



Ernie Fletcher
Governor

Mark David Goss
Chairman

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Gregory Coker
Commissioner

Christopher L. Lilly
Commissioner
Department of Public Protection

July 29, 2005

Ronald J. Barrow
Assistant General Manager
Northern Kentucky Water District
100 Aqua Drive
P.O. Box 220
Cold Spring, KY 41076

RE: Case No. 2005-00148

Please see enclosed data request from Commission Staff in the above case.

If you need further assistance, please contact James Rice at (502) 564-3940 ext. 411.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/jc
Enclosure

Ronald J. Barrow
Assistant General Manager
Northern Kentucky Water District
100 Aqua Drive
P.O. Box 220
Cold Spring, KY 41076

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR (A) AN ADJUSTMENT)	
OF RATES; (B) A CERTIFICATE OF PUBLIC)	CASE NO. 2005-00148
CONVENIENCE AND NECESSITY FOR)	
IMPROVEMENTS TO WATER FACILITIES; AND)	
(C) ISSUANCE OF BONDS)	

COMMISSION STAFF'S SECOND INFORMATION REQUEST
TO NORTHERN KENTUCKY WATER DISTRICT

Northern Kentucky Water District ("NKWD") is requested, pursuant to 807 KAR 5:001, to file with the Commission no later than August 15, 2005, the original and 8 copies of the following information, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide all ordinances and resolutions of Campbell County and Kenton County Fiscal Courts that address the current level of compensation for members of NKWD's Board of Commissioners.

2. Provide all ordinances and resolutions of Campbell County and Kenton County Fiscal Courts in which those legislative bodies authorize NKWD to provide health insurance coverage for members of its Board of Commissioners or the pay their health insurance premiums.

3. Provide all ordinances and resolutions of NKWD's Board of Commissioners that authorize health insurance coverage for members of NKWD's Board of Commissioners or the payment of their health insurance premiums.

4. For each member of NKWD's Board of Commissioners who was paid a salary in excess of \$3,600 in calendar year 2004, provide documentary evidence of his or her completion of 6 or more hours of certified water district commissioner training for calendar year 2004.

5. For each attorney that NKWD employed in calendar year 2004 or currently employs, provide written evidence that the Kenton and Campbell County Judge/Executives have approved his or her employment and the payment of his or her compensation from water district funds.

6. Provide a copy of the May 2004 "Asset Management Program Final Report."

7. a. State the final cost of Asset Management Program.

b. Provide all the invoices related to the Asset Management Program.

c. Identify the portion of the cost of the Asset Management Program that was incurred in the test-period. State whether this amount was expensed. If expensed, identify the account to which it was recorded.

8. Provide an itemized estimate of cost that NKWD will incur to complete the depreciation study by the end of 2005.

9. Provide all NKWD budget instructions, assumptions, directives, manuals, policies and procedures, timelines, and descriptions of budget procedures.

10. Describe the process that NKWD uses to plan and approve construction projects.

11. a. For each construction project that NKWD has commenced since January 1, 1997 through December 31, 2004, provide the following in the format set forth in Schedule 1:

(1) Project number.

(2) Project title and description.

(3) Annual actual cost.

(4) Annual original budgeted cost.

(5) Variance between annual actual cost and annual original budgeted cost in dollars.

(6) Variance between annual actual cost and annual original budgeted cost as a percentage.

(7) Percentage of total construction budget that proposed project comprises for the budgeted year.

(8) Total actual project cost.

(9) Total budgeted project cost.

(10) Variance between total actual project cost and total budgeted project cost.

(11) Date the original budget projected the project to start.

(12) Date the original budget projected the project to be completed.

(13) Date construction of project actually commenced.

(14) Date construction of the project was actually completed.

b. For each project in which a variance between actual and budgeted cost occurred or in which a delay in its start or completion occurred, describe the variance or delay and the reasons for such variance or delay .

12. Refer to NKWD's Petition, Exhibit A at pages 2-3 "5 Year Capital Funding Plan – Draw Schedule & Calendar Year Cash Flows for 2005 through 2010." Provide in a similar format NKWD's 5 Year Capital Funding Plan for 2000 through 2004 with annual comparisons of budgeted to actual amounts.

13. a. Provide a comparison of NKWD's monthly operating budgets to the actual results, by account, for each of the following calendar years: 2001, 2002, 2003, and 2004. NKWD's response shall include comparisons for the following operating revenue accounts:

- (1) Metered Water Revenue – Sales to Residential Customers.
- (2) Metered Water Revenue – Sales to Commercial Customers.
- (3) Metered Water Revenue – Sales to Industrial Customers.
- (4) Metered Water Revenue – Sales to Public Authorities.
- (5) Metered Water Revenue – Sales to Multiple Family Dwellings.
- (6) Metered Water Revenue – Sales to Bulk Loading Stations.
- (7) Private Fire Protection.
- (8) Sales for Resale.
- (9) Forfeited Discounts.
- (10) Rents from Water Properties.

(11) Other Water Revenues.

b. Provide, for each yearly account variance that exceeds 5 percent, a detailed explanation for the variance.

14. a. Provide a comparison of NKWD's monthly operating budgets to the actual results, by account, for each of the following calendar years: 2001, 2002, 2003, and 2004. NKWD's response shall include comparisons for the following operating expense accounts:

- (1) Salaries and Wages – Employees.
- (2) Salaries and Wages – Officers, Directors, and Majority Stockholders.
- (3) Employee Pensions and Benefits.
- (4) Purchased Power.
- (5) Chemicals.
- (6) Materials and Supplies.
- (7) Contractual Services – Accounting.
- (8) Contractual Services – Legal.
- (9) Contractual Services – Management Fees.
- (10) Contractual Services – Other.
- (11) Rental of Equipment.
- (12) Transportation.
- (13) Insurance – Vehicle.
- (14) Insurance – General Liability.
- (15) Insurance – Worker's Compensation.

- (16) Insurance – Other.
- (17) Advertising.
- (18) Bad Debt.
- (19) Miscellaneous Expense.

b. Provide, for each yearly account variance that exceeds 5 percent, a detailed explanation for the variance.

15. Provide all correspondence between NKWD and Black & Veatch regarding the preparation or review of the cost-of-service study and the multi-year rate proposal contained in NKWD's Petition.

16. Explain why NKWD has not placed its proposed multi-year rate methodology in the form of a proposed rate schedule or tariff.

17. Provide all studies and analyses that NKWD has performed or commissioned on the use of multi-year rate cases.

18. List all cases before state public utility regulatory commissions in which Peggy L. Howe has testified and identify, for each case, the subject matter of her testimony.

19. State whether Ms. Howe conducted a review of Kentucky statutory and decisional law on rate-making practices prior to the filing of her written testimony. If Ms. Howe conducted such review, describe the nature and extent of this review.

20. State whether Ms. Howe in preparing her written testimony conducted any review or inquiry into the Kentucky Public Service Commission's legal authority to authorize the proposed multi-year rate methodology.

21. a. State the number of wastewater and water utilities that Black & Veatch currently represents.

b. Of the number set forth in Item 21(a), state how many of those utilities currently employ multi-year rate filings or multi-year rate periods.

c. Of the number stated in Item 21(b), state how many are subject to the regulation of a state public utility regulatory commission.

22. For each utility listed on page 5 of Ms. Howe's written testimony,

a. Describe the multi-year rate methodology that it uses.

b. Describe the regulatory review process to which it is subject.

c. Provide the statutory or decisional authority that permits the utility to use a multi-year rate methodology.

23. a. Explain the relevance of the group of utilities to which Ms. Howe refers at pages 4 and 5 of her written testimony.

b. State whether, in Ms. Howe's opinion, this group is representative of all water and wastewater utilities in the United States.

c. State whether Ms. Howe has conducted any research upon the average approved rate period for water utilities of NKWD's size within the United States.

d. If Ms. Howe has conducted any research upon the average approved rate period for water utilities of NKWD's size within the United States, state her findings and provide a copy of her research.

24. Provide the California Public Utilities Commission's Standard Practice U-34-W, "Calculating Weather Normalized Means Test (Pro Forma) Rate of Return."

25. State whether Ms. Howe's reference in her written testimony to the "Rate Case Plan for Class A Water Utility, General Rate Applications" is to the California Public Utilities Commission's Decision 04-06-018 on June 9, 2004 in Proceeding R0309005.

26. a. List all state utility regulatory commissions, other than the California Commission, that permit the use of multi-year test periods for rate-making purposes.

b. For each state utility regulatory commission listed, provide the statute, administrative regulation, administrative decision or other pronouncement that authorizes or approves of the practice of multi-year test periods for rate-making purposes. (If the material is generally available on the Internet or published in a well-recognized reporter, a citation to the document may be supplied in lieu of a paper copy.)

27. State and quantify the benefits to NKWD ratepayers from its proposed use of a multi-year rate methodology in this case. State all assumptions and show all calculations used to derive the quantification of benefits.

28. a. State whether Ms. Howe in preparing her written testimony reviewed or examined the reliability and accuracy of NKWD's budgeting and forecasting processes.

b. If Ms. Howe examined the reliability and accuracy of NKWD's budgeting and forecasting processes, describe the nature and extent of her review.

29. State whether Ms. Howe agrees that when using the proposed methodology the reliability and accuracy of NKWD's budgeting and forecasting processes are critical factors in obtaining reasonable rates that reflect the actual cost of service.

30. State whether Ms. Howe agrees that a critical assumption upon which the proposed methodology is based is that NKWD's budgeting and forecasting processes are reliable and accurate.

31. Describe the types of information that NKWD proposes to file annually if the Commission approves its proposed multi-year rate methodology.

32. Describe the review process that NKWD proposes that the Commission use when reviewing annual rate filings.

33. a. State whether NKWD reviewed and considered The Union Light Heat and Power Company's ("ULH&P") Accelerated Main Replacement Program Rider ("AMRP")¹ when developing its multi-year rate methodology.

b. If NKWD reviewed and considered ULH&P's AMRP Rider when developing its multi-year rate methodology, explain why NKWD chose not to use the AMRP Rider methodology.

