

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF EDMONSON COUNTY WATER)
DISTRICT, EDMONSON COUNTY, KENTUCKY, FOR)
A CERTIFICATE OF CONVENIENCE AND NECESSITY)
AUTHORIZING SAID DISTRICT TO CONSTRUCT)
ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO)
ITS EXISTING MUNICIPAL WATER DISTRIBUTION)
SYSTEM PURSUANT TO THE EXPRESS PROVISIONS)
OF CHAPTERS 74 AND 106 OF THE KENTUCKY)
REVISED STATUTES; SEEKING APPROVAL OF A)
NEW SCHEDULE OF WATER SERVICE RATES AND)
CHARGES; AND SEEKING APPROVAL FOR THE)
ISSUANCE OF CERTAIN SECURITIES)

CASE NO.
8950

O R D E R

IT IS ORDERED that Edmonson County Water District ("Edmonson County") shall file an original and six copies of the following information with this Commission by March 17, 1984. 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 description of Edmonson County's property, including a statement of the net original cost of the property (estimated if not known) and the cost thereof to Edmonson County, pursuant to 807 KAR 5:001, Section 9(1)(c).

2. Provide a statement setting forth estimates of the effect that the new rates will have upon the revenues of Edmonson County, the total amount of money resulting from the increase, the percentage of increase, and the effect on the average consumer bills, pursuant to 807 KAR 5:001, Section 9(1)(e).

3. For the test period ended December 31, 1983, provide a statement of monthly revenues and operating expenses pursuant to 807 KAR 5:001, Section 9(2)(d).

4. In response to Item No. 1 of the Commission's Order dated January 9, 1984, Edmonson County presented, in comparative form, a statement of operating expenses for the two 12-month periods ended December 31, 1982 and December 31, 1983. However, this information was not presented in accordance with the Uniform System of Accounts, as the classification of expense items per the comparative statement differed with the classifications per the statement of water operation and maintenance expenses as presented in Edmonson County's annual report for the year ended December 31, 1982. Therefore, for the test period ended December 31, 1983, provide a revised statement of operating expenses, prepared in accordance with the account classifications established by the Uniform System of Accounts for Class A and B Water Utilities.

5. Provide a detailed schedule of Edmonson County's water utility plant in service as of December 31, 1983, classified in accordance with the Uniform System of Accounts for Class A and B Water Utilities. 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.

6. The statement of operating expenses which Edmonson County submitted in response to Item No. 1 of the Commission's Order dated January 9, 1984, reflected total test period utility expense in the amount of \$54,485. For the test period ended December 31, 1983, provide a schedule of monthly utility expense reflecting the following:

- a) monthly electric consumption data.
- b) rates charged by supplier of electricity during the test period.
- c) monthly utility expense.

If Edmonson County purchases electricity from more than one supplier, this schedule should be prepared for each supplier. In addition, if the rates changed during or subsequent to the test period, provide a schedule of monthly utility expense based on the current rates being charged by Edmonson County's supplier(s) of electricity, as applied to the test period electric consumption data.

7. For each of Edmonson County's employees, provide the following information:

- 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 reported.

8. For the test period ended December 31, 1983, provide a breakdown of Account No. 635 -- Maintenance of Water Treatment Plant according to the attached Format No. 1. Items of an amount less than \$100 may be grouped within a common classification. The total dollar amount of items included in the breakdown should reconcile with the total expense amount of \$26,112.32, as reported per the statement of operating expenses submitted in response to Item No. 1 of the Commission's Order dated January 9, 1984.

9. For each officer of Edmonson County, provide the following:

- a) name and office held.
- b) duties and responsibilities.
- c) annual salary or fee.
- d) value of or actual cost of benefits received.
- e) estimated number of hours per month engaged in district business.

10. For the test period ended December 31, 1983, provide a schedule reflecting the deposits, withdrawals, and balance of the Depreciation Fund as maintained according to the bond resolutions of March 31, 1969, August 5, 1974, and May 9, 1978. This schedule should reflect:

- a) date of transaction.
- b) transaction amount.
- c) description (source of deposit, use of withdrawal).
- d) account balance.

11. For the test period ended December 31, 1983, provide a schedule of the Bond Sinking Fund account, reflecting the information as requested in Item No. 10 above.

12. Provide a schedule reflecting the amortization of the principal and interest payments on the \$1,298,000 bond issue at the interest rate of 7 1/8 percent for a period of 40 years.

13. According to Exhibit B of the application, the cost of supplying water to the 870 new customers would be an amount of \$37,600. Provide supporting computations reflecting the basis upon which this amount was determined.

14. Provide supporting computations to reflect the method in which the additional billing and administrative costs in the amount of \$22,620 were determined, as indicated in Exhibit B of the application.

15. According to the billing analysis submitted in response to Item No. 1 of the Commission's Order dated December 20, 1983, the rates proposed by Edmonson County will produce total revenues in the amount of \$393,317 based upon test-period water sales in gallons. By what method was this amount determined to be the required level of revenue for Edmonson County?

Is Edmonson County aware of the Commission's use of the debt-service coverage method in determining the revenue requirements of water utilities? Cite any comments that Edmonson County may wish to extend with regard to this method of revenue determination.

EDMONSON COUNTY WATER DISTRICT

CASE NO. 8950

Water Treatment Expenses
Maintenance of Water Treatment Plant
Year Ended June 30, 1983

<u>DATE</u>	<u>DESCRIPTION</u>	<u>REFERENCE (Ch. No., Invoice, etc.)</u>	<u>MATERIALS</u>	<u>LABOR</u>	<u>OTHER</u>	<u>TOTAL</u>
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16. For the test period ended December 31, 1983, provide a comparative income and expense statement reflecting the following:

- a) actual test-period revenues and expenses.
- b) proposed adjustments to test-period revenues and expenses.
- c) pro forma adjusted test-period revenues and expenses.

17. When do you expect the 871 new customers to connect to the system?

18. Provide cost justification for increasing tap-on fees from \$300 to \$325 for 5/8-inch X 3/4-inch connections. A cost justification form is attached for your convenience.

19. Please provide proposed rate and cost justification for tap-on fees for 1-inch and 1 1/2-inch connections.

20. Provide cost justification for increasing your reconnect fee from \$10 to \$20. A cost justification form is attached for your convenience.

21. Provide cost justification for the service run fee (or special request) for each rate proposed.

22. How many customers are served by 2-inch meters? 3-inch meters? 4-inch meters? 6-inch meters?

Done at Frankfort, Kentucky, this 2nd day of March, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary