

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE HOPKINSVILLE	)	
WATER ENVIRONMENT AUTHORITY'S	)	CASE NO.
WHOLESALE RATE TO CHRISTIAN	)	2003-00087
COUNTY WATER DISTRICT	)	

COMMISSION STAFF S FIRST DATA REQUEST

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Hopkinsville Water Environment Authority ( Hopkinsville ) and Christian County Water District ( Christian District ) file with the Commission the original and 8 copies of the following specified information, with a copy to all parties of record. The information requested herein is due on or before April 21, 2003. Each copy of the data requested should 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 should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

Questions to be answered by Hopkinsville:

1. The letter dated January 17, 2002 from the Commission states that Christian District advised the Commission that Hopkinsville has increased the rate

for wholesale water service. Provide the date and other details of the most recent change in the wholesale rate charged by Hopkinsville to Christian District.

2. Provide details of the wholesale rate(s) that Hopkinsville has applied to sales to Christian District during the period beginning in September 1994 through March 2003. Include in the response the calculation of each rate adjustment, the effective date of each, and the period of time the rate continued or will continue in effect.

3. Has Christian District paid Hopkinsville for all water service received during the period of September 1994 to present in accordance with the rates set out in question 2 above? If not, explain any differences in the payments by Christian District and the billings by Hopkinsville.

4. Hopkinsville's letter to Thomas M. Dorman dated January 29, 2002 indicates that Hopkinsville believes that if the wholesale rate as calculated under the 1973 agreement between Hopkinsville and Christian District is used for service rendered at some undefined point in the future, there should be no violation of the Commission's regulatory requirements regarding approval of rates. Hopkinsville further states that the rate of \$1.733/1000 gallon to be charged to Christian District does not represent a rate increase. State when Hopkinsville proposes that the \$1.733/1000 gallon rate become effective and explain why this does not constitute a rate increase from the previous rate of \$1.44/1000 gallon that was in effect from July 1, 1996 until the new rate went into effect.

5. Hopkinsville's letter to Thomas M. Dorman of January 29, 2002 indicates that Hopkinsville has negotiated with Christian District on the proper rate to be charged for wholesale water service. It appears that no agreement has been reached. Provide

any updated information on these negotiations or agreements reached between the two parties since the date of the letter.

6. In a letter to Thomas M. Dorman dated April 15, 2002, Christian District contests the legal conclusions contained in Hopkinsville's letter of January 29, 2002. Provide a response to the points of contention raised in that letter.

7. The letter to Thomas M. Dorman dated April 15, 2002 from Christian District requests that the Commission Staff perform a cost-of-service study for Hopkinsville to determine the appropriate wholesale rate for Hopkinsville to charge Christian District. Does Hopkinsville agree with this request? Explain fully.

8. Explain in detail Hopkinsville's position with regard to any recovery of the alleged under-collection of revenue in the amount of \$224,000 between July 1, 1996 and June 30, 2001.

9. Does Hopkinsville currently have any requests for financing or grants pending before the Kentucky Infrastructure Authority (KIA) or plan to request any funds from KIA in the near future? If so, provide details, including the dates such applications will be submitted or approved by KIA, the type of funding, and the amounts requested.

10. Has a comprehensive cost-of-service study ever been performed by or for Hopkinsville to determine the appropriate rates to be charged the wholesale or retail customers? If so, provide a copy of the most recent study. If not, describe how the existing rate structure and rates were determined for the wholesale and retail customers of Hopkinsville.

11. The letter to Thomas M. Dorman dated January 29, 2002 at page 2 indicates that in 1996 an agreement was reached with Christian District. The rate at the end of the moratorium period would be based upon an index of 1.3 times the applicable rates charged to other Hopkinsville customers. These rates are prescribed by the Hopkinsville Code of Ordinances. Explain this agreement in further detail and describe the customers to which the agreement refers, and provide the rates applicable to those customers. Provide all assumptions and calculations used to establish the index of 1.3.

12. Provide the position of Hopkinsville with regard to whether the contract between Hopkinsville and Christian District dated June 19, 1996 has been modified by reverting to the 1973 agreement. If this modification to the 1996 agreement has occurred, was this newer arrangement memorialized in an executed document? If not, explain why the rates agreed to in the 1996 agreement have not been filed with the Commission and charged to Christian District.

13. Provide the wholesale rate that Hopkinsville would be entitled to charge Christian District today under the terms of the 1996 Contract Modification Agreement. Provide all underlying calculations and assumptions used to determine this rate.

14. Provide copies of all City Ordinances related to wholesale rate adjustments to Christian District's rates implemented by Hopkinsville since September 1994.

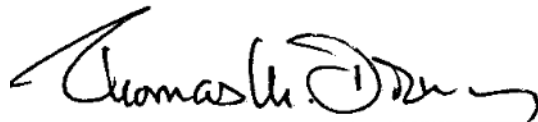
15. List all wholesale water customers of Hopkinsville. Provide details of the rates charged by Hopkinsville to each of its wholesale water customers. For each wholesale customer, include the date the current rate became effective, the previous rate and the basis for the rate adjustment.

Questions to be answered by Christian District:

16. Did Christian District change its rates in 1996 to its customers to reflect the reduced wholesale rate from Hopkinsville? If so, provide details of the date the adjustment was approved by the Commission and the amount of the adjustment. If not, explain why no adjustment was implemented by Christian District.

17. Has Christian District adjusted its rates to customers to reflect any rate adjustments imposed by Hopkinsville subsequent to 1994? Provide details of any rate changes or explain why the rates were not changed.

18. In the letter to Thomas M. Dorman dated January 29, 2002 to which Mr. Talley's letter of April 15, 2002 refers, it is stated on page 2 that Christian District and Hopkinsville agreed to revert to the 1973 formula, which had been previously approved by the Commission, for the purpose of determining the rate. Does Christian District agree that the June 19, 1996 contract has been modified by reverting to the 1973 agreement? If this modification to the 1996 agreement has occurred, was this newer arrangement memorialized in an executed document? If so, provide a copy. If not, explain why the rates agreed to in the 1996 agreement have not been filed with the Commission and charged to Christian District.



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

DATED March 27, 2003

cc: All Parties