

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| THE REQUEST OF SOUTH 641 WATER DISTRICT |) | |
| FOR A DEVIATION FROM 807 KAR 5:006, |) | CASE NO. 93-435 |
| SECTION 7(1)(C) |) | |

O R D E R

South 641 Water District ("South 641") requested the Commission grant it a deviation from 807 KAR 5:006, Section 7(1)(c). The deviation was requested in South 641's response, attached as Appendix A, to deficiencies noted in the Commission's 1992 Audit Report.

In a response submitted on November 4, 1993, attached as Appendix B, South 641 informed the Commission that new customers were being informed of their right to have their deposit recalculated at the time service was initiated, however, customers connected prior to October 1993 have not been notified.

807 KAR 5:006, Section 7(1)(c), provides three methods for notifying customers of their right to have deposits recalculated: the notice shall be included 1) on the customer's application for service; 2) on the receipt for the customer's deposit; or, 3) included annually with or on the customer bills. For those customers initiating service prior to October 1993, South 641 proposes annual notification by newspaper publication when the utility publishes its rate schedules as required by 807 KAR 5:006, Section 6(1)(b). South 641 will continue to include the


recalculation of deposit notification in the annual publication of its rate schedules.

After consideration of the request and being otherwise sufficiently advised, the Commission finds good cause has been shown to support the deviation. Granting the deviation will likely reduce the expense associated with direct mailing of this notice and publication is an adequate alternative.


IT IS THEREFORE ORDERED that South 641 be and it hereby is granted a deviation from 807 KAR 5:006, Section 7(1)(c), to annually publish a notification to its customers of their right to have their deposits recalculated.

Done at Frankfort, Kentucky, this 23rd day of November, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 93-435 DATED NOVEMBER 23, 1993.

M. Christina Whelan, CPA
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

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September 14, 1993

Dear Ms. Whelan:

The South 641 Water District is in receipt of the final audit performed by the Commission for the year ended December 31, 1991. In an effort to correct the noted deficiencies, we respectfully submit the following:

Accounting and Record Keeping Procedures

1. As of September 14, 1993, a ledger sheet for each customer from whom a deposit was received will be maintained. This sheet will list the customer name, billing address, service address, along with the date of deposit and amount of deposit. Individual customer deposit sheets will be reconciled with the control account on an annual basis.
2. In the future, Contributions in Aid of Construction will be recorded to Account 271 on the balance sheet, instead of charging an expense account.
3. All items benefiting more than one period will be capitalized rather than expensed to current operations with the proper depreciation being recognized during each accounting period. We have also started a subsidiary plant ledger which will list all future units of property, with details such as description, location, cost, vendor, date of purchase or installation, estimated salvage value, rate and method of depreciation, depreciation accumulated to date and repairs. Other information to be included in the plant ledger will be that of documentation pertaining to inventories and appraisals of property, plant and equipment.

Tariff and Rates Charged

1. South 641 is at the present time amending its tariff to ask for Commission approval in collecting a flat rate of \$40.00 for customer deposits. We expect to have the amended tariff finished and forwarded to the Commission no later than October 15, 1993. However, until such time as the amended tariff is approved, we will calculate deposits as provided for in our current tariff.
2. In order to comply with our tariff and KRS 278.460, South 641 will pay interest on all customer deposits - this is

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to include all previously unpaid interest through December 1992. Interest for 1993 will be deducted from the December 1993 water bill. All interest due (old and current) will be paid in full at this time.


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3. South 641 has added to its application for service a notice which advises the customer of their right to have their deposit recalculated. This notice will apply to all future customers. We would also like to request a deviation in regard to notifying current customers of this right. We are asking for this deviation because our tariff states that a deposit which does not exceed 2 1/2 of the estimated annual bill may be charged. The minimum bill is \$23.95, therefore recalculation would only increase the customers current deposit.
4. South 641 plans to ask for Commission approval regarding free service that we are now providing to a city owned fire station. Water usage in this building is minimal, and the cost of metering the service has been determined to be high (cost of backhoe, removal and replacement of asphalt). We will ask for written approval no later than October 15, 1993.
5. The Commissioners of South 641 have decided to make the necessary repairs to the old well located behind the office building. As we are unauthorized to charge for water sold from the well at this time, we will ask for the Commission to approve rates in an updated tariff. This revision will also be forwarded no later than October 15, 1993.
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Laws and Rules

1. In order to comply with KRS 74.050, all checks written by South 641 will be signed by the treasurer. In addition, all invoices will be signed by the chairman and secretary.
2. South 641 began assessing and collecting six percent sales tax on commercial customers in March, 1993.
3. South 641 will publish an annual financial statement of all revenues and expenditures beginning with the year ended 1993.

The Commissioners of South 641 Water District want to thank the auditors for the help extended to us during the audit, and we hope that we have addressed each deficiency correctly. Please advise if we need to take other action.

Sincerely,

J.W. Jones
Chairman
South 641 Water District

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 93-435 DATED NOVEMBER 23, 1993.

PUBLIC SERVICE COMMISSION
DIVISION OF FINANCIAL ANALYSIS

November 4, 1993

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EXAMINED BY _____

Christina Whelan, CPA
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

Dear Ms. Whelan:

I am writing in regard to your telephone conversation with Debbie Rhodes, on November 4, pertaining to notifying our customers of their right to have their current meter deposit recalculated. Although all new customers are being notified of this right on the application for service, customers connected prior to October 1993 have not been notified. Because of limited space on the bill, and added expense to the District, we respectfully request permission to publish this notification in our local newspaper. The District intends to publish our current rates in January, 1994, and we would like to be allowed to include the deposit notification at this time. In the future, this information will be published on an annual basis.

If more information is needed, please contact us.

Sincerely,



J.W. Jones
Chairman
South 641 Water District