

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

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

CASE NO. 2008-00250

RESPONSE TO ORDER OF JULY 2, 2008

1. Provide in written verified form the direct testimony of each witness that the Plant Board intends to call at the hearing to be scheduled in this matter.

Witness(es): Warner J. Caines, General Manager
Paul Herbert, Gannett Fleming

Response: Attached

2. Provide the independent auditor's reports for the Plant Board's water operations and sewer operations, shown separately, for the last 2 fiscal years.

Witness: Shannon Taylor

Response: Attached

3. a. State the 12-month test period upon which the Plant Board bases its proposed rate adjustment.

b. Explain why this test period was chosen.

Witness: Paul Herbert

Response: Attached

4. Provide the general ledgers for the Plant Board's water operations for the proposed test period and the most recently concluded fiscal year. These general ledgers shall include all check registers and spreadsheets used to record and track financial transactions.

Witness: Shannon Taylor

Response: Attached

5. For each outstanding revenue bond issuance related to the Plant Board's water operations, provide:

- a. The bond ordinance or resolution authorizing the issuance of revenue bonds.
- b. An amortization schedule.
- c. A detailed explanation of why the debt was incurred.
- d. A calculation of the annual debt service payment, including all required payments to debt service accounts or funds, for each of the next 3 years.

Witness: Shannon Taylor, Herbbie Bannister

Response: Attached

6. List all persons on the Plant Board's payroll during the proposed test period. For each employee, state his or her job duties, total wages paid during the fiscal year, current salary or wage rate, and the percentage of work hours spent performing duties for each city division (e.g., water, sewer, police department, public works) during the fiscal year. If the Plant Board's records do not permit the allocation of an employee's work hours among city divisions, provide an estimate for each employee and explain how the Plant Board derived the estimate.

Witness(es): Shannon Taylor

Response: Attached

7. For each employee listed in Item 6, describe how the Plant Board allocated his or her payroll and payroll overhead charges to each city division for the proposed test period. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

Witness: Shannon Taylor

Response: Attached

8. a. List all joint or shared costs that the Plant Board incurred during the proposed test period. For each cost, list the vendor, total expense amount, amounts allocated per division, and the basis for allocation.

b. Describe the procedures to allocate joint and shared costs among the Plant Board's divisions for the proposed test period.

c. Provide all internal memoranda, policy statements, correspondence and documents related to the allocation of joint and shared costs.

Witness: Shannon Taylor

Response: Attached

9. Provide detailed depreciation schedules for the water division.

Witness: Shannon Taylor

Response: Attached

10. Provide an adjusted trial balance and audit adjustments for the proposed test period and the most recently completed fiscal year. The trial balance shall be traced and referenced directly to the general ledgers requested in Item 4.

Witness: Shannon Taylor

Response: Attached

11. Identify all persons or entities to which the Plant Board provides wholesale water service.

Witness: Herbbie Bannister

Response: Attached

12. a. Complete the table below:

Water Main Size	Total Miles of Line	Miles of Lines Used By The Plant Board To Serve its Wholesale Customers
16"	10.57	10.54
14"	2.88	2.80
12"	37.10	31.49
10"	1.16	1.16
8"	59.31	37.47
6"	131.75	60.86
4"	29.92	3.89
2"	10.93	-0-

b. Who paid for the water main(s) that the Plant Board uses to deliver water to the Plant Board's wholesale customer(s)?

Witness(es): David Billings, Herbbie Bannister

Response: Attached

13. a. What is the maximum capacity of the Plant Board's water treatment plant?

b. For each of the customers listed in response to Item 11, state:

(1) The amount of the Plant Board's total water treatment plant capacity currently reserved for that customer.

(2) The minimum and maximum quantity of water (in gallons) that the may purchase in a month under the terms of its present water purchase contract with the Plant Board.

c. Describe the changes, if any, that the Plant Board expects within the next 3 years in the level of water treatment capacity reserved for each of the customers listed in Item 11 and state the reason(s) for the Plant Board's expectations.

d. Describe all plans that the Plant Board currently has for augmenting its existing sources of water within the next 3 years.

Witness: Herbbie Bannister, David Billings

Response: Attached

14. a. Who owns the master meter(s) through which the Plant Board provides water to the customers listed in Item 11?

b. Through how many master meters does the Plant Board provide water service to each of the customers listed in Item 11?

c. Who is responsible for maintaining these master meters?

Witness: Herbbie Bannister

Response: Attached

15. Provide a system map showing all the Plant Board facilities that are used to service the customers listed in Item 11. This map shall, at a minimum, show all master meters, pumping stations, storage tanks, water transmission mains and water distribution mains

used to serve the customers listed in Item 11. The size of all mains shall be clearly indicated on this map.

