

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES OF THE) CASE NO. 2010-00148
CITY OF IRVINE)

ORDER

The Commission, on its own motion, HEREBY ORDERS that:

1. The procedural schedule set forth in Appendix A to this Order shall be followed.

2. a. All responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness who will be responsible for responding to the questions related to the information provided, with copies to all parties of record and six copies to the Commission.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, 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.

c. A party shall make timely amendment to any prior response if it obtains information that indicates that the response was incorrect when made, or though correct when made, is now incorrect in any material respect.

d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

3. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.

4. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

5. All documents that this Order requires to be filed with the Commission shall be served upon all other parties.

6. To be timely filed with the Commission, a document must be received by the Commission within the specified time for filing except that any document shall be deemed timely filed if it has been transmitted by United States express mail, or by other recognized mail carriers, with the date the transmitting agency received said document from the sender noted by the transmitting agency on the outside of the container used for transmitting, within the time allowed for filing.

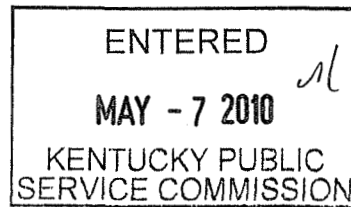
7. Service of any document or pleading shall be made in accordance with 807 KAR 5:001, Section 3(7).

8. Irvine Municipal Utilities ("Irvine") shall, no later than July 1, 2010, file with the Commission the original and six copies of the information listed in Appendix B, with a copy to all parties of record. Irvine's response shall conform to the requirements set forth in Ordering Paragraphs 2 and 4 of this Order.

9. The style of this case is revised to "Proposed Adjustment of the Wholesale Water Service Rates of Irvine Municipal Utilities."

10. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00148 DATED **MAY - 7 2010**

Telephone Conference Call with all parties, beginning at 10:00 a.m.,
Eastern Daylight Time, for the purpose of discussing the status of the
proceeding..... 06/01/10

Irvine shall file its response to the Commission's request
for information no later than..... 06/18/10

Intervenors and Commission Staff shall serve their first set of requests
for information upon Irvine no later than 07/02/10

Irvine shall file with the Commission and serve upon all parties
of record and Commission Staff its responses to the first sets of
requests for information no later than 07/23/10

Intervenors and Commission Staff shall serve their second
set of requests for information upon Irvine no later than..... 08/06/10

Irvine shall file with the Commission and serve upon all parties
of record and Commission Staff its responses to the second sets of
requests for information no later than 08/20/10

Telephone Conference Call with all parties, beginning at 10:00 a.m.,
Eastern Daylight Time, for the purpose of discussing the status of the
proceeding..... 08/30/10

Public Hearing, beginning at 9:30 a.m., Eastern Standard Time,
at the Commission's offices at 211 Sower Boulevard, Frankfort,
Kentucky, for the purpose of cross-examination of witnesses To Be Announced

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2010-00148 DATED MAY - 7 2010

1. Provide in written verified form the direct testimony of each witness that Irvine intends to call at the scheduled hearing in this matter.
2. Provide the independent auditor's reports for Irvine's water operations for the fiscal years ending June 30, 2007, June 30, 2008, and June 30, 2009.
3.
 - a. State the 12-month test period upon which Irvine bases its proposed rate adjustment.
 - b. Explain why this test period was chosen.
4. Provide the general ledgers for Irvine's water and sewer 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.
5. For each outstanding revenue bond issuance related to Irvine's water and sewer 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 reserve accounts or funds, for each of the next three years.

6. List all persons on Irvine'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 Irvine'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 Irvine derived the estimate.

7. For each employee listed in Item 6, describe how Irvine 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.

8. a. List all joint or shared costs that Irvine 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 Irvine'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.

9. Provide a detailed depreciation schedule for the water division.

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.

11. Provide the "Enterprise Funds Uniform Financial Information Report" that Irvine submitted to the Kentucky Department of Local Government for the fiscal years ending June 30, 2008 and June 30, 2009.

12. a. Identify all persons or entities to which Irvine provides wholesale water service.

b. For each customer listed above, provide for each of the previous 24 months its monthly water usage and the amount that Irvine charged it for service.

13. a. For all water mains in Irvine's system, complete the table below:

Water Main Size	Total Miles Of Line	Miles Of Lines Used By Irvine To Serve Its Wholesale Customers
16"		
14"		
12"		
10"		
8"		
6"		
4"		
2"		

b. Identify the person or persons who paid for the water main(s) that Irvine uses to deliver water to Irvine's wholesale customer(s).

14. a. State the maximum capacity of Irvine's water treatment plant.

b. For each of the customers listed in response to Item 12(a), state:

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

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

c. Describe the changes, if any, that Irvine expects within the next three years in the level of water treatment capacity reserved for each of the customers listed in Item 12(a) and state the reason(s) for Irvine's expectations.

15. a. Identify the owner of the master meter(s) through which Irvine provides water to the customers listed in Item 12(a).

b. State for each customer listed in Item 12(a) the number of master meters that Irvine uses to provide water service to that customer.

c. Identify the party who is responsible for maintaining these master meters.

16. Provide a system map showing all Irvine's facilities that are used to serve the customers listed in Item 12(a). 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 12(a). The size of all mains shall be clearly indicated on this map.

17. State the portion, if any, of Irvine's water main(s) that serve the customers listed in Item 12(a) that are gravity-fed

18. a. List Irvine'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 Irvine for water service for each month of the previous 36 months to each of its wholesale customers and to its retail customers.

19. Provide Irvine's current rate schedule for its retail customers and for each of its wholesale customers.

20. Complete the table below:

Irvine	Gallons for Test Period	Gallons for Fiscal Year Ending June 30, 2009
Plant Use		
Line Loss (Unaccounted for)		
Sales to Retail		
Sales to Estill County Water District		
Sales to Other Wholesale Customers		
Total Produced and Purchased		
Total Sold		

21. a. State whether Irvine provides unmetered water service to any entities (e.g., municipal buildings, fire departments, fire protection service).

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

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

23. 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.

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

25. Identify the section(s) of KRS Chapter 96 under which Irvine Municipal Utilities was formed and currently operates.

26. Provide the minutes of each meeting of the Irvine City Council since January 1, 2008 in which a proposed rate adjustment to Irvine's wholesale customers was discussed.

27. Provide a copy of all correspondence, electronic mail messages, or other written communications between Irvine and its wholesale customers since January 1, 2008 regarding revisions to Irvine's wholesale rate.

28. Provide all contracts for water service between Irvine and Estill County Water District that have not been filed with the Commission.

29. a. State the annual effect of the proposed rate adjustment on Irvine'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).

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Irvine, KY 40336

Johnny Shepherd
Chairman
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