

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE GRANT	)	
COUNTY SANITARY SEWER DISTRICT	)	CASE NO.
FOR AUTHORITY TO ADJUST RATES –	)	2005-00314
SEWAGE UTILITY	)	

COMMISSION STAFF'S FIRST INFORMATION REQUEST  
TO GRANT COUNTY SANITARY SEWER DISTRICT

Grant County Sanitary Sewer District ("Grant County ") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than 20 days from the date of this request. Each copy of the data 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 that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Refer to the Billing Analysis filed with the application by Grant County on July 20, 2005. This Billing Analysis is completed for the 12 months ending on December 31, 2004. The financial information filed in Exhibit 5 of the application is for the 12 months

ending on May 31, 2005. Grant County has selected to use May 31, 2005 as the ending date for its test year. Provide a Billing Analysis containing customer usage that corresponds to the 12 months ending on May 31, 2005.

2. Grant County is proposing to recover Depreciation Expense of \$119,063 on its utility plant, most of which was acquired from the city of Crittenden. Describe in detail the history, age, and condition of the property acquired from Crittenden, if known.

3. According to the 2004 CPA Audit Report, page 16, Utility Plant included \$2,522,220 of plant constructed by the city and \$1,598,323 of plant donated to it. Provide any records available to Grant County to support these plant costs and the depreciation applied both prior to and after the transfer to Grant County.

4. A significant portion of Grant County's total operating expenses are charges from the Bullock Pen Water District ("Bullock Pen") pursuant to the Management and Operational Services Agreement attached as Exhibit 7 to the application.

a. Describe how the hourly labor charges on page 2 of the Agreement were determined.

b. Explain how these charges were determined to be reasonable to Grant County.

5. For each contractual service charge identified in Exhibit 5H through 5M of the application, identify any charge that represents the allocation of a joint cost and the basis and reasonableness of the allocation. For instance, within Exhibit 5K, explain the basis for the 2004 Bonus of \$1,652.34 and why it is reasonable to include it in Grant County's revenue requirement.

6. Exhibit 5K includes labor charges of \$116,545, truck charges of \$7,800, and backhoe rental of \$162.50. Explain in detail the basis for these charges and why the labor charges varied significantly from month to month.

7. How were the hourly charges for equipment and the \$1,500 monthly charge for building rental determined to be reasonable to Grant County?

8. a. Was the plant acquired from Crittenden in good condition or was it in disrepair?

b. If the plant was in disrepair and in need of significant management attention upon its acquisition by Grant County, is it reasonable to expect that the contractual services expenses incurred in 2004 and 2005 may decrease significantly in the future?

c. If so, by how much?

9. What plans, if any, does Grant County's Board of Commissioners have to periodically review the rates and charges for services provided by Bullock Pen to ensure the reasonableness of these costs?



---

Beth O'Donnell  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

Dated: January 17, 2006

cc: Parties of Record

