

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

SOUTH HOPKINS WATER DISTRICT'S)
NOTICE OF ADJUSTMENT OF RATES)
AND APPLICATION PURSUANT TO) CASE NO. 9016
807 KAR 5:001, SECTION 9, FOR)
AUTHORITY TO ADJUST RATES)

O R D E R

IT IS ORDERED that South Hopkins Water District ("South Hopkins") shall file an original and seven copies of the following information with the Commission by May 4, 1984. In the event the requested information is not available, South Hopkins shall state explicitly why the information cannot be furnished. If neither the response nor a motion for extension of time is filed by the stated date, the case may be dismissed.

1. Provide copies of the October 17, 1967 and June 30, 1981 bond resolutions and the loan agreements associated with the bond issues.

2. For each employee and commissioner of South Hopkins, provide the following information for the test year:

a. The name, title, and total compensation received during the test period. Include a description and the amount of any fringe benefits paid for each employee and commissioner.

b. Total number of regular and overtime hours worked.

c. A complete description of the duties and responsibilities of each employee and commissioner.

d. For each employee and commissioner, provide an analysis showing changes in the level of wages, and other compensation, from January 1, 1981 to the present. The analysis should include the date, the amount, and the percentage of each change.

e. For each commissioner, provide the approximate amount of time required monthly to fulfill his duties and responsibilities in official utility business.

3. Provide the date of each commissioner's meeting held during the test period and indicate the total number of commissioners in attendance at each meeting.

4. With reference to Exhibit "1A", provide a detailed analysis of the following expenses. Include in the analysis the check or voucher number, payee, the amount, the date, and a description of the services, materials and/or labor provided in each transaction. Items of less than \$50 may be grouped with a general description of the costs included in each group.

a. Maintenance	\$ 9,977
b. Supplies and Postage	\$11,618
c. Professional Services	\$ 4,000
d. Miscellaneous	\$ 2,258
e. Vehicle Expense	\$10,103
f. Taxes	\$ 7,639

5. With reference to Exhibit "1A", Column 3, Pro Forma Adjustments, please provide the following:

a. A thorough narrative explanation of the basis for each adjustment.

b. The workpapers or evaluations used to determine each adjustment.

c. All assumptions used in arriving at each adjustment.

d. Documentation or other evidence supporting each adjustment.

6. For each category of depreciable assets, provide a depreciation schedule as shown on Format A.

7. Provide an analysis of expenses associated with this rate case. The analysis should include the following information:

a. A schedule of the hourly rates for legal, accounting, and engineering costs that will be charged to South Hopkins for this rate case.

b. A detailed description of the legal, accounting, and engineering services to be provided in this case and an estimate of the number of hours that will be charged to South Hopkins for the services.

c. Actual expenses which have been incurred to date for legal, accounting, and engineering services.

d. The basis for the amounts listed for legal, accounting, and engineering costs included within the rate case expense breakdown.

8. Provide copies of bills for water purchased from the City of Dawson Springs, and any other suppliers during the test period. Provide a copy of all contracts to purchase water in effect from January 1, 1983 to present.

9. Provide an analysis of premiums paid for insurance coverage during the test period. Has additional insurance coverage been acquired or contemplated subsequent to the test year? If so, what will the annual cost of the additional insurance be?

10. Provide either copies of test-year utility bills, or a detailed analysis which includes monthly consumption, amount billed, and the rates of each vendor supplying utility service. The total cost in this analysis should reconcile to the amount reported in "Power Purchased" on the test-year income statement reflected on Exhibit "1A". Also, provide rate schedules of the electricity vendor in effect from January 1, 1983 to the present.

11. Provide copies of billings to the City of Mortons Gap ("Mortons Gap") for the test year. Also provide a copy of the contractual agreement to sell water to Mortons Gap.

12. Provide a determination of the total cost associated with providing water service to Mortons Gap based on test-year operations.

13. With reference to Exhibit "4", page 2, Billing Fees (C.S.I.), provide a narrative explanation of the billing procedures utilized by South Hopkins. Provide a copy of the contract

for billing services. Also, provide comments explaining the relatively large year-to-date charges to this account (\$937.65) versus the budgeted amount (\$1,350).

