

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

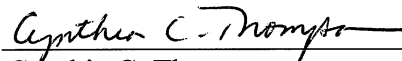
PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES OF) CASE NO. 2015-00039
THE CITY OF AUGUSTA)

CITY OF AUGUSTA'S RESPONSE TO THE KENTUCKY PUBLIC SERVICE
COMMISSION'S REQUEST FOR INFORMATION
ON APPENDIX B OF ORDER DATED FEBRUARY 10, 2015

Pursuant to the Commission's request for information on Appendix B of its Order dated February 10, 2015, the City of Augusta respectfully submits the following information to the Kentucky Public Service Commission.

Dated: March 30, 2015

Respectfully submitted,

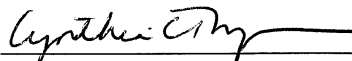


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Counsel for City of Augusta

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that the City of Augusta's March 30, 2015 electronic filing of this Statement is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Commission on March 30, 2015; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a paper copy of this Statement will be mailed to the Commission on March 31, 2015.


Cynthia C. Thompson

RESPONSE TO APPENDIX B
APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN
CASE NO. 2015-00039 DATED FEBRUARY 10, 2015

1. Augusta intends to call the following witnesses at the scheduled hearing in this matter:
 - Donna Hendrix, CPA
 - Gretchen Usleaman, Augusta City Clerk
 - Susan Butts, Chief Operator, Augusta Regional Water Treatment Plant
 - Will supplement this witness list if necessary
2. Audit reports.
 - a. Attached as Exhibit 2 are copies of the City of Augusta's audit reports for Fiscal Years 2012 through 2014.
 - b. The audit report for Fiscal Year 2014 is attached.
3. Test Period.
 - a. The 12-month test period for the proposed rate adjustment is Fiscal Year 2014.
 - b. A Fiscal Year test period is required by the initial water purchase contract dated March 4, 1993 and is also consistent with all subsequent filings and agreements between the parties herein. Please see Exhibit 3, Water Purchase Contract Modification Agreement of 2008, paragraph 4.
4. Attached as Exhibit 4 are copies of general ledgers and check register for the test period of Fiscal Year 2014.
5. Outstanding revenue bonds related to Augusta's Water Treatment Plant.
 - a. Attached as Exhibit 5 are copies of the City's bond ordinances relating to the City's Water Treatment Plant.
 - b. Attached as Exhibit 5 are amortization schedules for the bonds.
 - c. The debt was incurred when the City of Augusta constructed a new 1.44 million gallons per day Water Treatment Plant.
 - d. Section 7 in the attached bond ordinances contains the requirements for all reserve accounts. Augusta will need to engage the CPA to calculate the annual debt service payment, including all required payments to debt service reserve accounts or funds for each of the next three (3) years.
6. Attached as Exhibit 6 is a list of City employees on Augusta's payroll for the Water Treatment Plant along with job duties, total wages paid and current wage rates. The City has other employees that devote 34 hours per week on water treatment plant duties, but because records do not permit the allocation of their work hours among city divisions, the City charges 85% of the Assistant City Clerk's time to the Water Treatment Plant. On a typical week, the City Clerk spends 14 hours per week on water treatment plant activities, Assistant City Clerk spends 14 hours per week on water treatment plant tasks, Maintenance Department spends 4 hours per week on water treatment plant maintenance and Computer Technician devotes 2 hours per week on water treatment plant computer assistance.
7. Information regarding time allocations and benefits is included in Exhibit 6.
8. The City is not aware of any charges to the Water Treatment Plant in the test year that are non-water treatment plant expenses.
9. Shared Costs

