

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF HENDERSON COUNTY)
WATER DISTRICT OF HENDERSON AND)
WEBSTER COUNTIES, KENTUCKY FOR)
(1) CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY; (2))
THE APPROVAL OF THE PROPOSED PLAN) CASE NO. 9237
OF FINANCING OF SAID PROJECT;)
(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 Henderson County Water District ("Henderson"), shall file an original and ten copies of the following information with the Commission with a copy to all parties of record by March 7, 1985. If neither the requested information nor a motion for extension is filed by the stated date, the Commission may dismiss the case without prejudice.

1. In comparing the information provided in the application with your prior three Annual Reports, on file with the Commission, we have discovered that operating expenses has risen a total of 31.48 percent since 1981 and 6.03 percent in the last 8 months. Therefore, to substantiate your level of expenses we request that you furnish the following information:

A. Provide a detailed breakdown with a full description of major expenses included in the Maintenance of Mains

account for the test period. (Items less than \$50 may be grouped and repetitive or like items may be consolidated and shown as a single or combined amount. This analysis should total \$47,615.)

B. Provide detailed breakdowns of the following expenses:

Operation Supplies and Expenses \$7,708

Vehicle and Equipment \$16,035

C. Provide breakdowns of Salaries-Meter Reading (\$10,858), Billing and Collections-Labor and Expense (\$26,009), Office Salaries (\$32,580), and Professional Fees (\$3,000) to include the following: (Each account should be done separately and any allocation among accounts identified.)

1) Names and titles of employees.

2) Base salary.

3) Number of hours worked per week in the performance of duties or the number of hours worked during the test period.

4) Description of services.

D. Identify expenses included in the Vacation and Unassigned Salaries account in the amount of \$12,797. Also separate this account into its two major components and provide a breakdown of the unassigned salaries in the same form as 1c above.

E. Provide a breakdown of Insurance Expense in the amount of \$8,850 in the following manner:

1) Policy and type of coverage.

2) The period the policy covers.

3) Payments made during the test period and expected annual cost of the policy.

F. Provide a breakdown of employee benefits included in the account, Unemployment and Employee Benefits, in the amount of \$12,948.

G. The following are in reference to the purchased water expense in the amount of \$193,488. (If available please supply by month and in total for the test period):

- 1) Water purchased in gallons and cost.
- 2) Water sold in gallons and amount.
- 3) Water used by the company in gallons.
- 4) Water used for fire protection.
- 5) Unaccounted for water in gallons.

2. What criteria does Henderson use in capitalizing expenditures?

3. It has been the practice of the Commission to accept only known and measurable adjustments to test period expenses. Exhibit L of the application is a comparative income statement with pro forma adjustments. Please provide back-up (work papers, documented estimates, assumptions, etc.,) which supports the proposed increases to test period expenses.

4. The following are in reference to the gain on sale of securities in the amount of \$9,088:

A. Identify the securities, their original cost and selling price.

B. Is this a recurring event, if so, then explain why?

C. Provide any other details which will give a better explanation to the Commission.

5. Exhibit O - Depreciation Schedule, was listed in the index, but omitted from the filing. Please furnish a detailed depreciation schedule?

Done at Frankfort, Kentucky, this 20th day of February, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Homan, Jr.
For the Commission

ATTEST:

Secretary