

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)	

**BRACKEN COUNTY WATER DISTRICT’S THIRD REQUEST FOR INFORMATION
TO THE CITY OF AUGUSTA, KENTUCKY**

Pursuant to the Commission’s Order of March 18, 2015, Bracken County Water District (“Bracken District”) respectfully submits the following requests for information to the City of Augusta, Kentucky (“Augusta”), to be answered no later than May 26, 2015.

Instructions

1. As used herein, "Documents" include all correspondence, memoranda, notes, email, maps, drawings, surveys or other written or recorded materials, whether external or internal, of every kind or description in the possession of, or accessible to, Augusta, its witnesses, or its counsel.
2. Please identify by name, title, position, and responsibility the person or persons answering each of these data requests.
3. These requests shall be deemed continuing so as to require further and supplemental responses if Augusta receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted herein.
4. To the extent that the specific document, work paper, or information as requested does not exist, but a similar document, work paper, or information does exist, provide the similar document, work paper, or information.

5. To the extent that any request may be answered by a computer printout, spreadsheet, or other form of electronic media, please identify each variable contained in the document or file that would not be self-evident to a person not familiar with the document or file.

6. If Augusta objects to any request on the ground that the requested information is proprietary in nature, or for any other reason, please notify the undersigned counsel as soon as possible.

7. For any document withheld on the ground of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown or explained; and the nature and legal basis for the privilege asserted.

8. In the event any document requested has been destroyed or transferred beyond the control of Augusta, its counsel, or its witnesses, state: the identity of the person by whom it was destroyed or transferred and the person authorizing the destruction or transfer; the time, place and method of destruction or transfer; and the reason(s) for its destruction or transfer. If such a document was destroyed or transferred by reason of a document retention policy, describe in detail the document retention policy.

9. If a document responsive to a request is a matter of public record, please produce a copy of the document rather than a reference to the record where the document is located.

Requests for Information

1. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 9.

a. State whether Augusta agrees with the following statement: During the test period, Mr. Mains and Mr. Olson collectively spent approximately 365 hours obtaining water samples from locations on the Augusta Water Distribution System.

b. If Augusta does not agree with this statement, identify the portions of the statement with which it does not agree and explain why.

c. State whether the monthly operating report to which Augusta refers in the response is DEP Form 4012.

d. State whether it is Augusta's position that state or federal law would require the operators of the Augusta Water Treatment Plant to take water samples at locations in Augusta Water Distribution System if the Augusta Water Treatment Plant were a separate legal entity and only providing water to water distribution systems for resale. Explain. In the explanation, identify all state or federal statute or regulation that supports Augusta's position.

2. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 7.

a. State whether Augusta requires persons and business entities engaged in business in Augusta to apply for an occupational license. If yes, state the number of occupational licenses that Augusta had issued and were in an active status as June 30, 2014.

b. State the duties of the Augusta City Clerk and Assistant City Clerk regarding the issuance of occupational licenses and the billing and collection of occupational license taxes.

c. State the number of occupation license tax filings that were made for the calendar year ending December 31, 2014.

d. State the number of alcohol beverage licenses issued or renewed for the year ending June 30, 2014.

e. State the total number of alcohol beverage licenses in effect at some time during the year ending June 30, 2014.

f. Describe the duties of the Augusta City Clerk and Assistant City Clerk regarding the issuance of alcohol beverage licenses and the billing and collection of alcohol beverage license fees and taxes.

3. Provide the minutes of the meetings of the Augusta City Council for the 2012, 2013, and 2014 calendar years in which Augusta's employment of summer youth workers is discussed or otherwise considered.

4. For each year listed, state whether Augusta employed summer youth workers and the total annual wages paid to such employees in the following years:

- a. 2010;
- b. 2011;
- c. 2012;
- d. 2013; and
- e. 2014.

5. Refer to Augusta's Response of 1/30/2015, Exhibit 1, page 45 of 53.

a. State whether the payment of \$18,615 to Kentucky League of Cities ("KLC") Insurance Services is reflected in 2014 Total Operating Costs of \$417,778. If this payment is included in Total Operating Costs, state the category (e.g., salaries and benefits, utilities) in which it is placed.

b. Refer to Augusta's Response of 1/30/2015, Exhibit 2, pages 5 and 8 of 10. Augusta recorded refunds from the KLC on January 22, 2014 (\$786.60) and April 29, 2014 (\$31.72). State whether these refunds are reflected Total Operating Costs on Exhibit 1, page 45, and which category in which they were placed.

6. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 11. The final audit invoice from KLC Insurance Services indicates that the

final premium for workers compensation insurance for the Augusta Water Treatment Plant should be reduced by \$1,859.01. State whether this reduction is reflected 2014 Total Operating Costs as shown in Augusta's Response of 1/30/2015, Exhibit 1, page 45, the amount of the reduction and how Augusta determined the reduction amount.

7. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 11.

a. State whether Augusta agrees that workers compensation insurance premium is calculated based upon a salary total that includes persons who are not employees of the Water Treatment Plant.

b. State whether Augusta agrees that the workers compensation insurance premium allocated to the Water Treatment Plant should not include any costs associated with premiums for coverage of employees of the Augusta Public Works Department. If Augusta does not agree, explain why.

c. State whether Augusta agrees that, assuming the salary of the Assistant City Clerk should be allocated to the Augusta Water Treatment Plant, the rate used to calculate the premium for worker compensation insurance for Assistant City Clerk for the fiscal year ending June 30, 2014 would be 0.336 percent, not 5.14 percent. If Augusta does not agree, explain why.

8. Describe how Augusta' auditor prepared the "Water Treatment Plant Costs" Statement that appears at Augusta's Response of 1/30/2015, Exhibit 1, page 45. This description should include a discussion of the actions that the auditor undertook to determine the accuracy of cost allocations and to determine that expenses were accurately allocated to the correct account.

9. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 13. Identify the items that were misclassified.

10. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 14a.

a. State whether Augusta conducted or caused to be conducted any studies to determine that the portion of the Assistant City Clerk's salary that should be allocated to the Augusta Water Treatment Plant at any time prior to Mayor of Augusta's decision in 1996 to require such allocation.

b. List and describe the studies that Augusta's Mayor conducted or caused to be conducted prior to determining that 85 percent of the Assistant City Clerk's salary that should be allocated to the Augusta Water Treatment Plant.

c. List and provide a copy of all studies and reports Augusta's Mayor relied upon to determine that 85 percent of the Assistant City Clerk's salary that should be allocated to the Augusta Water Treatment Plant.

d. State whether Mayor Louis Habermehl's determination regarding the allocation of the Assistant City Clerk's salary was committed to writing or reflected in any city document (e.g., minutes of City Council meeting). If this decision was committed in writing, provide the document.

11. In its Response to Bracken District's Second Request for Information, Item 14d, Augusta states: "The City of Augusta is working with the Kentucky Rural Water Association who is conducting a study of water treatment plant expenses."

a. Describe this study of water treatment plant expenses.

b. Provide a copy of all correspondence, e-mail messages, and memoranda in which this study is discussed.

c. If the study has begun, state when it began and when it is expected to be completed.

d. State when Augusta approached Kentucky Rural Water Association about conducting such study.

e. If the study is completed, provide a copy of this study.

12. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 24. The response was not responsive. State the number of months for which Augusta provided Bracken District with monthly expenditure reports since 2008. If Augusta does not know the number of months, then it should state it lack sufficient knowledge to answer.

13. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 25. This response was not responsive to the request. State whether Augusta has any knowledge of the date on which it last provided Bracken District with a monthly statement of expenditures for the Augusta Water Treatment Plant.

14. Refer to the Water Purchase Contract of March 4, 1993, Section 16.

a. State whether the Water Supply Advisory Board that is referenced in Section 16 is still in existence.

b. If the Water Supply Advisory Board is still in existence, identified its present members and the date of its last meeting.

c. If the Water Supply Advisory Board is no longer exists, state the date it was dissolved and provide a copy of the order, agreement or other document dissolving the Board.

15. Refer to Water Purchase Contract Modification Agreement of 2008, Section 5.

a. Provide the document(s) that created the joint committee referenced in Section 5.

b. Identify the persons who were appointed to the joint committee.

c. List all recommendations, if any, made by the joint committee to the Augusta regarding the increased involvement of Bracken District and the City of Brooksville in the management of the Augusta Water Treatment Plant.

d. For each recommendation listed in Item 15c, describe the action that Augusta took regarding the recommendation.

e. List all recommendations, if any, made by the joint committee to the Augusta to increase the operating efficiency of the Augusta Water Treatment Plant.

f. For each recommendation listed in Item 15e, describe the action that Augusta took regarding the recommendation.

g. State the number of times that the joint committee met.

h. State whether the joint committee is still in existence and, if not in existence, when it was disbanded.

i. List and describe each action that Augusta has undertaken since May 15, 2008 to increase the involvement of Bracken District and the City of Brooksville in the management of the Augusta Water Treatment Plant

16. In its Response to Bracken District's Second Request for Information, Item 28, Augusta stated that its "unaccounted-for water" was due to the use of unmetered water to backwash filters and for blow downs.

a. In its monthly operating reports to the Kentucky Division of Water (DEP Form 4012), Augusta reports the total backwash water used in its treatment process. This amount is reflected on the table in Item 28 in the row labeled "Reported Wash water." State whether Augusta is using additional amounts of water to backwash filters that it is not reporting on its monthly operating reports and that a portion of this water is reflected in the amount shown the table in Item 28 in the row label "Unaccounted for Water." Explain.

b. State whether, if Augusta is accurately reporting total backwash water in its monthly operating reports to the Kentucky Division of Water, the total amount of “Unaccounted for Water” should be attributed to blow downs.

c. At page 15 of Exhibit 47 of Augusta’s Response to Bracken District’s First Request for Information, then plant operator is reported as stating that the “[d]esign of [the Augusta] water treatment facility requires 8-9% use of raw water supply.” Based upon Augusta’s monthly operating reports for the fiscal year ending June 30, 2014, the Augusta Water Treatment Plant was using 20.87 percent of its raw water supply for backwash and blow downs.

(1) State whether Augusta agrees with this statement. Explain why.

(2) Explain why the Water Treatment Plant’s level of raw water supply usage during the test period is not unreasonable and why the costs associated with the higher usage should not be disallowed.

17. Provide all documents, including plant plans and specifications and engineering reports, in which the expected or designed raw water usage of the Augusta Water Treatment Plant is discussed or otherwise listed.

18. Provide all correspondence, reports, and other written communication between Augusta and the Kentucky Division of Water in which raw water usage at the Augusta Treatment Plant is discussed. This request does not request or require the production of monthly operating reports that Augusta has provided to the Kentucky Division of Water.

19. Provide a copy of each invoice sent to Bracken District for water service provided during the fiscal year ending June 30, 2014.

20. State the total amount of franchise fees assessed by Kentucky Utilities Company through its billings for electric service to the Augusta Water Treatment Plant for the fiscal year ending June 30, 2014.

21. Sheet No. 90 of Kentucky Utilities Company's Tariff states: "At its option, a governmental body imposing a franchise fee shall not be billed for that portion of a franchise fee, applied to services designated by the governmental body, that would ultimately be repaid to the governmental body." Explain why, in light of this provision, the franchise fees included in the charges that Kentucky Utilities Company assessed for electric service to the Augusta Water Treatment Plant during the fiscal year ending June 30, 2014 should be considered in determining the total cost of water for that period.

22. Refer to Augusta's Response to Bracken District's Second Request for Information, Item 15.

a. Identify each person that Mr. Padgett interviewed and his or her position with Augusta.

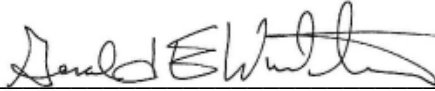
b. Provide all documents upon which the interviewees relied to develop "the average amount of time they spent working at the Water Treatment Plant property on a weekly basis."

23. Refer to Augusta's Response to Bracken District's First Request for Information, Item 19. Augusta failed to provide a copy of the bill for electric service to the West Second Street Pump, KU Account No. 3000-0517-2774, for which payment was due January 27, 2014. Provide a copy of the bill for electric service to that account for that period.

24. Describe the efforts that Augusta has taken, if any, to reduce demand and thus the base demand charge at the City of Augusta Water Treatment Plant (KU Account No. 3000-0085-0903).

Dated: May 11, 2015

Respectfully submitted,




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Counsel for Bracken County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Bracken District's May 11, 2015 electronic filing of Third Request for Information is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on May 11, 2015; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of the Third Request for Information will be delivered to the Commission on or before May 13, 2015.



Gerald E. Wuetcher