

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF CHRISTIAN COUNTY WATER)
DISTRICT, OF CHRISTIAN COUNTY,)
KENTUCKY FOR (1) A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY,)
PERMITTING SAID DISTRICT TO CONSTRUCT)
A WATERWORKS CONSTRUCTION PROJECT,)
CONSISTING OF EXTENSIONS, ADDITIONS, AND) CASE NO. 8664
IMPROVEMENTS TO THE EXISTING WATERWORKS)
SYSTEM OF THE DISTRICT; (2) APPROVAL OF)
THE PROPOSED PLAN OF FINANCING OF SAID)
PROJECT; AND (3) APPROVAL OF THE)
INCREASED WATER RATES PROPOSED TO BE)
CHARGED BY THE DISTRICT TO CUSTOMERS)
OF THE DISTRICT)

O R D E R

IT IS ORDERED that Christian County Water District ("Christian County") shall file an original and seven copies of the following information with the Commission by February 18, 1983. Christian County shall furnish the name of the witness who will be available at the public hearing to respond to questions concerning each item of information provided. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide a reconciliation of the test year purchased water cost with the monthly invoices that were provided in the request for additional information of November 11, 1982.

2. Provide a letter of loan approval from the Farmers Home Administration.


3. Provide a copy of the invoice and the insurance premium notice that was used to estimate the insurance expense for phase II of the system.

4. Article 6 Section 603 paragraph 3 of the Bond Resolution of 1983 states that "the annual net revenues of the then existing system shall equal at least 120% of the average annual debt service requirements for principal and interest on all outstanding bonds payable. The calculation of average annual debt service requirements of principal and interest shall be determined on the basis of the principal of and interest on such parity bonds being payable in approximately equal annual installments." Pursuant to this provision, furnish the computation of the annual debt service, including work papers showing the method of this calculation. Also provide a statement showing this to be in compliance with the bond resolution.

5. Provide a billing analysis of present and proposed rates, showing usage and revenue by rate increment for each customer category. The billing analysis should be prepared using the attached format. This request should be interpreted to mean a billing analysis for each size meter in service.

Done at Frankfort, Kentucky, this 1st day of February, 1983.

PUBLIC SERVICE COMMISSION


Chairman

~~Vice Chairman~~

~~Commissioner~~

ATTEST:

Secretary

IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using a declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rateschedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8 and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contains the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns No. 2 and 3 are completed by using information obtained from usage records.

Columns No. 4, 5, 6, 7, 8 and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore,
all usage is recorded in Column 4.

Step 2: Next 3,000 gallons rate level
1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000
gallons - record in Column 4
Next 3,000 gallons - remainder of water over
2,000 = 1,388,000 - record in Column 5

Step 3: Next 10,000 gallons rate level
 1,830 Bills
 16,268,700 gallons used
 1st 2,000 minimum x 1,830 bills = 3,660,000 gallons -
 record in Column 4
 Next 3,000 gallons x 1,830 bills = 5,490,000 gallons -
 record in Column 5
 Next 10,000 gallons - remainder of water over 3,000 =
 7,118,700 gallons - record in Column 6

Step 4: Next 25,000 gallons rate level
 650 bills
 15,275,000 gallons used
 1st 2,000 minimum x 650 bills = 1,300,000 gallons -
 record in Column 4
 Next 3,000 gallons x 650 bills = 1,950,000 gallons -
 record in Column 5
 Next 10,000 gallons x 650 bills = 6,500,000 gallons -
 record in Column 6
 Next 25,000 gallons - remainder of water over 10,000 =
 5,525,000 gallons - record in Column 7

Step 5: Over 40,000 gallons rate level
 153 bills
 9,975,600 gallons used
 1st 2,000 minimum x 153 bills = 306,000 gallons -
 record in Column 4
 Next 3,000 gallons x 153 bills = 459,000 gallons -
 record in Column 5
 Next 10,000 gallons x 153 bills = 1,530,000 gallons -
 record in Column 6
 Next 25,000 gallons x 153 bills = 3,825,000 gallons -
 record in Column 7
 Over 40,000 gallons - remainder of water over 25,000 =
 3,855,600 gallons - record in Column 8

Step 6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7 and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains revenue produced.

Example for completing Revenue Table is as follows

Complete Columns No. 1, 2 and 3 using information from Usage Table.

Complete Column No. 4 using rates either present or proposed.

Column No. 5 is completed by first multiplying the bills times the minimum charge.

Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

