

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

AN ADJUSTMENT OF RATES OF)
HARRISON COUNTY WATER) CASE NO. 8911
ASSOCIATION, INC.)

O R D E R

IT IS ORDERED that Harrison County Water Association, Inc. ("Harrison County") shall file an original and eight copies of the following information with this Commission by December 27, 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. According to Item No. 4 of the financial exhibit, Harrison County has three outstanding promissory notes payable to the Farmer's Home Administration ("FmHA") classified as Phase I, Phase II, and Phase III loans. However, reported per the debt schedule submitted with Harrison County's annual report for the year ended December 31, 1982, are four outstanding promissory notes payable to FmHA, with the Phase I debt comprised of two separate loans. Therefore, provide complete details regarding the discrepancy that exists between the Phase I debt as reported per the financial exhibit, and the Phase I debt reported per the annual report for the year ended December 31, 1982.

2. With regard to the Phase I, Phase II, and Phase III notes payable to FmHA, provide the following information:

a) documented evidence of each loan in the form of a copy of each fully executed promissory note payable, including complete details regarding its terms and conditions.

b) a schedule reflecting the amortization of the annual principal and interest payments for each promissory note payable from the date of its inception, to the date of its maturity.

3. For each month during the test period, provide the following:

a) a copy of the water bill from the City of Cynthiana.

b) a copy of the utility bill from Kentucky Utilities.

c) a copy of the utility bill from Harrison County RECC.

4. For each of Harrison County's employees provide the following:

a) name and job title.

b) description of duties and responsibilities.

c) salary at the beginning of the test period.

d) salary at the end of the test period.

e) description and amount of employee benefits received.

f) the account in which the annual wage or salary is recorded.

5. With regard to the proposed \$500 adjustment that was made to Outside Services to reflect one-third of the expected cost

associated with the rate adjustment application, provide the following:

a) the amount of actual expenses which have been incurred to date in association with the rate adjustment application.

b) a copy of all invoices submitted to date for services performed in association with the rate adjustment case.

c) a breakdown of the specific accounting or legal services that comprise these expenses including:

1) a thorough description of the services performed.

2) the number of hours associated with each service.

3) the hourly rate charged for each service.

6. Provide a detailed analysis of the test period payroll taxes in the amount of \$752, including the basis upon which each component of this expense was determined.

7. Presented in Exhibit No. 4 of the application are proposed adjustments totalling \$32,110 which reflect anticipated increases in the levels of various expenses associated with an estimated 96 customers to be added to the system as a result of the Phase IV extensions of water lines. For each of the expense items listed, provide complete details regarding the basis upon which the proposed adjustment was determined, including supporting computations.

8. With regard to Exhibit No. 7 of the application, provide a detailed schedule of Harrison County's Utility Plant in Service as of June 30, 1983, classified in accordance with the format established in the Uniform System of Accounts for Class C and D Water Districts and Associations. In addition, for each component of utility plant included in the schedule provide the following:

- a) date of acquisition.
- b) original cost.
- c) estimated life.
- d) annual depreciation.
- e) accumulated depreciation.

9. Item No. 1 of the Commission's Order dated November 1, 1983, required Harrison County to provide a statement of revenues and expenses for each month of the test period ended June 30, 1983. In its response to the Order, Harrison County provided the appropriate information for each month of the test period, with the exception of the month of December 1982, for which Harrison County submitted a statement of revenues and expenses for the 12-month period ended December 31, 1982. Therefore, to correct this information, provide a statement reflecting the revenues and expenses for the month of December 1982.

10. With regard to the computation of the proposed adjustment to interest expense as calculated per Exhibit No. 8 of the application, provide the basis for the inclusion of the debt principal payments in this calculation.

11. According to Attachment E, page 20 of the application, the proposed rates would produce an increase in annual revenues in the amount of \$80,508. Provide complete details regarding the method utilized to determine this level of revenue increase.

12. On Exhibit No. 1 you list water purchases as 97,596,750 gallons. On Attachment F water purchases is listed as 89,735,034. Please explain this discrepancy.

13. On Exhibit No. 1 you list water purchases as 97,596,750 gallons. On Attachment D you list water sold as 86,586,350 gallons. Please provide an explanation for this difference of 11,010,400 gallons.

14. How many customers do you serve on 1-inch meters? 2-inch meters? 1 1/2-inch meters? Do any of the customers average using less than the minimum usage allowed for the different size meters?

15. How did you arrive at the security deposit of \$50? Is the deposit fair to all customers?

Done at Frankfort, Kentucky, this 2nd day of December, 1983.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary