

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF REIDLAND WATER AND )  
SEWER DISTRICT OF MCCRACKEN COUNTY, )  
KENTUCKY FOR A CERTIFICATE OF PUBLIC ) CASE NO. 95-532  
CONVENIENCE AND NECESSITY TO CONSTRUCT, )  
FINANCE, AND INCREASE RATES )

O R D E R

On November 29, 1995, Reidland Water and Sewer District applied to the Commission pursuant to KRS 278.023 for a Certificate of Public Convenience and Necessity to construct a wastewater treatment plant, approval of proposed financing, and approval of increased rates. While the application was docketed as Case No. 95-532, it could not be accepted for filing as it was improperly submitted. KRS 278.023 only applies in cases involving construction projects financed by the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development. As there is no such financing involved in Reidland's proposed construction, which is to be financed through a loan from the Kentucky Infrastructure Authority, the Commission requires a substantial amount of additional financial information.

As KRS 278.023 was irrelevant to Reidland's proposal, on December 27, 1995, the Commission issued an Order which gave Reidland 30 days to amend its application and to submit the additional documentation required pursuant to the proper statutes and regulations. While Reidland did file an amended application, it again failed to submit all of the additional documentation as

directed by the Commission's December 27, 1995, Order. Reidland should therefore be given an additional 30 days to further amend its application and to submit the additional documentation required pursuant to the proper statutes and regulations. If the application has not been so amended after 30 days, this case should be removed from the docket without further Order of the Commission.

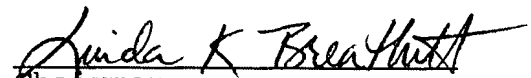
IT IS THEREFORE ORDERED that:

1. Reidland is granted 30 days from the date of this Order to further amend its application and to submit the additional documentation required pursuant to the proper statutes and regulations. See Attachments. Any information previously submitted under this case number need not be resubmitted, but may be referenced in the additionally amended application. When reference is made to information previously submitted, such reference shall be specific as to exhibit and page number.


2. If Reidland has not so amended its application within 30 days of the date of this Order, this case shall be removed from the docket without further Order of the Commission.

Done at Frankfort, Kentucky, this 22nd day of February, 1996.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

**Filing Requirements Which Must Still Be Met in Order to Obtain a Certificate of Public Convenience and Necessity (Applicable Authority: KRS 278.020(1), 807 KAR 5:001, Sections 8 and 9(2)):**

807 KAR 5:071

- Section 3(1) (a) A copy of a valid third-party beneficiary agreement guaranteeing the continued operation of the sewage treatment facilities or other evidence of financial integrity such as will insure the continuity of sewage service.
- (e) A financial exhibit as described in Section 6 of 807 KAR 5:001.

**Filing Requirements Which Must Still Be Met in Order to Obtain Authority to Adjust Rates (Applicable Regulations: 807 KAR 5:071, Section 3 and 807 KAR 5:001, Sections 8 and 10):**

807 KAR 5:071

- Section 3(2)(a) Copy of valid third-party beneficiary agreement or other evidence of financial integrity.
- Section 3(2)(c) Details of any allocated or prorated expenses.
- Section 3(2)(j) Complete explanation of corporate or business relationships between applicant and parent or brother-sister corporation, subsidiary(ies), development corporation(s), or any other party or business, to afford PSC complete understanding of the situation.

807 KAR 5:001

- Section 10 (6)(b) and (c) If the utility has gross annual revenues greater than \$1,000,000, the prepared testimony of each witness the utility proposes to use to support its application. If the utility has gross annual revenues less than \$1,000,000, the prepared testimony of each witness the utility proposes to use to support its application or a statement that the utility does not plan to submit any prepared testimony.

