

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES OF) CASE NO. 2015-00039
THE CITY OF AUGUSTA)

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO THE CITY OF AUGUSTA, KENTUCKY

The city of Augusta ("Augusta"), pursuant to 807 KAR 5:001, is to file with the Commission its electronic responses and a paper original of the following information. The information requested herein is due by April 27, 2015. 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.

Augusta 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

Augusta 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 filing a paper containing personal information, August shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Augusta's response to the Commission's February 10, 2015 Order ("Commission's Initial Request"), Appendix B, Item 1. For each witness that Augusta intends to call at an evidentiary hearing, provide, in written verified form, the direct testimony of that witness. The testimony for each witness should include the following:

- a. The name and business address of the witness;
- b. A description of the background and qualifications of the witness;
- c. A statement of the scope of the witness's responsibility or role in the operation of the water utility or in providing services to the water utility; and
- d. A complete description, quantification, and explanation for all proposed adjustments or recommendations made by the witness in support of the proposed new rate.

2. Refer to Augusta's response to the Commission's Initial Request, Item 1. Provide, through the direct testimony of one or more of the witnesses that Augusta intends to call at an evidentiary hearing, the following.

- a. The reasons for the proposed change in the wholesale rate.
- b. Efforts made to discuss the proposed change in the wholesale rate with the purchaser prior to filing a tariff with the Commission.
- c. The factors utilized in and the manner of determining the proposed change in the wholesale rate.
- d. An explanation that describes how the proposed wholesale rate is consistent with Augusta's contract with Bracken County Water District ("Bracken District"), including a component-by-component description of the development of the rate pursuant to the contract.
- e. An explanation that identifies and describes the factors or considerations that Augusta believes demonstrate that the proposed wholesale rate is fair, just and reasonable.

3. Refer to Augusta's response to the Commission's Initial Request, Item 5.b. Provide an amortization schedule that includes principle and interest payments. Also, include any administrative fees assessed by the lender.

4. Refer to Augusta's response to the Commission's Initial Request, Item 6, p. 21 of 21. For each employee, provide an itemized list of each benefit that is included in the column labeled "GROSS."

5. Refer to the usage table for Augusta's response to the Commission's Initial Request, Item 21. Provide a reconciliation of the Wholesale City of Augusta

amount of 50,426,000 gallons for the test period with the 31,721,494 gallons of water usage amount identified in response to Bracken District's Initial Request for Information ("Bracken District's Initial Request"), Item 37. If the usage table supplied in response to Item 21 is not accurate, provide a revised usage table and include with the response a narrative that describes and reconciles each difference between the initial usage table and the revised usage table.

6. Refer to the usage table for Augusta's response to the Commission's Initial Request, Item 21. Indicate whether the Plant Use amount of 3,001,400 gallons for the test period falls within the definition of finished water for purposes of reporting water production to the Kentucky Division of Water.

7. Refer to Augusta's response to the Commission's Initial Request, Items 21 and 25. In response Item 21, "Gallons for Test Period" for Bracken District and the city of Augusta are 163,669,400 and 50,426,000, respectively. In response to Item 25, "Treated Gallons of Water" for BCWD and the city of Augusta are 164,134,700 and 50,026,000, respectively. Explain the disparity in the two sets of numbers.

8. Refer to the January 12, 2015 letter from Gerald Wuetcher to Mayor Mary Zeigler contained in Bracken District's filing with the Commission on March 18, 2015.

The letter, in pertinent part, states:

The 'cash operation and maintenance expense' component [of the wholesale rate] is designed to recover the operating expenses of Augusta water treatment plant. Each year Augusta must engage an auditor to determine the water treatment plant's total operating expenses for the completed fiscal year. These expenses are allocated between Augusta and Bracken District based upon each party's usage of the water treatment plant's total output for the period. Bracken

District's allocated level of expense is then divided by its total water purchases to produce the 'cash operation and maintenance expense' rate.

State whether Augusta agrees with this description of the calculation of the "cash operation and maintenance expense." If not, provide Augusta's description of the calculation.

9. Refer to Augusta's response to Bracken District's Initial Request, Item 39.

Explain the operational purpose or function of the water treatment plant's 2-inch meter.

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DATED APR 13 2015

cc: Parties of Record

Case No. 2015-00039

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