

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE	)	
WHOLESALE WATER SERVICE RATES OF	)	CASE NO.
FRANKFORT ELECTRIC AND WATER PLANT	)	2008-00250
BOARD	)	

COMMISSION STAFF'S THIRD SET OF INFORMATION  
REQUESTS TO FRANKFORT ELECTRIC AND WATER PLANT BOARD

Frankfort Electric and Water Plant Board ("Plant Board"), pursuant to 807 KAR 5:001, shall file with the Commission the original and 6 copies of the information requested herein on or before February 2, 2009. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

The Plant Board shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

the Plant Board fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. 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 separately provided for total company operations and jurisdictional operations.

1. Complete the table below.

Main Size	Total System			Jointly Used*	
	Feet	Miles of line	Inch Miles	Miles of line	Inch Miles
32					
30					
28					
26					
24					
22					
20					
18					
16					
14					
12					
10					
8					
6					
4					
3					
2					
1 1/2					
1					
5/8					

\* - The term "Jointly Used" refers to lines that are used to transport water to wholesale customers.

2. If the Plant Board has any water lines that have different sizes than the sizes listed in the table above, provide the feet, miles of line, and inch miles for each of those sizes within the categories of its total system and jointly used lines.

3. Provide all hydraulic analysis models, maps, and other documents that support the calculation of miles of line used to serve the Plant Board's wholesale customers.

4. Refer to the Plant Board's Response to Item 12(a) of the Commission's Order of July 2, 2008 and the supplemental information provided in the table above.

a. Provide the costs associated with distribution lines that are used to serve only retail customers. Explain in detail and show all calculations.

b. State the wholesale rate that would result if costs associated with distribution lines that do not serve the wholesale customers were excluded from the calculation of the wholesale rate. Explain how the Plant Board derives this rate, state all assumptions used, and show all calculations.

5. Refer to the Plant Board's Response to Item 12(b) of the Commission's Order of July 2, 2008. State whether all capital costs should be allocated to the wholesale rate of customers that shared in the cost to extend the existing system. Explain.

6. The Commission has stated previously that costs associated with distribution lines should not be allocated to wholesale customers.<sup>1</sup> Explain in detail the

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<sup>1</sup> See e.g., Case No. 2002-00105, Application of Northern Kentucky Water District (Ky. PSC Apr. 30, 2003) at 24-25; Case No. 2002-00022, Proposed Adjustment of the Wholesale Water Service Rates of the City of Pikeville, Kentucky (Ky. PSC Oct. 18, 2002) at 35.

Plant Board's position regarding the allocation of costs related to distribution lines to wholesale customers.

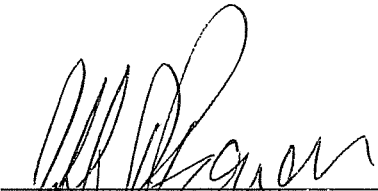
7. State whether the Plant Board's cost-of-service study takes into consideration the shared cost to extend distribution mains. If yes, state where in the study these calculations are found and explain. If no, explain why the study does not take into consideration the shared cost to extend distribution mains.

8. Explain why the Plant Board's proposed allocation of costs for storage to wholesale customers is reasonable.

9. State the amount of costs associated with storage that is allocated to the wholesale customer.

10. The Kentucky River Authority charges all utilities that withdraw water from the Kentucky River a fee based on the volume of water withdrawn. Describe how the Plant Board characterizes the Kentucky River Authority fee (e.g., expense, tax, or some other factor. Explain.

11. The Plant Board currently assesses a separate rate to wholesale customers to recover the Kentucky River Authority withdrawal fee. Explain why this fee should not be eliminated and costs related to the Kentucky River Authority withdrawal fee be included in the Plant Board's wholesale rate.

  
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Jeff R. Derouen  
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DATED: JANUARY 23, 2009

cc: Parties of Record

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