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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 2009-00428
PUBLIC SERVICE
COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE
WATER SERVICE RATES OF THE CIT OF
GREENSBURG, KENTUCKY

In response to that Order dated March 19, 2010, Green-Taylor Water District submits the following:

On or about March 2, 2010, Green-Taylor Water District ("GTWD") was provided from the City of Greensburg a cost analysis created by its engineering firm, Bell Engineering. On March 9, 2010, a public hearing was held by the City of Greensburg where the General Manager of GTWD and its local counsel were in attendance. In that public hearing, GTWD represented, as it has throughout this procedure, that it intended for its retained analyst, Ms. Carryn Lee, to review the data relied upon by the City for its proposed rate increase and that GTWD was prepared to negotiate a fair rate. The engineering report was forwarded to Ms. Lee on March 9, 2010, and she notified counsel of several issues that she had with the data on March 23, 2010. Based upon Ms. Lee's analysis and review, GTWD adopts her questions as its own and those questions are listed below. As of March 25, 2010, GTWD has notified the City of these questions and has made clear that it is available to negotiate the terms of the proposed rate increase upon the City's initiative.

Accordingly, GTWD continues to object to the proposed wholesale water rate of \$2.206 per 1000 gallons as detailed below.

ISSUES PRESENTED BY MS. CARRYN LEE REGARDING THE COST ANALYSIS OF BELL
ENGINEERING ON BEHALF OF THE CITY OF GREENSBURG

1. Does the city have a breakdown of depreciation expense in more detail than that shown on Table 2, Page 4, of the rate analysis? If so, please provide.
2. When does the city expect to close on the RD loan mentioned on Page 5 of the rate study?

3. Refer to Table 3 on Page 5 of the rate study. A debt coverage of .20 is set out as a coverage requirement. Are all funding sources used by Greensburg requiring a .20 coverage?
4. With regard to debt service, a statement is made that “many new main water lines and “loop” lines within the city of Greensburg”. Which debt instruments were used to finance inside city lines? What percentage of the cost was for the replacement of aging infrastructure within the city?
5. Refer to Table 1, Page 3 of the study:
 - a. How did advertising expense in the amount of \$990.47 provide a benefit to Green Taylor?
 - b. Contractual services of \$5,429.63 is split evenly between intake and treatment and transmission and distribution. How was this split determined? Provide a breakdown of this expense and how the services benefit Green Taylor.
 - c. List the purpose of each equipment rental and how the rental provided a benefit to Green Taylor.
 - d. Provide a breakdown of repairs and maintenance expense of \$35,559.60 and how the expense benefited Green Taylor. Provide invoices or other justification for the \$6,000 known adjustment.
 - e. Provide a list of “fees” paid for each employee by job title. Provide this list for travel and training also.
 - f. Why would audit and accounting expense of \$1,592 not be fully allocated to customer costs?
 - g. Is it Greensburg’s opinion that Green Taylor should pay a portion of the rate study prepared by Bell Engineering? See known adjustment of \$3,020. If the rate produced as a result of this study is not accepted by the Kentucky Public Service Commission why should Green Taylor pay a part of the cost?
 - h. Why would bank service fees not be fully allocated to customer costs?
 - i. With regard to computer and software expense of \$1,619. Is this expense for billing and collecting software?
 - j. Provide a breakdown of miscellaneous – various expenses.
 - k. Rental expense is listed as \$9,000. What property is rented and does it benefit Green Taylor?
 - l. With regard to personnel wages and benefits. Why should salaries and wages for the city clerk, deputy clerk, and water and sewer clerk be included in the allocation of costs of providing service to Green Taylor?

- m. What is the basis for the \$11,934 increase in chemical costs?
 - n. What is the basis for the increase of \$6,434 in electrical expense?
6. With regard to sludge removal, provide a copy of all amortization schedules relating to debt at the sewer treatment plant. What was the purpose of each debt and how does it benefit Green Taylor?

DATED this the 25th day of March, 2010.

COUNSEL FOR GTWD



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CERTIFICATE OF SERVICE


I hereby certify that a true copy of the foregoing document was mailed, postage prepaid, this 25th day of March, 2010, to the following:

Hon. George C. Cheatham II
CITY OF GREENSBURG
110 West Court Street
Greensburg, Kentucky 42743

Ms. Carryn Lee
900 Argyll Drive
Danville, Kentucky 40422

ORIGINAL AND SIX COPIES TO:

PUBLIC SERVICE COMMISSION
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615



John D. Henderson