

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESAL E)
RATES OF THE CITY OF RUSSELLVILLE,) CASE NO. 2002-00023
KENTUCKY)

ORDER

On January 18, 2002, the Commission suspended the city of Russellville, Kentucky s (Russellville) proposed revisions to its existing rate for wholesale water service to public utilities. At that time we did not address Russellville s request that the proposed revisions be made effective immediately subject to refund nor did we establish a procedural schedule for review of the proposed rate revision. Our decision was dictated by the need to resolve several outstanding issues in Case No. 2001-00212.¹ Having now resolved those issues, we now turn to Russellville s proposed rate revision and its request for immediate rate relief.

Based upon our decision in Case No. 2001-00212 and our review of Russellville s submission in this proceeding, we find that the proposed rate revisions should be placed into effect immediately subject to refund. We further find that a procedural schedule should be established to provide for expedited review of the proposed rate revision.

¹ Case No. 2001-00212, East Logan Water District and North Logan Water District v. City of Russellville (Ky.PSC July 3, 2002).

IT IS THEREFORE ORDERED that:

1. Russellville may assess the proposed rate, subject to refund, for all service rendered on and after the date of this Order.

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

3. All interrogatories and requests for production of documents 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 all other parties.

7. 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.

8. Russellville shall, no later than July 26, 2002, 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. Russellville 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 shall be given to copied material to ensure its legibility.

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

Done at Frankfort, Kentucky, this 3rd day of July, 2002.

By the Commission

ATTEST:

Deputy W^m H. Fowler
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2002-00023 DATED July 3, 2002

Russellville shall file its response to the Commission's request
for information no later than 07/26/2002

Intervenors and Commission Staff shall serve their first set of inter-
rogatories and requests for production of documents upon Russellville
no later than 08/05/2002

Russellville shall file with the Commission and serve upon all parties
of record and Commission Staff its responses to the first set of
interrogatories and requests for production of documents no later than..... 08/15/2002

Intervenor testimony, if any, shall be filed with the Commission
and served upon all parties of record in verified prepared form
no later than 08/26/2002

Parties and Commission Staff shall serve interrogatories and
requests for production of documents upon Intervenors no later than 09/06/2002

Intervenors shall file with the Commission and serve upon all other parties
of record and Commission Staff their responses to interrogatories and
requests for production of documents no later than 09/16/2002

Public Hearing is to held 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. 2002-00023 DATED July 3, 2002

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

2. Provide the independent auditor's reports for Russellville's water and sewer operations for the fiscal years ending June 30, 1999, June 30, 2000, and June 30, 2001.

3. a. State the test period upon which Russellville bases its proposed rate adjustment.

b. Explain why this test period was chosen.

4. Provide the general ledgers for Russellville'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 Russellville's water and sewer operations:

a. Provide the bond ordinance or resolution authorizing the issuance of revenue bonds.

b. Provide an amortization schedule.

c. Provide a detailed explanation of why the debt was incurred.

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

7. For each employee listed in Item 6, describe how Russellville 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 Russellville 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 Russellville's divisions for the proposed test period.

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

9. Provide detailed depreciation schedules for the water and sewer divisions. A separate schedule shall be provided for each 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 Russellville submitted to the Kentucky Department of Local Government for the fiscal years ending June 30, 1999, June 30, 2000, and June 30, 2001.

12. a. Complete the table below:

Water Main Size	Total Miles Of Line	Miles Of Lines Jointly Used By Both Russellville and Its Wholesale Customers
16		
14		
12		
10		
8		
6		
4		
2		

b. Who paid for the water main(s) that Russellville uses to deliver water to Russellville's wholesale customers?

c. Besides North Logan Water District (North Logan), South Logan Water Association, Inc. (South Logan) and East Logan Water District (East Logan), what other customers, if any, does Russellville serve from the water mains that it uses to deliver water to these customers?

d. For each customer listed in response to Item 12(c), provide its monthly water usage for each of the previous 24 months.

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

b. (1) How much of Russellville's total water treatment plant capacity is currently reserved for

(a) North Logan?

(b) South Logan?

(c) East Logan?

(2) What changes, if any, does Russellville expect within the next three years in the level of water treatment capacity reserved for each of the customers listed in Item 13(b)(1)? Why does Russellville expect these changes?

14. a. Who owns the master meter(s) through which Russellville provides water to the customers listed in Item 13(b)(1)?

b. Through how many master meters does Russellville provide water service to each of the customers listed in Item 13(b)(1)?

c. Who is responsible for maintaining these master meters?

15. Provide a system map showing all Russellville facilities that are used to serve the customers listed in Item 13(b)(1).

16. What portion, if any, of Russellville's water main(s) that serve the customers listed in Item 13(b)(1) are gravity fed?

17. For each month of the previous 36 months, state Russellville's water sales (in gallons) to:

- a. North Logan;
- b. South Logan;
- c. East Logan; and,
- d. retail customers.

18. Complete the table below:

City of Russellville	Gallons for Test Period	Gallons for Fiscal Year Ending June 30, 2001
Plant Use		
Line Loss (Unaccounted for)		
Sales to Retail		
Sales to North Logan		
Sales to South Logan		
Sales to East Logan		
Total Produced and Purchased		
Total Sold		
Free or Unmetered Water		

19. 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.

20. Provide the cost-of-service study upon which the proposed rates are based.

21. a. Who prepared the cost-of-service study upon which the proposed rates are 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.