

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE	)	CASE NO.
WATER SERVICE RATES OF LEBANON WATER	)	2017-00417
WORKS	)	

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**MARION COUNTY WATER DISTRICT'S  
REQUESTS FOR INFORMATION  
PROPOUNDED UPON LEBANON WATER WORKS COMPANY, INC.**

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Comes now Marion County Water District ("Marion District"), pursuant to the March 19, 2018 Order of the Kentucky Public Service Commission, and hereby addresses the following Information Requests to the Lebanon Water Works Company, Inc. ("Company") to be answered by April 12, 2018, and in accordance with the following instructions:

**I. DEFINITIONS AND INSTRUCTIONS**

1. With respect to each discovery request, all information is to be divulged that is within the knowledge, possession or control of the parties to whom it is addressed, including their agents, employees, advisors, consultants, attorneys and/or investigators.
2. Please identify the witness(es) who will be prepared to answer questions concerning each request.
3. These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
4. All answers must be separately and fully stated in writing under oath.

5. Where a Request for Information calls for an answer in more than one part, each part should be separated in the answer so that the answer is clearly understandable.

6. For purpose of these discovery requests, the following terms shall have meanings set forth below:

- (a) As used herein, “document,” “documentation” and/or “record,” whether stated as the singular or the plural, means any course of binders, book, pamphlet, periodical, letter, correspondence, memoranda, including but not limited to, any memorandum or report of a meeting or telephone or other conversation, invoice, account, credit memo, debit memo, financial statement, general ledger, ledger, journal, work papers, account work papers, report, diary, telegram, record, contract, agreement, study, draft, telex, handwritten or other note, sketch, picture, photograph, plan, chart, paper, graph, index, tape, data processing card, data processing disc, data cells or sheet, check acceptance draft, e-mail, studies, analyses, contracts, estimates, summaries, statistical statements, analytical records, reports and/or summaries of investigations, opinions or reports of consultants, opinions or reports of accountants, trade letters, comparisons, brochures, pamphlets, circulars, bulletins, notices, forecasts, electronic communication, printouts, all other data compilations from which information can be obtained (translated if necessary by defendants into usable form), any preliminary versions, drafts or revisions of any of the foregoing, and/or any other written, recorded, transcribed, punched, taped, filmed or graphic matter, however produced or reproduced and regardless

of origin or location, in the possession, custody and/or control of the defendant and/or their agents, accountants, employees, representatives and/or attorneys. "Document" and "record" also mean all copies of documents by whatever means made, if the copy bears any other markings or notations not found on the original.

- (b) The terms "relating to," "referring to," "referred to," "pertaining to," "pertained to" and "relates to" means referring to, reporting, embodying, establishing, evidencing, comprising, connected with, commenting on, responding to, showing, describing, analyzing, reflecting, presenting and/or constituting and/or in any way involving.
- (c) The terms "and," "or," and "and/or" within the meaning of this document shall include each other and shall be both inclusive and disjunctive and shall be construed to require production of all documents, as above-described, in the broadest possible fashion and manner.
- (d) The term "Company" shall mean the Lebanon Water Works Company, Inc., and shall include, but is not limited to, each and every agent, employee, servant, advisor, consultant, insurer and/or attorney of Company. The term "you" shall be deemed to refer to Company.
- (e) The term "Commission" shall mean the Kentucky Public Service Commission.
- (f) The term "Marion District" shall mean Marion County Water District, its employees, agents, officers, directors and representatives.
- (g) To "identify" shall mean:

- (1) With respect to a document, to state its date, its author, its type (for example, letter, memorandum, chart, photograph, sound reproduction, etc.), its subject matter, its present location, and the name of its present custodian. The document may be produced in lieu of supplying the foregoing information. For each document which contains information as privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
  - (2) With regard to a natural person, to state his or her full name, last known employer or business affiliation, title and last known home address.
  - (3) With regard to a person other than a natural person, state the title of that person, any trade name, or corporate name or partnership name used by that person, and the principal business address of that person.
- (h) To “produce” or to “identify and produce,” shall mean that Company shall produce each document or other requested tangible thing. For each tangible thing which Company contends is privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
- (i) The terms “Party or Parties” shall mean any organization, person, corporation, entity, etc., which intervened in the above-captioned proceeding and shall further include the Commission Staff; and

- (j) The term “City” shall mean the City of Lebanon, Kentucky.

## II. REQUESTS FOR INFORMATION

1. Please provide a copy of all documents that you intend to use at the hearing.
2. Please provide the name and business address of each individual who was involved in the preparation of responses to these Requests for Information.
3. Please provide the name and business address of each individual who was involved in the preparation and development of the rates set forth in the Company’s proposed tariff.
4. Please provide the total number of:
  - (a) Retail customers of the Company residing within the City’s limits;
  - (b) Retail customers of the Company residing outside the City’s limits;
  - (c) Wholesale customers of the Company residing within the City’s limits; and
  - (d) Wholesale customers of the Company residing outside the City’s limits (excluding Marion District).
5. Please state the percentage of gross revenues received by the Company from:
  - (a) Retail customers residing within the City’s limits;
  - (b) Retail customers residing outside the City’s limits;
  - (c) Wholesale customers residing outside the City’s limits;
  - (d) Wholesale customers residing within the City’s limits; and
  - (e) Marion District.
6. Please provide a copy of the Company’s most recent depreciation study.
7. Please provide a copy of any and all documents used, reviewed or relied upon in developing and adopting the Company’s recent depreciation study.
8. Please provide a copy of the Company’s most recent depreciation schedules.

9. Please provide a copy of any and all documents used, reviewed or relied upon in developing and adopting the Company's recent depreciation schedules.

