

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE FRANKFORT)
ELECTRIC AND WATER PLANT BOARD)

CASE NO. 2014-254

**INTERVENING WHOLESALE CUSTOMERS' FIRST REQUEST FOR
INFORMATION TO
FRANKFORT ELECTRIC AND WATER PLANT BOARD**

Come the Intervenors, North Shelby Water Company, U.S. 60 Water District of Shelby and Franklin Counties, Kentucky, Elkhorn Water District, Farmdale Water District, Northeast Woodford County Water District, Peaks Mill Water District, and South Anderson Water District (collectively the "Wholesale Customers"), by counsel, and respectfully request Frankfort Electric and Water Plant Board ("Frankfort") provide responses to the following requests for information.

Each response shall be under oath or, for representatives of a public or private corporation, a partnership, an association or governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf the entity that the response is true and accurate to the best of that person's knowledge, information and belief formed after a reasonable inquiry.

Frankfort shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made, or though correct when made, is now incorrect in any material respect. For any request to which Frankfort fails to furnish all or part of the requested information, Frankfort shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copies material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Why was the period 1999-2012 chosen to determine a maximum daily demand? Why is the test year not included?
2. What are the actual demand volume numbers for each customer class that are used to calculate the ratio of maximum day to average day?
3. Is the maximum day ratio identified at the bottom of page 13 the ratio calculated using the maximum day and average day from Frankfort's total production or total sales?
4. Provide total payroll and employee benefits and expenses for each of Frankfort's utility divisions (i.e., water, electric, cable, etc.).
5. How do you allocate payroll and employee benefits and expenses among accounts of those providing service to more than one utility division, including but not limited to, IT payroll, meter reading payroll, customer records, collection payroll, administrative payroll, and laboratory payroll (if the technician also runs wastewater analyses)?
6. Provide the raw data used to arrive at the maximum hour flows for each customer class.
7. Provide copies of the actual electricity bills for each of Frankfort's pump stations for the test period. If bills do not exist, please provide kWh consumption for each of Frankfort's pump stations instead.
8. List all pro forma adjustments to the test period.

9. Provide descriptions detailed to the extent to allow functionalization between storage, transmission, distribution or customer purposes, and sufficient to identify the location, type and original cost of all debt-funded projects where the original loans or bonds have not been paid in full. This includes projects for which the initial loans or bonds have been refinanced one or more times, but not yet otherwise paid in full.
10. Complete Table 1 (attached).
11. Complete Table 2 (attached).
12. Provide a breakdown of the following costs which were included in Schedule B of Frankfort's Cost of Study ("COS") filed in this case. Ensure the breakdown is detailed enough to enable functionalization between storage, transmission, distribution and customer purposes. If the costs cannot be assigned to one of the four mentioned purposes, please indicate why the expense is relevant to a wholesale cost-of-service study:
 - computer expense
 - software services
 - insurance expense
 - clubhouse expense
 - cash contributions to city
13. Provide descriptions detailed to the extent to allow functionalization between storage, transmission, distribution or customer purposes, and sufficient to identify the location, type and original cost, for all rate-funded capital projects designed or constructed by Frankfort's water utility division in the past five fiscal years.

14. What customer(s) is included in the customer class, "Sales for Resale—Water Producer"?
15. The COS cover letter signed by Paul Herbert and Constance Heppenstall refers to the inclusion of "pro forma revenues". The rate proposed for Sales for Resale—Non-Water Producers appears to have been calculated with test year (FY2013) water purchases in the denominator. Please explain.
16. Describe the metering reading system(s) Frankfort uses for its direct customers located (1) within the city limits of Frankfort and (2) those located outside the city of limits of Frankfort.
17. Regarding Factor 5 in Gannett Fleming's COS, the example in AWWA's M-1 (p 65) has 90% of the cost of distribution storage facilities assigned to maximum hour extra capacity, with the remaining 10% assigned to base. Page 19 of the COS indicates that, in the case of Frankfort's water utility, only 56% of the water storage facilities is allocated to maximum hour extra capacity. Please describe in detail the unique conditions or factors that justify such a deviation from the industry norm?
18. Regarding Factor 5 in Gannett Fleming's COS, what method (ISO, NFA, other) was used to determine the fire protection demand for Frankfort's water distribution system? Include values for the relevant factors used to calculate needed fire flow (NFF).
19. Which method of accumulating costs is used in Gannett Fleming's COS study, the Cash-Needs or the Utility-Basis Approach?
20. What are the current water rates for all of Frankfort's customer categories other than the Wholesale Customers, and the date each such rate went into effect? Please produce a copy of the cost of service study or studies upon which each such rate was based.

