

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF ADJUSTMENT OF RATES OF)
KENTON COUNTY WATER DISTRICT) CASE NO. 91-046

O R D E R

IT IS ORDERED that Kenton County Water District ("Kenton County") shall file the original and 12 copies of the following information with the Commission, with a copy to all parties of record, not later than 14 days from the date of its application. 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. If the information cannot be provided by this date, Kenton County should submit a motion for an extension of time stating the reason delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. a. Provide a list of all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 2a. Provide a separate schedule for each time period. Report in Column (k) of Format 2a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 2a, Schedule 2.

b. Provide an analysis of end-of-period, short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 2b.

2. Provide the following:

a. A schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which Kenton County seeks to change, shown in comparative form.

b. A detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.

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

d. A schedule setting forth the effect upon average consumer bills.

e. 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.

f. 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.

g. A schedule showing how the increase or decrease in (f) 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.

h. A statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. A copy of current tariff may be used.

3. a. Provide monthly water sales and production for the 12 months of the test period, the 12 months preceding the test period, and the most recent period subsequent to the test period, as shown in Format 7a.

b. Provide the number of customers and revenue from water sales by month for the same period as 3a, as shown in Format 7b.

4. Provide, in comparative form, an income statement, a statement of changes in financial position, and a balance sheet

for the test year and the 12-month period immediately preceding the test year.

5. Provide a trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Show the balance in each control and all underlying subaccounts per Kenton County's books.

6. Provide the following monthly account balances and a calculation of the average (13-month) account balances for the test year:

- a. Plant in service (Account 101).
- b. Plant purchased or sold (Account 102).
- c. Property held for future use (Account 105).
- d. Construction work in progress (Account 107).
(Separate this balance into CWIP eligible for capitalized interest and other CWIP.)
- e. Completed construction not classified (Account 106).
- f. Depreciation reserve (Account 108).
- g. Plant acquisition adjustment (Account 114).
- h. 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.)
- k. A summary of customer deposits as shown in Format 11n to this request.
- 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
- b. Location
- c. Date purchased
- d. Cost
- e. Estimated date to be placed in service
- f. Brief description of intended use
- g. Current status of each project

9. Provide schedules in comparative form showing by month for the test year and the year preceding the test year the total company balance in each water plant and reserve account or subaccount and each water plant and reserve account or subaccount included in Kenton County's chart of accounts as shown in Format 14.

10. Provide the journal entries relating to the purchase of water utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since Kenton County's inception. Also, a schedule showing the calculation of the acquisition adjustment at the date of purchase

of each item of utility plant, the amortization period, and the unamortized balance at the end of the test year.

11. 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.

12. 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 Kenton 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 14.

13. a. 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 Kenton County's chart of accounts. See Format 14.

b. 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 Kenton County's annual report. Show the percentage of increase of each year over the prior year.

c. Provide a schedule of salaries and wages for the test year and each of the 5 calendar years preceding the test year in the format as shown in Format 18c to this request. Show for each time period the amount of overtime pay.

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

14. a. Provide a schedule of franchise fees paid to cities, towns, or municipalities during the test year including the basis of these fees.

b. Provide an analysis of test-year other operating taxes in the format as shown in attached Format 20b.

15. Provide a statement of water plant in service for the test year. This data shall be presented as shown in Format 24 attached.

16. Provide the following information. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

a. A detailed analysis of all charges booked during the test period for advertising expenditures. This analysis shall include a complete breakdown of Account 913 - Advertising Expenses, as shown in Format 25a attached and further shall show any other advertising expenditures included in any other expense accounts. The analysis shall be specific as to the purpose of the expenditure and the expected benefit to be derived.

b. An analysis of Account 930 - Miscellaneous General Expenses for the test period. This analysis shall show a complete breakdown of this account as shown in attached Format 25b and further provide all detailed working papers supporting this analysis. At a minimum, the workpapers should show the date, vendor, reference (e.g., 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 25b attached.

c. An analysis of Account 426 - Other Income Deductions for the test period. This analysis shall show a complete breakdown of this account as shown in attached Format 25c, and further provide all detailed working papers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (e.g., 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 25c attached.

17. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 26, and all working papers supporting the analysis. At a minimum, the working papers should show the payee, dollar amount, reference (e.g., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the service provided.

18. 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 shall indicate the amount of the expenditure, the recipient of the contribution, and the specific account charge. If amounts are allocated, show a calculation of the factor used to allocate each amount.

19. a. Describe Kenton County's lobbying activities and provide a schedule listing lobbyists and including the name of the individual, his salary, organizations or trade associations of which he is a member, and all company-paid or reimbursed expenses or allowances, and the account(s) charged for all lobbying activities on the local, state, or national level. If any amounts are allocated, show a calculation of the factor used to allocate each amount.