- Section 10  
(6) (j) A current chart of accounts if more detailed than the Uniform System of Accounts prescribed by the commission.
- Section 10  
(6) (o) A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application. This list shall include each software, program, or model; what the software, program, or model was used for; identify the supplier of each software, program, or model; a brief description of the software, program, or model; the specifications for the computer hardware and the operating system required to run the program.
- Section 10  
(6) (p) Prospectuses of the most recent stock or bond offerings.
- Section 10  
(6) (r) The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period.
- Section 10  
(6) (t) If the utility had any amounts charged or allocated to it by an affiliate or general or home office or paid any monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years, the utility shall file:
1. A detailed description of the method and amounts allocated or charged to the utility by the affiliate or general or home office for each charge allocation or payment;
  2. An explanation of how the allocator for the test period was determined; and
  3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during the test period was reasonable;
- Section 10  
(7) (b) The most recent capital construction budget containing at least the period of time as proposed for any pro forma adjustment for plant additions.

Section 10  
(7) (c)

For each proposed pro forma adjustment reflecting plant additions the following information:

6. The original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions;

7. An explanation of any differences in the amounts contained in the capital construction budget and the amounts of capital construction cost contained in the pro forma adjustment period; and

8. The impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements.

Section 10  
(7) (d)

The operating budget for each month of the period encompassing the pro forma adjustments;

Section 10(4)

If copy of public notice is included, did it meet other requirements? (While copy of public notice was included, it did not meet the requirements).\*

\* If applicant has 20 customers or less, or is a sewer utility, written notice of proposed rate changes and estimated amount of increase per customer class shall be mailed to each customer no later than date of application.

If the notice is mailed, a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed shall be filed with the commission no later than thirty (30) days of the filed date of the application.

All utilities, in addition to the above notification, shall post a sample copy of the required notification at their place of business no later than the date on which the application is filed which shall remain posted until the commission has finally determined the utility's rates.

Each notice shall contain the following language:

"The rates contained in this notice are the rates proposed by \_\_\_\_\_. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for

customers other than the rates included in this notice.

"Any corporation, association, body politic or person may request leave to intervene by motion within 30 days after notice of the proposed rate changes is given. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P. O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party. Intervenors may obtain copies of the application and testimony by contacting \_\_\_\_\_ at \_\_\_\_\_ . A copy of the application and testimony shall be available for public inspection at the utility's offices."

**Filing Requirements Which Must Still Be Met in Order to Obtain Approval of Proposed Financing (Applicable Authority: 807 KAR 5:001, Sections 6 and 11):**

KRS 278.300(2)

Every financing application shall be made under oath, and shall be signed and filed on behalf of the utility by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility.

807 KAR 5:001

Section 6(4)\*

Mortgages:

- Date of Execution
- Name of Mortgagor
- Name of Mortgagee or Trustee
- Amount of Indebtedness Secured
- Sinking Fund Provisions

Section 6(5)\*

Bonds:

- Amount Authorized
- Amount Issued
- Name of Utility Who Issued
- Description of Each Class Issued
- Date of Issue
- Date of Maturity
- How Secured
- Interest Paid in Last Fiscal Year

Section 6(6)\*            Notes Outstanding:  
--Date of Issue  
--Amount  
--Maturity Date  
--Rate of Interest  
--In Whose Favor  
--Interest Paid in Last Fiscal Year

Section 6(7)\*            Other Indebtedness:  
--Description of Each Class  
--How Secured  
--Description of Any Assumption of  
    Indebtedness by Outside Party (i.e., any  
    transfer)  
--Interest Paid in Last Fiscal Year

Section 6(9)\*            Detailed income statement and balance sheet.

\* All information required under 807 KAR 5:001, Sections 6(1) through 6(9) should cover the period ending not more than 90 days prior to date on which the application was filed.

Section 11(2)(b)        Copies of all trust deeds or mortgages. If previously filed, state case number.

Section 11(2)(c)        Maps and plans of the proposed property and constructions together with detailed estimates in such form that they can be reviewed by Commission Staff. Estimates must be arranged according to the uniform system of accounts prescribed by the commission for the various classes of utilities.

807 KAR 5:071:

Section 3(3)(a)        Copy of amortization schedules of present and proposed indebtedness.

Section 3(3)(b)        A full and complete explanation of any corporate or business relationships between applicant and parent or brother-sister corporation, subsidiary(ies), a development corporation(s), or any other party or business to afford the PSC a full understanding of the situation.