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November 3, 2010

PARTIES OF RECORD

Re: Case No. 2010-00094

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact M. Todd Osterloh at 502/564-3940, Extension 439.

Sincerely,

Jeff Derouen by Skhawn Bep

Jeff Derouen
Executive Director

TO/ew

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Todd Osterloh
Staff Attorney

DATE: November 3, 2010

RE: Case No. 2010-00094
Application of Northern Kentucky Water District for an Adjustment of Rates, Issuance of Bonds, and Tariff Changes
Informal Conference of October 21, 2010

On October 21, 2010, Commission Staff held an informal conference in this proceeding for the purpose of considering the possibility of settlement, the simplification of issues, and any other matters that may aid in the handling or disposition of this case. The following individuals participated:

Jack Bragg	NKWD
Richard Harrison	NKWD
Jack Hughes	NKWD
Ron Lovan	NKWD
Paul Herbert	Gannett Fleming - NKWD
Constance Heppenstall	Gannett Fleming - NKWD
David Spenard	Office of the Attorney General
Eddie Beavers	PSC Staff
Mark Frost	PSC Staff
Jason Green	PSC Staff
Dennis Jones	PSC Staff
Todd Osterloh	PSC Staff
Daryl Parks	PSC Staff
Sam Reid	PSC Staff
James Rice	PSC Staff

Beginning the conference, Mr. Osterloh stated that he would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

Mr. Osterloh stated that the Commission had entered an order earlier that day which related to the procedure of the hearing. Mr. Hughes stated that Northern

Kentucky Water District ("NKWD") stated that it had not yet determined the order in which it would present its witnesses. NKWD indicated that it may present Paul Herbert early in the hearing, depending on his flight schedule. Neither the Attorney General nor Commission Staff objected to that proposition.

Mr. Osterloh noted the fact that NKWD referenced in its application an anticipated effective date for the rate adjustment to be January 1, 2011 and asked if NKWD would prefer the effective date to be January 1, 2011, even if the Commission were to rule on the case prior to that date. Mr. Osterloh also noted that his question should not be construed as a guarantee that the Commission would issue its order earlier than that date or that the Commission would not find a reason to require the effective date to be on the date that the order was issued. NKWD stated that it would prefer to have an effective date of January 1, 2011, even if the Commission were to issue its final order prior to that date.

The official transcript of the hearing will be by video only. A streaming copy of the video will be available on the Commission's website within a couple of days of the hearing. Parties may obtain an annotated copy of the hearing on DVD by contacting the Commission. The annotated copy will be available a few days after the hearing, and it contains shortcuts to testimony based on witness and examiner.

The parties discussed a few substantive issues of the rate adjustment application. NKWD provided updated materials of its cost-of-service allocations, a copy of which is attached to this memorandum. Staff noted that the revisions provided of the cost-of-service study resulted in a higher revenue requirement and would result in higher rates than those proposed in the application. Staff stated that it would question NKWD at the hearing as to whether NKWD would request the Commission to approve the higher rates proposed in the revised calculations.

During the conference, NKWD also stated that it would provide: (1) a schedule to reconcile the revenue of \$42,486,874.36, which was the figure calculated in NKWD's response to Commission Staff's Second Information Request; (2) a description of the \$126,833.36 charge to account 631-8000-072; (3) an updated cost-of-service study; (4) a plan of financing; and (5) a copy in Excel of the billing analysis that was previously provided in Adobe Acrobat.

The conference then adjourned.