

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOELSALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

ORDER

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

1. Ordering Paragraph 2 of the Commission's Order of April 15, 1999, is hereby vacated.
2. The procedural schedule set forth in the Appendix A to this Order shall be followed.
3. All requests for information and responses thereto shall be appropriately indexed. All responses 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 6 copies to the Commission.
4. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.
5. 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.
6. All documents that this Order requires to be filed with the Commission shall be served upon the opposing party.

7. To be timely filed with the Commission, a document must be received by the Secretary of 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 of 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.

8. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

9. Within 21 days of the date of this Order, Warsaw shall file with the Commission the original and 6 copies of the information listed in Appendix B, with a copy to all parties of record. Each copy of the requested information shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Warsaw shall include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility.

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

Done at Frankfort, Kentucky, this 6th day of August, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-131 DATED AUGUST 6, 1999

- All requests for information to Warsaw shall be served upon Warsaw no later than 09/03/99
- Warsaw shall file with the Commission and serve upon all parties of record its responses to the requests for information no later than..... 09/13/99
- All supplemental requests for information shall be served upon Warsaw no later than..... 09/23/99
- Warsaw shall file with the Commission and serve upon all parties of record its responses to supplemental requests for information no later than 10/04/99
- Any second set of supplemental requests for information shall be served upon Warsaw no later than 10/14/99
- Warsaw shall file with the Commission and serve upon all parties of record its responses to all supplemental requests for information no later than 10/25/99
- Intervenor testimony, if any, shall be filed with the Commission and serve upon all parties of record in verified prepared form no later than 11/03/99
- All requests for information to Intervenor shall be served no later than 11/15/99
- Intervenor file with the Commission and serve upon all parties of record its responses to requests for information no later than..... 11/29/99
- Public Hearing is to begin at 9:30 a.m., Eastern Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of cross-examination of witnesses 12/08/99

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-131 DATED AUGUST 6, 1999

1. Provide in written verified form the direct testimony of each witness that Warsaw intends to call at the scheduled hearing in this matter.
2. Provide the independent auditor's report for Warsaw's water and sewer operations for the fiscal year ended June 30, 1998.
3. Provide the general ledgers for Warsaw's water and sewer operations for the fiscal year ended June 30, 1998. These general ledgers shall include all check registers and spreadsheets used to record and track financial transactions.
4. For each outstanding revenue bond issuance related to Warsaw's water and sewer operations:
 - a. Provide the bond ordinance or resolutions authorizing the issuance of revenue bonds.
 - b. Provide an amortization schedule.
 - c. Provide a detailed explanation of why the debt was incurred.
5. List all persons on Warsaw's payroll during the fiscal year ended June 30, 1998. 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 Warsaw'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 Warsaw derived the estimate.

6. For each employee listed in Item 4, describe how Warsaw allocated his or her payroll and payroll overhead charges to each city division for the fiscal year ended June 30, 1998. 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.

7. a. List all joint or shared costs that Warsaw incurred during the fiscal year ended June 30, 1998. 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 Warsaw's divisions for the fiscal year ended June 30, 1998.

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

8. Provide detailed depreciation schedules for the water and sewer divisions. A separate schedule shall be provided for each division.

9. Provide an adjusted trial balance and audit adjustments for the fiscal year ended June 30, 1998. The trial balance shall be traced and referenced directly to the general ledger requested in Item 2.

10. Provide the Enterprise Funds Uniform Financial Information Report that Warsaw submitted to the Kentucky Department of Local Government for the fiscal year ended June 30, 1998.

11. a. Complete the table below:

Water Main Size	Total Miles Of Line	Miles Of Lines Jointly Used By Both The City & District
16		
14		
12		
10		
8		
6		
4		
2		

b. Who paid for the water main(s) that Warsaw uses to deliver water to Gallatin County Water District (Gallatin District)?

c. Besides Gallatin District, what other customers, if any, does Warsaw serve from the water mains that it uses to deliver water to Gallatin District?

d. For each customer listed in response to Item 11c, provide his or her monthly water usage for each of the previous 24 months.

12. a. What is the maximum capacity of Warsaw s water treatment plant?

b. (1) How much of Warsaw s total water treatment plant capacity is currently reserved for Gallatin District?

(2) What changes, if any, does Warsaw expect within the next three years in the level of water treatment capacity reserved for Gallatin District? Why does Warsaw expect these changes?

13. a. Who owns the master meter(s) through which Warsaw provides water to Gallatin District?

b. Warsaw provides water service to Gallatin District through how many master meters?

c. Who is responsible for maintaining these master meters?

14. Provide a system map showing all Warsaw facilities that are used to serve Gallatin District.

15. What portion, if any, of Warsaw s water main(s) that serve Gallatin District are gravity fed?

16, What is Warsaw s current rate for water service to Gallatin District?

17. What Warsaw s proposed rate for water service to the District?

18. For each month of the previous 24 months, state Warsaw s monthly water sales (in gallons) sales to Gallatin District.

19. a. When did Warsaw begin selling water to Gallatin District?

b. Who was responsible for developing the rate for water service that Warsaw charged Gallatin District when it first provided water service?

c. How did Warsaw determine its initial rate for water service to Gallatin District?

20. a. When did Warsaw first prepare or commission a cost of service study to determine the appropriate rate for its water service to Gallatin District?

b. (1) Who prepared this study?

(2) Provide the preparer s curriculum vitae?

(3) List all cases before the Commission in which the preparer has submitted a cost of service study.

(4) 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.

c. Provide a copy of this study.

21. a. Has Warsaw subsequently prepared or commissioned a cost of service study to determine the appropriate rate for its water service to Gallatin District?

b. For each subsequent study:

(1) Who prepared this study?

(2) Provide the preparer's curriculum vitae?

(3) List all cases before the Commission in which the preparer has submitted a cost of service study.

(4) 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.

(5) Provide a copy of the cost of service study.

22. What types of water service (e.g., service to municipal buildings, fire protection, etc.) are included in the unmetered amount? For each type of service, estimate the percentage of the total unmetered amount.

23. Complete the table below:

City of Warsaw	Gallons for 1998
Plant Use	
Line Loss (Unaccounted for)	
Sales to Retail	
Sales to Gallatin District	
Total Produced and Purchased	
Total Sold	