

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF S INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
TO THE CITY OF RUSSELLVILLE, KENTUCKY

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that city of Russellville, Kentucky ("Russellville") file the original and 8 copies of the following information with the Commission no later than August 29, 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. When applicable, the requested information shall be provided for total company operations and jurisdictional operations, separately.

1. a. State whether Russellville is still proposes to assess a wholesale rate of \$2.45 per 1,000 gallons to its wholesale customers.

b. If Russellville now proposes to assess a wholesale rate other than the rate of \$2.45 per 1,000 gallons, state this rate and Russellville's reasons for the change.

2. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20. State when the cost of service study was prepared.

3. Provide the independent auditor's report for Russellville's water operations for the fiscal year ending June 30, 2002.

4. Identify the witness(es) who will testify upon reasonableness of the expenses incurred for Russellville's water operations for the year ending June 30, 2002.

5. a. Describe the effect on Russellville's operations of the Logan-Todd Regional Water Commission (Regional Water Commission).

b. State whether Russellville will continue to produce water when the Regional Water Commission begins treating and distributing water.

c. State whether Russellville will be transporting water for the Regional Water Commission for resale to East Logan Water District and North Logan Water District.

6. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20, Table 2.

a. Provide the monthly operating reports for the test year upon which Table 2 is based.

b. Describe how Mr. Danes determined that plant water usage is about 10 percent.

c. Describe how Russellville determined that the finished water meter for its water treatment plant is not functioning properly.

d. (1) State whether Mr. Dickinson agrees with the following statement: Plant use factor for a water treatment that is properly functioning is normally between 3 and 5 percent.

(2) If Mr. Dickinson does not agree with the statement, state his reasons for disagreement.

7. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20, Table 4.

a. Identify each of the buildings that received unmetered water service and the activities that occur in those buildings.

b. Describe how the amount of unmetered water service was determined for each building. Show all calculations and state all assumptions used to derive this usage.

8. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20, Table 6.

a. For each function (e.g., water treatment, transmission), list all expenses and the amount of expense that comprise the other category using Format 1.

b. Explain how Russellville allocated expenses jointly related to water and sewer operations.

9. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20, Table 9.

a. Describe how each percentage factor was determined. This description should include all workpapers, state all assumptions used, and show all calculations.

b. Describe how Mr. Dickinson allocated costs between each function. This description should include all workpapers used to make the allocation, state all assumptions used, and show all calculations.

10. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20, Table 10. Describe how Mr. Dickinson allowed shared depreciation expenses between water and sewer operations.

11. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20, Table 13. Explain why Mr. Dickinson based the transmission factor on jointly used feet of line instead of jointly used inch miles.

12. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20, Table 15. For each factor set forth in this table, describe how Mr. Dickinson determined the factor. Provide all workpapers used to develop each factor, state all assumptions used, and show all calculations.

13. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 20, Table 17. For each factor set forth in this table, describe how Mr. Dickinson determined the factor. Provide all workpapers used to develop each factor, state all assumptions used, and show all calculations.

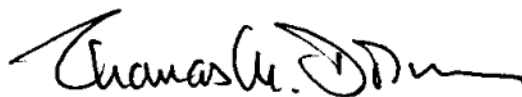
14. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 5(c). Define Lost Revenue .

15. Refer to Russellville's Response to the Commission's Order of July 3, 2002, Item 6.

a. For each employee whose name is listed in Exhibit D, the following information in a format similar to Format 1.

- (1) Employee Name
- (2) Position Title
- (3) Total Salary for Fiscal Year 2002
- (4) Total Hours Worked in Fiscal Year 2002
- (5) Salary Allocated to Water Division
- (6) Salary Allocated to Sewer Division

b. Provide all analyses or studies that Russellville has performed or commissioned regarding the allocation of employee salaries between its water and sewer operations. If no analysis or study was performed or commissioned, describe how Russellville derived the allocation and explain why the allocation should be considered credible.



Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602

DATED: August 19, 2002

cc: Parties of Record

City of Russellville

Case No. 2002-00023

Analysis of Account # ____, _____

Invoice Date (a)	Date Paid (b)	Check No. (c)	Vendor (d)	Description (e)