

Commonwealth of Kentucky  
Before the Public Service Commission

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PUBLIC SERVICE  
COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY )  
WATER DISTRICT FOR APPROVAL OF )  
DEPRECIATION STUDY EFFECTIVE )  
JANUARY 1, 2007

Case No. 2006-00398

ATTORNEY GENERAL'S REQUEST FOR INFORMATION

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, submits this Request for Information to the Northern Kentucky Water District.

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

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

(3) 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.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company 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.

Respectfully submitted,

GREGORY D. STUMBO  
ATTORNEY GENERAL

*David Edward Spenard*  
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*Certificate of Service and Filing*

Counsel certifies filing of the original and ten photocopies of this Request for Information by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, service of the filing was by mailing a true and correct of the same, first class postage prepaid, to John N. Hughes, 124 West Todd Street, Frankfort, Kentucky 40601 (and a version in electronic format has been e-mailed to [jnhughes@fewpb.net](mailto:jnhughes@fewpb.net)), all on this 29 day of November 2006.

*David Edward Spenard*  
Assistant Attorney General

Attorney General's Request for Information  
Public Service Commission Case No. 2006-00298

- AG-1-1) Provide complete copies of annual financial statements for the 10 years ending December 31, 2005. Include annual Statements of Changes in Financial Position and/or Statements of Sources and Uses of Funds.
- AG-1-2) Explain the meaning of and reason for the statement contained in item 6 of the Petition. In other words, why is NKWD confirming that there is no construction involved in the request for approval of the depreciation study? Moreover, if it were, how would construction be involved in the request for approval?
- AG-1-3) Mr. Loos' August 30, 2006, letter to Mr. Bragg states, "Implementation of the recommended rates will result in an aggregate increase of approximately \$2,191,000 in depreciation expense." Is this amount based on December 31, 2004, balances? Will this amount increase if the proposed depreciation rates are applied to plant balances in the next rate case? If yes, provide the most recent estimate of the amount of the depreciation increase in the next rate case.
- AG-1-4) Provide all historical statistics available to Black & Veatch and NKWD that relate in any way to water utilities' (either public or private) depreciation and maintenance expenses.
- AG-1-5) Why does NKWD not have "the history of plant additions and balances by account required to use the simulated plant balance approach"? (Black & Veatch, p.1.) Provide all NKWD and predecessor history that is available.
- AG-1-6) Provide quantification by account of the gross salvage and cost of removal ratios embedded in each of the Black & Veatch depreciation rates.
- AG-1-7) Identify each of NKWD's water treatment plants.
- a. State whether the plant is critical to NKWD's continued operations.
  - b. Describe all plans for the final retirement and removal of each treatment plant.

- c. Does NKWD typically retire and demolish its treatment plants at the end of their lives, or does NKWD typically refurbish and expand its treatments plants? Please explain.

AG-1-8) Please confirm that the two volume May 2004 "Asset Management Program" referenced by Black & Veatch (p. 2) is the same document previously supplied to the Office of the Attorney General in 2004. If not, please supply the document referenced (Black & Veatch, p. 2.). Additionally, please identify any post-May 2004 amendments, deletions, modifications, additions, or changes to the document and program and supply photocopies of any modified or added material.

AG-1-9) Identify each of NKWD's structures.

- a. State whether the structure is critical to NKWD's continued operations.
- b. Describe all plans for the final retirement and removal of each structure.
- c. Does NKWD typically retire and demolish its structures at the end of their lives, or does NKWD typically refurbish and expand its structures? Please explain.

AG-1-10) Provide NKWD's Chart of Accounts, and state the source of the accounts, e.g. NARUC, Kentucky PSC, other?

AG-1-11) Provide internal accounting manuals, and policies and procedures relating in any way to property accounting and operation and maintenance practices.

AG-1-12) Provide all workpapers underlying Black & Veatch's study, tables, and testimony. Provide in both hard copy and electronic format with all formulae intact.

AG-1-13) Does NKWD agree that the inclusion of depreciation expense in the development of service rates will increase those service rates and thus provide cash flow to NKWD? If not, please explain why not.

AG-1-14) Identify all sources of annual cash flow to NKWD.

AG-1-15) Identify all grants from the EPA and other organizations (including the Kentucky Infrastructure Authority) during the last five years. Provide copies of NKWD's applications for such grants.

AG-1-16) How will NKWD use the cash generated by a depreciation expense increase?

AG-1-17) Regarding Mr. Loos' depreciation study and NKWD's 2004 Asset Management Program:

- a. Provide a mapping of each NARUC account shown on Table 6-1 of Mr. Loos' depreciation study into asset categories and specific projects and programs discussed in NKWD's May 2004 Asset Management Program prepared by Black & Veatch.
- b. Describe the impact that each project and program discussed in the Asset Management Program had upon Mr. Loos' recommended depreciation rate.