

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT FOR AN ADJUSTMENT OF) CASE NO. 2012-00072
GENERAL RATES)

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO NORTHERN KENTUCKY WATER DISTRICT

Pursuant to 807 KAR 5:001, Northern Kentucky Water District ("Northern District") shall file with the Commission the original, one paper copy, and one electronic copy of the following information within 28 days of the date of this request or 14 days after the tender of its application for rate adjustment, whichever occurs later, pursuant to the Commission's March 8, 2012 Order. 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 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.

Northern District 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

correct when made, is now incorrect in any material respect. For any request to which Northern District fails or refuses to furnish all or part of the requested information, Northern District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure its legibility. 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. Provide the minutes of the meetings of Kenton County Fiscal Court and Campbell County Fiscal Court in which each fiscal court approved the current salary level for members of Northern District's Board of Commissioners.

2. a. Provide a complete copy of the workpapers, calculations, and assumptions Northern District used to develop its pro forma test-period financial information.

b. Provide the workpapers, calculations, and assumptions requested in Item 2(a) in Microsoft Excel format.

3. For each employee salary increase granted in calendar year 2011 or 2012, provide the minutes of each meeting of Northern District's Board of Commissioners in which the salary increase was discussed and approved.

4. List each of Northern District's non-regulated business activities. For each activity, describe the Northern District's accounting policies and procedures that ensure that regulated rates do not subsidize the activity.

5. Provide a schedule listing each project included in the test-period Construction Work in Progress ("CWIP"). Include a detailed description of each project included in the schedule.

6. a. Provide a test-period general ledger showing account number, subaccount number, account title, subaccount title, and all entries to each account. For each entry, state the date paid, vendor name, check number used to make payment and the amount. The general ledger shall include all asset, liability, capital, income, and expense accounts that Northern District uses. All accounts should show activity for 12 months. Show the balance in each control and all underlying subaccounts per company books.

b. Provide the general ledger requested in Item 6(a) in Microsoft Excel format.

7. a. For each cash account that Northern District used during the test year, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount.

b. Provide the cash disbursement ledgers requested in Item 7(a) in Microsoft Excel format.

8. Provide a copy of all audit adjustments made for the test-period financial statements.

9. a. List all employees employed during the test period. For each employee listed, provide his or her:

(1) Name;

(2) Title;

- (3) Length of employment with Northern District;
- (4) Job duties;
- (5) Test-period pay rate and current pay rate;
- (6) Test-period regular time worked and overtime worked;
- (7) Percentage of test-period payroll capitalized; and
- (8) Type of employee benefits (e.g., health insurance, dental

insurance, vision insurance, pension, etc.) and Northern District's contribution.

b. Provide the employees' information requested in Item 9(a) in Microsoft Excel format.

c. Provide all calculations used to develop the percentage of test-period payroll capitalized.

10. a. Provide the employer's retirement contribution rate(s) that were effective during calendar years 2009, 2010, and 2011, including the date each rate became effective.

b. (1) State whether the Kentucky Retirement System has notified Northern District of the employer retirement contribution rate that will be charged in the fiscal year beginning July 1, 2012.

(2) If Northern District has been notified, provide a copy of the notice from the Kentucky Retirement System and the date the rate will become effective.

(3) If Northern District has not been notified, provide a copy of the notice from the Kentucky Retirement System when it is received.

11. a. Identify any employees listed in the response to Item 9(a) that are no longer Northern District employees.

b. For each employee identified in the response to Item 11(a):

(1) If the position has been filled, identify the employee currently in the position, provide the date on which the employee(s) were hired, the actual annualized salary and the actual benefit information. Identify the salary and employee benefit costs that are included in Northern District's pro forma operating expenses.

(2) If the position is still vacant, state the reason(s) why the position is vacant or if Northern District intends to fill it.

(3) State the current status of Northern District's efforts to fill the position and the anticipated hire date.