20. 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.

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

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

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

23. Provide employee data for all Kenton County employees as shown in Format 33 attached.

24. Provide a calculation of the rate or rates used to capitalize interest during construction for the test year and the 3 preceding calendar years. Provide a narrative explanation of each component entering into the calculation of this rate.

25. Provide all information, as soon as it is known, which would have a material effect on net operating income which occurred after the test year and was not incorporated in the filed testimony, and exhibits.

26. Provide a detailed monthly income statement for each month after the test period including the month in which the hearing ends, as it becomes available.

27. List all present or proposed research efforts dealing with the pricing of water and the current status of such efforts.

28. Provide a schedule reflecting the salaries and other compensation of each executive officer for the test year and the preceding 2 calendar years. Include the annual percentage increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each executive officer, and to whom each executive officer reports. Also, for employees elected to executive officer status during the test year, provide the salaries, for the test year, for those persons whom they replaced.

29. Provide an analysis of Kenton County's 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. Where the contribution is monthly, provide the current rate and the effective date.

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

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

d. Total expenditures of each organization during the test year including the basic nature of costs incurred by the organization.

e. Details of the expected benefits to Kenton County.

30. 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.

31. Provide a schedule of rate case expenses incurred as a result of this proceeding. This schedule shall include a breakdown of actual or estimated expenses by category (e.g., Accounting, Legal, Engineering, etc.), specifying number of hours worked, hourly rates, and a description of services provided.

32. Provide the names and mailing addresses of each of Kenton County's commissioners.

Done at Frankfort, Kentucky, this 4th day of March, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

Case No. 91-046

Schedule of Outstanding Long-Term Debt
For the Calendar Year Ended December 31, _____

<u>Line No.</u>	<u>Type of Debt Issue</u> (a)	<u>Date of Issue</u> (b)	<u>Date of Maturity</u> (c)	<u>Amount Outstanding</u> (d)	<u>Coupon Interest Rate</u> ¹ (e)	<u>Cost Rate At Issue</u> ² (f)	<u>Cost Rate to Maturity</u> ³ (g)	<u>Bond Rating At Time of Issue</u> ⁴ (h)	<u>Type of Obligation</u> (i)	<u>Annualized Cost Col.(d)xCol.(g)</u> (j)
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Total Long-Term Debt and
Annualized Cost

Annualized Cost Rate [Total
Col. (j) - Total Col.(d)]

- 1 Nominal Rate
2 Nominal Rate Plus Discount or Premium Amortization
3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
4 Standard and Poor's, Moody, etc.

KENTON COUNTY WATER DISTRICT

Case No. 91-046

Schedule of Outstanding Long-Term Debt
For the Test Year Ended _____

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate ¹ (e)	Cost Rate At Issue ² (f)	Cost Rate to Maturity ³ (g)	Bond Rating At Time of Issue ⁴ (h)	Type of Obligation (i)	Annualized Cost Col.(d)xCol.(g) (j)	Actual Test Year Interest Cost ⁵ (k)
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Total Long-Term Debt and Annualized Cost

Annualized Cost Rate [Total Col. (j) - Total Col.(d)]

Actual Long-Term Debt Cost Rate [Total Col. k - Total Reported in Col. (c) Line 15 of Format 1, Schedule 2]

- 1 Nominal Rate
- 2 Nominal Rate Plus Discount or Premium Amortization
- 3 Nominal Rate Plus Discount or Premium Amortization and Issuance Cost
- 4 Standard and Poor's, Moody, etc.
- 5 Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost

KENTON COUNTY WATER DISTRICT

Case No. 91-046

Schedule of Short-Term Debt
For the Test Year Ended _____

<u>Line No.</u>	<u>Type of Debt Instrument</u> (a)	<u>Date of Issue</u> (b)	<u>Date of Maturity</u> (c)	<u>Amount Outstanding</u> (d)	<u>Nominal Interest Rate</u> (e)	<u>Effective Interest Cost Rate</u> (f)	<u>Annualized Interest Cost Col.(d)xCol.(f)</u> (g)
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Total Short-Term Debt

Annualized Cost Rate [Total Col. (g) - Total Col.(d)]

Actual Interest Paid or Accrued on Short Term
Debt during the Test Year [Report in Col. (g) of this schedule]Average Short-Term Debt - Format 1, Schedule 2
Line 15 Col. (d) [Report in Col. (g) of this schedule]Test Year Interest Cost Rate [Actual Interest -
Average Short-Term Debt] [Report in Col. (f) of this schedule]

Instructions:

1. In all instances where the Effective Interest Cost Rate is different from the Nominal Interest Rate provide a calculation of the effective Interest Cost Rate in sufficient detail to show the items of costs that cause the difference.

KENTON COUNTY WATER DISTRICT

Case No. 91-046

Calculation of Rate of Return Based on Rate Base

Line No.	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month
1.	Number of Customers											
2.	Residential											
3.	Commercial											
4.	Industrial											
5.	Fire Service											
6.	Other											
7.	Total Number of Customers											
8.	Water Revenue											
9.	Residential											
10.	Commercial											
11.	Industrial											
12.	Fire Service											
13.	Other											
14.	Total Water Revenue											

KENTON COUNTY WATER DISTRICT

Case No. 91-046

SUMMARY OF CUSTOMER DEPOSITS

Test Year

<u>Line</u> <u>No.</u>	<u>Month</u> <u>(a)</u>	<u>Receipts</u> <u>(b)</u>	<u>Refunds</u> <u>(c)</u>	<u>Balance</u> <u>(d)</u>
1.	Balance beginning of test year			
2.	1st Month			
3.	2nd Month			
4.	3rd Month			
5.	4th Month			
6.	5th Month			
7.	6th Month			
8.	7th Month			
9.	8th Month			
10.	9th Month			
11.	10th Month			
12.	11th Month			
13.	12th Month			
14.	Total (L1 through L13)			
15.	Average Balance (L14 - 13)			
16.	Amount of deposits received during test period			
17.	Amount of deposits refunded during test period			
18.	Number of deposits on hand end of test year			
19.	Average amount of deposit (L15, Column (d) - L18)			
20.	Interest paid during test period			

KENTON COUNTY WATER DISTRICT

Case No. 91-046

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)

		12 Months Ended										Test	
		Calendar years Prior to Test Year										Year	
Line No.	Item (a)	5th		4th		3rd		2nd		1st		Amount (l)	%
		Amount (b)	% (c)	Amount (d)	% (e)	Amount (f)	% (g)	Amount (h)	% (i)	Amount (j)	% (k)		
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).

KENTON COUNTY WATER DISTRICT

Case No. 91-046

Analysis of Other Operating Taxes
12 Months Ended

"000 Omitted"

<u>Line No.</u>	<u>Item</u>	<u>Charged Expense</u> (a)	<u>Charged to Construction</u> (b)	<u>Charged to Other Accounts</u> (c)	<u>Amount Accrued</u> (d)	<u>Amount Paid</u> (e)
1.	Kentucky Retail:					
	(a) State Income					
	(b) Gross Receipts*					
	(c) Ad Valorem (Property)					
	(d) Payroll (Employer's Portion)					
	(e) Other Taxes					
2.	Total Kentucky Retail [L1(a) through L1(d)]					
3.	Other Jurisdictions					
	Total Per Books (L2 + L3)					

Instructions:

*Actual payments for test year should be shown under the amount paid column.

1. Explain items in column (c).

KENTON COUNTY WATER DISTRICT

Case No. 91-046

STATEMENT OF WATER PLANT IN SERVICE

12 Months Ended

<u>Account Number</u>	<u>Title of Account</u> (a) <u>Intangible Plant</u>	<u>Beginning Balance</u> (b)	<u>Additions</u> (c)	<u>Retirements</u> (d)	<u>Transfers</u> (e)	<u>Ending Balance</u> (f)
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</u> (a)	<u>Beginning Balance</u> (b)	<u>Additions</u> (c)	<u>Retirements</u> (d)	<u>Transfers</u> (e)	<u>Ending Balance</u> (f)
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					

KENTON COUNTY WATER DISTRICT

Case No. 91-046

ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended

<u>Line No</u>	<u>Item</u>	<u>Sales or Promotional Advertising</u>	<u>Institutional Advertising</u>	<u>Conservation Advertising</u>	<u>Rate Case</u>	<u>Other</u>	<u>Total</u>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct Mail						
6.	Sales Aids						
7.	Total						
8.	Amount Assigned to Ky. Retail						

KENTON COUNTY WATER DISTRICT

Case No. 91-046

ACCOUNT 930 - MISCELLANEOUS GENERAL EXPENSES

For the 12 Months Ended

(000's)

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

KENTON COUNTY WATER DISTRICT

Case No. 91-046

ACCOUNT 426 - MISCELLANEOUS INCOME DEDUCTIONS

For the 12 Months Ended

(000's)

<u>Line No.</u>	<u>Item</u> (a)	<u>Amount</u> (b)
1.	Donations	
2.	Civic Activities	
3.	Political Activities	
4.	Other	
5.	Total	
6.	Amount Assigned to Ky. Retail	

KENTON COUNTY WATER DISTRICT

Case No. 91-046

Professional Service Expenses

For the Twelve Months Ended

<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.	Hrs.	Wages	No.	Hrs.	Wages	No.	Hrs.	Wages
	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(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.