- a. The City is not aware of any joint or shared costs incurred during the test period.
 - b. No allocation procedures are necessary.
 - c. There are no documents related to the allocation of joint costs.
- 10. Attached as Exhibit 10 are the depreciation schedules for the Water Treatment Plant.
- 11. Attached as Exhibit 11 is the adjusted trial balance for the test period.
- 12. Enterprise Funds Uniform Financial Information Reports are attached as Exhibit 12.
- 13. Wholesale customers.
 - a. The Augusta Water Treatment Plant has two (2) wholesale customers Bracken County Water District and City of Augusta.
 - b. Attached as Exhibit 13 is a copy of monthly water usage and billing for 24-months.
- 14. Water Mains at the Augusta Regional Water Treatment Plant.
 - a. The Water Treatment Plant was constructed using distribution lines already in existence.
 - b. The Bracken County Water District and City of Augusta own their own distribution lines. The Regional Water Treatment Plant does not own any water lines outside of the plant.
- 15. Water Treatment Plant Capacities.
 - a. The Regional Water Treatment Plant's capacity is 1.44 mgd.
 - b. Wholesale customers. The following responses are made pursuant to the Water Purchase Contract Modification of 2008:
 - (1) The reserved capacity for Bracken County Water District is 75%. Reserved capacity of City of Augusta is 25%.
 - (2) There is no minimum amount of water usage in the current contract. The maximum quantity of water that the Bracken County Water District can purchase in a month is 25,110,000 gallons (1.44 mgd x 75%). The maximum amount of water that the City of Augusta can purchase in a month is 8,370,000 gallons (1.44 mgd x 25%).
 - c. The City of Augusta does not expect any changes within the next three (3) in the level of water treatment capacity reserved for each of its customers.
- 16. Master meters.
 - a. It is the City's belief that the master meters are part of the Augusta Regional Water Treatment Plant and are thereby owned by the City of Augusta.
 - b. The Water Treatment Plant utilizes one (1) master meter for Bracken County Water District and one (1) master meter for the City of Augusta.
 - c. The Regional Water Treatment Plant is responsible for maintaining each master meter at its location.
- 17. Attached as Exhibit 17 is a map of the Regional Water Treatment Plant demonstrating location of pumps, master meters and clear well. All other distribution related facilities are owned and maintained by the wholesale customers.
- 18. The Augusta Regional Water Treatment Plant has no water mains.
- 19. Water sales.
 - a. Water Treatment Plant sales in gallons for 36 months is attached as Exhibit 13. The Water Treatment Plant has no retail customers.
 - b. Amount billed by the Water Treatment Plant is attached as Exhibit 13. The Water Treatment Plant has no retail customers.

20. The Water Treatment Plant current rate schedule is attached as Exhibit

21. Usage table.

Regional Water Treatment Plant	Gallons for Test Period	Gallons for Fiscal Year 2014.
Plant Use	3,001,400	Same
Wholesale BCWD	163,669,400	Same
Wholesale City of Augusta	50,426,000	Same
Total Produced	217,096,800	Same
Total Sold	214,095,400	Same

22. Unmetered services.

- a. The Water Treatment Plant does not supply unmetered water service to any entities.
- b. No unmetered services provided.

23. Please see number 25 below.

24. Please see number 25 below.

25. The Regional Water Treatment Plant's rate study is based upon the City of Augusta's annual audit per the Water Purchase Agreement. A copy of the study and calculations is attached as Exhibit 25. Donna J. Hendrix, CPA, PSC performed the City's annual audit for Fiscal Year 2014.

26. Rate case expenses.

- a. The current rate case does not include an adjustment for rate case expenses incurred in this proceeding.
- b. The City of Augusta will seek an adjustment to recover expenses incurred in litigating this proceeding.
- c. The City of Augusta will supplement this response at a later date.

27. The Regional Water Treatment Plant is considered a department of the City per KRS 96.320.

28. The proposed wholesale rate adjustment was approved as part of the City's annual audit by the Augusta City Council at a regular council meeting held on December 17, 2014. A copy of the minutes is attached as Exhibit 28.

29. Please see 28 above.

30. Attached as Exhibit 30 is a copy of the correspondence sent to Bracken County Water District regarding adjustment to the wholesale rate.

31. Attached as Exhibit 31 is a copy of all contracts for the Water Treatment Plant and its wholesale customers.