

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY )  
WATER DISTRICT FOR (A) FOR AN )  
ADJUSTMENT OF RATES; (B) A CERTIFICATE ) CASE NO.  
OF PUBLIC CONVENIENCE AND NECESSITY ) 2003-00224  
FOR IMPROVEMENTS TO WATER FACILITIES )  
IF NECESSARY; AND (C) ISSUANCE OF BONDS )

COMMISSION STAFF S SECOND SET OF INTERROGATORIES  
AND REQUESTS FOR PRODUCTION OF DOCUMENTS  
TO NORTHERN KENTUCKY WATER DISTRICT

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Northern Kentucky Water District ("Northern District") file the original and 8 copies of the following information with the Commission no later than December 17, 2003 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. Refer to page 5 of Exhibit J, Pro Forma Financial Statements for the Pro Forma Year May 31, 2003. Provide a detailed pro forma income statement using Format 1 attached hereto.

2. Refer to Northern District's response to Item 10(d) of Commission Staff's Second Set of Interrogatories and Requests for Production of Documents ( Second Set of Interrogatories ).

a. In its response, Northern District states that its data base administrator was replaced on June 30, 2003. Provide the following monthly premiums for the new data base administrator: health insurance less the employee portion, life insurance, and dental insurance.

b. If the payroll clerk is replaced prior to the issuance of a final Order in this proceeding, provide the hourly wage rate and the monthly premium information requested in 10(a).

3. Refer to Northern District's response to Item 10(e) of the Second Set of Interrogatories.

a. For each new employee listed in the response, provide the information requested in the schedule attached hereto as Format 3(a).

b. If Glenda Carmack's or Mike Post's positions are filled prior to the issuance of a final Order in this proceeding, provide the information requested in Format 3(a).

4. Refer to Northern District's response to Item 13(a) of the Second Set of Interrogatories.

a. Provide the amount of the pollution insurance premium that was expensed in 2003.

b. Provide a copy of the Workers Compensation premium invoice for the policy period of January 1, 2003 through December 31, 2004 when Northern District has received it.

c. Provide a copy of the automobile insurance premium invoice for the policy period of January 1, 2003 through December 31, 2004 when Northern District has received it.

d. Provide a copy of the general liability/other premium invoice for the policy period of January 1, 2003 through December 31, 2004 when Northern District has received it.

e. Provide a copy of the pollution premium invoice for the policy period of January 1, 2003 through December 31, 2006 when Northern District has received it.

5. Refer to Northern District's response to Item 14(a) of the Second Set of Interrogatories. Provide the information requested in the following table for the calendar years 1998 through 2002.

Year	Tap-on Fees Collected	Capitalized Cost of Meter Installation	Net Amount Available for Debt Service
1998			
1999			
2000			
2001			
2002			

6. Refer to Northern District's response to Item 15(c) of the Second Set of Interrogatories.

a. Explain why Northern District proposes to refund its surcharge collections through December 31, 2002 if the Commission requires surcharges for Sub-District A, Sub-District B, and Sub-District C (collectively Sub-District Surcharges ) to be rolled into the general rates.

b. If the Commission requires Northern District to cease collecting the Sub-District Surcharges as of the date of the Order and to use the amounts collected to that date for debt payments, what would be the impact to the base rates?

7. Refer to Northern District's revised Cost-of-Service schedules provided in the response to Item 15(c) of the Second Set of Interrogatories, Tab 15(b).

a. Provide all schedules in Exhibit N, Cost of Service Allocations and Billing Analysis, Appendix C (Revised) on a computer disk in Microsoft® Excel 97 format.

b. Provide a listing of all adjustments made to each schedule based on responses to Staff's interrogatories, the AG's interrogatories or Northern District's adjustments to the schedules (for errors or other necessary changes).

c. Note with each adjustment the reason and the subsequent schedules that are affected by each change.

d. Do the revised Cost-of-Service schedules reflect rolling the Sub-District Surcharges in to the general rates?

e. Provide revised Cost-of-Service schedules that reflect rolling the Sub-District Surcharges in to the general rates assuming that there is no required customer refund and Northern District does not incur additional debt. Also, provide the information in a spreadsheet on a computer disk in Microsoft® Excel 97 format.

8. Refer to Northern District's supplemental response to Item 38(e) of the Attorney General's ( AG ) First Set of Interrogatories dated October 27, 2003. Provide a detailed written explanation to clarify the portion of the response that states and cost plus 10% for all service sizes over 1. Include in the response how this complies with 807 KAR 5:006 Section 8. Special Charges.

