an annual rate adjustment, the District will be providing the Commission with actual capital construction projects, costs and their status each year. Unlike current practice of bi-annual or tri-annual rate filings, the Commission will have more current information about all projects.

Q15(b). In its approval of the Accelerated Main Replacement Program Rider ("AMRP") for the Union Light Heat and Power ("ULH&P"), the Commission found that each main replacement project included in ULH&P's proposed AMRP is considered "construction" outside "ordinary course of business" because it involved a sufficient capital outlay to materially affect the existing condition of the utility and ultimately results in an increase in customer rates.¹ Explain why the same finding should not be made to any construction project included in NKWD's multi-year rate proposal.

A15(b). Witness: Harrison. Requiring certificates of convenience and necessity for all projects will make a multi-year plan unworkable. Currently most of the District's projects are ordinary construction. No detailed engineering plans or other information required for a certificate project are prepared. The added time and cost to prepare all required information and to submit it to the Commission would increase the cost of each project, delay the start of the project, negatively impact the timing and coordination of many of the projects and increase legal, engineering and staff expenses. Projects that require a certificate of convenience and necessity require contractors to hold their bids for 90 days. Even with this extended time frame, the District has had to ask Contractors to extend this period of time in order to receive a certificate from the Commission. Contractors must increase their bids to account for increases in labor, materials and subcontractor costs because of this delay. Projects that do not require a certificate of convenience and necessity are typically awarded within 30 to 45 days of bid opening. Material costs alone for pipe for example can increase 10 percent or more in one month. Contractors will not typically accept the additional risk of having to hold their bids for a 90 day plus time frame without raising their bid price accordingly.

- Q16. The AMRP that the Commission approved for ULH&P allows for an annual adjustment based upon actual construction costs incurred in the proceeding calendar year. Explain why NKWD did not propose a mechanism that bases an annual adjustment on actual construction costs incurred in a previous calendar year rather than an adjustment based upon budgeted and forecasted construction costs.
- A16. Witness: Howe. Using the budgeted and forecasted approach, the multi-year approach more closely matches rates in effect with associated operating and capital costs. The multi-year approach also deploys the look-back process to ensure rates and associated costs do not become materially disconnected.
- Q17. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 35(b). NKWD's response was not responsive. Explain how this proposed adjustment differs from the adjustment that the Commission rejected in Case No. 2002-00105² as a "budgetary adjustment based upon projected customer growth".
- A17. Witness: Barrow. In Case 2002-00105, the Commission disallowed an adjustment for additional customers because the adjustment was based on a budget projection. In spite of the testimony at the hearing in that case that the projection was based on historical growth, the Commission did not accept any projected customer growth for calculation of revenue.

In the current case, the District has proposed an adjustment to customers based on test year customers and historical customer growth. That number is consistent with the District's budget projections. The only means of projecting customer growth is to adjust test year customers by an average number of customers added over the past several years.

The District specifically looked at this item and made a pro forma adjustment, just as for other similar revenue adjustments.

Q18. Refer to NKWD's Response to Commission Staff's Second Information Request, Items 36(a) and 36(c).

Q18(a). The invoices from Black & Veatch contain the amount of time billed and hourly billing rate, but do not include detailed descriptions of the services provided. For each amount that Black & Veatch billed, provide a detailed description of the service provided.

A18(a).Witness: Barrow. The District does not have detailed descriptions of services provided for each time billed, This information was not provided by Black & Veatch.

Q18(b). Provide an itemized analysis of the costs that NKWD has incurred to date for its multi-year rate proposal.

A18(b).Witness: Barrow. There is no separate tracking of the individual cost of the component of the multi-year proposal. The contract with Black & Veatch calls for multi-year rate structure to be one of the items provided by the cost of service study, but the charges were not isolated.

Q18(c). Several invoices from NKWD's Attorney John Hughes assessed a fee for multi-year research. Describe the nature of this research and provide all documents Mr. Hughes provided to NKWD relating to his research.

A18(c).Witness: Barrow. The research involved reviewing legal and regulatory documents related to state and federal regulatory agencies adoption of multi-year rate plans.

No documents were provided to the District.

Q19. Refer to NKWD's Response to Commission Staff's Second Information Request, Items 37(a) and 37(b).

Q19(a). NKWD refers to a witness Buhrlage. Identify this witness and provide his or her qualifications.

A19(a). Witness: Barrow. Mr. Buhrlage is the Manager of Human Resources and IT for the District. He holds a BA in psychology and MA in Industrial Relations.

Q19(b).Identify any employee positions that are currently vacant. Include the annual pro forma salary, the pro forma benefits and the expected date the positions will be filled.

A19(b).Witness: Buhrlage. The only position not filled is the Executive Administrative Position. The pro forma salary is \$42,000, benefits \$16,800, and the date to be filled is unknown at this time, but is expected to be filled before the end of 2006.

Q20. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 42. For each item listed in Schedule 1 of this Request, provide a description of the expenditure that was originally requested.

A20. Witness: Barrow. Please refer to Tab 20.

Q21. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 43. For each item listed in Schedule 2 of this Request, provide a description of the engineering service that was originally requested.

A21. Witness: Harrison. Please refer to Tab 21.

Q22. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 4. For each item listed in Schedule 3 of this Request, provide a description of the legal service that was originally requested.

A22. Witness: Barrow. Please refer to Tab 22.

Q23. Provide a comparison of NKWD's rate case expenses (include internal staff, consultant and legal expenses) for its most recently completed rate case and NKWD's estimated rate case expenses in annual rate adjustment proceedings under the proposed multi-year rate mechanism.

A23. Witness: Barrow. Please refer to Tab 23. District staff time is not charged to the rate case expense in either case. The District will make sure in future rate cases that District staff and materials are charged to the cost of the rate case.

Q24. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 52. State whether the leak adjustment is one and one-half times the customer's average bill.

A24. Witness: Lofland. No. This type of adjustment is calculated by establishing a customer's average bill (usage), subtracting that amount from the total billed amount, dividing the remaining usage by one half then adding this to the previously established average. "Average plus one half the water lost". This has not changed form previously approved tariff.

Q25. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 68.

Q25(a). State whether all fire connections (excluding fire connections that are separately metered) have a detector meter setting as described.

A25(a). Witness: Harrison. Not all fire connections have a detector meter setting as described.

Q25(b). State whether this detector meter provides a volume measurement of water that flows through the 5/8 inch x 3/4 inch meter. If no, state whether the detector meter merely detects the flow of water without any measurement.

A25(b). Witness: Harrison. The detector meter provides a volume measurement of water that flows through the 5/8 inch x 3/4 inch meter.

Q25(c). Explain why, if detector meters measure the volume of water that flows through the by-pass line, water usage must be estimated.

A25(c). Witness: Harrison. The by-pass meter only measures a very small volume of the water that may flow through the main fire sprinkler system line. This is why it is considered a detector meter. It only accurately measures flow through the bypass, not the main fire sprinkler line.

Q26. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 50(b). NKWD states that "a service charge applies only when service is disconnected." Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 5, Section 1 – General Provisions, Paragraphs 12 – 14 each of which references a service charge but makes no mention of service being disconnected.

A26. Witness: Lofland. The Second information request has been misquoted. The answer in the second information request, item Q50 (b) states: "Further, the service charge will only be applied if a work-order has been created and completed for disconnection of service".

Q26(a). State whether NKWD will disconnect service in each of the instances set forth in Paragraphs 12 through 14.

A26(a). Witness: Lofland. Yes. The water service will be disconnected in both General Provisions #12 and #14, until NKWD has investigated and ascertained that water is properly metered and account ownership is established.

Q26(b). If NKWD will not disconnect service, explain the purpose of the service charge.

A26(b). Witness: Lofland. Does not apply.

Q27. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 50(c). List each cost component that comprises the service charge fee of \$25.00 and describe how this component was determined. Provide all workpapers, state all assumptions, and show all calculations used to ascertain each component.

A27. Witness: Barrow. The charge of \$25.00 has already been approved by the Commission and is currently in our tariffs. The District is requesting a name change. Our current tariff states it as a reconnection fee and we simply want to change the name to service charge.

Q28. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 16, Section XVII, fourth paragraph.

Q28(a). State the amount of the reconnection fee.

A28(a). Witness: Harrison. This fee is based upon the actual time, materials and equipment necessary to reconnect a previously abandoned service connection and is not associated in any way with the "Service Charge" fee of \$25 which was previously referred to as a reconnection fee. This new reconnection charge is designed to offer the customer the opportunity to pay less than the full cost of a new service, if portions of the existing, abandoned service may be re-used. It is not possible to state the amount because it will vary case by case because of the numerous different circumstances that may exist with an abandoned service connection. The NKWD has capped this cost to not exceed the cost of a new service connection for the appropriate size of service to give the customer an upper most limit to this fee.

Q28(b). List each cost component that comprises the reconnection fee and describe how this component was determined. Provide all workpapers, state all assumptions, and show all calculations used to ascertain each component and provide cost justification for that amount.

A28(b). Witness: Harrison. NKWD cannot breakdown the components, which is why it proposes to utilize its Invoice Billing Policy based upon costs for labor, materials and equipment utilized by the NKWD.

Q28(c). State where the amount and definition of the charge are stated in NKWD's Proposed Tariff.

A28(c). Witness: Harrison. NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 16, section XVII, fourth paragraph describes the reconnection charges.

Q29. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 59.

Q29(a). Explain why NKWD proposes to waive the deposit for "governmental type groups."

A29(a). Witness: Harrison. NKWD proposes to waive the deposit for "governmental type groups" because NKWD has never had any problems collecting revenue for water used due to stable nature of this group.

Q29(b). Define "governmental type groups."

A29(b). Witness: Harrison. NKWD defines governmental type groups as cities, counties, school boards, fire departments and other similar groups.

Q29(c). Explain why NKWD does not list the types of entities that are eligible for a waiver of the deposit.

A29(c). Witness: Harrison. NKWD is willing to include the answer to 29(b) in its Proposed Tariff.

Q29(d). State whether any other entities aside from "governmental type groups" will be eligible for a waiver of the deposit.

A29(d). Witness: Harrison. No other groups are eligible.

Q30. Refer to NKWD's Response to Commission Staff's Second Information Request, Item 61(b). This response refers to a meter investigation charge that is based upon NKWD's Invoice Billing Policy. Explain why a "meter investigation charge" is not listed as a miscellaneous service fee in NKWD's proposed tariff.

A30. Witness: Harrison. It is not listed as a miscellaneous service fee because it is not a specific cost. It will vary depending upon the actual time spent reviewing the cause of unauthorized use of a private fire protection service.

Q31. Refer to NKWD's Application, Exhibit N, Revenue Requirements, Schedule 5; NKWD's Response to Commission Staff's Second Information Request, Item 4.

Q31(a). State the account number to which the Surcharge Revenues in the amount of \$481,467 are charged in the General Ledger.

A31(a). Witness: Barrow.

Total Surcharge revenue for 2004 from all Districts and related GL Accounts,

<u>GL Account</u>	<u>Description</u>	<u>Amount</u>
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NKWD
Rate Case 2005-00148

242-0003-000	Surcharges for Sub-District A	\$65,996.71
242-0004-000	Surcharges for Sub-District B	62,919.88
242-0005-000	Surcharges for Sub-District R	52,026.76
242-0006-000	Surcharges for Sub-District RL	38,593.75
242-0061-000	Surcharges for Sub-District C	241,543.59
242-0063-000	Surcharges for Sub-District D	41,925.00
242-0067-000	Surcharges for Sub-District E	29,352.62
242-0068-000	Surcharges for Sub-District RF	33,227.62

		\$ 565,585.93

Q31(b). State whether the amount of \$ 481,467 is the total surcharge revenues collected from all sub-district customers.

A31(b). Witness: Barrow. See response to Q31(a).

Q32. Refer to NKWD's Application, Exhibit N, Revenue Requirements, Schedule 3. State whether the annual debt service requirement in the amount of \$ 12,541.807 represents the average annual principal and interest payments on all outstanding long-term debt of the District and is totally inclusive of the annual principal and interest payments retired with sub-district surcharge collections.

A32. Witness: Howe. Yes, the average annual principal and interest payments reflected in Schedule 3 include all bonded indebtedness of NKWD, including portions applicable to sub-districts. However, Schedule 5 includes a credit for surcharge revenues that is applied against total revenue requirements, including debt service. Therefore, costs associated with sub-district surcharge capital are not reflected in the user charges.

Q33. Refer to NKWD's Response to Commission Staff's First Information Request, Item 4.

Q33(a). Describe the nature of each amount charged to Account No. 635-3003-022, TMTD Discharge to Sanitary.

A33(a). Witness: Joslyn. During the water treatment process, sedimentation basins and filters collect dirt and must then be cleaned by flushing. From 1955 to 1995, solids from the Taylor Mill Treatment Plant were discharged to Banklick Creek. With the implementation of new regulations in 1995, NKWD sent any liquid found in the solids to the sanitary sewer. Annual costs for discharge to the sanitary sewer have increased each year reaching a projected high of \$300,000 in 2004. A present worth analysis conducted by Black & Veatch in October, 2002 and again in August, 2004 showed that installing a clarifier to treat the backwash discharge at a 20 year present worth value of \$1,389,000 vs. \$2,884,000 for

continuing to discharge to the sanitary sewer would be the best value for the District. Payback for the clarifier installation is estimated at 5 years. The District is currently in design for the construction of this project.

Q33(b). Describe the nature of each amount charged to Account No. 635-3004-002, Safety Training –MPTP. State whether these charges recur on an annual basis.

A33(b). Witness: Buhrlage. Account # 635-3004-002 is for Carbon Lease at our Taylor Mill Treatment Plant. This is a recurring charge.

The Account # titled Safety Training MPTP is 635-3004-029. This account is mis-titled and should be Contract Phone Service. All charges are for Cincinnati Bell and are recurring. The account description has now been changed in the District's system.

Q33(c). Describe the nature of each amount charged to Accounts No. 635-4000-029, Contract Serv. Painting and No. 635-6001-025, Contract Serv. Painting. State whether these charges recur on an annual basis. Explain how these charges differ from those that are deferred and amortized to Account No. 635-6001-027, Water Tower Painting Write Off.

A33(c). Witness: Barrow. Account 635-4000-029 is a contractual services account for maintenance to the Memorial Parkway Treatment Plant. Account 635-6001-025 is a contractual services account for Painting other than water towers. Account 635-6001-027 is the account used to track painting of water towers. The District records the payments as a prepaid payment and then expenses the cost out over ten years. For a copy of the detailed account analysis for each account refer to Tab 33(c).

Q33(d). Provide all workpapers showing the determination of the amount charged to Account No. 635-6001-027, Water Tower Painting Write Off, \$ 390,746.98.

A33(d). Witness: Barrow. Please see Tab 33(d).

Q33(e-1). Describe the nature of each amount charged to Account No. 635-6012-031, Contract Serv. Mainline Cleaning & Lining.

A33(e-1). Witness: Barrow. The charges are invoices from Aqua Rehab and Bodycote Polymer/Brounman Lab for the labor and material to reline water mains.

Q33(e-2). State whether these charges recur on an annual basis.

A33(e-2). Witness: Barrow. Yes, these are recurring charges. The District budgets \$700,000 to \$900,000 each year for this process.

Q33(e-3). Explain why these amounts should be expensed rather than capitalized and depreciated.

A33(e-3). Witness: Barrow. The District has reviewed this cost with its independent auditor, and since the process in most cases is not actually extending the life of the lines, it is getting the lines to last for their estimated life. In the case where a line is fully depreciated, then the cost would be book as capital versus an expense.

Q33(e-4). Provide a comparison, listed by account number and title, of the amounts charged to expenses for Mainline Cleaning and Lining for the previous 10 years. This comparison should not be limited to Account 635-6012-031, but should include all amounts expensed for cleaning and lining regardless of the account charged.

A33(e-4). Witness: Barrow. The District started this process in 1999. Please refer to Tab 33 (e-4) for cost analysis by each year.

Q33(f-1). Describe the nature of each amount charged to Account No. 635-7005-052, Contractual Service Temps.

A33(f-1). Witness: Buhrlage. All charges related to this account were due to the implementation and conversion from Convergys to AUS Customer Information System for customer accounts & billing. These charges will not recur.

Q33(f-2). Identify any amounts incurred for temporary services charged to other accounts.

A33(f-2). Witness: Buhrlage. There are none.

Q33(f-3). State whether any of the temporary services would be required if NKWD were fully staffed. If yes, explain.

A33(f-3). Witness: Buhrlage. Yes. In the Customer Service Department we were fully staffed at the time of installation of the new billing system. Temps were needed to assist in the conversion as stated in response to Q33(f-1).

Q33(f-4). Does the pro forma salary and wage included in the revenue requirements of this case represent full staffing of the District ? If no, explain.

A33(f-4). Witness: Buhrlage. Yes.

Q33(g). Describe the nature of each amount charged to Account No. 659-8000-076, Insurance Expense – Public Officials.

A33(g).Witness: Barrow. This coverage is for the members of the Board of Commissioners. This is a separate policy from the District's general liability coverage.

Q33(h). Describe the nature of each amount charged to Account No. 659-8000-079, Insurance – Officials.

A33(h).Witness: Barrow. This coverage is part of the District General Insurance Package that provides coverage to the District for protection against theft, crime, etc of District Staff members.

Q33(i). Describe the nature of each amount charged to Account No. 70-7000-054, Bad Debt Expense.

A33(i).Witness: Barrow. The District does not have an account number 70-7000-054, but District is assuming that the commission is refer to 670-7000-054 which is listed as Bad Debt. This account records customer accounts that are determined to be uncollectible and their arrears are written off to this account. Any bad debts that are later collected by the District or its collection agency are credited to this expense account.

Q34. Describe the process that NKWD uses to identify, accrue and write-off bad debts.

A34. Witness: Barrow. The District's billing system is programmed to determine when sixty days have passed after a final bill has been issued. The system prints out a report daily of the accounts that have not been collected within sixty days after the final bill was issued. Then the account is written off as bad debt and turned over to a collection agency for collection.

Q35. State the range of percentage that NKWD considers reasonable for Bad Debt Expense to Water Sales Revenue.

A35. Witness: Barrow. The District follows the General Accounting Principle of 2% or less. In the year of 2004 the percentage was 1.4%, and current year, through September, is 1.6%.

Q36. Describe all actions that NKWD has taken to control its bad debt expense.

A36. Witness: Lofland. NKWD has never enforced the previously approved cash deposit (Section VIII, #5) opting instead to aggressively enforce the current disconnect tariff. However, NKWD intends to pursue the enforcement of the cash deposit tariff, more easily managed by the recently converted Customer Information System (CIS Infinity).

Q37(a). State the number of customers, as of December 31, 2004 that NKWD required to make a deposit to continue water service.

A37(a). Witness: Lofland. None.

Q37(b). State whether NKWD requires a customer to make a deposit in any instance other than when the customer has been delinquent in the payment of his or her bill for water service.

A37(b). Witness: Lofland. Hydrant Usage Deposit (Fire Hydrant Meter) Section XX- Fire Hydrant Usage Permits.

Q37(c). State whether, in NKWD's opinion, its current customer deposit policy minimizes bad debt expense. Explain.

A37(c). Witness: Lofland. NKWD's opinion is that enforcing the deposit policy will reduce bad debt write-off. Currently the deposit policy is not enforced.

Q37(d). Identify any revisions in NKWD's current customer deposit policy that would further minimize bad debt expense. For each revision listed, state when NKWD expects to implement such revision. If NKWD does not intend to implement such revision, explain why not.

A37(d). Witness: Lofland. None. NKWD intends to enforce the previously approved deposit policy.

Q38. Refer to NKWD's Application, Exhibit N, Revenue Requirements, Schedule 3 and NKWD's response to Commission Staff's First Information Request, Item 4.

Q38(a). Identify the account number to which the Reserve in the amount of \$ 375,101 is recorded in the General Ledger.

A38(a). Witness: Barrow. This amount is 1/10 of the funds received. Per rate case order 2002-0105, the funds are to be written off over ten years. In the year that the funds were received, a cash reserve account 133-0140-000 was debited and miscellaneous income was credited for the full amount. At the end of each year 1/10 is transferred from account 133-0140-000 to general cash account 131-0003-000.