(4) State whether the cost of the position is included in the pro forma salaries and wage expense. If the cost is included, state separately the position costs that are included in the test-period operating expenses (e.g., payroll expenses, payroll capitalized, retirement, payroll taxes, insurance benefits) and the accounts to which each amount was charged.

12. Provide a detailed list of all fringe benefits available to Northern District employees and the actual test-period cost of each benefit and the pro forma cost. Provide comparative cost information for calendar years 2010 and 2011. Indicate which fringe benefits, if any, are limited to management or full-time employees. Explain any changes in fringe benefits occurring over this period.

13. Provide the most recent vendor invoice for the following employee insurance coverages:

- a. Health Insurance;
- b. Dental Insurance; and
- c. Life Insurance.

The invoices shall list employees individually by name and state clearly the type of coverage provided. If the listing identifies employees by a code number, provide the name for each number.

14. a. Provide a schedule that details all test-period expenditures related to the current proceeding along with a copy of vendor invoices. The schedule should state the nature and amounts of all charges. The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.

b. Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor with supporting documentation for each.

c. Provide a monthly update of the schedule requested in Item 14(a) showing all of the costs incurred as of that date. Include the supporting detailed vendor invoices as requested in Item 14(a).

15. For each debt of Northern District that is currently outstanding or was outstanding during the test period, provide a description of the use of the borrowed funds and a current amortization schedule that includes the entire life of the loan or bond and that details the payment amounts, principal retirements, interest payments, interest rates, and outstanding balances.

16. For each debt listed in Item 15, state which debts were incurred either entirely or partially to finance sub-district operations and retired with sub-district surcharge revenue.

17. Complete the following Table.

<u>Title</u>	<u>Original Surcharge</u>	<u>02/29/2012 Customer Level</u>	<u>2011 Surcharge</u>	<u>Annual Collections</u>
Sub-District A				
Sub-District B				
Sub-District C				
Sub-District D				
Sub-District E				
Sub-District F				
Sub-District G				
Sub-District K				
Sub-District R				
Sub-District RF				
Sub-District RL				
Total				

18. Complete the Statement of Disclosure of Related Party Transactions Form that is attached to this Request.

19. Provide an electronic version of the cost-of-service study filed with Northern District's application in Microsoft Excel format. All formulas contained in the electronic version should be self-contained and without any linked references to or macro commands involving external files.

20. Refer to Status Report—Implementation of Monthly Billing (June 30, 2011). For each cost category listed in the summary of monthly billing incremental costs and income, provide the assumptions used to calculate the cost and show the calculations.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED: MAR 27 2012

cc: Parties of Record

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

We swear or affirm that the information set forth below represents all transactions occurring within the past five years between Northern Kentucky Water District and related parties. For the purpose of this statement, "related party transactions" include all payments made directly to or on behalf of: 1) current employees other than their regular wages and benefits; 2) current members of Northern Kentucky Water District's Board of Commissioners other than their salaries and benefits; 3) former employees and board members; 4) family members¹ of any current or former employee or commissioner of Northern Kentucky Water District; or 5) a business enterprise in which a current or former employee, current or former commissioner; a family member of a current or former employee or commissioner.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

Check this box if Northern Kentucky Water District has no related party transactions.

Check box if additional transactions are listed on the supplemental page.

Chairman (Print Name)

(Signature)

President (Print Name)

(Signature)

¹ "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of a commissioner or water district employee; or is a dependent for tax purposes of the commissioner, water district employee, or the commissioner's or employee's spouse; or who is a member of the commissioner's or water district employee's household.

COMMONWEALTH OF KENTUCKY

COUNTY OF _____

Subscribed and sworn to before me by _____
(Name of Chairman of Board of Commissioners)

this ____ day of _____, 20__.

NOTARY PUBLIC
State-at-Large

COMMONWEALTH OF KENTUCKY

COUNTY OF _____

Subscribed and sworn to before me by _____
(Name of President)

this ____ day of _____, 20__.

NOTARY PUBLIC
State-at-Large

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Erlanger, KY 41018-0640

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