34. Assume that the Kentucky Public Service Commission approved the proposed multi-year rate methodology subject to conditions. State NKWD's position on each of the conditions listed below:

a. A public hearing must be held for each annual revision.

b. Public notice of the proposed annual adjustment must be made at or shortly before the filing of the annual adjustment.

c. The Commission would have a review period of at least 60 days prior to the effective date of the proposed adjustment. This review period could be extended upon showing of good cause.

d. Annual adjustments based upon additional or new construction projects would reflect the cost only of construction projects for which a Certificate of Public Convenience and Necessity have been issued.

¹ Case No. 2001-00092, Adjustment of Gas Rates of the Union Light, Heat and Power Company (Ky. PSC January 31, 2002).

35. Refer to NKWD's Petition, Exhibit N at 8 in which NKWD proposes to adjust retail metered water sales by \$296,835 to reflect the addition of 900 new connections.

a. Identify the line extension(s) and the number of new connections resulting from those extensions.

b. 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."

36. a. Provide a schedule detailing all test year expenditures related to 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.

c. Provide a monthly update of the schedule requested in Item 36(a) showing all of the costs incurred as of that date. Include the supporting detailed vendor invoices as requested in Item 36(a).

² Case No. 2002-00105, Application of Northern Kentucky Water District for (A) an Adjustment Of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities; and (C) Issuance of Bonds (Ky.PSC Apr. 30, 2003) at 11-12.

37. Refer to NKWD's Response to Commission Staff's First Information Request, Item 1. Included on "Detail List of Employees and Payroll Information" are the new positions of Administrative Assistant and Instrumentation Technician.

a. If these positions have been filled, provide the date on which the employees were hired, the actual annualized salary and the actual benefit information.

b. If the positions have yet to be filled, state when NKWD expects to hire employees to fill these positions.

38. Refer to NKWD's Response to Commission Staff's First Information Request, Item 8(d).

a. State whether the pro forma employee pensions and benefits expense reflects the 10.98 percent employer contribution rate that became effective July 1, 2005.

b. If the expense does not reflect the 10.98 percent employer contribution rate, state the effect of the new rate on test-period operations and provide all workpapers and calculations used to determine this effect.

39. In Case No. 2003-00224,³ the Commission reduced payroll taxes and employee pensions and benefits to remove the portion that should be capitalized as payroll overhead. Explain why NKWD did not propose a similar adjustment in this proceeding.

40. State whether NKWD agrees with the Commission's finding in Case No. 2003-00224⁴ that the provision of health insurance coverage for members of NKWD's Board of Commissioners that was greater than that provide to other part-time employee

³ Case No. 2003-00224, Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds (Ky. PSC June 14, 2004).

⁴ Id. at 11-12

was improper and that the costs related to that coverage should be disallowed for rate-making purposes.

41. Refer to NKWD's Petition, Exhibit B at 6 "Five Year Capital Funding Plan (Long-Term Bond Debt added to 2006 Bond Issue)." Provide a schedule that separately shows each bond series that comprises the column "Total Existing Long-Term Debt".

42. Refer to NKWD's Response to Commission Staff's First Information Request, Item 4. For each item listed in the table attached hereto as Schedule 3, provide a complete description of the expenditure and all supporting invoices.

43. Refer to NKWD's Response to Commission Staff's First Information Request, Item 4. For each item listed in the table attached hereto as Schedule 4, provide a complete and detailed description of the engineering service provided and a copy of all supporting invoices. State whether the service will be required to be performed in the future and the anticipated date that the service will be required to be performed.

44. Refer to NKWD's Response to Commission Staff's First Information Request, Item 4. For each item listed in the table attached hereto as Schedule 5, provide a complete and detailed description of the legal service provided and all supporting invoices. State whether the service will be required to be performed in the future and the anticipated date that the service will be required to be performed.

45. At paragraph 17 of its Petition, NKWD states that "[t]here have been no extraordinary events that would distort the year end statements." State whether NKWD considers the acquisition of the city of Taylor Mill's water distribution system and its customers to be an extraordinary event. Explain.

46. Provide NKWD's Proposed Tariff (Exhibit M to NKWD's Petition) in electronic format on a computer disk in Microsoft® Word 97 format.

47. Explain why NKWD proposes to delete Sheet No. 4, Item No. 3 of its current tariff.

48. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 5, Item No. 13. Explain how an estimated usage will be calculated.

49. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 5, Item No. 14 which refers to a fine.

a. Identify and describe the nature of this fine.

b. Identify the provision of NKWD's Proposed Tariff that sets forth the amount of this fine.

50. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 7, Section IV: Miscellaneous Service Fees.

a. Identify the provision of NKWD's Proposed Tariff in which "service charge" is defined.

b. If no provision of NKWD's Proposed Tariff defines service fees, define service charge and state when NKWD would apply this charge.

c. Provide cost justification information for the proposed service charge.

51. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 8, Section VI, Item No. 5.

a. State whether NKWD notifies the customer that a district representative will be coming to read his meter so that access can be made available.

b. State the length of the notice that NKWD provides a customer before disconnecting his service.

c. Describe the fees, if any, that a customer must pay before NKWD will restore his service.

52. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 10, Section IX, Type 1 – Underground Leaks, 3rd Paragraph. The last sentence states "The leak will be based on the customer's average bill plus one half of the lost water due to the leak." State whether this sentence correctly states NKWD's intentions.

53. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 10, Section IX, "Type 2 – Unknown Leaks Resulting in a High Consumption," 2nd bullet point. Explain how a customer can state the reason for the elevated consumption if the leak is unknown.

54. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 10, Section IX, "Type 2 – Unknown Leaks Resulting in a High Consumption," 4th bullet point. State whether the NKWD agrees that permitting exceptions to this rule may permit an opportunity for discrimination.

55. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 11, Section X, Item No. 1.

a. State the criteria necessary for NKWD to waive the relocation charge.

b. Explain why NKWD would not waive the charge for all eligible customers.

c. State whether NKWD would agree that the phrase "may waive" creates the potential for discrimination against certain customers.

56. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 11, Section X, Item No. 3.

a. Explain the statement that "at no time will the district be responsible for any piping making connection to the meter."

b. State whether this language should be revised to limit NKWD's responsibility to piping on the customer's side of the meter.

57. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 16, Section XVII, fourth paragraph. While NKWD proposes to change the reconnection fee to a service charge, this paragraph refers to a reconnection charge. State whether NKWD is proposing to charge a reconnection charge and a service charge.

58. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 21, Section XIX – A (6). State whether hydrants that do not meet the standards for fire protection are painted or marked in some manner to alert fire fighters that the hydrant does not meet the standards.

59. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 23. State the criteria that NKWD proposes to use for waiving the deposit for fire hydrants.

60. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 24, Section XXII, 3rd Paragraph which provides that "[t]his tariff supersedes any existing special contract for the provision of private fire protection services." Describe the notice that NKWD has provided to customers with such contracts of the proposed revisions to their agreements with NKWD.

61. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 25, Section XXII.

- a. State the amount of the meter investigation charge.
- b. Provide cost justification for the meter investigation charge.

62. Refer to NKWD's Petition, Exhibit M, Proposed Tariff, Sheet No. 25, Section XXII. Explain how NKWD determine that 21 times the retail service rate was the appropriate charge.

63. State whether, in NKWD's opinion, the proposed multi-year rate mechanism will lessen the Commission's oversight over utility rates. Explain

64. At page 3 of his written testimony, Ron Barrows states that the proposed multi-year rate methodology "would allow the district to finance its projects without a series of rate cases which add to the cost of service and are reflected in increased customer bills."

- a. State whether NKWD has determined the amount of savings if the multi-year rate proposal is approved.

- b. If NKWD has derived the amount of rate cost savings, state the amount, show the calculations of these savings and state all assumptions used to make these calculations.

- c. If NKWD has not derived the amount of rate cost savings, explain why not.

65. Describe the measures that Northern Kentucky has implemented to control its rate case expense.

- a. State whether, as a means of controlling its rate case expense, NKWD employs a bidding process for its outside consultants.

b. If NKWD employs a bidding process for its outside consultants, describe the process.

c. If NKWD does not employ a bidding process for its outside consultants, explain why not.

67. Explain why Northern District has projected that a cost-of-service study should be filed in its future rate case filings

68. At page 16 of his written testimony, Richard Harrison states that the AWWA M-1 Manual's equivalent meter ratio is 21 for a 6-inch meter as compared to a 5/8 inch meter.

a. State the page number of AWWA M-1 Manual on which this ratio is found.

b. Explain how NKWD's proposed revisions to its fire protection rates meet the intent of cost based rates.

c. State whether detector meters measure the volume of water that flows through the device.

d. Explain in detail how usage will be estimated for customers whose detection meters show that water has been used. Provide all calculations and state all assumptions used to determine the usage.

e. Describe in detail the physical connection of the 5/8-inch detection meters on a 6-inch line. Provide a diagram of typical connection.

69. Explain how the proposed multi-year rate methodology will reduce the amount of NKWD staff time devoted to rate-making matters. This response should include a comparison of the time currently expended for rate applications during a three-year

period and the time projected for rate case matters using the proposed methodology and the calculations and assumptions used to determine the time presently expended on rate applications and the time that NKWD estimates expending under the proposed methodology.

70. At page 6 of her written testimony, Ms. Howe testifies that “[f]or a multi-year filing, the same approach showing estimates of known and measurable changes for each period will be followed.” Explain why the utility would estimate “known and measurable changes.”

71. Explain how NKWD will lower its rate case expenses if it must make filings related to construction projects, O & M needs, capital projects and other areas on a yearly basis as opposed to the 18-month time frame that it currently follows. Provide a detailed listing of the specific expenses that NKWD anticipates the proposed multi-year methodology will reduce and those expenses that it anticipates will increase as a result of the methodology.

72. At page 7 of her written testimony, Ms. Howe states that “[t]he most significant risk associated with a multi-year filing is the likelihood that, over time, actual revenue, costs and drivers could vary significantly from projections which may necessitate adjustments to ensure the financial integrity of the utility and prevent inequitable cost recovery of the cost of the approved plan. Additionally, if significant changes occurred to utility operations, the current plan may require modifications.”

a. Describe what Ms. Howe means by “costs and drivers” and “significant changes to utility operations.”

b. Describe how, in the event adjustments are required, these adjustments would be made.

c. Describe the procedure that NKWD would follow to make these adjustments and that the Commission would follow to review these adjustments.

73. At page 8 of her written testimony, Ms. Howe discusses further assumptions on the true up methodology of the multi-year mechanism. In her discussion of over-earnings, she indicates that the customer classes that provided the over-earnings would be credited for this over earnings.

a. State whether, in Ms. Howe's opinion, the customer class that created the over-earnings be given a credit on its bills.

b. If no credit on bills is given, explain how over-earnings would be returned to the customer classes that provided the over-earnings.

c. State whether, in the event that earnings fell short of projections, the customer classes accountable for the short fall will be required to pay or otherwise cover the shortage. Explain.

74. At page 9 of her written testimony, Ms. Howe testifies that "the overall level of effort required to conduct the look-back is considered to be substantially less than that required for a comprehensive rate case filing." Explain how this effort is "substantially less" as it appears the look-back requires as much efforts to track and manage information as a rate case application.

75. a. Explain how new customers are considered in the multi-year mechanism.

b. Explain how new customers affect the revenue requirement in the multi-year mechanism.

c. Explain how any new customers will affect the revenue, revenue requirement and administration of the utility with the multi-year mechanism.

76. Provide all schedules in NKWD's Petition, Exhibit N, Cost of Service Allocations and Billing Analysis, Appendix C - "Calculations," on a computer diskette in Microsoft® Excel 97 format.

77. At page 4 of NKWD's Petition, Exhibit N, NKWD states that "analysis of water consumption and climatological data indicated rainfall in 2004 was abnormally high, which has the effect of reducing water consumption, primarily for the residential class." Provide the sources for this information.

78. At page 4 of NKWD's Petition, Exhibit N, NKWD states that "[r]esidential consumption has been normalized for the current test year based on an average consumption from 2000 – 2002, prior to the abnormally high rainfall levels." Explain why the years 2000 – 2002 were used as an average.

79. Refer to NKWD's Petition, Exhibit N, Appendix C, Schedule 13.4. Explain why the city of Williamstown's rainfall is used as an example.

80. Refer to NKWD's Petition, Exhibit N at 8.

a. Describe in detail the process that Ms. Howe used to obtain the "normalization of billable water usage."

b. Describe how the \$1,820,339 for volume normalization in schedule 7 was derived. Show all calculations and state all assumptions used to derive this amount.

81. Refer to NKWD's Petition, Exhibit N at 13.

a. Explain why maximum day demands can be expected to amount to as much as 157.4 percent of average day demand levels.

b. Explain why maximum hour demands can be expected to amount to as much as 236.1 percent of average day demand levels.

c. Provide all calculations and state all assumptions used to determine that 63.5 percent of the capacity of facilities designed to meet maximum day demands is required for average or base use and 36.5 percent is required for maximum day extra capacity demands.

d. Provide all calculations and state all assumptions used to determine that 42.4 percent of the capacity of facilities is required to meet maximum hour demands for average rates of use.

e. Provide all calculations and state all assumptions used to determine that 24.3 percent of the capacity of facilities is required to meet maximum day extra capacity requirements.

f. Provide all calculations and state all assumptions used to determine that 33.3 percent of the capacity of facilities is required to meet maximum hour extra capacity requirements.

82. Refer to NKWD's Petition, Exhibit N at 18.

a. Explain why Ms. Howe allocated 90 percent of electric costs to base and 10 percent to maximum day.

b. Describe how Ms. Howe determined that 75 percent of flushing costs should be allocated to base and 25 percent to public fire protection.

83. a. State whether NKWD has prepared or commissioned a demand study of its system usage since January 1, 2003.

b. If NKWD has prepared or commissioned since January 1, 2003 a demand study of its system usage, provide a copy of this study and a detailed description of how this study was used to prepare NKWD's Petition.

c. If NKWD has not prepared or commissioned a demand study of its system usage since January 1, 2003, provide all calculations, studies, analyses and other materials used to support each capacity factor shown on Schedule 13 of NKWD's Petition, Exhibit N.

84. Refer to Refer to NKWD's Petition, Exhibit N, Appendix C, Schedule 7, Line 3. State whether the reference to Petitioner's Exhibit K is correct. If it is not the correct reference, provide the correct reference.

85. Describe the form of the notice and the amount of notice that NKWD proposes to provide its customers before implementing an annual rate revision under its multi-year rate proposal.

86. State when under its multi-year rate proposal NKWD would file with the Commission all required information for an annual rate revision if the annual rate revision were to become effective on the first day of the calendar year.



Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

DATED: July 29, 2005

cc: Parties of Record

NKWD

Case No. 2005-00148

Construction Work in Progress - Percent Complete*

As of _____

Schedule 2
Page 1 of 1
Witness Responsible: _____

Line No. (A)	Project No. (B)	Date Construction Work Began (C)	Estimated Project Completion Date (D)	Percent of Elapsed Time (E)	Original Budget Estimate (F)	Most Recent Budget Estimate (G)	Total Project Expenditures (H)	Percent of Total Expenditures (I)=H÷G
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\$ \$ \$

NKWD
Case No. 2005-00148
General Expenditures

Schedule 3
Page 1 of 2
Witness Responsible:

	Account	Transaction Date	Journal No.	Vendor	Amount
1.	620-3000-003	12/28/04	137,848	Fischer Scientific	\$ 5,013.03
2.	620-3000-003	12/29/04	137,851	Hach Company	\$ 2,910.75
3.	620-3000-022	02/25/04	121,354	Andritz-Ruthner, Inc.	\$ 2,182.36
4.	620-3000-022	03/09/04	121,997	Enviroquip Inc	\$ 2,611.50
5.	620-3000-022	05/07/04	124,866	Rawdon Myers Inc.	\$ 3,200.00
6.	620-3000-022	06/01/04	126,788	Mueller Inc., R.A.	\$ 2,122.04
7.	620-3000-022	10/08/04	133,021	Industrial Fabrics Corp	\$ 1,449.59
8.	620-3000-022	10/08/04	133,076	Industrial Fabrics Corp	\$ 1,449.59
9.	620-3000-022	10/20/04	134,074	Industrial Fabrics Corp	\$ 2,066.00
10.	620-3000-022	12/13/04	136,661	Mueller Inc., R.A.	\$ 5,404.10
11.	620-3001-003	11/01/04	135,099	Analytical Services, Inc.	\$ 3,420.00
12.	620-4000-001	03/24/04	122,673	Rawdon Myers Inc.	\$ 3,950.00
13.	620-4000-001	04/16/04	123,718	Harrington Industrial Plastics	\$ 2,726.15
14.	620-4000-001	07/23/04	128,841	Buckeye Pumps, Inc. Cini	\$ 4,350.00
15.	620-4000-001	11/17/04	135,435	Harrington Industrial Plastics	\$ 2,033.47
16.	620-4000-002	01/20/04	119,358	Viking Supply, Inc.	\$ 2,798.00
17.	620-4000-002	06/01/04	126,410	Buckeye Pumps, Inc. Cini	\$ 4,520.00
18.	620-4000-002	12/07/04	135,969	Rawdon Myers Inc.	\$ 6,400.00
19.	620-4000-002	12/28/04	137,345	Process Pump and Seal Inc.	\$ 4,892.00
20.	620-4000-029	10/22/04	133,161	Guthrie Sales & Service Inc.	\$ 9,523.00
21.	620-4000-029	12/15/04	136,586	Rubachem Systems, Inc.	\$ 2,755.95
22.	620-5002-031	02/02/04	120,391	Drillco National Group	\$ 2,628.00
23.	620-5002-031	02/28/04	121,350	Viking Supply, Inc.	\$ 2,105.39
24.	620-5002-031	04/01/04	123,668	Flaig Welding Co Inc	\$ 2,685.00
25.	620-6000-025	08/01/04	129,385	Viking Supply, Inc.	\$ 3,990.00
26.	620-6002-031	06/07/04	126,422	Viking Supply, Inc.	\$ 3,004.30
27.	620-6002-031	09/01/04	130,936	Viking Supply, Inc.	\$ 3,192.90
28.	620-6002-031	09/28/04	132,267	Viking Supply, Inc.	\$ 3,903.92
29.	620-6002-032	01/21/04	119,353	McDonald, Mfg. Co., A.Y.	\$ 3,162.00
30.	620-6002-032	03/16/04	122,791	McDonald, Mfg. Co., A.Y.	\$ 6,180.00
31.	620-6004-031	01/13/04	118,820	Neptune Equipment Co.	\$ 2,953.00
32.	620-7002-054	03/17/04	122,499	Neptune Equipment Co.	\$ 3,624.18
33.	620-7002-054	11/01/04	134,375	Neptune Equipment Co.	\$ 3,352.08
34.	620-8001-079	04/01/04	123,476	Metropolitan Club	\$ 1,364.91
35.	635-2000-015	05/18/04	125,684	Decker Crane Service	\$ 1,757.50

	Account	Transaction Date	Journal No.	Vendor	Amount
36.	635-2000-015	09/01/04	131,456	A1 Electric Motor Service	\$ 9,212.60
37.	635-2000-026	09/01/04	130,911	M & E Pumop & Equipment	\$ 3,600.00
38.	635-4000-001	06/01/04	126,072	CH2M Hill, Inc	\$ 7,669.80
39.	635-4000-002	02/04/04	120,607	C A Eckstein Inc	\$ 9,100.00
40.	635-4000-002	02/06/04	120,393	CH2M Hill, Inc	\$ 3,208.65
41.	635-4000-002	07/01/04	127,922	Lithco Contracting Inc	\$ 9,883.00
42.	635-4006-001	02/05/04	120,303	CH2M Hill, Inc	\$ 8,007.77
43.	635-5004-025	09/01/04	130,789	Neltner's Services, LLC	\$ 3,315.00
44.	635-6004-031	09/01/04	131,585	Eaton Asphalt	\$ 36,000.00
45.	635-6012-031	06/01/04	126,332	Aqua Rehab	\$ 160,538.40
46.	635-6012-031	06/24/04	127,581	Generation 2 Construction	\$ 25,364.36
47.	635-6012-031	06/24/04	127,863	Aqua Rehab	\$ 184,644.00
48.	635-6012-031	07/29/04	129,316	Aqua Rehab	\$ 342,730.80
49.	635-6012-031	09/16/04	131,619	Aqua Rehab	\$ 76,434.80
50.	635-7002-052	04/01/04	124,459	Convergys IMG	\$ 7,470.29
51.	635-7006-052	12/01/04	135,946	Advanced Utility Systems	\$ 37,500.00
52.	635-8001-078	10/01/04	132,780	No Ky Area Planning Commission	\$ 50,796.54
53.	635-8001-078	10/01/04	132,819	GBA Master Series, Inc	\$ 17,620.00
54.	635-8001-078	10/16/04	133,255	No Ky Area Planning Commission	\$ 25,000.00
55.	635-8003-025	11/01/04	134,641	SERVPRO Campbell County	\$ 10,855.32

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Witness Responsible:

	Account	Transaction Date	Journal No.	Vendor	Amount
1.	631-5000-030	01/04/04	119,327	Thelen & Associates GJ	\$ 6,983.27
2.	631-5000-030	02/01/04	120,639	Thelen & Associates GJ	\$ 990.84
3.	631-5000-030	02/25/04	121,446	Viox & Viox Inc.	\$ 1,473.50
4.	631-5000-030	03/01/04	122,819	Viox & Viox Inc.	\$ 2,236.00
5.	631-5000-030	03/04/04	122,364	Black & Veatch	\$ 6,895.32
6.	631-5000-030	04/01/04	123,240	Erpenbeck Consulting	\$ 1,114.00
7.	631-5000-030	04/01/04	123,474	Black & Veatch	\$ 12,904.68
8.	631-5000-030	07/22/04	129,255	Viox & Viox Inc.	\$ 1,721.00
9.	631-5000-030	12/01/04	137,344	Viox & Viox Inc.	\$ 5,778.50
10.	631-5000-030	12/29/04	139,047	Malcom Pirnie, Inc.	\$ 2,100.00
11.	631-6000-030	06/08/04	126,755	Erpenbeck Consulting	\$ 2,659.00
12.	631-6000-031	03/01/04	122,092	Thelen & Associates GJ	\$ 4,800.00
13.	631-6000-031	08/15/04	130,968	Thelen & Associates GJ	\$ 1,128.24
14.	631-6000-031	11/01/04	135,117	Thelen & Associates GJ	\$ 437.90
15.	635-2000-026	08/04/04	129,884	Black & Veatch	\$ 1,993.00

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Legal Fees

Schedule 4
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Witness Responsible:

	Account	Transaction Date	Journal No.	Vendor	Amount
1.	633-3000-001	01/09/04	118,737	Hemmer, Spoor, Pangburn	\$ 1,155.85
2.	633-3000-001	02/05/04	120,067	Hemmer, Spoor, Pangburn	\$ 1,880.10
3.	633-3000-001	03/05/04	121,583	Hemmer, Spoor, Pangburn	\$ 619.55
4.	633-3000-001	04/09/04	123,863	Hemmer, Spoor, Pangburn	\$ 1,002.00
5.	633-3000-001	05/06/04	125,208	Hemmer, Spoor, Pangburn	\$ 552.15
6.	633-3000-001	07/22/04	129,230	Hemmer, Spoor, Pangburn	\$ 210.15
7.	633-3000-001	11/05/04	134,481	Hemmer, Spoor, Pangburn	\$ 123.75
8.	633-3000-001	12/03/04	136,097	Hemmer, Pangburn, Defrank PLLC	\$ 577.50
9.	633-5000-030	01/09/04	118,736	Hemmer, Spoor, Pangburn	\$ 1,984.75
10.	633-5000-030	02/05/04	120,063	Hemmer, Spoor, Pangburn	\$ 6,518.35
11.	633-5000-030	03/05/04	121,584	Hemmer, Spoor, Pangburn	\$ 4,781.80
12.	633-5000-030	04/09/04	123,859	Hemmer, Spoor, Pangburn	\$ 1,728.75
13.	633-5000-030	05/06/04	125,207	Hemmer, Spoor, Pangburn	\$ 2,073.75
14.	633-5000-030	07/01/04	128,818	Hemmer, Spoor, Pangburn	\$ 1,908.75
15.	633-5000-030	07/22/04	129,229	Hemmer, Spoor, Pangburn	\$ 641.25
16.	633-5000-030	08/17/04	130,145	Hemmer, Spoor, Pangburn	\$ 318.75
17.	633-5000-030	09/03/04	131,285	Hemmer, Spoor, Pangburn	\$ 241.49
18.	633-5000-030	10/11/04	133,187	Hemmer, Spoor, Pangburn	\$ 1,286.25
19.	633-5000-030	11/05/04	134,477	Hemmer, Spoor, Pangburn	\$ 909.67
20.	633-5000-030	12/03/04	136,093	Hemmer, Pangburn, Defrank PLLC	\$ 371.25
21.	633-7000-054	01/09/04	118,735	Hemmer, Spoor, Pangburn	\$ 2,331.00
22.	633-7000-054	02/05/04	120,062	Hemmer, Spoor, Pangburn	\$ 4,403.00
23.	633-7000-054	04/09/04	123,858	Hemmer, Spoor, Pangburn	\$ 165.00
24.	633-7000-054	05/06/04	125,206	Hemmer, Spoor, Pangburn	\$ 82.50
25.	633-7000-054	10/11/04	133,186	Hemmer, Spoor, Pangburn	\$ 907.50
26.	633-7000-054	12/03/04	136,092	Hemmer, Pangburn, Defrank PLLC	\$ 41.25
27.	633-8000-072	10/11/04	133,184	Hemmer, Spoor, Pangburn	\$ 465.00
28.	633-8000-072	11/05/04	134,475	Hemmer, Spoor, Pangburn	\$ 1,241.25
29.	633-8000-072	12/03/04	136,090	Hemmer, Pangburn, Defrank PLLC	\$ 2,475.00
30.	633-8000-079	01/09/04	118,738	Hemmer, Spoor, Pangburn	\$ 2,557.90
31.	633-8000-079	02/05/04	120,064	Hemmer, Spoor, Pangburn	\$ 2,524.00
32.	633-8000-079	03/05/04	121,585	Hemmer, Spoor, Pangburn	\$ 2,534.80
33.	633-8000-079	04/01/04	122,650	Huges John N Attorney	\$ 6,988.00
34.	633-8000-079	04/01/04	124,306	Graydon Head & Ritchey LLP	\$ 1,413.00
35.	633-8000-079	04/08/04	123,812	Frost Brown Todd LLC	\$ 1,557.50

	Account	Transaction Date	Journal No.	Vendor	Amount
36.	633-8000-079	04/09/04	123,586	Hemmer, Spoor, Pangburn	\$ 5,274.25
37.	633-8000-079	04/09/04	123,857	Hemmer, Spoor, Pangburn	\$ 1,878.00
38.	633-8000-079	04/09/04	123,860	Hemmer, Spoor, Pangburn	\$ 2,502.40
39.	633-8000-079	04/09/04	123,861	Hemmer, Spoor, Pangburn	\$ 1,046.50
40.	633-8000-079	04/09/04	123,862	Hemmer, Spoor, Pangburn	\$ 2,357.25
41.	633-8000-079	05/12/04	125,204	Hemmer, Spoor, Pangburn	\$ 2,211.00
42.	633-8000-079	06/04/04	126,375	Huges John N Attorney	\$ 2,247.50
43.	633-8000-079	07/01/04	128,817	Hemmer, Spoor, Pangburn	\$ 2,334.75
44.	633-8000-079	07/01/04	128,820	Hemmer, Spoor, Pangburn	\$ 2,501.35
45.	633-8000-079	07/12/04	129,219	Frost Brown Todd LLC	\$ 1,355.44
46.	633-8000-079	07/22/04	129,228	Hemmer, Spoor, Pangburn	\$ 3,498.75
47.	633-8000-079	07/22/04	129,231	Hemmer, Spoor, Pangburn	\$ 2,500.00
48.	633-8000-079	08/03/04	129,756	Huges John N Attorney	\$ 5,855.25
49.	633-8000-079	08/18/04	130,148	Hemmer, Spoor, Pangburn	\$ 2,501.05
50.	633-8000-079	08/18/04	130,336	Frost Brown Todd LLC	\$ 1,512.94
51.	633-8000-079	09/03/04	131,284	Hemmer, Spoor, Pangburn	\$ 1,755.00
52.	633-8000-079	09/03/04	131,286	Hemmer, Spoor, Pangburn	\$ 2,500.00
53.	633-8000-079	10/04/04	132,528	Huges John N Attorney	\$ 1,954.95
54.	633-8000-079	10/11/04	133,185	Hemmer, Spoor, Pangburn	\$ 2,525.20
55.	633-8000-079	10/11/04	133,190	Hemmer, Spoor, Pangburn	\$ 1,520.50
56.	633-8000-079	10/11/04	134,476	Hemmer, Spoor, Pangburn	\$ 1,194.75
57.	633-8000-079	11/05/04	134,478	Hemmer, Spoor, Pangburn	\$ 2,508.76
58.	633-8000-079	12/03/04	136,094	Hemmer, Pangburn, Defrank PLLC	\$ 2,438.70