

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE )  
WATER SERVICE RATES OF THE FRANKFORT ) CASE NO. 2008-00250  
ELECTRIC AND WATER PLANT BOARD )

**INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS**  
**ON BEHALF OF NORTH SHELBY WATER COMPANY**  
**AND U.S. 60 WATER DISTRICT OF SHELBY**  
**AND FRANKLIN COUNTIES, KENTUCKY**

Comes North Shelby Water Company ("NSWC") and U.S. 60 Water District of Shelby and Franklin Counties, Kentucky ("U.S. 60"), by counsel, and hereby tenders the following Interrogatories and Requests for Production of Documents to Frankfort Electric and Water Plant Board ("Frankfort").

**Interrogatory No. 1:**

(a) With respect to page 4 of the direct testimony of Paul Herbert, were the rates set out in the cost of service study prepared for Kentucky American Water Company in Case No. 2000-120 and 2007-00143 accepted and approved without modification by the Kentucky Public Service Commission ("PSC)?

(b) If the rates were altered by PSC, and the alteration was based upon PSC declining to accept any aspects of your cost of service study in each case, please explain how the PSC altered each aspect of your cost of service study in each case.

(c) Did you give testimony in these cases?

(d) If so, please produce a copy of your pre-filed testimony in each case and, if any other testimony given by you in those cases was transcribed, please produce a copy of that transcribed testimony.

**Interrogatory No. 2:**

(a) With respect to page 9 of the direct testimony of Paul Herbert, it was stated the maximum hour ratio of 2.5 times the average hour was estimated based on the relationship of system maximum hour ratios compared to system maximum day ratios for other similar systems. Do the "similar systems" provide service to wholesale customers that provide their own overhead storage?

(b) Does the average hour ratio take into consideration the fact the wholesale customers can fill their tanks at night or otherwise during off peak demand?

(c) If your answer to (a) above was no, please explain why.

(d) Please list Frankfort's wholesale customers who have overhead storage and Frankfort's wholesale customers who do not have overhead storage.

**Interrogatory No. 3:**

(a) With respect to page 11 of the direct testimony of Paul Herbert, it is stated the proposed rate design moves toward the cost of service, without creating radical changes in the rate structure.

(b) How does this statement relate to the wholesale customers?

**Interrogatory No. 4:**

(a) What is the purpose of each outstanding bond related to Frankfort's water division and how does the expense benefit the wholesale customers as opposed to all of Frankfort's customers?

(b) What percentage of the revenue bond anticipation note, Series 1996, dated December 19, 1996 financed the cost of the improvements and additions to the electric distribution system and what percentage financed improvements and additions to the water treatment plant?

(c) What percentage of the revenue bond anticipate note, Series 1997, dated December 19, 1997 financed the cost of the "line additions and improvements to the board's

water system in east Frankfort," and please describe the lines (size and location) and the improvements which were constructed using this money.

**Interrogatory No. 5:** With respect to Volume 3 of 5 of Frankfort's Response to the PSC staff questions, Item 6 Exhibit 1, sheets 1 of 6 through 6 of 6, which list the employee number, please state how each employee's wage was allocated to the water division and in turn to the wholesale customers. For example, how was meter reading expense allocated to the water division and in turn to the wholesale customers?

**Interrogatory No. 6:**

(a) With respect to Volume 3 of 5, Item 6, Exhibit 3, what is the basis for the water allocation percentages? For instance, on sheet 4, accounts #40-902-000 and 100, the allocation percentage of 42.43%.

(b) Are all numbers allocated to water estimated or actual cost?

**Interrogatory No. 7:** With respect to Schedule B, page 2 of 4 of the cost of service study, line item 920000, why is all of the rate case expense allocated to wholesale customers, since the cost of service study produces rates for both wholesale and retail customers?

**Interrogatory No. 8:** With respect to Schedule C, page 5 of 20 of the cost of service study, how can the allocation factor for average hourly consumption for resale of .2971 be higher than the .2744 allocation factor for residential average hourly consumption?

**Interrogatory No. 9:**

(a) With respect to Schedule B, page 3 of 4 of the cost of service study, line item 932120, why are support services of \$15,327.00 allocated to the wholesale customers?

(b) What are support services?

**Interrogatory No. 10:**

(a) With respect to page 4 of the cost of service study wherein it is stated that the cost of service study was discussed with water board management, did management accept the rates presented in the study without revision?

(b) If not, explain all adjustments.

**Interrogatory No. 11:**

(a) Why was the existence of overhead storage facilities of the wholesale customers not considered in determining average hour consumption for wholesale customers?

(b) Would not the demand placed on Frankfort's system be lower than the average usage of 24.8 if wholesale customer overhead storage tanks were considered?

**Interrogatory No. 12:** Is bad debt expense allocated in part to wholesale customers? If so, how and why?

Respectfully submitted,  
Mathis, Riggs & Prather, P.S.C.

By:  \_\_\_\_\_

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**CERTIFICATE OF SERVICE**

I, the undersigned attorney, do hereby certify that a true and correct copy of the foregoing was this 5<sup>th</sup> day of December, 2008 served via first class mail, postage prepaid on the following:

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