Q38(b). Identify the account number to which the Early Termination amount of \$ 68,584 is recorded in the General Ledger.

A38(b). Witness: Barrow. Please refer to the response to Q38(a).

Q39. Provide the age and material of the pipe that will be replaced as part of the Grand Avenue Water Main Replacement Project.

A39. Witness: Harrison. The approximate pipe ages for the unlined cast iron water mains being replaced by the Grand Avenue Water Main Replacement Project are as follows: 90 years for Grand Avenue and Cleveland Avenue; 70 years for Kolman Avenue and Buds Way; and 50 years for Parkview Avenue.

Q40. List and describe each complaint that NKWD has received since January 1, 1995 from customers who are currently through facilities that will be replaced as part of the Grand Avenue Water Main Replacement Project. Provide copies of all written complaints or written summaries of such complaints.

A40. Witness: Harrison. The following main breaks and unexplained dirty water complaints have occurred since January 1997. Additional complaints may have occurred that were explained by known activities such as breaks or fire department activities. Explained complaints are not indicative of a chronic red water problem and are not tracked for purposes of the main replacement and rehabilitation program.

History of Main Breaks for Grand Avenue Main Replacement Project

Work Order	Address	Date	Pipe Size, inches	Pipe material
02-05785	204 Grand Avenue	11/21/2002	6	Cast Iron
04-01001	615 Grand Avenue	2/6/2004	6	Cast Iron
04-01190	637 Grand Avenue	2/13/2004	6	Cast Iron
05-01355	500 Grand Avenue	3/9/2005	6	Cast Iron
H-04843	303 Grand Avenue	7/27/1997	6	Cast Iron
H-111497	115 Grand Avenue	11/14/1997	6	Cast Iron
H-22831	629 Grand Avenue	8/14/2001	6	Cast Iron
02-01249	4829 Kolman Avenue	3/28/2002	6	Cast Iron
04-03310	4821 Kolman Avenue	5/14/2004	6	Cast Iron
H-19701	4815 Kolman Avenue	11/10/2000	6	Cast Iron
02-01246	636 Cleveland Avenue	3/30/2002	6	Cast Iron
04-00293	638 Cleveland Avenue	1/8/2004	6	Cast Iron
04-00059	709 Parkview Avenue	12/31/2003	6	Cast Iron
04-07489	715 Parkview Avenue	11/26/2004	6	Cast Iron

History of Dirty Water Calls for Grand Avenue Main Replacement Project

House Number	Street	Date	Problem
4777	Buds Way	7/25/1998	Dirty Water
629	Cleveland Avenue	8/8/1998	Dirty Water
206	Grand Avenue	8/22/1998	Dirty Water
4777	Buds Way	11/30/1998	Dirty Water
206	Grand Avenue	1/21/1999	Dirty Water
620	Cleveland Avenue	4/13/1999	Dirty Water
620	Cleveland Avenue	4/14/1999	Dirty Water
4777	Buds Way	4/30/1999	Dirty Water
206	Grand Avenue	9/28/1999	Dirty Water
4777	Buds Way	12/29/1999	Dirty Water
611	Cleveland Avenue	4/11/2000	Dirty Water
4777	Buds Way	4/24/2000	Dirty Water
616	Cleveland Avenue	5/8/2000	Dirty Water
627	Cleveland Avenue	5/8/2000	Dirty Water
4780	Buds Way	7/10/2000	Dirty Water
636	Cleveland Avenue	11/10/2000	Dirty Water
639	Grand Avenue	11/10/2000	Dirty Water
605	Cleveland Avenue	11/13/2000	Dirty Water
4838	Kolman Avenue	2/11/2001	Dirty Water
4838	Kolman Avenue	2/12/2001	Dirty Water
620	Cleveland Avenue	4/17/2001	Dirty Water
636	Cleveland Avenue	5/27/2001	Dirty Water
615	Grand Avenue	2/8/2002	Dirty Water
641	Grand Avenue	2/8/2002	Dirty Water
4817	Kolman Avenue	2/9/2002	Dirty Water
4819	Kolman Avenue	2/20/2002	Dirty Water
103	Grand Avenue	4/2/2002	Dirty Water
105	Grand Avenue	4/2/2002	Dirty Water
645	Grand Avenue	5/14/2002	Dirty Water
601	Grand Avenue	7/30/2002	Dirty Water
4808	Howard Avenue	7/30/2002	Dirty Water
519	Grand Avenue	9/20/2002	Dirty Water
621	Cleveland Avenue	1/3/2003	Dirty Water
639	Grand Avenue	3/10/2003	Dirty Water
615	Cleveland Avenue	3/11/2003	Dirty Water
624	Cleveland Avenue	4/8/2003	Dirty Water
629	Cleveland Avenue	4/8/2003	Dirty Water
604	Cleveland Avenue	4/9/2003	Dirty Water
609	Cleveland Avenue	4/9/2003	Dirty Water
3	Grand Avenue	6/3/2003	Dirty Water
615	Cleveland Avenue	2/19/2004	Dirty Water
4808	Howard Avenue	2/19/2004	Dirty Water

Q41. Provide all flow analyses that NKWD has conducted or commissioned on current NKWD facilities that will be replaced as part of the Grand Avenue Water Main Replacement Project.

A41. Witness: Harrison. Results from flow tests for the Grand Avenue Water Main Replacement Project are presented in the table below.

Street	Flow, GPM	Static Pressure, psi	Residual Pressure, psi
Cleveland Avenue	400	100	10
Grand Avenue	455	90	10
Grand Avenue	460	90	11
Kolman Avenue	650	80	22
Kolman Avenue	650	80	22
Parkview Avenue	650	62	20
Parkview Avenue	650	62	20
Grand Avenue	750	70	28
Grand Avenue	790	68	30
Grand Avenue	790	68	30
Grand Avenue	790	68	30
Grand Avenue	790	68	30
Buds Way	890	80	40

- Q42. At page 8 of NKWD's Application, Exhibit O (Corrected), NKWD refers to "deteriorating water quality" in the area currently served by facilities that will be replaced as part of the Grand Avenue Water Main Replacement Project. Define "deteriorating water quality" and provide all reports and analyses regarding the quality of water received from these facilities.
- A42. Witness: Harrison/Joslyn. Deteriorating water quality as it is used here, is defined as aesthetic problems that lead to numerous customer red water complaints that exceed the secondary MCL for Iron but not primary regulations. The detailed listings will be included behind Tab 42.
- Q43. State whether NKWD has requested and received bid proposals for the Grand Avenue Water Main Replacement Project. If yes, provide the bid tabulations and the project engineer's estimate of total constructed project cost. If no, provide the engineer's estimate of total constructed project cost and the date on which NKWD plans to request bid proposals.
- A43. Witness: Harrison. NKWD has requested and received bid proposals for the Grand Avenue Water Main Replacement Project on two occasions. The first was on August 31, 2005. There was only one bid for \$971,222 and this was rejected by the NKWD Board of Commissioners on September 21, 2005 due to only receiving one bid. The second set of bid proposals was received on October 7th, 2005. There were five bids, with the low bid submitted for \$971,222. These bids will be considered at the NKWD Board of Commissioner's Meeting scheduled for October 27, 2005. The estimated total constructed project cost is \$1,140,000. The bid tabulations are included as Tab 43.



