

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WATER SERVICE)
CORPORATION OF KENTUCKY FOR AN) CASE NO.
ADJUSTMENT OF RATES) 2008-00563

THIRD DATA REQUEST OF COMMISSION STAFF TO
THE WATER SERVICE CORPORATION OF KENTUCKY

Water Service Corporation of Kentucky (“Water Service”), pursuant to 807 KAR 5:001, is to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before June 12, 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.

Water Service 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

Water Service 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. Refer to Responses 12 and 13 to the Commission Order of May 1, 2009. Provide a work paper showing the salaries of the 11 Kentucky operators and show the other divisions worked by Mr. Martin Scanlon.

2. Refer to Response 14 to the Commission Order of May 1, 2009.

a. List, by name, the taxing jurisdictions that make up the general ledger account numbers 345100.7555 and 345103.7555.

b. Explain the reference to Bruce Bennett which appears on the electronic file provided to the Commission.

c. Reconcile the difference between the figure of \$40,970 referenced in the data response and the figure of \$51,407, which is the total of the invoices.

3. Refer to Response 4 to the Commission Order of May 1, 2009 and Case No. 2006-00067, Proposed Adjustment to the Wholesale Water Rate of the City of Lawrenceburg, Kentucky (Ky. PSC Nov. 21, 2006).

a. Defend Water Service's position that the Consumer Price Index is a reasonable estimate of changes in the cost of providing service to its customers in light of the Commission's decision in Case No. 2006-00067.

b. State whether Water Service considered indexing factors other than the general Consumer Price Index in adjusting its expenses. Explain.

c. Provide any known citations to orders of this Commission or other similar agency in another state that accept Consumer Price Index adjustments in a rate case using a historical test period.

4. Refer to Response 5 to the Commission Order of May 1, 2009. The response provided to Item 5 is identical to the response provided to Item 2(c).

a. At page 10 of her direct testimony, Ms. Georgiev states the filing also includes \$36,282.69 for organizational costs in utility plant in service that was not booked at the time of acquisition. State the purpose of the organizational costs and explain why these costs were not booked at the time of the acquisition and why the organizational costs should be included in Water Service's rate base.

b. Provide documentation to support Water Service's claim that the organizational costs were not recorded when they were incurred.

c. Provide the life over which Water Service proposes to recover the organizational costs.

5. Water Service lists \$6,000 for consulting fees for the company's rate case. Provide the name of the vendor to whom this was paid, an explanation of the service provided, and a copy of the invoice or invoices.

6. Refer to Response 24 to the Attorney General's Data Request.

a. Identify all expenses associated with the Utilities, Incorporated's Board of Directors meetings during the test period that were allocated to Water Service.

b. If any expenses were allocated to Water Service, identify all costs associated with the Board of Directors meetings.

c. If any expenses were allocated to Water Service, provide a breakdown of expenses for the Board of Directors meetings into the different general ledger accounts.

7. Refer to Response 78 to the Attorney General's Data Request.

a. With no customer service office in Clinton, Kentucky, explain how billing disputes are handled for customers in Clinton.

b. Identify the phone number that Clinton customers are instructed to call for billing disputes.

8. State whether Water Service's requested rate base includes the allocation of the service company's rate base. If yes, state why Water Service is seeking to recover an allocation of the service company's rate base.

9. Identify any instances where this Commission has allowed a utility to recover the allocation of the service company's rate base.



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DATED: MAY 29 2009

cc: Parties of Record

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