21. Regarding Factor 5, in accordance with the guidance in M-1, different allocations are used for water storage facilities than are used for transmission and distribution facilities. The COS prepared by Gannett Fleming provides separate costs for water storage facilities in regard to rate base and depreciation, but not separate operational costs for storage facilities. Please separate storage operational costs from transmission and distribution costs.
22. Provide breakout costs (expenses) for finished water reservoirs and storage tanks.
23. Regarding Factor 6 in Gannett Fleming's COS, In AWWA's M-1 (pg 62), costs associated with treated water transmission mains carry different allocation equations than distribution mains. The example cited in M-1 allocates transmission mains at 65% base and 35% maximum day without any allocation to maximum hour. Distribution mains in the example in M-1 are allocated 45% base, 25% maximum day and 30% maximum hour. Please provide transmission costs and distribution costs separately, in order to more accurately apply distribution factors to assign the costs to the various customer classes.
24. Reference is made to Question 16 of Appendix B to the PSC Order dated July 23, 2014. The map produced by Frankfort in response to this question (the "Map") has a color-coded legend for pipes of varying diameters. The Map largely does not follow that color-coded system, with the majority of water mains 6-inches and larger shown in red. Please produce this same Map where all water mains are color-coded consistent with the legend to indicate their size. If there is the ability to produce such a Map which identifies by name all or most road names on the Map, please include those road

names on the Map. If it is not feasible to identify most road names on the Map, please identify on the Map the names of as many roads as feasible, including all arterial roads.

25. Reference is made to Question 16 of Appendix B to the PSC Order dated July 23, 2014. Please produce a Frankfort system map (showing facilities that Frankfort alleges serve wholesale water customers), which lists on the Map as many road names as is feasible, includes only water mains of 8 inches and larger in diameter, and is color-coded by water main size.
26. Explain in detail how the clubhouse is required to provide adequate service to Frankfort's wholesale customers.
27. Please explain why Georgetown is not included as a wholesale customer in Frankfort's response to Question 12-A in Appendix B to the July 23, 2014 PSC Order.
28. The Wholesale Customers are regulated by the Kentucky Public Service Commission and are required by law to each maintain overhead storage equal to at least one day's use by that utility's customers. In theory, this means that Frankfort could completely avoid all peak-hour demand generated by the Wholesale Customers by requiring them to pump water into their overhead storage tanks at non-peak-hour demand times. This would save Frankfort significant funds by not having to construct capacity and expend operational resources to meet the Wholesale Customers' peak-hour demand. Please describe Frankfort's efforts to advise the Wholesale Customers of these demand side management practices and potential savings and Frankfort's efforts to encourage or require the Wholesale Customers to implement these demand side management practices, including, but not limited to, adoption by Frankfort of a rate structure that

would reflect these savings for the Wholesale Customers utilizing these demand side management practices.

29. Please explain how the following water mains or water main areas, which are indicated on the Map as being dead-end mains, serve the Wholesale Customers:

a. These are in reference to the 4-way water main intersection on US Highway 421 where the southerly 8-inch main serves the NE master meter 1 (the "Intersection"):

- i. 6-inch water main extending from the Intersection in an easterly direction along US Highway 421;
 - ii. 16-inch and 4-inch water mains extending from the Intersection in a northerly direction;
- b. 4-inch water main (appears to follow Old Frankfort Pike) extending in a southeasterly direction from the 20-inch water main which connects the Jett Pump and US Highway 421;
- c. 3-inch and short 6-inch water mains adjacent to U.S. Highway 60 just south of the Jett Pump area;
- d. 6-inch and 4-inch lines extending in a southeasterly direction from the Rose tank, then branching east and west;
- e. 4-inch and 3-inch water mains extending in a southerly and then northwesterly direction from the intersection of the 4-inch and 6-inch water mains feeding the Rose tank;
- f. 3-inch lines extending in a westerly direction from the 4-inch water main feeding the Rose tank;