10. Please provide a copy of any and all documents used, reviewed or relied upon in developing and adopting the Company's current Capitalization Policy.

11. Please provide a copy of the Company's audited Financial Statements for the fiscal years ending:

- (a) June 30, 2017;
- (b) June 30, 2016;
- (c) June 30, 2015;
- (d) June 30, 2014; and
- (e) June 30, 2013.

12. Please provide a copy of the Company's most recent unaudited Financial Statement for the current fiscal year.

13. Please provide a schedule of the Company's capital expenditures for fiscal years 2015 through 2017.

14. Please provide a schedule of the Company's actual and/or forecasted capital expenditures for fiscal years 2018 through 2022.

15. Please provide a schedule showing the amounts of actual water purchases from the City of Campbellsville for each month from January 1, 2016 through February 28, 2018.

16. Please state the Company's variable cost of production of water at the following quantities:

- (a) 300,000 Gallons Per Day ("GPD");
- (b) 400,000 GPD;

- (c) 500,000 GPD;
- (d) 600,000 GPD;
- (e) 700,000 GPD;
- (f) 800,000 GPD;
- (g) 900,000 GPD; and
- (h) 1,000,000 GPD.

17. Please provide any and all documents supporting the Company's analysis and election to pick "Run #2" with regard to water purchases from the City of Campbellsville, Kentucky.

18. Please provide any and all documents evidencing the sale or transfer of any Company-owned vehicles or heavy construction equipment between 2014 and 2018.

19. Please provide any and all documents evidencing the purchase or receipt of any Company-owned vehicles or heavy construction equipment between 2014 and 2018.

20. Please provide a copy of any and all documents provided by the Company to the City Council to support the requested rate increase.

21. Please provide a copy of any and all drafts of documents that are responsive to Request No. 22 above.

22. Please provide a schedule of any and all expenditures or contributions made in the fiscal year ending on June 30, 2016 or the fiscal year ending on June 30, 2017 for any of the following:

- (a) Private club membership fees or dues;
- (b) Advertising;
- (c) Sponsorships;

- (d) Scholarships;
- (e) Charitable donations or contributions; or
- (f) Civic organizations.

23. Please provide a schedule setting forth the payments of any and all dividends or other forms or cash or cash equivalents from the Company to the City for the fiscal years ending on:

- (a) June 30, 2017;
- (b) June 30, 2016;
- (c) June 30, 2015;
- (d) June 30, 2014; and
- (e) June 30, 2013.

24. Please provide a copy of any and all documents delivered to the Company by the City between July 1, 2015 and September 30, 2017 regarding the operation, rates, margins, profits, losses, expenses, revenues or ownership of the Company by the City.

25. Please describe whether the City suggests or requests the payment of dividends or other forms of compensation.

26. Please state whether any employees of the Company perform services on behalf of the City. If the answer to this question is affirmative, please provide a complete description of such activities.

27. Please state whether any assets of the Company are used to benefit the City for a purpose other than for the provision of potable water service to residents of the City. If the answer to this question is affirmative, please provide a complete description of such activities.

28. Please provide the following information regarding the average daily usage and



peak demand for the Company's water system:

- (a) Average daily usage for the Company's water system for the fiscal year ending on June 30, 2016;
- (b) Average daily gallons of water sold to Marion District for the fiscal year ending on June 30, 2016;
- (c) Peak daily demand for the Company's water system for the fiscal year ending on June 30, 2016; and
- (d) Peak daily demand from Marion District for Company's water system for the fiscal year ending on June 30, 2016.

29. Refer to the testimony of Holly L. Nichols, page 6. Why did the Company use the average principal and interest payments on long-term loans for the years 2017, 2018 and 2019 instead of three years of historical data?

30. Please provide a copy of the Company's bylaws and Board policies.

31. Please provide a copy of any documents describing the authority conferred upon the Company by its owner(s).

32. Refer to the testimony of Mr. Darrin Thompson, p. 6. Please identify the Company's pipes, pump stations and water storage tanks that are exclusively dedicated to serving Marion District.

33. Refer to the testimony of Mr. Thompson, pp. 7-8. Please confirm that that the Master Agreement, dated December 23, 1988, has been amended on subsequent occasions.

34. Please confirm that the water sold to Marion District by the Company is a sale of water for resale to Marion District's customers.

35. Please provide a forecast of water purchases from Campbellsville for 2018, 2019,

2020, 2021 and 2022.

36. Refer to the testimony of Mr. Thompson, pp. 16-17. Please provide a copy of any and all documents received from Campbellsville identifying, describing or explaining the recalculated water purchase price.

37. Refer to the testimony of Mr. Thompson, p. 21.

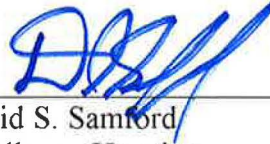
- (a) Please state the total number of hours the WTP was shut down during the test year for maintenance; and
- (b) Please identify the total amount of maintenance expense incurred by the Company in relation to the shut down of the WTP during the test year.

38. Refer to the testimony of Mr. Thompson, pp. 23-24. Please describe the process the Company undertook to select and retain each of the contractors listed in the testimony.

39. Refer to the testimony of Mr. Thompson, pp. 23-24. Please identify whether Company incurred any expense in the test year for any of the following services:

- (a) Clearwell cleaning;
- (b) Filter cleaning;
- (c) Electrical inspections and testing;
- (d) Megger testing; and
- (e) Sludge hauling.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

This is to certify that foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on April 2, 2018; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium is being hand delivered to the Commission on the 3<sup>rd</sup> day of April, 2018.



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*Counsel for Marion County Water District*