

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF THE HARDIN COUNTY)
WATER DISTRICT NO. 1 FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY; APPROVAL OF FINANCING OF) CASE NO. 90-019
THE CONSTRUCTION AND THE ISSUANCE)
OF BONDS; AND THE APPROVAL OF RATES)
TO BE CHARGED ITS RETAIL AND)
WHOLESALE CUSTOMERS)

O R D E R

On March 13, 1990, the Commission issued an Order in this case directing Hardin County Water District No. 1 ("Hardin County") to produce certain information. After reviewing the information submitted, the Commission finds that Hardin County has failed to completely and adequately respond to that Order.

Therefore, the Commission, on its own motion, HEREBY ORDERS AND COMPELS Hardin County to provide no later than June 12, 1990 the information listed below that was not produced in Hardin County's response of April 24, 1990.

Hardin County shall file the original and 12 copies of the following information with the Commission, with a copy to all parties of record, by June 12, 1990. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness

who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

(Reference: Order dated March 13, 1990)

2c. Provide a schedule of test-year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

2e. Provide a statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the utility, the total amount of money resulting from the increase or decrease and the percentage increase or decrease.

2f. Provide a schedule showing by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. This schedule is to be accompanied by a statement which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

2g. Provide a schedule showing how the increase or decrease in (2f) above was further distributed to each rate charge (i.e., customer or usage charge per

1000 gallons, etc.). This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

3b. Provide the number of customers and revenue from water sales by month for the same period as 1a, as shown in Format 1b.

6. Provide the following monthly account balances for the test year:

- a. Plant in service (Account 101).
- b. Plant purchased or sold (Account 104).
- c. Property held for future use (Account 103).
- d. Construction work in progress (Account 105). (Separate this balance into CWIP eligible for capitalized interest and other CWIP.)
- e. Completed construction not classified (Account 106).
- f. Accumulated depreciation (Account 108).
- g. Plant acquisition adjustment (Account 114).
- h. Accumulated amortization of utility plant acquisition adjustment (Account 115).
- i. Materials and supplies (include all accounts and subaccounts).
- j. Balance in accounts payable applicable to each account in (i) above. (If actual is indeterminable, give reasonable estimate.)
- l. Computation and development of minimum cash requirements.
- m. Balance in accounts payable applicable to amounts included in utility plant in service. (If actual is indeterminable, give reasonable estimate.)

n. Balance in accounts payable applicable to prepayments by major category or subaccount.

o. Balance in accounts payable applicable to amounts included in plant under construction. (If actual is indeterminable, give reasonable estimate.)

7. Provide the cash account balances at the beginning of the test year and at the end of each month during the test year.

8. Provide the following information for each item of water property held for future use at the end of the test year:

a. Description of property.

c. Date purchased.

d. Cost.

e. Estimated date to be placed in service.

f. Brief description of intended use.

9. Provide schedules in comparative form showing by month for the test year and the preceding year the balance of each water plant and reserve account or subaccount included in Hardin County's chart of accounts as shown in Format 3.

10. Provide the detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the rate application to revenue, expense, investment and reserve accounts for the test year, and a complete detailed narrative explanation of each adjustment, including the reason why each adjustment is required. Explain in

detail all components used in each calculation, including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

11. Provide a schedule showing a comparison of the balance in the revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in Hardin County's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Format 3.

12a. Provide a schedule showing a comparison of the balance of the operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in Hardin County's chart of accounts. See Format 3.

12b. Provide a schedule in comparative form showing the operating expense account balance for the test year and each of the 5 years preceding the test year for each account or subaccount included in Hardin County's annual report. Show the percentage of increase of each year over the prior year.

12c. Provide a schedule of salaries and wages for the test year and each of the 5 calendar years preceding

the test year as shown in Format 4 to this request. Show for each time period the amount of overtime pay.

12d. Provide a schedule showing the percentage of increase in salaries and wages for employees for the test year and the 5 preceding years.

14. Provide a statement of water plant in service for the test year. This data should be presented as shown in Format 6 to this request.

15b. Provide an analysis of Account 675 - Miscellaneous General Expenses for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 8 and further provide all detailed working papers supporting this analysis. At a minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 8 attached.

16. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 10, and all working papers supporting the analysis. At a minimum, the working papers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the service provided.

17. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account 426. This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charge.

18. Provide the following information with regard to uncollectible accounts for the test year and 5 preceding calendar years:

a. Reserve account balance at the beginning of the year.

b. Charges to reserve account (accounts charged off).

c. Credits to reserve account.

d. Current year provision.

e. Reserve account balance at the end of the year.

f. Percent of provision to total revenue.

19. Provide a detailed analysis of the retained earnings account for the test period and the 12-month period immediately preceding the test period.

20a. Provide a listing of non-utility property and property taxes and accounts where amounts are recorded.

20b. Provide a schedule for all non-utility property giving a description, the date purchased, and the cost.

21. Provide the employee data in Format 11 attached.

26. Provide an analysis of the expenses for research and development activities for the test year and the 5 preceding calendar years. For the test year include the following details:

a. Basis of fees paid to research organizations.

b. Details of the research activities conducted by each organization.

c. Details of services and other benefits provided by each organization during the test year.

d. Details of the expected benefits to the company.

27. Provide the average number of customers for each customer class (i.e., residential, commercial, and industrial) for the test period and for each month of the test period.

30. Provide a detailed analysis of other operating revenues for the test period. This analysis should show a complete breakdown of this account and further provide all detailed working papers supporting this analysis.

Done at Frankfort, Kentucky, this 25th day of May, 1990.

PUBLIC SERVICE COMMISSION


FOR the Commission

ATTEST:


Executive Director

HARDIN COUNTY WATER DISTRICT NO. 1

Case No. 90-019

COMPARISON OF TEST YEAR ACCOUNT BALANCES WITH THOSE OF THE
PRECEDING YEAR

Account Title and Account Number	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
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Test Year
Prior Year
Increase
(Decrease)

Line No.	Item (a)	12 Months Ended											
		Calendar years Prior to Test Year										Test Year	
		5th		4th		3rd		2nd		1st		Amount	%
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
7.	Administrative and general expenses (continued):												
	(g) Employees pensions and benefits												
	(h) Franchise requirements												
	(i) Regulatory commission expenses												
	(j) Duplicate charges-cr.												
	(k) Miscellaneous general expense												
	(l) Rents												
	(m) Maintenance of general plant												
8.	Total administrative and general expenses L7(a) through L7(m)												
9.	Total salaries and wages charged expense (L2 through L6 + L8)												
10.	Wages capitalized												
11.	Total Salaries and wages												
12.	Ratio of salaries and wages charged expense to total wages (L9 : L11)												
13.	Ratio of salaries and wages capitalized to total wages (L12 - L13)												

Note: Show percentage increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

HARDIN COUNTY WATER DISTRICT NO. 1

Case No. 90-019

STATEMENT OF WATER PLANT IN SERVICE

For the Test Year Ended December 31, 1989

<u>Account Number</u>	<u>Title of Account</u> (a)	<u>Beginning Balance</u> (b)	<u>Additions</u> (c)	<u>Retirements</u> (d)	<u>Transfers</u> (e)	<u>Ending Balance</u> (f)
	<u>Intangible Plant</u>					
301.	Organization					
302.	Franchises and Consents					
303.	Miscellaneous Intangible Plant					
	<u>Sources of Supply Plant</u>					
310.	Land and Land Rights					
311.	Structures and Improvements					
312.	Collecting and Impounding Reservoirs					
313.	Lake, River and Other Intakes					
314.	Wells and Springs					
315.	Infiltration Galleries and Tunnels					
316.	Supply Mains					
317.	Other Water Source Plant					
	<u>Pumping Plant</u>					
320.	Land and Land Rights					
321.	Structures and Improvements					
322.	Boiler Plant Equipment					
323.	Other Power Production Equipment					

<u>Account Number</u>	<u>Title of Account (a)</u>	<u>Beginning Balance (b)</u>	<u>Additions (c)</u>	<u>Retirements (d)</u>	<u>Transfers (e)</u>	<u>Ending Balance (f)</u>
324.	Steam Pumping Equipment					
325.	Electric Pumping Equipment					
326.	Diesel Pumping Equipment					
327.	Hydraulic Pumping					
328.	Other Pumping Equipment					
	<u>Water Treatment Plant</u>					
330.	Land and Land Rights					
331.	Structures and Improvements					
332.	Water Treatment Equipment					
	<u>Transmission and Distribution Plant</u>					
340.	Land and Land Rights					
341.	Structures and Improvements					
342.	Distribution Reservoirs and Standpipes					
343.	Transmission and Distribution Mains					
344.	Fire Mains					
345.	Services					
346.	Meters					
347.	Meter Installations					
348.	Hydrants					
349.	Other Transmission and Distribution Plant					
	<u>General Plant</u>					
389.	Land and Land Rights					
390.	Structures and Improvements					
391.	Office Furniture and Equipment					
392.	Transportation Equipment					
393.	Stores Equipment					
394.	Tools, Shop and Garage Equipment					
395.	Laboratory Equipment					
396.	Power Operated Equipment					
397.	Communication Equipment					
398.	Miscellaneous Equipment					
399.	Other Tangible Property					

HARDIN COUNTY WATER DISTRICT NO. 1

CASE NO. 90-019

ACCOUNT 675 - MISCELLANEOUS GENERAL EXPENSES

For the Test Year Ended December 31, 1989

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Industry Association Dues	
2.	Debt Servicing Expenses	
3.	Institutional Advertising	
4.	Conservation Advertising	
5.	Rate Department Load Studies	
6.	Water, and Other Testing and Research	
7.	Commissioners' Fees and Expenses	
8.	Dues and Subscriptions	
9.	Miscellaneous	
10.	Total	

HARDIN COUNTY WATER DISTRICT NO. 1

CASE NO. 90-019

PROFESSIONAL SERVICE EXPENSES

For the Test Year Ended December 31, 1989

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Rate Case</u>	<u>Annual Audit</u>	<u>Other</u>	<u>Total</u>
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

Calendar Years Prior to Test Year (A)	Administrative and General.			Construction			Total		
	No. (N)	Hrs. (O)	Wages (P)	No. (Q)	Hrs. (R)	Wages (S)	No. (T)	Hrs. (U)	Wages (V)
5th Year									
% Change									
4th Year									
% Change									
3rd Year									
% Change									
2nd Year									
% Change									
1st Year									
% change									
Test Year									
% Change									

- NOTE: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
- (2) Show percent increase (decrease) of each year over the prior year on lines designated above "% Change."
- (3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31, of each year and the last day of the test year.