

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED TARIFF OF BOONE COUNTY WATER ) CASE NO.  
AND SEWER DISTRICT FOR SEWER CAPACITY FEE ) 91-374

O R D E R

IT IS ORDERED that Boone County Water and Sewer District ("Boone District") shall file the original and 11 copies of the following information with the Commission with a copy to all parties of record no later than May 4, 1992. If the information cannot be provided by this date, Boone District should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission. Boone District 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 all documents, correspondence, and internal memorandum in which the proposed capacity fee is discussed.

2. Provide a copy of the minutes of all board of commissioners meetings in which the proposed capacity fee was discussed.

3. a. State whether Boone District has revised its projected customer additions in light of actual customer additions.

b. If yes, state the revised projects. Identify and explain the assumptions upon which these revised projections are based.

c. If no, explain why not.

4. Provide a detailed depreciation schedule for the Southeast Project.

5. Provide a schedule showing the capital costs incurred for the Southeast Project, including annual debt service requirement, payments made to date, and the remaining balance owed.

6. Provide a detailed statement of revenue and expenses for the Southeast Project for the year ending December 31, 1991.

7. Assuming the proposed capacity fee is approved, state the actions which Boone District will take if projected customer additions do not occur.

8. In his pre-filed testimony (Question 36), Paul Kroger states that only 157 homes have been connected to the Southeast Line. In its response to the Commission's Order of December 2, 1991, Item 10, Boone District states that 278 customers have been connected to the Southeast Line since it began operating. Explain the discrepancy.

9. a. State whether the Commission's Order of April 24, 1992 in Case No. 90-108<sup>1</sup> will affect the level of the proposed capacity fee.

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<sup>1</sup> Case No. 90-108, Americoal Corporation vs. Boone County Water and Sewer District.

b. If yes, explain how.

10. Refer to Pre-filed Testimony of Paul Kroger, Question 7.

a. State whether the package sewage treatment plants which Boone District operates have a limited amount of collecting capacity and treatment capacity.

b. State whether Boone District currently charges a capacity fee to perspective customers seeking sanitary sewer service from its package sewage treatment plants.

c. If no, explain why a capacity fee has not been proposed for these plants.

11. Refer to Pre-filed Testimony of Paul Kroger, Question 28.

a. Provide a copy of all reports, studies, internal memorandum, and correspondence in which the option of recovering the capital cost of the Southeast Project through monthly rates was discussed.

b. Identify all persons who participated in the study of this option.

c. State the projected monthly fee if this option were used. Show all calculations.

12. a. State whether Boone District expects to connect additional package sewage treatment plants to the Southeast Project.

b. If yes, identify these sewage treatment plants.

13. a. State whether Boone District bills Southeast Project customers for sewage treatment service which Sanitation District

No. 1 of Campbell and Kenton Counties ("Sanitation District No. 1") provides.

b. If no, explain how billing for this service is performed.

14. Refer to Pre-filed Testimony of William G. Stannard, Question 8. Identify and provide the official publications or policy statements which support Stannard's contention that the following organizations recognize the concept of a capacity fee as accepted capital financing practice:

- a. American Waterworks Association
- b. Water Pollution Control Federation
- c. Government Finance Officers Association

15. a. State whether William Stannard has testified before any utility regulatory commission on the issue of capacity fees.

b. If yes, identify the case and regulatory commission involved. Provide a copy of his testimony.

16. a. State whether Black and Veatch was requested to study the option of recovering the capital cost of the Southeast Project through monthly rates.

b. State whether Black and Veatch studied that option before issuing its November 9, 1988 letter.

c. If no, explain why not.

Done at Frankfort, Kentucky, this 27th day of April, 1992.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Director, Acting



FOR the Commission