

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

ADJUSTMENT OF RATES OF)
THE SOUTHERN MADISON WATER)
DISTRICT)

CASE NO. 8922

O R D E R

IT IS ORDERED That Southern Madison Water District shall file an original and eight copies of the following information with the Commission by the close of business December 2, 1983:

1. For the 12-month period ended July 31, 1983, provide a comparative income and expense statement reflecting the following:

- (a) actual test period revenue and expenses;
- (b) pro forma adjustments to test period revenue and expenses;
- (c) adjusted test period revenue and expenses.

2. With regard to the outstanding note payable to the Department of Transportation in the amount of \$17,500, provide the following information pursuant to Section 6(6) of 807 KAR 5:001:

- (a) date of issue of note payable;
- (b) rate of interest on note payable;
- (c) amount of interest accrued on note during the test period;
- (d) amount of interest paid on note during the test period.

3. Pursuant to the requirements established in Section 9(1)(e) of 807 KAR 5:001, provide the following:

- (a) the total amount of annual revenue to be generated as a result of the proposed rate increase;
- (b) the percentage of increase in annual revenue;
- (c) the effect of the proposed rate increase on the average consumer's monthly bill.

4. What is the other operating income in the amount of \$5,003 listed on page 4 of the application?

5. Provide a billing analysis covering the entire test year so that present and proposed revenue can be readily determined in accordance with the instructions attached to this Order (Appendix A).

6. When do you expect the new customers to connect?

7. How did you arrive at the number of gallons the new customers would use?

8. List the new customers and proposed rates in a separate billing analysis. The new customers and their proposed usage should not be included in the billing analysis request mentioned above.

IT IS FURTHER ORDERED That in the event the above information is not timely filed, the Commission may dismiss the case without prejudice absent a Motion for an extension of time for good cause.

Done at Frankfort, Kentucky, this 11th day of November, 1983.

PUBLIC SERVICE COMMISSION

ATTEST:



For the Commission

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 89227 DATED NOVEMBER 11, 1983

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 a 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.

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. Initial recording of usage should be in 100 gallon increments. Where there are only a few very large users or contract customers, actual usage should be used. Usage between 0-100 gallons should be shown as 100, between 101-200 as 200, etc. The usages and customers are then combined for purposes of the usage table as follows:

Column No. 1 is the incremental steps in the present or proposed rate schedule 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. Columns 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 gallons = 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 rate 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.

Revenue From Present/Proposed Rates

Test Period from 1-1-81 to 12-31-81

USAGE TABLE
Usage by Rate Increment

Residential

(1)	(2)	(3)	(4)		(6)	(7)	(8)	(9)
			1st 2,000	Next 3,000				
2,000: Minimum Bill	432	518,400	518,400	1,388,000				518,400
3,000 Gallons	1,735	4,858,000	3,470,000	5,490,000	7,118,700			4,858,000
10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			16,268,700
25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000			15,275,000
40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000			9,975,600
Total	4,800	46,895,700	9,254,400	9,287,000	15,148,700	9,350,000	3,855,600	46,895,700

REVENUE TABLE

Revenue By Rate Increment

(1)	(2)	(3)	(4)	(5)
Bills	Gallons/MCF	Rate		Revenue
2,000: Minimum Bill	4,800	9,254,400	\$5.00 Min.	\$24,000.00
3,000 Gallons		9,287,000	2.50	23,217.50
10,000 Gallons		15,148,700	2.00	30,297.40
25,000 Gallons		9,350,000	1.25	11,687.50
40,000 Gallons		3,855,600	.75	2,891.70
				\$92,096.10 Total Revenue