Witness: Herbbie Bannister

Response: Attached

16. What portion, if any, of the Plant Board's water main(s) that serve the customers listed in Item 11 are gravity fed?

Witness: Herbbie Bannister

Response: Attached

17. a. List the Plant Board's water sales (in gallons) for each month of the previous 36 months for each of its wholesale customers and for its retail customers.

b. List the total amount billed by the Plant Board for water service for each month of the previous 36 months to each of its wholesale customers and to its retail customers.

Witness: Shannon Taylor

Response: Attached

18. Provide the Plant Board's current rate schedule for its retail customers and for each of its wholesale customers.

Witness: Shannon Taylor

Response: Attached

19. Complete the table below:

FEWPB	Gallons for Test Period	Gallons for Fiscal Year Ending June 30, 2008
Plant Use *Includes water for flushing	54,810,015	66,681,270
Line Loss (Unaccounted for)	360,787,600	33,2610,400
Sales to Retail	1,547,036,405	1,576,550,626
Sales to Elkhorn Water District	59,779,600	68,666,200
Sales to Farmdale Water District	219,306,300	227,759,200
Sales to Peaks Mill Water District	80,013,800	88,281,200
Sales to South Anderson Water District	31,512,700	29,220,600
Sales to US 60 Water District	166,608,100	157,447,200
Sales to Other Wholesale Customers (Georgetown)	216,853,000	184,903,000
Total Produced and Purchased	2,944,171,000	2,921,560,000
Total Sold	2,503,906,905	2,512,890,026

Witness: Herbbie Bannister, Chris Riddle

Response: See above

20. a. State whether the Plant Board provides unmetered water service to any entities (e.g., service to municipal buildings, fire departments or protection services).

b. If unmetered service is provided, then for each type of service, estimate the percentage of the total unmetered amount.

Witness: Herbbie Bannister

Response: Attached

21. Provide a copy of the cost-of-service study upon which the proposed rate is based.

Witness: Paul Herbert

Response: Attached

22. a. Identify the person who prepared the cost-of-service study upon which the proposed rate is based.

b. Provide the preparer's curriculum vitae.

c. List all cases before the Commission in which the preparer has submitted a cost-of-service study.

d. List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

Witness: Paul Herbert

Response: Attached

23. If the proposed rate is not based upon a cost-of-service study, describe how the Plant Board determined the proposed wholesale rate and state who participated in the determination.

Witness: Not Applicable

Response: Not Applicable

24. State whether KRS 96.171-96.188 governs the operation of the Plant Board.

Witness: Warner J. Caines

Response: Attached

25. Provide the ordinance or resolution of the Plant Board in which the proposed rate adjustment was approved.

Witness: Warner J. Caines

Response: Attached

26. Provide the minutes of each meeting of the Plant Board since January 1, 2006 in which a proposed rate adjustment to the Plant Board's wholesale customers was discussed.

Witness: Warner J. Caines

Response: Attached

27. Provide a copy of all correspondence, electronic mail messages, or other written communications between the Plant Board and its wholesale customers since January 1, 2005 regarding revisions to its wholesale rate.

Witness: Warner J. Caines

Response: Attached

28. Provide all contracts for water service between the Plant Board and its wholesale customers that have not been filed with the Commission.

Witness: Warner J. Caines

Response: Attached

29. a. State the annual effect of the proposed rate adjustment on the Plant Board's revenues from wholesale water service to each of its wholesale water service customers.

b. Show all calculations made and state all assumptions used to derive the response to Item 29(a).

Witness: Shannon Taylor, Paul Herbert

Response: Attached

CERTIFICATION

I, Hance Price, certify that I am the attorney supervising the preparation of these Responses on behalf of the Frankfort Electric and Water Plant Board and that the Responses and attachments thereto are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.

Hance Price
Hance Price

Submitted By:

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Attorneys for Frankfort Electric and
Water Plant Board

This the 4th day of August, 2008.

CERTIFICATE OF SERVICE

I, Hance Price, certify that on the 4th day of August 2008 a copy of this Response to the Commission's Order of July 2, 2008 was served by hand delivery to Honorable Thomas A. Marshall, Attorney at Law, 212 Washington Street, P.O. Box 223, Frankfort, KY 40602, and by mail to Honorable Donald T. Prather, Mathis, Riggs & Prather, P.S.C. Attorneys at Law, 500 Main Street, Suite 5, Shelbyville, KY 40065 and by hand delivery of an original and six copies to Stephanie Stumbo, Executive Director, Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, KY 40602-0615.

Hance Price
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