

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF BOSTON WATER)
DISTRICT, OF NELSON COUNTY,)
KENTUCKY FOR (1) A CERTIFICATE)
OF PUBLIC CONVENIENCE AND)
NECESSITY, AUTHORIZING AND)
PERMITTING SAID WATER DISTRICT)
TO CONSTRUCT A WATERWORKS)
CONSTRUCTION PROJECT, CONSISTING)
OF EXTENSION, ADDITIONS, AND) CASE NO. 9022
IMPROVEMENTS TO THE EXISTING)
WATERWORKS SYSTEM OF THE DISTRICT;)
(2) APPROVAL OF THE PROPOSED PLAN)
OF FINANCING OF SAID PROJECT; AND)
(3) APPROVAL OF THE INCREASED)
WATER RATES PROPOSED TO BE CHARGED)
BY THE DISTRICT TO CUSTOMERS OF)
THE DISTRICT)

O R D E R

IT IS ORDERED that Boston Water District shall file an original and 10 copies of the following information with the Commission within 20 days from the date of this Order. In addition, 1 copy shall be filed with each intervenor of record. Each copy of the information should be placed in a bound volume with each item tabbed. When a number of pages are required for an item, each item should be indexed, for example, Item 1, Page 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information. Careful attention should be given to copied material to insure that it is legible. Where information has already been provided,

reference may be made to the specific location of the information in the record of the case. If neither the information nor a motion for an extension of time is filed by the due date, the case may be dismissed.

1. A reconciliation of any difference between the number of customers and billing units stated in the district's income statement and billing analysis. (This may require an analysis of in-and-out customer movement during the test period. Also, in the event the district's income statement exhibit does not show the number of customers during the test period, refer to the district's most recent annual report).

2. A reconciliation of any difference between the gallons of water sold stated in the district's income statement and billing analysis. (In the event the district's income statement exhibit does not show the gallons of water sold during the test period, refer to the district's most recent annual report).

3. A reconciliation of any difference between revenues from sales of water stated in the district's income statement and billing analysis.

4. A list of all special contracts to provide water service and a statement of present and proposed revenue under each special contract.

5. Provide a breakdown of items and amounts recorded in the account "Administrative Expenses Transferred."

6. Provide written explanations for the following significant increases in expenses from 1982 to 1983:

A. Maintenance expense increase of 92 percent.

B. Transportation expense increase of 44 percent.

7. Provide a preliminary bond maturity schedule for the new bond issue.

8. Since no charges were made to the account "Chemicals Expense" in 1981 or 1982, is the \$292 charged in 1983 an expense that recurs yearly? If so, explain.

9. It is the Commission's policy to accept only adjustments to test period actual data that are known and measurable, and fair, just and reasonable for ratemaking purposes? (In other words, documented adjustments or at least reliable and unquestionable estimates.)

Has any consideration been given to other methods of estimating incremental expense increases than those proposed in Exhibit O of the application? If so, what other methods have been considered? Do these other methods recognize fixed and variable costs associated with operation and maintenance of a water utility?

10. Please provide full explanations for the following items included in Exhibit O of the application:

A. "Principal on"

B. "Other deductions"

C. "Interest Expense--Long-Term Debt"

D. "Hearing Expense"

11. Provide a pro forma schedule showing the amount of revenue that would have been generated if the new rates made effective December 15, 1983, in Case No. 8899 had been in effect for the entire calendar year.

Done at Frankfort, Kentucky, this 7th day of May, 1984.

PUBLIC SERVICE COMMISSION


By the Commission

ATTEST:

Secretary