

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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Case No.
2014-00254

RECEIVED

OCT 01 2014

**PUBLIC SERVICE
COMMISSION**

ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Second Request for Information to Frankfort Electric and Water Plant Board ("FPB") to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the specific portion of the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for FPB with an electronic version of these questions, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information

within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of 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.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and

shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-

readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

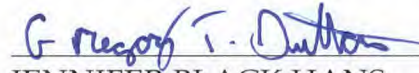
(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

Respectfully submitted,

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ATTORNEY GENERAL



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Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of the foregoing were served and filed by hand delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; counsel further states that true and accurate copies of the foregoing were mailed via First Class U.S. Mail, postage pre-paid, to:

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this 1st day of October, 2014



Assistant Attorney General

Proposed Adjustment of the Wholesale Water Service Rates of Frankfort Electric and Water Plant Board
Case No. 2014-00254
Attorney General's Second Request for Information

1. Comparing the rate study dated May 21, 2013 (provided in Response to AG 1-42) and the rate study dated April 7, 2014 (provided in response to PSC 1-22), please answer the following questions:
 - a. Why did the cost of serving Non Water Producers increase from \$2,147,410 to \$2,333,855 (an increase of 8.6% in one year)?
 - b. Why did the cost of serving Water Producers increase from \$641,356 to \$1,074,086 (an increase of 67.5% in one year)?
 - c. In the 2013 study, Water Distribution Expenses - Pumping and Water Dist Payroll - Pumping were allocated using factor 3. In the 2014 study, the same accounts were allocated using factor 2. Please explain the reasons for the difference and state which factor Mr. Herbert believes is correct and why.
 - d. In the 2013 study, all debt service and coverage on loans is allocated using factor 17. In the 2014 study, debt service and coverage on the KIA loans is allocated using factor 2. Please explain the reasons for the difference and state which factor Mr. Herbert believes is correct and why.
 - e. The 2013 study shows average daily consumption of 6,165,000 gallons and average daily sendout of 7,626,329. The 2014 study shows average daily consumption of 6,468,000 and average daily sendout of 8,493,000. Please explain the reasons for the substantial increase in non-revenue water (the difference between sendout and metered consumption) in one year.
2. Reference Response to AG 1- 25. Why does FPB use the factor of 2.78 to approximate retail water population served by FPB? In other words, where does the factor of 2.78 originate?
3. Reference Response to AG 1-34. Provide the estimated annual loss in gallons for the years 2008, 2009, 2010, 2011, 2012, 2013, and 2014.
4. Reference Response to AG 1-39. Confirm that since FPB has supplemented its responses to AG 1-23 and AG 1-26 that FPB's response to AG 1-39 is still accurate and does not require supplement or update.
5. Reference Response to AG 1-44. Please explain why the FPB had an entirely new COSS produced in 2014 when the 2013 COSS included wholesale water customers.