- g. The entire group of 3-, 6-, and 4-inch water mains extending in a northerly direction from the north side of the 3-inch water main which leads from the Millville pump that feeds the Rose tank;
- h. Series of 6- and 12-inch water mains that appear to serve Iverness Road, Galbraith Road, and the roads bounded by Maverick Trail, Bolera Way, and Stonehaven Drive, including Fiesta Way, Saddleback Trail, Charro Court, and other roads in that immediate vicinity;
- i. 6-inch and 4-inch water mains that appear to serve Winterhaven Lane, Springhill Lane, Autumn View Lane, and nearby roads fed by one 6-inch and one 4-inch water main off U.S. Highway 421;
- j. Series of roads generally encircled by Isaac Shelby Circle off U.S. Highway 421 and indicated on the Map as being fed by a single 8-inch water main;
- k. 8-inch water main between Isaac Shelby Circle and Regent's Park Circle extending in a northerly direction off US Highway 421;
- l. Series of 6-inch, 12-inch, 8-inch and 3-inch mains extending in a northeasterly direction from the Sullivan Pump area and apparently running along or near Glenn's Creek Road;
- m. 12-inch, 8-inch and 6-inch water mains extending in a southeasterly direction from the Gesesco pump;
- n. 6-inch water main extending from Schenkle Lane in a northwesterly direction along Highway U.S. 421;
- o. Series of 6-inch and 8-inch mains extending northwest of Schenkle Lane and including Discher Estates;

- p. 8-inch and 6-inch water main along Kentucky Avenue;
 - q. 6-inch water main extending south set in a southerly and then easterly direction from the Fort Highlands area, Skyline Road and Skyview Drive;
 - r. 8-inch and 6-inch water mains extending northwest of the North Shelby master meter, and parallel 2-inch and 8-inch water mains extending in a northwest direction;
 - s. Series of water mains fed by an 8-inch water main beginning on Devil's Hollow Road and running along River Ridge Road, and including, but not limited to, River Ridge Road, Riverbend Road, Palisade Drive, Crown Point Drive, Sandbar Lane, and Harmony Landing;
 - t. Water main along Moss Lane;
 - u. All water mains west of the intersection of Richardson Lane and Devil's Hollow Road;
 - v. Water main along King Lane;
 - w. 6-inch water main extending north from the US 60 master meter at Bridgeport;
 - x. Series of 6- and 8-inch lines along Bridgeport Road and extending northward of US Highway 60;
 - y. All water mains shown on the Map other than those listed in a through x above which are indicated on the Map as dead-end mains.
30. Please explain in detail how the Rose tank contributes significantly to Wholesale Customer water service even though it is connected to Frankfort's system by only a 3-inch water main and is located a long distance from any Wholesale Customer master meter.

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.

By: 

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CERTIFICATE OF SERVICE

It is hereby certified that a true and accurate copy of the foregoing was this 19th day of August, 2014 mailed to the following:

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Donald T. Prather

Table 1

		test period (TY13) gallons	fiscal year (FY14) gallons
1	total gallons produced		
2	total gallons sold to direct customers		
3	total gallons sold to wholesale customers		
4	gallons used in production at WTP		
5	gallons used flushing waterlines		
6	gallons not billed but accounted for excluding WTP production and flushing	0	0
7	unaccounted-for water	0	0
8	total gallons sold	0	0
9	total accounted-for water (not billed)	0	0
10	percent water loss	#DIV/0!	#DIV/0!
direct customers			
	residential		
	commercial/public		
wholesale sales--non-water producers			
	Elkhorn Water District		
	Farmdale Water District		
	North Shelby Water Company		
	Peaks Mill Water District		
	South Anderson Water District		
	Northeast Woodford Water District		
	Highway 60 Water District		
wholesale sales water producers			
total (must match line #8, above)		0	0

Frankfort Water Produced and Sold

Table 2

Demand Used in Calculation of Maximum Day (all values in MGD, to nearest hundredth)

[illegible]