

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN ADJUSTMENT OF RATES OF )  
BIG SANDY WATER DISTRICT ) CASE NO. 9156

O R D E R

It is ordered that Big Sandy Water District ("Big Sandy") shall file an original and eight copies of the following information, with a copy to all parties of record, with the Commission by March 4, 1985. In the event the requested information is not available, Big Sandy 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 bills to substantiate the insurance expense of \$5,215 in 1983.

2. With reference to the Charles Robinson invoice dated September 1, 1983, for an audit for the 6-month period ended June 30, 1983, provide an explanation as to the purpose and necessity of this audit. Also, will an audit for the 6-month period ended June 30 be necessary on an annual basis? If the cost of a 6-month audit will not be incurred in the future, provide any evidence you deem appropriate as to why it should be included as an expense for rate-making purposes.

3. With reference to Schedule I, page 1 of 1, footnote 4 of the application, it is the Commission's policy to allow adjustments to actual test-year expenses that are known and measurable. As adjustments for projected inflation do not meet this criteria, they are not generally included for rate-making purposes. With reference to the footnoted accounts, provide evidence of any known and measurable changes in the levels of these accounts to be incurred relative to the amounts incurred during the test year. The adjustments should be supported with an explanation as to the basis for the adjustment, the workpapers or evaluations used to determine the adjustment, all assumptions used in arriving at the adjustment, and documentation, or other evidence, supporting the adjustment.

4. With reference to Schedule I, line 1 of the application, provide a copy of the calculation and the workpapers used to calculate adjusted operating revenues. Also, provide an analysis showing how the additional water purchased corresponding to the additional meter sales will impact purchased water expense.

5. Provide an analysis of water purchased and distributed during the test year. The analysis should reflect gallons of water purchased, gallons sold, gallons used by the company in normal operations, and unaccounted for water. Also, reconcile the analysis with Schedule III of the application, the billing analysis, and page 12 of the 1983 Annual Report, Schedule of Water Produced, Purchased, and Distributed.

Done at Frankfort, Kentucky, this 27th day of February, 1985.

PUBLIC SERVICE COMMISSION

*Richard D. Hennings*  
For the Commission

ATTEST:

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Secretary