

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE )  
WATER SERVICE RATE OF THE CITY OF WEST ) CASE NO. 2001-00472  
LIBERTY, KENTUCKY )

COMMISSION STAFF S FIRST SET OF INTERROGATORIES  
AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO  
CITY OF WEST LIBERTY, KENTUCKY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that the city of West Liberty, Kentucky ("West Liberty") file the original and 8 copies of the following information with the Commission no later than February 27, 2002, with a copy to all parties of record. Each copy of the information requested 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. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention shall be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to West Liberty's Response to the Commission's Order of December 27, 2001, Item 2, Attachment B at 72 and 107. West Liberty's Repairs and

Maintenance expense decreased from \$63,953 in the year ended June 30, 2000 to \$18,520 in the year ended June 30, 2001.

- a. State the reason(s) for the decrease.
- b. Indicate which level of expense is more representative of West

Liberty s current operations. Explain.

2. Refer to West Liberty s Response to the Commission s Order of December 27, 2001, Item 2, Attachment B at 72 and 107. West Liberty s Materials and Supplies expense decreased from \$61,680 in the year ended June 30, 2000 to \$31,118 in the year ended June 30, 2001.

- a. State the reason(s) for the decrease.
- b. Indicate which level of expense is more representative of West

Liberty s current operations. Explain.

3. Refer to West Liberty s Response to the Commission s Order of December 27, 2001, Item 2 Attachment B at 72 and 107. West Liberty s Depreciation and Amortization expense decreased from \$180,545 in the year ended June 30, 2000 to \$165,359 in the year ended June 30, 2001.

- a. State the reason(s) for the decrease.
- b. Indicate which level of expense is more representative of West

Liberty s current operations. Explain.

4. Refer to West Liberty s Response to the Commission s Order of December 27, 2001, Item 2, Attachment B at 72 and 107. West Liberty s Automobile expense decreased from \$10,167 in the year ended June 30, 2000 to \$7,607 in the year ended June 30, 2001.

- a. State the reason(s) for the decrease.
- b. Indicate which level of expense is more representative of West

Liberty's current operations. Explain.

5. Refer to West Liberty's Response to the Commission's Order of December 27, 2001, Item 9 at 3.

- a. State the purpose of the Raw Water Project.
- b. Describe how West Liberty funded the Raw Water Project.
- c. Explain why 20 years was chosen as the depreciation period for the

Raw Water Project. Include in this explanation why West Liberty did not select a longer depreciation period.

6. a. State when West Liberty first began providing water service to Morgan County Water District ( Morgan District ).

b. State the rate at which West Liberty first provided water service to Morgan District and the period this rate was in effect.

c. For each subsequent change in the rate to Morgan District, state the date on which the change became effective, the reason(s) for the change, and the new rate charged.

7. Refer to West Liberty's Response to the Commission's Order of December 27, 2001, Attachment M at Exhibit 4. Provide a breakdown of A & G expenses of \$56,033 by major expense category (i.e., accounts as listed in West Liberty's Response to the Commission's Order of December 27, 2001, Item 2 at 72).

8. In the Audited Financial Statements for West Liberty for the year ended June 30, 2001, four revenue bond issues are listed for the Water and Sewer Proprietary

Fund. See West Liberty's Response to the Commission's Order of December 27, 2001, Item 2, Attachment B at 92. In its Response to the Commission's Order of December 27, 2001, Item 5(a), however, West Liberty provides resolutions related to only three of these issuances. In its Response to Item 5(b), West Liberty provides amortization schedules for only two of these issuances. Provide the bond ordinance or resolution and an amortization schedule for each revenue bond issuance for the Water and Sewer Proprietary Fund. If this information is not available, explain why.

9. Refer to West Liberty's Response to the Commission's Order of December 27, 2001, Item 2, Attachment B at 59 and 94. For the years ending June 30, 2000 and June 30, 2001, West Liberty's Utility Fund paid the General Fund \$80,283 and \$80,000 respectively for office rent and administrative expenses.

a. Explain how West Liberty determined these amounts. Provide all workpapers, show all calculations, and state all assumptions used to derive these amounts.

b. Identify the person(s) who made the determination.

c. For each year, describe the specific nature of these expenses.

10. Refer to West Liberty's Response to the Commission's Order of December 27, 2001, Attachment M at Exhibit 4. Describe how the percentage amounts used to redistribute A & G Expenses were determined.

11. Refer to West Liberty's Response to the Commission's Order of December 27, 2001, Attachment M at Exhibit 6. Describe how West Liberty derived the formulas for allocating debt service coverage to its wholesale customer. With this

description provide all workpapers, show all calculations, and state all assumptions used to derive the formulas.

12. For each year listed below, provide the number of West Liberty's retail customers as of June 30 and the total amount of water (retail and wholesale) in gallons that West Liberty sold during that year:

- a. 1999.
- b. 2000.
- c. 2001.

13. Refer to West Liberty's Response to the Commission's Order of December 27, 2001, Attachment M at Exhibit 4. Provide a breakdown, by function, of each expense allocated to the treatment, distribution, customer, administrative and general, and depreciation functions shown. (The response, for example, should show the portion of \$10,167 listed as automobile expense allocated to treatment, distribution, customer, administrative and general, and depreciation functions.)



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DATED: February 13, 2002

cc: Parties of Record