

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 2003-00394
LAWRENCEBURG)

COMMISSION STAFF S NOTICE OF INFORMAL CONFERENCE
AND REQUEST FOR INFORMATION

By order dated October 17, 2003, the Commission suspended the city of Lawrenceburg s (Lawrenceburg) proposed revisions to its existing rate for wholesale water service to public utilities. Lawrenceburg s September 18, 2003 filing of the wholesale rate increase did not contain details with regard to the determination of the rate or the need for the rate increase. In order to begin the review of the rate increase proposal, an informal conference is being scheduled as a part of this notice and Lawrenceburg is requested to respond to the questions listed below.

Pursuant to 807 KAR 5:001, Section 4(4), Commission Staff requests that all parties appear for an informal conference on January 21, 2004 at 9:00 a.m., Eastern Standard Time, in Conference Room 1 of the Commission s offices at 211 Sower Boulevard, Frankfort, Kentucky. The purpose of the informal conference will be to allow Lawrenceburg to explain the rate proposal and answer questions of the parties regarding the rate increase proposal. Representatives should be prepared to discuss the issue of whether it would be feasible to enter negotiations toward a settlement of the rate issue. If an agreement cannot be reached among the parties within a reasonable

timeframe, the Commission will begin processing the application as a formal application and take necessary steps toward finalizing the proceeding.

Furthermore, Commission Staff requests that Lawrenceburg file with the Commission, no later than January 9, 2004, the original and 6 copies of the following information, with a copy to all parties of record:

1. Provide a copy of the consultant's study or other written documentation showing how the proposed increase in the wholesale rate was determined. Include a narrative explanation of the results of the study, as well as supporting documentation for the contents of the study.

2. For the financial period used in the rate study provided in response to item 1 above, provide a comparative balance sheet and 12-month income statement for Lawrenceburg's water operations.

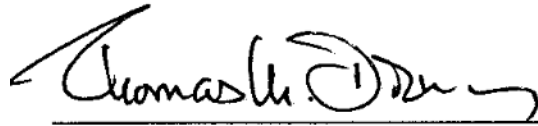
3. Provide the independent auditor's report for Lawrenceburg's water operations.

4. Provide a statement of the efforts by Lawrenceburg to negotiate an agreement with the wholesale water customers on the appropriate rate to be charged.

5. Provide an explanation of any recent or proposed funding of water system expansion or improvements that has an impact on the proposed rate. Include details of the funding sources and any provisions of the mortgages specifying the level of earnings required by the mortgages. Also include any letters of conditions issued by the funding agency.

6. For the 12-month period included in item 2 above, provide the monthly billings to each of the utilities that receive wholesale water service. Include the monthly

volumes of water purchased and a breakdown of the bill into any components other than the volumetric rate such as taxes, penalties, or other charges.



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

DATED: December 19, 2003

cc: Parties of Record