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PAGE 1

PLEASE REMIT TO:
BLACK & VEATCH CORPORATION
P.O. BOX 803823
KANSAS CITY MO 64180-3823
FED ID:431833073

CLIENT REF : 140682:0100
INVOICE DATE: 02-SEP-2005
BILLED THRU : 26-AUG-2005
PAYMENT DUE : 02-OCT-2005
TERMS : 30 NET

REC'D SEP 08 2005

OR ELECTRONIC WIRE TRANSFER TO:
BLACK & VEATCH CORPORATION
ACCOUNT NUMBER: 533-642-2
COMMERCE BANK, N.A., KC, MO: USA
ABA NUMBER: 1010-0001-9
TELEX NO. 6715509, S.W.I.F.T. NO. CBKCUS44
***PLEASE INCLUDE INVOICE NUMBER

RON BARROW
NORTHERN KENTUCKY WATER SERVICE DIST
100 AQUA DRIVE
P O BOX 220
COLD SPRING KY 41076-0220

INVOICE NO : 183637
PROJECT NAME: NKWD DEPRECIATION STUDY
PROJECT NO : 140682
B&V CONTACT : WINSLOW, KIMBERLY H
TELEPHONE : 913/458-3276

ENT'D SEP 08 2005

DESCRIPTION	HOURS	RATE	LABOR	EXPENSE	AMOUNT
BRADY, ROBERT J	4.00	175.0000	700.00		700.00
BROWN, CRAIG E	12.00	140.0000	1,680.00		1,680.00
WINSLOW, KIMBERLY H	3.00	175.0000	525.00		525.00
BRADY, ROBERT J				33.36	33.36
HOWE, PEGGY L				382.81	382.81
WINSLOW, KIMBERLY H				29.95	29.95
POSTAGE				8.01	8.01
TECHNOLOGY CHARGE				190.00	190.00
	19.00		2,905.00	644.13	3,549.13
TOTAL DUE (USD)					3,549.13

VENDOR # B19002 VOUCHER # 67054
ACCT # _____ AMT _____
ACCT # _____ AMT _____
ACCT # 635-8000-079 AMT 3,549.13
ACCT # _____ AMT _____
P.O. MATCHED TO INVOICE MP
RR MATCHED TO INVOICE MP
RE-CALCULATE INVOICE ✓ MP

41805

3,549.13

TOTAL BILLED TO DATE

PAID SEP 18 2005

-59-699-99

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MP
9/6/05



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100 AQUA DRIVE
P O BOX 220
COLD SPRING KY 41076-0220

OR ELECTRONIC WIRE TRANSFER TO:
BLACK & VEATCH CORPORATION
ACCOUNT NUMBER: 533-642-2
COMMERCE BANK, N.A., KC, MO. USA
ABA NUMBER: 1010-0001-9
TELEX NO. 6715509, S.W.I.F.T. NO. CBKCUS44
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CLIENT REF : 140682.0100

INVOICE DATE: 02-AUG-2005

BILLED THRU : 29-JUL-2005

PAYMENT DUE : 01-SEP-2005

TERMS : 30 NET

INVOICE NO : 181761

PROJECT NAME: NKWD DEPRECIATION STUDY

PROJECT NO : 140682

B&V CONTACT : WINSLOW, KIMBERLY H

TELEPHONE : 913/458-3276

REC'D AUG 08 2005

DESCRIPTION	HOURS	RATE	LABOR	EXPENSE	AMOUNT
BRADY, ROBERT J	38.00	175.0000	6,650.00		6,650.00
BROWN, CRAIG E	39.00	140.0000	5,460.00		5,460.00
GUHA THAKURTA, SUPARNA	9.00	100.0000	900.00		900.00
HO, PETER Y	12.00	100.0000	1,200.00		1,200.00
HOWE, PEGGY L	8.00	250.0000	2,000.00		2,000.00
NAUMANN, DAVID F	8.00	175.0000	1,400.00		1,400.00
WINSLOW, KIMBERLY H	19.00	175.0000	3,325.00		3,325.00
TECHNOLOGY CHARGE				1,330.00	1,330.00
TOTAL DUE (USD)			20,935.00	1,330.00	22,265.00
TOTAL BILLED TO DATE					56,150.86

VENDOR # B19002 VOUCHER # 66059
ACCT # _____ AMT _____
ACCT # 635-800-079 AMT 22,265.00 121.00
ACCT # _____ AMT _____
ACCT # _____ AMT _____
P.O. MATCHED TO INVOICE ✓
RR MATCHED TO INVOICE ✓
RE-CALCULATE INVOICE ✓

ENT'D AUG 08 2005

22,265.00

INVOICE COMMENTS VALUATION AND DEPRECIATION STUDY

PAID AUG 15 2005



PENALTIES FOR LATE PAYMENT WILL BE ASSESSED AT 15% PER ANNUM, UNLESS OTHERWISE STATED IN THE CONTRACT.

41440

OK
RUB
8/5/05
Acct



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PAGE 1

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ACCOUNT NUMBER: 533-642-2
COMMERCE BANK, N.A., KC, MO. USA
ABA NUMBER: 1010-0001-9
TELEX NO: 6715509, S.W.I.F.T. NO. CBKCUS44
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CLIENT REF : 140682.0100

INVOICE DATE: ~~28-JUN-2005~~
BILLED THRU : 24-JUN-2005
PAYMENT DUE : 28-JUL-2005
TERMS : 30 NET

7.1.05

RON BARROW
NORTHERN KENTUCKY WATER SERVICE DIST
100 AQUA DRIVE
P O BOX 220
COLD SPRING KY 41076-0220

INVOICE NO 179765
PROJECT NAME: NKWD DEPRECIATION STUDY
PROJECT NO : 140682
B&V CONTACT : SULLIVAN, THOMAS J
TELEPHONE : 913/458-3645

REC'D JUL 27 2005

DESCRIPTION	HOURS	RATE	LABOR	EXPENSE	AMOUNT
BRADY, ROBERT J	29.00	175.0000	5,075.00		5,075.00
BROWN, CRAIG E	20.00	140.0000	2,800.00		2,800.00
HO, PETER Y	9.00	100.0000	900.00		900.00
TECHNOLOGY CHARGE				580.00	580.00
	58.00		8,775.00	580.00	9,355.00
TOTAL DUE (USD)					9,355.00

ENT'D JUL 28 2005

TOTAL BILLED TO DATE

INVOICE COMMENTS VALUATION AND DEPRECIATION STUDY

VENDOR # B19002 33,885.86
 VOUCHER # 65768
 ACCT # _____ AMT _____
 ACCT # 635-8000-079 AMT 9,355.00
 ACCT # _____ AMT _____
 ACCT # _____ AMT _____
 P.O. MATCHED TO INVOICE ✓
 RR MATCHED TO INVOICE ✓
 RE-CALCULATE INVOICE ✓

OMB
7-25/05
Contractual Services

41276

PENALTIES FOR LATE PAYMENT WILL BE ASSESSED AT 15% PER ANNUM, UNLESS OTHERWISE STATED IN THE CONTRACT.

PAID JUL 29 2005

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 100 AQUA DRIVE
 P.O. BOX 220
 COLD SPRING KY 41076-0220

OR ELECTRONIC WIRE TRANSFER TO:
 BLACK & VEATCH CORPORATION
 ACCOUNT NUMBER: 533-642-2
 COMMERCE BANK, N.A., KC, MO. USA
 ABA NUMBER: 1010-0001-9
 TELEX NO. 6715509, S.W.I.F.T. NO. CBKCUS44
 ***PLEASE INCLUDE INVOICE NUMBER

CLIENT REF : 140682.0100

INVOICE DATE: 06-JUN-2005
 BILLED THRU : 27-MAY-2005
 PAYMENT DUE : 06-JUL-2005
 TERMS : 30 NET

INVOICE NO : 178159
 PROJECT NAME: NKWD DEPRECIATION STUDY
 PROJECT NO : 140682
 B&V CONTACT : SULLIVAN, THOMAS J
 TELEPHONE : 913/458-3645

REC'D JUN 15 2005
 ENT'D JUN 15 2005

DESCRIPTION	HOURS	RATE	LABOR	EXPENSE	AMOUNT
BRADY, ROBERT J	39.00	175.0000	6,825.00		6,825.00
BROWN, CRAIG E	35.00	140.0000	4,900.00		4,900.00
TECHNOLOGY CHARGE				740.00	740.00
	74.00		11,725.00	740.00	12,465.00
TOTAL DUE (USD)					12,465.00
TOTAL BILLED TO DATE					24,530.86

VENDOR # Blaoda VOUCHER # 64563
 ACCT # _____ AMT _____
 ACCT # _____ AMT _____
 ACCT # 635-8000-079 AMT 12,465.00
 ACCT # _____ AMT _____
 P.O. MATCHED TO INVOICE MP
 RR MATCHED TO INVOICE MP
 RE-CALCULATE INVOICE ✓ MP



INVOICE COMMENTS: VALUATION AND DEPRECIATION STUDY

635-8000-079

PAID JUN 20 2005

40725



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100 AQUA DRIVE
P O BOX 220
COLD SPRING KY 41076-0220

OR ELECTRONIC WIRE TRANSFER TO:
BLACK & VEATCH CORPORATION
ACCOUNT NUMBER: 533-642-2
COMMERCE BANK, N.A., KC, MO. USA
ABA NUMBER: 1010-0001-9
TELEX NO: 6715509, S.W.I.F.T. NO. CBKCUS44
***PLEASE INCLUDE INVOICE NUMBER

CLIENT REF : 140682.0100

INVOICE DATE: 03-MAY-2005
BILLED THRU : 29-APR-2005
PAYMENT DUE : 02-JUN-2005
TERMS : 30 NET

INVOICE NO : 176366
PROJECT NAME: NKWD DEPRECIATION STUDY
PROJECT NO : 140682
B&V CONTACT : WINSLOW, KIMBERLY H
TELEPHONE : 913/458-3276

DESCRIPTION	HOURS	RATE	LABOR	EXPENSE	AMOUNT
BRADY, ROBERT J	10.00	175.0000	1,750.00		1,750.00
TECHNOLOGY CHARGE				100.00	100.00
				100.00	1,850.00
TOTAL DUE (USD)					1,850.00

REC'D MAY 18 2005

ENT'D MAY 18 2005
12,065.86

TOTAL BILLED TO DATE

INVOICE COMMENTS VALUATION AND DEPRECIATION STUDY

VENDOR # Black VOUCHER # 63800
 ACCT # _____ AMT _____
 ACCT # 635-8000-079 AMT 1850.00
 ACCT # _____ AMT _____
 ACCT # _____ AMT _____
 P.O. MATCHED TO INVOICE m p
 RR MATCHED TO INVOICE ✓ p
 RE-CALCULATE INVOICE ✓ p



PAID MAY 23 2005

40425

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OR ELECTRONIC WIRE TRANSFER TO:
 BLACK & VEATCH CORPORATION
 ACCOUNT NUMBER: 533-642-2
 COMMERCE BANK, N.A., KC, MO. USA
 ABA NUMBER: 1010-0001-9
 TELEX NO. 6715509, S.W.I.F.T. NO. CBKCUS44
 ***PLEASE INCLUDE INVOICE NUMBER

CLIENT REF : 140682.0100

INVOICE DATE: ~~31-MAR-2005~~ 4-1-05
 BILLED THRU : 25-MAR-2005
 PAYMENT DUE : 30-APR-2005
 TERMS : 30 NET

INVOICE NO : 174726
 PROJECT NAME: NKWD DEPRECIATION STUDY
 PROJECT NO : 140682
 B&V CONTACT: WINSLOW, KIMBERLY H
 TELEPHONE : 913/458-3276

REC'D APR 05 2005

DESCRIPTION	HOURS	RATE	LABOR	EXPENSE	AMOUNT
LINDSTROM, NATHANIEL T	2.00	140.0000	280.00		280.00
SULLIVAN, THOMAS J	1.00	250.0000	250.00		250.00
WINSLOW, KIMBERLY H	2.00	175.0000	350.00		350.00
TECHNOLOGY CHARGE				50.00	50.00
	5.00		880.00		930.00
TOTAL DUE (USD)					930.00

ENT'D APR 06 2005

TOTAL BILLED TO DATE

10,215.86

VENDOR # 31902 VOUCHER # _____
 ACCT # _____ AMT _____
 ACCT # 635800 079 AMT 930.00
 ACCT # _____ AMT _____
 ACCT # _____ AMT _____
 P.O. MATCHED TO INVOICE m p
 RR MATCHED TO INVOICE m b
 RE-CALCULATE INVOICE v p

INVOICE COMMENTS VALUATION AND DEPRECIATION STUDY

62602

OK
 RAB
 4/9/05

PAID APR 11 2005

39886

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 FED ID:431833073

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 100 AQUA DRIVE
 P O BOX 220
 COLD SPRING KY 41076-0220

OR ELECTRONIC WIRE TRANSFER TO:
 BLACK & VEATCH CORPORATION
 ACCOUNT NUMBER: 533-642-2
 COMMERCE BANK, N.A., KC, MO, USA
 ABA NUMBER: 1010-0001-9
 TELEX NO. 6715509, S.W.I.F.T. NO. CBKCUS44
 ***PLEASE INCLUDE INVOICE NUMBER