14. With reference to Exhibit "1", Item No. 6, please provide:

a. A copy of the purchase money note to IBM for \$11,180.52.

b. A copy of the note issued to John Robert and Gwendolyn McDonald for \$10,000. Also, provide an explanation of the circumstances of this loan.

15. With reference to Exhibit "1B", the exhibit is apparently an item from a CPA report or other financial compilation. Please provide a complete copy of the source of this exhibit.

16. With reference to page 3, line 43 of the 1983 Annual Report and the accompanying remark, please explain the Contribution in Aid of Construction from Hopkins County Fiscal Court.

17. With reference to page 2 of the 1983 Annual Report, line 37, Account 181--Unamortized Debt Discount and Expense. This account shows a balance of \$16,975 at December 31, 1983. With reference to page 6, Account 221--Bonds Schedule, lines 1 and 2, columns (1) and (2). This schedule indicates that both bond issues have been at par.

Please provide the following:

a. A schedule showing the original amount debited to this account and the amounts subsequently amortized.

- b. The origination of the debit to this account.
- c. The basis for the accounting treatment used.

18. A billing analysis showing billing units and water consumption for each class of service. (See Format B).

19. A reconciliation of any difference between revenues from water sales as stated in the billing analysis and revenues from water sales as stated in the income statement.

20. An analysis of Account 474, Miscellaneous Service Revenues and Other Water Revenues, as stated in the income statement. This should include the revenue source(s) and billing units.

21. A list of all rates and charges that the district does not propose to increase.

22. A list of all special contracts and a statement of revenues from special contracts.

23. A copy of the district's proposed tariff noting all proposed changes.

24. An analysis of fire protection service showing the number of hydrants by size and revenues from fire protection service, and plant investment and depreciation expense attributable to fire protection service.

25. An analysis of wholesale water sales or sales for resale showing billing units and consumptions.

Done at Frankfort, Kentucky, this 17th day of April, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary _____

Format A

SOUTH HOPKINS WATER DISTRICT
Case No. 9016

DEPRECIATION SCHEDULE

Description of Asset <u>(a)</u>	Date Acquired <u>(b)</u>	Cost or Basis <u>(c)</u>	Depreciation Allowed or Allowable in Prior Years <u>(d)</u>	Estimated Life <u>(e)</u>	Test Year Depreciation <u>(f)</u>
---------------------------------------	--------------------------------	--------------------------------	--	---------------------------------	--

UTILITY

Case No. 9016

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 step 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. Column No.'s 4-9 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.'s 4-9 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.

Revenue from Present/Proposed Rates

Test Period from _____ to _____

USAGE TABLE

Usage by Rate Increment

Class: Residential	(1)	(2)	(3)	(4)					(9)
				Bills	Gallons/MCF	1st. 2,000	Next 3,000	Next 10,000	
First 2,000: Min. Bill	432	518,400	518,400	1,388,000	7,118,700	5,525,000	3,825,000	3,855,600	518,400
Next 3,000 Gallons	1,735	4,858,000	3,470,000	5,490,000	6,500,000	5,525,000	3,825,000	3,855,600	4,858,000
Next 10,000 Gallons	1,830	16,268,700	3,660,000	1,950,000	1,530,000	5,525,000	3,825,000	3,855,600	16,268,700
Next 25,000 Gallons	650	15,275,000	1,300,000	459,000	1,530,000	5,525,000	3,825,000	3,855,600	15,275,000
Over 40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	5,525,000	3,825,000	3,855,600	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	Rate	
First 2,000: Min. Bill	4,800	9,254,400	\$5.00 Min.	\$24,000.00	
Next 3,000 Gallons		9,287,000	2.50	23,217.50	
Next 10,000 Gallons		15,148,700	2.00	30,297.40	
Next 25,000 Gallons		9,350,000	1.25	11,687.50	
Over 40,000 Gallons		3,855,600	.75	2,891.70	
					\$92,094.10 Total Revenue