COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MARROWBONE WATER DISTRICT, CUMBERLAND COUNTY, KENTUCKY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING SAID DISTRICT TO CONSTRUCT ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO ITS EXISTING MUNICIPAL WATER DISTRIBUTION SYSTEM PURSUANT TO THE EXPRESS PROVISIONS OF CHAPTERS 74 AND 106 OF THE KENTUCKY REVISED STATUTES; SEEKING APPROVAL OF A NEW SCHEDULE OF WATER SERVICE RATES AND CHARGES; AND SEEKING APPROVAL FOR THE ISSUANCE OF CERTAIN SECURITIES	)	CASE NO. 9302

O R D E R

IT IS ORDERED that Marrowbone Water District ("Marrowbone") shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by July 8, 1985. If the information requested or a motion for an extension of time is not filed by the stated date, the Commission may dismiss the case without prejudice. Marrowbone shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each item of information requested.

1. Provide hydraulic analyses, supported by computations and actual field measurements, of typical operational sequences of the existing water distribution system. These hydraulic analyses should demonstrate the operation of all pump stations and the

"empty-fill" cycles of all water storage tanks. Computations are to be documented by a schematic map of the system that shows pipeline sizes, lengths, connections, pumps, water storage tanks, wells, and sea level elevations of key points, as well as allocations of actual customer demands. Flows used in the analyses shall be identified as to whether they are based on average instantaneous flows, peak instantaneous flows, or any combination or variation thereof. The flows used in the analysis shall be documented by actual field measurements and customer use records. Justify fully any assumptions used in the analyses.

2. Provide a summary of any operational deficiencies of the existing water system that are indicated by the hydraulic analyses or that are known from experience.

3. Provide hydraulic analyses, supported by computations and field measurements, demonstrating the appropriateness of the engineering design of the proposed construction of additions and extensions. Justify fully any assumptions used in the analyses.

4. Provide a pressure recording chart showing the actual 24-hour continuously measured pressure available at Marrowbone's existing water line near the proposed connection point of the water line to serve the Allen's Creek Road area. Identify the 24-hour period recorded, the exact location of the pressure recorder and the sea level elevation of the recorder.

5. Provide a pressure recording chart showing the actual 24-hour continuously measured pressure available at Marrowbone's 150,000-gallon tank. Identify the 24-hour period recorded, the

exact location of the pressure recorder and the sea level elevation of the recorder.

6. Provide a pressure recording chart showing the actual 24-hour continuously measured pressure available on the suction side of Marrowbone's high service pump. Identify the 24-hour period recorded, the exact location of the pressure recorder and the sea level elevation of the recorder.

7. Provide a pressure recording chart showing the actual 24-hour continuously measured pressure available on the discharge side of Marrowbone's high service pump. Identify the 24-hour period recorded, the exact location of the pressure recorder and the sea level elevation of the recorder.

8. Provide a copy of the pump manufacturer's characteristic (head/capacity) curve for Marrowbone's high service pump.

9. The usage and billing information in Exhibit a for the 12-month period ending December 31, 1983, shows total water sales of 28,668,000 gallons. The 1983 Annual Report shows total water sales of 23,002,000 gallons, a difference of 5,666,000 gallons. Please explain the difference in gallons sold.

10. Application of existing rates to the usage information in Exhibit A, Pages 9 and (A, shows that revenues of $63,943 should have been generated. The 1983 Annual Report and Exhibit K, Page 3, show 1983 revenue of $50,412, a difference of $13,531. Please explain the difference.

11. Exhibit K, Page 9, shows 415 current customers; the 1983 Annual Report shows 434 customers; and Exhibit A (after correction

of an addition error for 5/8-inch meter users) shows 449 customers.

(a) What is the correct number of customers served in 1983?

(b) What is the correct numbers of current customers?

(c) If there was a loss of customers, please explain.

12. Exhibit K shows revenue from 1984 water sales of $55,356, an increase of $4,944 over 1983. To what is this revenue gain attributed?

13. The application includes an FmHA grant of $283,000 as part of the financing for which approval is requested. Exhibit A shows proposed rates without FmHA grant and recommended rates with FmHA grant. The FmHA letter of conditions (Exhibit E-1) proposes a third schedule of rates. Please designate the rate schedule for which approval is requested.

14. Does the $300 tap fee cover the cost of installing a 5/8-inch meter? Provide a detailed statement showing the actual cost of such installation.

15. Marrowbone's filed tariff provides for tap fees as follows:

3/4-inch meter	$250.00
1-inch meter	400.00
1 1/2-inch meter	550.00
2-inch meter	700.00

The application proposes to adjust the tap fee for 5/8-inch X 3/4-inch meters only.

(a) Why is no adjustment proposed for other meter sizes?

(b) Are the current tap fees compensatory?

(c) If not, provide cost data showing the actual cost for each meter size?

16. The application indicates part of the financing will be through applicant contributions of $24,900. For 166 anticipated new customers, this equates to $150 per customer.

(a) Are these contributions in addition to tap fees.

(b) If the contributions are attributable to tap fees, why is the amount $150 per customer rather than the filed tap fee or the proposed $300 tap fee?

17. Which of the three rate schedules was included in the notice to customers?

18. Marrowbone's tariff provides for a $5.00 disconnection and reconnection charge.

(a) Does this charge cover the cost of such disconnection and reconnection?

(b) If not, why has no increase been proposed?

(c) Are any other special charges made by Marrowbone? If so, explain.

19. Provide a depreciation schedule for the proposed water-works construction project.

20. Provide 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 Marrowbone for the services.

21. Provide monthly revenues and operating expenses for each month of the proposed test period.

22. Provide copies of bills for test-period electric expense.

23. Is Marrowbone aware of the Commission's practice of disallowing depreciation on facilities provided through contributions in aid of construction for rate-making purposes? Provide a narrative discussion of Marrowbone's position on this issue if it is opposed to such rate-making treatment.

24. For each employee and commissioner of Marrowbone, 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, 1982 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.

25. 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.

26. Provide a detailed analysis of the following expenses listed below (with appropriate account numbers shown in parentheses). 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. Outside Services (923)	$1,350
b. Miscellaneous General (930)	694
c. Office Supplies (921)	2,132
d. Maintenance of Water Treatment Plant (635)	1,122
e. Insurance Expense (924)	1,128
f. Operation Supplies and Expenses (641)	1,891
g. Chemicals (631)	3,586
h. Transportation (933)	2,878
i. Operation Labor (600)	1,664
j. Operation Labor (620)	1,664
k. Operation Labor (640)	4,160
l. Maintenance of Mains (651)	2,002
m. Operation Labor (630)	1,664

27. Of the anticipated 166 customers to be added, how many are expected to be residential customers?

28. Provide the assumptions and calculations involved in arriving at the revenue requirement requested in the application.

29. Provide a copy (or copies) of the note(s) payable outstanding at the end of the test period.

30. Is Marrowbone aware that the Commission only allows pro forma adjustments to test-period revenues and expenses that are known and measurable?

Done at Frankfort, Kentucky, this 17th day of June, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Heman, Jr.
For the Commission

ATTEST:

Secretary