9. Refer to Northern District's supplemental response to Item 43(d) of the AG's First Set of Interrogatories dated October 27, 2003. Provide all work papers, documents and assumptions used to support Northern District's customer estimate.

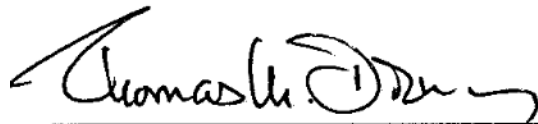
10. Refer to Northern District's response to Item 16 of the Second Set of Interrogatories. The descriptions provided in the response did not adequately describe the services provided. For each item listed in the table below, provide a complete and detailed description of the engineering service provided. Also state if the service will be required to be performed in the future and the expected date the service will be required to be performed.

	Vendor	Original Description
a.	Black and Veatch	Ft. Thomas Reservoir Sludge
b.	Black and Veatch	Taylor Mill UV Evaluation
c.	Black and Veatch	Sodium Hypochlorite Newport
d.	Humpert Wolnitzek Arch.	Cincinnati Gear Building Estimate
e.	Black and Veatch	Cost Opinion New Port facility
f.	Quest Engineers, Inc.	Polymer feed evaluation
g.	Quest Engineers, Inc.	Acid feed evaluation
h.	Woolpert	Draft RFP, Review and comment
i.	Black and Veatch	Master Plan Addendum

11. Identify all costs associated with the Asset Management Program that have been recorded as an expense in the test period. In the response provide the expense account, vendor, and amount.

12. Refer to Northern District's responses to Item 17(a) and 17(b) of the Second Set of Interrogatories. Using the table below, provide a breakdown of legal fees recorded in these expense accounts.

Description	Account No. [REDACTED]	Account No. [REDACTED]
Rate Case Case No. 2002-00105		
Rate Case Case No. 2003-00224		
City of Newport Acquisition		
City of Bromley Acquisition		
City of Taylor Mill Acquisition		



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

Dated: December 3, 2003

cc: Parties of Record

Northern Kentucky Water District  
Case No. 2003-00224  
Comparative Income Statement  
For the Year Ended December 31, 2002

Account Titles (a)	Actual Operations (b)	Pro Forma Adjustments (c)	Pro Forma Operations (d)
Operating Revenues:			
Sales of Water:			
Metered Water Sales - Retail	\$	\$	\$
Bulk Sales			
Sales for Resale			
Total Sales of Water	\$	\$	\$
Other Operating Revenues			
Fire Protection:			
Private Fire Protection	\$	\$	\$
Miscellaneous Fire Hydrants			
Total Fire Protection	\$	\$	\$
Forfeited Discounts			
Rents from Water Property			
Meter Tests			
Returned Check Charges			
Turn-on Fees			
Surcharge Revenues			
Total Other Operating Revenues	\$	\$	\$
Total Operating Revenues	\$	\$	\$
Operating Expenses:			
Operation & Maintenance:			
Salaries & Wages - Employees	\$	\$	\$
Salaries & Wages - Commissioners			
Employee Pension & Benefits			
Purchased Water			
Purchased Power			
Chemicals			
Materials & Supplies			
Contractual Services - Eng.			
Contractual Services - Acct.			
Contractual Services - Legal			
Contractual Services - Management			
Contractual Services - Other			
Rental Equipment			
Transportation			
Insurance Vehicle			
Insurance - Gen. Liability			
Insurance Workers Comp.			

Insurance Other			
Advertising			
Amortization - Rate Case Expense			
Regulatory Commission Exp/Other			
Bad Debt			
Miscellaneous			
Adjustment - Boone & Florence Loss			
Total Operation & Maintenance	\$	\$	\$
Depreciation			
Taxes Other Than Income			
Utility Operating Expenses	\$	\$	\$
Net Utility Operating Income	\$	\$	\$
Other Income & Deductions:			
Interest & Dividend Income	\$	\$	\$
Miscellaneous Income			
Boone & Florence Reserve			
Boone & Florence Termination Payment			
Total Other Income & Deductions	\$	\$	\$
Net Income Available for Debt Service	\$	\$	\$



Northern Kentucky Water District  
Case No. 2003-00224  
New Employee Information

Employee Name (a)	Date of Hire (b)	Date of Termination (c)	2003 Test Period/Current Base Rates (d)	Monthly Health Insurance	
				Premium (e)	Employee Portion (f)
Doug Webb					
Chris Wetherell					
Dave Miller					
Jason Miller					
Frank Armstrong					
Debbie Kircher					
Chuck Leach					
Chris Couch					
David Courtney					
Denise Manning					
Jessica Schlimm					
Chris Lawsonl					