CLIENT REF : 140682.0100

INVOICE DATE: 03-FEB-2005

BILLED THRU : 28-JAN-2005

PAYMENT DUE : 05-MAR-2005

TERMS : 30 NET

INVOICE NO : 171799

PROJECT NAME: NKWD DEPRECIATION STUDY ✓

PROJECT NO : 140682

B&V CONTACT : WINSLOW, KIMBERLY H

TELEPHONE : 913/458-3276

DESCRIPTION	HOURS	RATE	LABOR	EXPENSE	AMOUNT
FEHRENBACHER, RYAN J	1.00	100.0000	100.00		100.00
HOWE, PEGGY L	14.00	250.0000	3,500.00		3,500.00
LOOS, LARRY W	14.00	250.0000	3,500.00		3,500.00
WINSLOW, KIMBERLY H	3.00	175.0000	525.00		525.00
HOWE, PEGGY L				736.40	736.40
LOOS, LARRY W				604.46	604.46
TECHNOLOGY CHARGE				320.00	320.00
			7,625.00	1,660.86	9,285.86

REC'D FEB 22 2005

ENT'D FEB 22 2005

VENDOR # B19002 VOUCHER # 61875
 ACCT # _____ AMT _____
 ACCT # _____ AMT _____
 ACCT # 635-8600-079 AMT 9,285.86
 ACCT # _____ AMT _____
 P.O. MATCHED TO INVOICE 14 ✓
 RR MATCHED TO INVOICE 14 ✓
 RE-CALCULATE INVOICE ✓

TOTAL DUE (USD)

TOTAL BILLED TO DATE

INVOICE COMMENTS VALUATION AND DEPRECIATION STUDY

7,625.00
 1,660.86

9,285.86

635-8000-079
 PAID FEB 28 2005



39419

NKWD
Case No. 2005-00148
General Expenditures

Schedule 1
Witness Responsible:
Barrow

						<i>FTTP = Ft Thomas Treatment Plant</i>
						<i>TMTP = Taylor Mill Treatment Plant</i>
		Transaction				<i>WHSE = Warehouse</i>
	Account	Date	Journal No.	Vendor	Amount	Descriptions
1.	620-3000-003	12/28/04	137,848	Fischer Scientific	\$5,013.03	Lab supplies for testing water - FTTP
2.	620-3000-003	12/29/04	137,851	Hach Company	\$2,910.75	Lab supplies for testing water -FTTP
3.	620-3000-022	02/25/04	121,354	Andritz-Ruthner, Inc	\$2,182.36	Supplies for Sludge Press - TMTP
4.	620-3000-022	03/09/04	121,997	Enviroquip Inc	\$2,611.50	Supplies for Sludge Press - FTTP
5.	620-3000-022	05/07/04	124,866	Rawdon Myers Inc	\$3,200.00	Sludge Valve # 2 Basin - FTTP
6.	620-3000-022	06/01/04	126,788	Mueller Inc. RA	\$2,122.04	Sludge Pump Rebuild Kit - FTTP
7.	620-3000-022	10/08/04	133,021	Industrial Fabrics Corp	\$1,449.59	Bottom Belts for Sludge Press - FTTP
8.	620-3000-022	10/08/04	133,076	Industrial Fabrics Corp	\$1,449.59	Bottom Belts for Sludge Press - FTTP
9.	620-3000-022	10/20/04	134,074	Industrial Fabrics Corp	\$2,066.00	Top Belts for Sludge Press - FTTP
10.	620-3000-022	12/13/04	136,661	Mueller Inc. RA	\$5,404.10	Supplies for Sludge Press - FTTP
11.	620-3001-003	11/01/04	135,099	Analytical Services, Inc	\$3,420.00	Testing of water samples from several locations
12.	620-4000-001	03/24/04	122,673	Rawdon Myers Inc	\$3,950.00	Supplies for FTTP
13.	620-4000-001	04/16/04	123,718	Harrington Industrial Plastics	\$2,726.15	Basin # 3 pipe hangers for chemical lines - FTTP
14.	620-4000-001	07/23/04	128,841	Buckeye Pumps Inc Cini	\$4,350.00	Backup pumps for FTTP sodium hypo to clear wells
15.	620-4000-001	11/17/04	135,435	Harrington Industrial Plastics	\$2,033.47	Supplies for FTTP
16.	620-4000-002	01/20/04	119,358	Viking Supply, Inc	\$2,798.00	Water Main Locator for Treatment Plants
17.	620-4000-002	06/01/04	126,410	Buckeye Pumps Inc Cini	\$4,520.00	Backup pumps for TMTP sodium hypo transfer pump
18.	620-4000-002	12/07/04	135,969	Rawdon Myers Inc	\$6,400.00	flanges & back wash valves for TMTP
19.	620-4000-002	12/28/04	137,345	Process Pump and Seal Inc	\$4,892.00	Clarifier Pump for Sludge Pit - TMTP
20.	620-4000-029	10/22/04	133,161	Guthrie Sales & Service, Inc.	\$9,523.00	Replacement ferric metering pump to handle more volume - FTTP
21.	620-4000-029	12/15/04	136,586	Rubachem Systems, Inc.	\$2,755.95	Supplies for Memorial Parkway Treatment Plant
22.	620-5002-031	02/02/04	120,391	Drillco National Group	\$2,628.00	Ductile blades for saws used to cut pipes -WHSE
23.	620-5002-031	02/28/04	121,350	Viking Supply, Inc	\$2,105.39	Tapping machine used to plug meters-WHSE

NKWD
Case No. 2005-00148
General Expenditures

Schedule 1
Witness Responsible:
Barrow

24.	620-5002-031	04/01/04	123,668	Flaig Welding Co Inc	\$2,685.00	3 street plates to cover holes in road from construction - WHSE
25.	620-6000-025	08/01/04	129,385	Viking Supply, Inc	\$3,990.00	12" flanged valve 250 PSI for Richardson Rd P/S
26.	620-6002-031	06/07/04	126,422	Viking Supply, Inc	\$3,004.30	Misc supplies for Meter repairs - WHSE
27.	620-6002-031	09/01/04	130,936	Viking Supply, Inc	\$3,192.90	16" MJ Pack Full body & 24" MJ Pack full body - WHSE
28.	620-6002-031	09/28/04	132,267	Viking Supply, Inc	\$3,903.92	Glands, Gaskets, Bolts & Nuts - WHSE
29.	620-6002-032	01/21/04	119,353	McDonald Mfg. Co, A.Y.	\$3,162.00	Meter Lids - WHSE
30.	620-6002-032	03/16/04	122,791	McDonald Mfg. Co, A.Y.	\$6,180.00	Meter Lids - WHSE
31.	620-6004-031	01/13/04	118,820	Neptune Equipment Co.	\$2,953.00	Rotor Assy, Valve Assy kit, Meter Gasket kits - WHSE
32.	620-7002-054	03/17/04	122,499	Neptune Equipment Co.	\$3,264.18	50 flanges pins, 1 meter reader - WHSE
33.	620-7002-054	11/01/04	134,375	Neptune Equipment Co.	\$3,352.08	20 Cover kits & 20 proread C/F 6 whl - WHSE
34.	620-8001-079	04/01/04	123,476	Metropolitan Club	\$1,364.91	Membership dues & cost of meetings during mealtime
35.	635-2000-015	05/18/04	125,684	Decker Crane Service	\$1,757.50	Crane rental for Licking River Pump Station
36.	635-2000-015	09/01/04	131,456	A1 Electric Motor Service	\$9,212.60	New Drive Unit at Licking River Pump Station
37.	635-2000-026	09/01/04	130,911	M & E Pump & Equipment	\$3,600.00	re-install bell in Raw Water Pump # 4 - FTTP
38.	635-4000-001	06/01/04	126,072	CH2M Hill, Inc	\$7,669.80	Electrical Project Maintenance - FTTP
39.	635-4000-002	02/04/04	120,607	C A Eckstein Inc	\$9,100.00	Roof replacement at Pump Station - TMTP
40.	635-4000-002	02/06/04	120,393	CH2M Hill, Inc	\$3,208.65	Construction (basin crack repair) on north & south clarifiers TMTP
41.	635-4000-002	07/01/04	127,922	Lithco Contracting Inc	\$9,883.00	repair concrete joints in clarifier walls TMTP
42.	635-4006-001	02/05/04	120,303	CH2M Hill, Inc	\$8,007.77	Traveling screen repair -OH River Pump Station
43.	635-5004-025	09/01/04	130,789	Neltner's Services, LLC	\$3,315.00	Lawn Service at water tanks & pump stations
44.	635-6004-031	09/01/04	131,585	Eaton Asphalt	\$36,000.00	Banklick Creek Erosion Repair - Edgewood office
45.	635-6012-031	06/01/04	126,332	Aqua Rehab	\$160,538.40	Contract Services - cleaning & relining water mains Edgewood
46.	635-6012-031	06/24/04	127,581	Generation 2 Construction	\$25,364.36	Contract services - 34 meter moveouts Edgewood office
47.	635-6012-031	06/24/04	127,863	Aqua Rehab	\$184,644.00	Contract Services - cleaning & relining water mains Edgewood
48.	635-6012-031	07/29/04	129,316	Aqua Rehab	\$342,730.80	Contract Services - cleaning & relining water mains Edgewood
49.	635-6012-031	09/16/04	131,619	Aqua Rehab	\$76,434.80	Contract Services - cleaning & relining water mains Edgewood
50.	635-7002-052	04/01/04	124,459	Convergys IMG	\$7,470.29	Bill Finishing Costs - Edgewood office
51.	635-7006-052	12/01/04	135,946	Advanced Utility Systems	\$37,500.00	Annual Support fee for CIS Infinity - Edgewood office
52.	635-8001-078	10/01/04	132,780	N KY Area Planning Commission	\$50,796.54	NKWD's cost of GIS consortium w/ Sanitation & NKY Plan Comm
53.	635-8001-078	10/01/04	132,819	GBA Master Series, Inc.	\$17,620.00	Contract Services - Computer support & maintenance
54.	635-8001-078	10/16/04	133,255	N KY Area Planning Commission	\$25,000.00	Digital / Aerial Photography Services - Edgewood office
55.	635-8003-025	11/01/04	134,641	SERVPRO Campbell County	\$10,855.32	Contract Serv - residential clean up following water main breaks

NKWD
Case No. 2005-00148
Engineering Fees

Schedule 2
Witness Responsible :
Harrison

	Account	Transaction Date	Journal No.	Vendor	Amount	Descriptions
1.	631-5000-030	01/04/04	119,327	Thelen & Associates GJ	\$6,983.27	Preliminary geotechnical exploration for the design of Locust Pike Water Main Project.
2.	631-5000-030	02/01/04	120,639	Thelen & Associates GJ	\$990.84	Geotechnical engineering for the design of Licking Pike Water Main Extension.
3.	631-5000-030	02/25/04	121,446	Viox & Viox Inc.	\$1,473.50	Engineering for updating preliminary cost estimates for design and construction of Lieberman Rd., Fowler Creek & the 8" Water Main along Senour Rd.
4.	631-5000-030	03/01/04	122,819	Viox & Viox Inc.	\$2,236.00	Surveying services in connection with the ALTA Survey of the Taylor Mill Tank Site for acquisition of system.
5.	631-5000-030	03/04/04	122,364	Black & Veatch	\$6,895.32	Engineering services for the Taylor Mill addendum to the Hydraulic Master Plan following acquisition of system.
6.	631-5000-030	04/01/04	123,240	Erpenbeck Consulting	\$1,114.00	Engineering services for preliminary design of possible water main extension on Cody Rd. in Independence.
7.	631-5000-030	04/01/04	123,474	Black & Veatch	\$12,904.68	Engineering services for the Taylor Mill addendum to the Hydraulic Master Plan following acquisition of system.
8.	631-5000-030	07/22/04	129,255	Viox & Viox Inc.	\$1,721.00	Engineering for updating preliminary cost estimates for design and construction of Lieberman Rd., Fowler Creek & the 8" Water Main along Senour Rd.
9.	631-5000-030	12/01/04	137,344	Viox & Viox Inc.	\$5,778.50	Engineering for updating preliminary cost estimates for design and construction of Old State Rd, Racetrack Rd., Licking Pk., Narrows Rd., Low Gap Rd., Newport LS/HS, Licking Pk 12" parts 1 & 2, Lower Tug Fork & Four Mile Pike Water Main Ext.
10.	631-5000-030	12/29/04	139,047	Malcom Pirnie, Inc.	\$2,100.00	Infowater Model Training - 2 day class for training Staff Engineer on GIS-based hydraulic model.
11.	631-6000-030	06/08/04	126,755	Erpenbeck Consulting	\$2,659.00	Engineering services for preliminary design of possible water main extension on Cody Rd. in Independence.
12.	631-6000-031	03/01/04	122,092	Thelen & Associates GJ	\$4,800.00	Geotechnical engineering services to evaluate remaining life and use of the Aqua Drive Site in Campbell County to dispose of excess material primarily removed by water main trenching.
13.	631-6000-031	08/15/04	130,968	Thelen & Associates GJ	\$1,128.24	Geotechnical engineering services for the evaluation and repair of slope erosion and water main failure at I-275 & Banklick Creek.
14.	631-6000-031	11/01/04	135,117	Thelen & Associates GJ	\$437.90	Geotechnical engineering services for the evaluation and repair of slope erosion and water main failure at I-275 & Banklick Creek.
15.	631-6000-031	08/04/04	129,884	Black & Veatch	\$1,993.00	Engineering services for the evaluation of pump failures at the raw water pump station for the Ft. Thomas Treatment Plant.