

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)	
WHOLESALE WATER SERVICE RATES OF)	CASE NO. 98-283
THE CITY OF OWENTON, KENTUCKY)	

O R D E R

IT IS ORDERED that the City of Owenton, Kentucky ("Owenton") shall file no later than August 31, 1998, the original and 8 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the information 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 its legibility. Where requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this Order. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. a. What is the total inch miles of water line in Owenton's system?

 b. Of this number, how many are used jointly by Owenton and Tri-Village Water District ("Tri-Village")?

2. a. How many water storage tanks are in Owenton's water system?

- b. Of this number, how many are used to serve Tri-Village?
 3. a. How many booster pumps are used by Owenton to provide water service?
 - b. Of this number, how many are used to serve Tri-Village?
 4. What portion of Owenton water mains serving Tri-Village is gravity fed?
 5. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission.
 - a. Who prepared this rate study?
 - b. Provide the preparer's curriculum vitae.
 6. Complete the table below.

City of Owenton	Gallons for 1997
Plant Use	
Line Loss	
Sales to Resale	
Sales to Tri-Village	
Unmetered Water	
Free Water	
Total Produced and Purchased	
Total Sold	

7. How did Owenton allocate expenses between its water and sewer departments?

8. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission. Provide a breakdown of the depreciation expense of \$98,812.

9. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission.

a. Provide a breakdown of the electricity expense of \$48,446.

b. Of this expense, state the amount related to:

(1) Office buildings.

(2) Booster pumps.

(3) Other water distribution facilities.

c. List the location for each meter through which Owenton purchases electric power. For each meter location, indicate the type of facilities served (e.g., office building, pumping station, water treatment plant).

10. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission. Provide a detailed breakdown of the insurance expense.

11. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission.

a. How did Owenton determine that 50 percent of its insurance expense should be allocated to Tri-Village?

b. Provide all workpapers, show all calculations, and state all assumptions used to reach this determination.

12. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission.

- a. List all expenses included in the repairs and maintenance expense.
- b. For each expense listed, state how it is related to the provision of service to Tri-Village.

13. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission.

- a. How did Owenton determine that 20 percent of the repairs and maintenance expense should be allocated to Tri-Village?
- b. Provide all workpapers, show all calculations, and state all assumptions used to reach this determination.

14. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission. Provide a breakdown of the salaries and wage expense.

15. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission.

- a. How did Owenton determine that 7 percent of the salaries and wages expense should be allocated to Tri-Village?
- b. Provide all workpapers, show all calculations, and state all assumptions used to reach this determination.

16. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission.

a. How did Owenton determine that 50 percent of the sampling expense should be allocated to Tri-Village?

b. Provide all workpapers, show all calculations, and state all assumptions used to reach this determination.

17. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission. For each water treatment plant expense listed below, describe how the allocation factor was determined.

Provide all workpapers, show all calculations, and state all assumptions used to reach this determination.

- a. Depreciation.
- b. Insurance.
- c. Operating Supplies.
- d. Payroll Expenses.
- e. Sampling Expense.
- f. Travel and School.
- g. Uniforms.

18. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission. Why were no withdrawal fees allocated to Tri-Village?

19. Provide all correspondence between Owenton and Tri-Village since December 31, 1992, in which "a study on the cost of water production and distribution" is discussed.

20. Describe Owenton's efforts, if any, to comply with the provisions of Paragraph C5 of the Water Purchase Contract prior to submitting its proposed rate adjustment.

21. a. Did Owenton, on or about January 1, 1998, submit a request to Tri-Village for the preparation of "a study on the cost of water production and distribution"?

b. If yes, what response was received from Tri-Village?

c. If no, why not?

22. Is Owenton willing to accept and be bound by the results of "a study on the cost of water production and distribution" prepared by a "mutually agreeable engineer"?

23. Refer to Owenton's Response to the Commission's Order of May 29, 1998.

a. Identify the person(s) who prepared Exhibits FR 6(h) and FR 6(u).

b. For each person listed above,

(1) Provide his or her curriculum vitae.

(2) Describe his or her experience in preparing utility revenue requirements and determining cost allocations in utility ratemaking proceedings.

24. a. Describe Owenton's water treatment plant and water distribution system. This description shall include a discussion of the facilities used to provide service to Tri-Village.

b. Provide a schematic map of Owenton's water distribution system that shows all distribution facilities (e.g. water storage tanks, distribution and transmission mains, pumping facilities). This map shall indicate the size of the facility and whether the

facility is used to serve Tri-Village. If the facility is used to serve Tri-Village, the schematic shall also indicate whether the facility is solely used to serve Tri-Village.

25. a. List all changes in Owenton's rate for water service to Tri-Village since January 5, 1993 and the date when each change occurred.

b. Provide the calculations upon which the original Water Purchase Contract rate and all subsequent rate changes were based.

26. a. What is Owenton's FICA employer contribution rate?

b. What is Owenton's OASDI employer contribution rate?

c. What is Owenton's employer retirement contribution rate?

27. Provide a depreciation schedule for all Owenton Waterworks Utility Plant assets as of June 30, 1997. This schedule shall identify the system components comprising the water treatment plant, the water distribution system, and equipment used for customer accounts, or general and administrative classifications. This schedule shall also list the depreciation expense that Owenton incurred for each component during fiscal year 1997.

28. Refer to Owenton's Response to the Commission's Order of May 29, 1998, Exhibit FR 6(u).

a. (1) Do any Owenton employees whose salary is included in "WTP Operators" or "Distribution" read water meters?

(2) If yes, indicate those employees' salaries and the percentage of work time related to meter reading.

b. State the number of water meters through which Owenton provides water service to Tri-Village.

c. How often are the water meters through which Owenton serves Tri-Village read?

29. a. How often (e.g. monthly, weekly) is Owenton required by the Kentucky Natural Resources and Environmental Protection Cabinet to sample water within its distribution system?

b. At how many locations is Owenton required by the Kentucky Natural Resources and Environmental Protection Cabinet to sample water within its distribution system? List each location.

c. How often (e.g. monthly, weekly) is Owenton required by the Kentucky Natural Resources and Environmental Protection Cabinet to sample water at its water treatment plant?

30. Provide a schedule summarizing the insurance expense by premium types (e.g., bonding, workers compensation, vehicles, plant, general liability, health, and life insurance). If any of these expenses have been included in other expense categories, identify the insurance expense and the other expense category.

31. a. Provide the invoices for repairs and maintenance expenses incurred specifically to serve Tri-Village.

b. Provide the invoices for repairs and maintenance expenses for all repairs and maintenance or operating supplies for the water treatment plant exceeding \$500.

32. Provide the job description and test period salary level for each Owenton employee whose salary has been allocated to Tri-Village.

33. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission. During the 1997 fiscal year, Owenton incurred total chemical expenses of \$39,799. When calculating its cost of service, Owenton allocated to water treatment costs chemical expenses of \$39,799 and allocated to Tri-Village distribution costs chemical expenses of \$13,810. How can Owenton allocate a total of \$53,609 for chemical expenses when its total chemical expense for fiscal 1997 is only \$39,799?

34. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission. During the 1997 fiscal year, Owenton incurred a total electricity expense of \$48,466. When calculating its cost of service, Owenton allocated to water treatment costs electricity expense of \$48,466 and allocated to Tri-Village distribution costs electricity expense of \$16,811. How can Owenton allocate a total of \$65,257 for electricity expense when its total electricity expense for fiscal 1997 is only \$48,446?

35. Refer to Exhibit E of Letter of April 29, 1998 from Bill Gill, Owenton Water Board Chairman, to Carryn Lee, Manager, Public Service Commission. During the 1997 fiscal year, Owenton incurred total sampling expenses of \$3,676. When calculating its cost of service, Owenton allocated to water treatment costs sampling expenses of \$2,757 and allocated to Tri-Village distribution costs sampling expenses of \$1,379. How can Owenton

allocate a total of \$4,136 for sampling expenses when its total sampling expenses for fiscal 1997 is only \$3,676?

Done at Frankfort, Kentucky, this 17th day of August, 1998.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director