

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE BULLOCK PEN)	
WATER DISTRICT FOR A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND)	
NECESSITY TO CONSTRUCT AND)	CASE NO.
FINANCE IMPROVEMENT PROJECTS)	2005-00231
AND TO IMPLEMENT SURCHARGES)	
TO ITS EXISTING RATES PURSUANT)	
TO KRS 278.020 AND 278.300)	

COMMISSION STAFF'S INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Bullock Pen Water District ("Bullock Pen") file with the Commission, within 14 days of the date of this request, the original and 8 copies of the following information, 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 person who is 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 previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. At Exhibit B of the application where the Phase 8 surcharge is calculated, Bullock Pen determined the surcharge amount, assuming 140 additional customers

resulting from Phase 8. In Paragraph 6 of its application, Bullock Pen states that 173 customers will be added. Explain why Bullock Pen calculated the surcharge using only 140 customers.

2. At Exhibit G of the application where the Phase 10 surcharge is calculated, Bullock Pen determined the surcharge amount assuming 82 additional resulting from Phase 10. In Paragraph 20 of its application, Bullock Pen states that 152 customers will be added. Explain why Bullock Pen calculated the surcharge using only 82 customers.

3. a. List each construction surcharge that Bullock Pen is currently assessing, the amount of the surcharge, and the construction phase that the surcharge is intended to finance.

b. For each surcharge listed in response to Item 3(a), state the total amount collected during the calendar year ended December 31, 2004 and recorded in Bullock Pen's 2004 Annual Report.

c. State the annual report account number and title to which Bullock Pen recorded the surcharge collections.

d. For each surcharge listed in Item 3(a), state the number of customers to whom Bullock Pen is currently assessing each surcharge.

e. For each surcharge listed in Item 3(a), state the number of customers that Bullock Pen used to calculate the level of the proposed surcharge when submitting its application for Commission approval of that surcharge.

4. a. State the reasons that Bullock Pen used the net revenue of \$56.82 to determine the amount of the proposed surcharges.

b. Using the information supplied in Bullock Pen's 2004 Annual Report, Bullock Pen's annual net revenue per customer for the calendar year ended December 31, 2004 is \$100.65 (Utility Operating Income \$591,139/Number of Customers 5,873). State reasons why the use of the net revenue of \$56.82 and not \$100.65 is more appropriate to determine the amount of the proposed surcharges.

5. Identify all extraordinary and non-recurring items included in the calculation of Bullock Pen's 2004 utility operating income as shown in its annual report.

6. If the Commission determines that the appropriate level of customers upon which to base the surcharge calculations for Phases 8 and 10 are 173 and 152, respectively, and that the 2004 net earnings of \$100.65 should also be used, the resulting surcharges for Phases 8 and 10 would be \$7.68 and \$1.92, respectively. At those surcharge amounts, would Bullock Pen proceed with the construction of Phases 8 and 10? If no, explain in detail.



Beth O'Donnell
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Public Service Commission
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DATED August 9, 2005

cc: All Parties