

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE BARNESBURG)
WATER ASSOCIATION, INC., OF)
PULASKI COUNTY, KENTUCKY, FOR (1))
A CERTIFICATE OF PUBLIC CONVEN-)
IENCE AND NECESSITY AUTHORIZING)
AND PERMITTING SAID WATER)
DISTRICT TO CONSTRUCT ADDITIONAL)
WATER LINES, STORAGE TANKS, PUMP)
STATIONS AND RELATED FACILITIES) CASE NO. 8745
TO SERVE NEW AND ADDITIONAL CUS-)
TOMERS, AND (2) FOR APPROVAL OF)
THE WATER RATES PROPOSED TO BE)
CHARGED BY THE ASSOCIATION TO)
CUSTOMERS OF THE ASSOCIATION,)
AND (3) APPROVAL OF THE PROPOSED)
PLAN OF FINANCING THE PROPOSED)
ADDITIONS TO SAID WATER SYSTEM)

O R D E R

IT IS ORDERED that Barnesburg Water Association, Inc. ("Barnesburg"), shall file an original and eight copies of the following information with the Commission, by May 11, 1983. 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. Item No. 4 of the response to the Commission's Order dated March 16, 1983, stated that the interest rate on the Merrill Lynch account is the "current market rate." Provide the following concerning this item.

- (a) An explanation as to how the rate is determined.
- (b) How often does the rate change?

2. Item No. 6 of the response to the Commission's Order dated March 16, 1983, reflects that additional tap-on fees of \$63,190 were collected during the test period. Provide the following concerning this item.

- (a) How much of these funds will be used?
- (b) Over what period will the funds be used?
- (c) How much of these funds will be refunded to customers?

3. Item No. 10 of the response to the Commission's Order dated March 16, 1983, reflects that the amount reported as travel should have been classified as supervision for the test period. Provide the following concerning this item.

(a) The name of the party or parties which received funds changed to supervision during the test period and the amount received.

(b) A description of the services provided for each name listed in part (a).

4. Provide the present rate(s) for purchased water and the name of the supplier. Also, provide a copy of the purchased water contract with the present supplier.

5. The 1982 Annual Report filed by Barnesburg reflects line loss of 21 percent for the test period.

(a) What measures are currently being taken to reduce this loss?

(b) Are you familiar with the Commission's policy to disallow for rate-making purposes those costs associated with line loss in excess of 15 percent?

(c) If you are in disagreement with this policy provide an explanation as to why this policy should not be applied in determining revenue requirements in this case.

6. The depreciation schedule furnished in response to the Commission's Order dated March 16, 1983, reflects total plant in service of \$272,077, however, the test period balance sheet reflects total plant in service of \$289,613. Provide an explanation for this discrepancy.

7. Provide a depreciation schedule which reflects the plant in service classifications and the amounts to be entered in the various plant accounts upon completion of the construction project that is currently in progress.

8. An amortization schedule dated January 28, 1983, was filed in response to a request entered at the hearing on January 26, 1983. The schedule reflects the payments for years 1 and 2 and the subsequent years for the debt to be incurred in association with Barnesburg's current construction project. Provide the basis, complete with supporting computations and any related work papers, for the amounts listed for years 1 and 2 and years 3 through 40.

9. In the Commission's Orders of January 13, 1983, and March 16, 1983, Barnesburg was asked to file:

(a) A detailed billing analysis for the 12-month test year period based on actual usage; and

(b) The number of new customers and estimated usage per rate increment after construction.

To date, this information has not been filed. Please submit the requested information as soon as possible, but no later than the date indicated in this Order.

Done at Frankfort, Kentucky, this 26th day of April 1983.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary