

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION AND NOTICE OF CAMPBELL)
COUNTY KENTUCKY WATER DISTRICT TO ADJUST) CASE NO. 91-039
RATES EFFECTIVE MAY 1, 1991)

O R D E R

IT IS ORDERED that Campbell County Kentucky Water District ("Campbell District") shall file the original and 12 copies of the following information with the Commission by June 10, 1991, with a copy to all parties of record. 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.

1. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 1. State whether the scheduled completion date is July 1, 1991.

2. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 2. State whether the scheduled completion date is July 1, 1991.

3. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 3.

a. State whether these conditions existed in calendar years 1988 and 1989.

b. If these conditions existed during calendar years 1988 and 1989, explain why they did not prevent Campbell District from purchasing 14 and 12 percent, respectively, of its total water requirements from Kenton County Water District No. 1 for those calendar years.

c. List all mechanical problems with the old pump station which prevented Campbell District from taking water from Kenton District during the test period. State the date each problem was detected and repaired. Explain how each problem limited the pumping station's operation.

d. Explain why the newly constructed 10 million gallon per day (MGD) pumping station is significant to Campbell District's decision to take 14 percent of its annual water requirements from Kenton District when Campbell District is currently to purchase such amounts using its existing pumping station.

4. Identify any other factors, besides the condition of the existing pumping station, which led Campbell District to purchase 97 percent of its total water requirements from the city of Newport ("Newport") during the test period.

5. Provide the records of all meetings of the Campbell District's Board of Commissioners held since January 31, 1990, including but not limited to any written summaries or mechanical recordings of such meetings.

6. State whether Campbell District has held any discussions with Newport concerning its water purchases since January 31, 1990. If discussions have occurred,

a. state the date of each discussion;

b. identify all persons involved in each discussion and whom they represent;

c. summarize each discussion;

d. provide all documents which relate to or reference these discussions.

7. State whether Campbell District has held discussions with any other water system about possible merger. If discussions have been held, list the date of each discussion, identify all persons involved, and summarize each discussion.

8. State whether Campbell District officials have held discussions with any public officials about possible merger with other water systems. If any discussions have been held, list the date of each discussion, identify all persons involved, and provide a summary of each discussion.

9. State the date Campbell District assumed direct control of the water distribution system owned by the city of Crestview ("Crestview").

10. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 52.

a. As the record of Case No. 89-029¹ has not been incorporated into the record of this case, explain how the proposed adjustment to maintenance expense was determined.

b. Show all calculations used to derive the proposed adjustment.

c. List all professional treatises and articles which support or discuss the methodology used to calculate the proposed adjustment.

d. List all Commission cases in which the sponsor of the proposed adjustment has used the same methodology to estimate maintenance expense for unbuilt or not-in-service plant.

e. State whether the sponsor of the proposed adjustment has compared his previous estimates of maintenance expense for unbuilt or not-in-service plant with actual expense. Provide the results of such comparison.

f. Provide a listing of any known decisions by other utility regulatory commissions which accept or adopt the methodology used to obtain the proposed adjustment.

11. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 37.

a. State whether the refinancing of Campbell District's bonded debt and the resulting gain on the early retirement of this debt involved the transaction of any cash.

¹ Case No. 89-029, Application and Notice of Campbell County Kentucky Water District (A) To Issue Revenue Bonds in the Approximate Principal Amount of \$5,535,000 (B) To Construct Additional Plant Facilities of Approximately \$4,523,000 (C) Notice of Adjustment of Rates Effective May 1, 1989 (D) Submission of Long Term Water Supply Contract.

b. Explain why the amortized portion of the gain was omitted from the calculation of "Revenues to be Generated Through the Rates" contained in Exhibit E, Schedule 5, of Campbell District's Application.

c. State whether Campbell District's ratepayers have received a benefit from the gain on refinancing the bonded debt referred to as a "capital gain" in Campbell District's Response to the Commission's Order of May 9, 1991, Item 51.

12. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 16. State what happened to the funds in accounts labelled as columns F, H, I, and J when these accounts were closed.

13. Refer to Exhibit E, Schedule 5, Note 1 of Campbell District's Application.

a. List by source and amount the various bank balances producing \$10,875 in interest income.

b. Identify the accounts whose interest may not be used for debt retirement.

14. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 20. The interest income found in Document 10 is \$80,000. According to Campbell District's Response to Item 16, page 5 of 9, the balance in the interest income account as of October 31, 1990 was \$140,499.44. Explain this discrepancy.

15. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 27.

a. Explain why the percentage of "total other water used" to "total water purchased" is used to estimate Crestview's line-loss rather than Campbell District's test year line-loss percentage.

b. Explain why Crestview's records cannot be used to calculate water line loss for Crestview's water distribution system.

16. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 33.

a. The itemized expenses listed account for only \$2,035.63 of the \$3,346.24 balance in Account 675.1. List expenses for the remaining balance of \$1,310.

b. List each expense incurred during 1989 for all subaccounts of Account 675.

c. List each expense incurred during 1990 for:

- (1) Account 675.2
- (2) Account 675.3
- (3) Account 675.5
- (4) Account 675.6
- (5) Account 675.7
- (6) Account 675.8

17. Identify the individual or law firm retained as Campbell District's special counsel.

18. Identify the portion of Campbell District's 1990 wages which are attributable to part-time employees and thus not subject to the 2 percent wage increase of January 1, 1991 or the 7.95 percent pension contribution.

19. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 34.

a. Explain why Campbell District recalculated its water bills from Newport based upon a 52 cent per 1,000 gallons rate and deposited the difference between the actual bill and the recalculated bill into Account 133.7.

b. State when Campbell District began this practice.

c. State whether Campbell District is still following this practice. If it no longer follows this practice, state when it ceased this practice.

d. Explain why Campbell District applied for a purchased water adjustment when it did not intend to pay its water supplier's increased rate.

e. State whether Account 133.7 is still active.

f. Identify who receives the interest earned from the funds placed in Account 133.7.

20. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 47. Explain why Campbell District's Annual Report for 1990 year (page 33) states 517,800 gallons of water were sold to irrigation customers if Campbell District has no irrigation customers.

21. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 48. Compare the rates used in Exhibit E, Schedule 11, of Campbell District's Application to calculate revenues from minimum bills with those set forth in Campbell District's filed tariff, a copy of which is attached as Exhibit 1. Explain why the tariffed rates were not used.

22. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 50. State whether page 29 of Campbell District's Annual Report for 1990 year should be revised as follows:

Interdepartmental Sales	\$	-0-
Total Sales of Water	\$4,398,736.23	
Miscellaneous Service Revenues	\$	11,112.67
Total Other Water Revenues	\$	76,339.74

23. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 49. State whether Campbell District assesses a minimum bill to customers served through an eight-inch or ten-inch meter. If a minimum bill is assessed, state the rate of this minimum bill.

24. Exhibit E, Schedule 7, of Campbell District's Application states that Campbell District sold 25,361,683 gallons of water to Kenton District in 1990. Campbell District's Annual Report for 1990 year (page 32) indicates only 8,835,574 gallons were sold to Kenton District. Explain this discrepancy.

25. Explain why Campbell District proposes a rate of \$1.5077 per 1,000 gallons for Pendleton County Water District when Campbell District's cost for service to that customer is \$1.79 per 1,000 gallons.

26. State the expected level of annual water sales to Kenton District for 1991 and 1992.

27. Refer to Exhibit E, Schedules 7 and 8, of Campbell District's Application.

a. State the rates charged to Northern Kentucky Vocational Technology and Northern Kentucky University Maintenance.

b. If total sales (Schedule 7) is divided by total billed (Schedule 8), the resulting rate charged to Northern Kentucky Vocational Technology and Northern Kentucky University, Maintenance are significantly higher than those of other large users. Explain why.

28. Refer to Campbell District's Response to the Commission's Order of May 9, 1991, Item 35.

a. Describe the services performed by Cincinnati Bell which were included under miscellaneous expenditures, Account 635.

b. Provide invoices to support payments made under miscellaneous Account 675.6 for the following:

<u>Voucher No.</u>	<u>Check Date</u>	<u>Check No.</u>	<u>Amount</u>
1-137	2/06/90		\$ 750
2-99	3/07/90		640
3-122	4/09/90		650
4-139	5/09/90		960
5-132	6/08/90		780
6.100	7/06/90	189	760
7-176	8/14/90	424	1,080
8-171	9/12/90	612	740
9-108	10/04/90	734	690
10-118	11/06/90	913	1,030
11-131	12/11/90	1106	790

c. Provide invoices to support payments made under miscellaneous Account 675.8 for the following:

<u>Voucher No.</u>	<u>Check Date</u>	<u>Check No.</u>	<u>Amount</u>
3-27	3/15/90		\$ 764.80
3-80	4/03/90		642.00
3-115	3/22/90		540.00
3-71	4/12/90		2,400.00
4-98	5/01/90		2,802.00
6-122	7/13/90	221	1,264.24

7-146	8/07/90	385	1,140.00
8-13	8/14/90	434	6,987.00
8-42	8/21/90	464	653.00
8-47	8/21/90	469	1,110.00
11-53	11/26/90	1020	12,700.00
11-76	11/28/90	1044	822.00

d. Provide complete, revised sheets for Item 6, pages 4, 9, and 12.

e. State the amount paid to American Water Works which is shown at Item G, page 10, Voucher No. 1-120.

f. For the following subaccounts of Account 675, provide a reconciliation of the voucher account analysis with the total test year expense shown in Campbell District's Response to the Commission's Order of March 4, 1991, Item 5.

<u>Account</u>	<u>Total</u>
675.1	\$ 3,346.24
675.2	219.83
675.3	<30.00>
675.5	2,530.39
675.6	12,933.78
675.7	2,042.04
675.8	42,397.00

g. For the following subaccounts of Account 635, provide a reconciliation of the voucher account analysis with the total test year expense shown in Campbell District's Response to the Commission's Order of March 4, 1991.

<u>Account</u>	<u>Total</u>
635.1	\$ 4,121.84
635.3	<731.91>
635.5	9,079.78
635.6	61,424.62
635.7	2,037.44
635.8	7,911.79

29. Provide invoices and a brief explanation for the following payments:

<u>Voucher No.</u>	<u>Date</u>	<u>Amount</u>
6-58	06/28/90	\$157.50
2-16	02/14/90	832.00
2-17	02/14/90	260.00
9-146	10/16/90	1,212.54
8-25	08/14/90	134.07
9-21	09/14/90	90.00
6-85	07/03/90	1,666.52
1-61	01/24/90	139.50
1-175	02/13/90	152.20
2-109	03/07/90	140.10
3-70	03/28/90	90.70
4-50	04/18/90	152.50
4-152	05/09/90	126.90
4-6	04/09/90	200.00
5-75	05/31/90	168.25
6-49	06/26/90	139.10
7-119	07/31/90	130.85
8-99	08/28/90	143.35
9-24	09/14/90	137.75
1-160	02/13/90	75.00
1-6	01/10/90	22.50
1-43	01/10/90	79.00
1-112	02/06/90	118.00
1-142	02/07/90	28.75
2-115	03/12/90	27.50
3-8	03/15/90	70.00
3-80	04/03/90	642.00
3-109	04/09/90	29.25
3-115	03/22/90	540.00
3-62	03/28/90	27.50
4-98	05/01/90	2,802.00
4-100	05/01/90	27.50
4-122	05/08/90	30.25
4-147	05/09/90	420.00
5-89	06/05/90	34.00
6-122	07/13/90	1,264.24
7-160	08/08/90	38.00
12-42	12/19/90	23.50

Done at Frankfort, Kentucky, this 30th day of May, 1991.

PUBLIC SERVICE COMMISSION


Robert M. Davis
For the Commission

ATTEST:


Lee M. MacCracken
Executive Director

Campbell County Kentucky Water District

For Entire Area Served

P.S.C. No. 2

4th Revised Sheet No. 5

Cancelling P.S.C. No. 2

3rd Revised Sheet No. 5

CLASSIFICATION OF SERVICE

1. Rates

Rate per
Unit

First	3,000 gallons used per quarter	\$14.63	(I)
Over	3,000 gallons used per quarter	2.6019	(I)

2. Minimum Quarterly charges by meter sizes shall apply only when consumption falls below the required amounts for each size meter.

5/8" meter	\$14.63	(I)	2" meter	\$130.56	(I)
3/4" meter	\$18.39	(I)	3" meter	\$371.21	(I)
1" meter	\$37.41	(I)	4" meter	\$684.46	(I)
1 1/2" meter	\$81.26	(I)	6" meter	\$1,678.20	(I)

3. Special Rules - consumption to property served through two or more meters and using more than 100,000 gallons per month or 300,000 gallons per quarter will be billed in total as one bill monthly or quarterly as requested.

4. Delayed Payment Charge : 10% Penalty

Date Issued November 05, 1990

Date Effective November 30, 1990

Issued by Ronald C. Malone
General Manager

100 Aqua Dr., Cold Spring, Ky. 41076
Address

Issued by authority of an Order of the Public Service Commission

Case No. 90-350

date 12-6-90

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

Campbell does not admit that the rates are sufficient.

NOV 30 1990

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER