COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF U.S. 60 WATER DISTRICT OF SHELBY AND FRANKLIN COUNTIES, KENTUCKY FOR (1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY; (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	)	CASE NO. 9149

O R D E R

IT IS ORDERED that the U.S. 60 Water District of Shelby and Franklin Counties ("U.S. 60") shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by December 19, 1984. U.S. 60 shall also furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. 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. In June, 1984, $450 was expensed to the account Maintenance Expense - Structure for painting. How often must U.S. 60 paint the building and pipes referred to in item 2(a) of the response filed November 13, 1984?

2. What criteria does U.S. 60 use in capitalizing expenditures? Does U.S. 60 capitalize any wages of its employees.

3. According to the November 13, 1984, response, $324 in engineering fees related to this rate filing were expensed during the test period. Please provide a description of the services rendered and the reason this item was expensed and not capitalized.

4. Item number 7 of the same response referred to an expected increase in insurance expense of $100. Please provide a letter from U.S. 60's insurance agent setting forth the new insurance premium.

5. U.S. 60's response (Engineer's letter, dated November 12, 1984, page 2, item 9) implies that an increase to test period interest income is no longer proposed. Is this true? If so, explain.

6. Please provide a full explanation for the following statement found on page 4 of the U.S. 60's response, dated November 13, 1984:

> "the designation of $9,921.00 and $800.00 a month is an error on the CPA in coding that debt to salary."

Include in the explanation all effects the error has on the income statement provided previously.

7. According to U.S. 60's response, the bulk of test period travel expense is composed of monthly allowances to Billy Allen and Michael Allen of $200 each. Please respond to the following:

a. What is the average number of miles travelled weekly by Billy and Michael Allen individually.

b. Does U.S. 60 provide vehicles and/or supplies (gasoline, oil, etc.) for its employees? If so, provide a complete list.

8. Using the rates that were charged during the test year (minimum bill - $6.75) the billing analysis produces $119,367.74. The income statement shows $116,025 as revenue received from water sales to your customers. Please reconcile the difference of $3,342.74 or 2.88 percent. If your response is the difference is due to uncollectables please provide the customers names and the amount of each uncollectable totaling $3,343.

9. The Preliminary Engineering Report filed in this case states that the proposed construction is to include the reconstruction of the existing pump station and controls, the installation of a larger water main to the Frankfort Plant Board's water system, a water main extension to serve the Hemp Ridge Road area and water storage tank renovation. However, the plans and specifications filed in this case do not include any reference to reconstruction of the existing pump station and controls. Provide clarification on exactly what improvements are proposed to be made. Also if any of the proposed improvements are being deleted, provide the effect, if any, on the proposed financing and the proposed rates.

10. Plans covering "Contract 2--Water Storage Renovation" have not been filed. Provide these plans if applicable.

11. In response to Items 11 and 12 of the PSC's October 29, 1984, Information Request, copies of 24-hour pressure charts for the existing connection to the Frankfort Plant Board's water system and the proposed connection point of the Hemp Ridge Road extension were filed on November 13, 1984. However, the sea level elevation of the pressure recorders and the exact location for each measuring point were not filed as requested. Provide this information.

12. In response to Item 10 of the PSC's October 29, 1984, Information Request, a hydraulic analysis of the proposed Hemp Ridge Road water main extension was filed on November 13, 1984. However, a hydraulic analysis depicting the expected operation of the system with installation of new "suction" and "discharge" piping at the existing pump station, and the effect of changing the water service of customers located on the "suction" side of the existing pump station to the "discharge" side of the existing pump station was not filed. Provide this hydraulic analysis. The analysis should include the effect on the residual pressure for these customers both with the existing pump "on" and "off." (Note--If a new pump station is to be installed, modify the hydraulic analysis accordingly.)

Done at Frankfort, Kentucky, this 29th day of November, 1984.

PUBLIC SERVICE COMMISSION

ATTEST:

Richard D. Heman Jr.
For the Commission

Acting Secretary