

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF WARREN COUNTY)
WATER DISTRICT, SIMPSON COUNTY WATER)
DISTRICT, AND BUTLER COUNTY WATER) CASE NO. 2011-00220
SYSTEM, INC. FOR A DEVIATION FROM)
APPROVED METER TESTING PROGRAM)

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO JOINT APPLICANTS

Pursuant to 807 KAR 5:001, Warren County Water District, Simpson County Water District, and Butler County Water System, Inc. ("Joint Applicants") shall file with the Commission within 20 days of the date of this Order the original and ten copies of the following information, with a copy to all parties of record. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Joint Applicants shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or,

though correct when made, is now incorrect in any material respect. For any request to which Joint Applicants fail or refuse to furnish all or part of the requested information, Joint Applicants shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the 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 request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. State the average residential water usage for the 2010 calendar year for each of the Joint Applicants.

2. Refer to Joint Applicants' Response to Commission Staff's First Information Request, Item 20. Assume a monthly water usage of 4,160 gallons for each of the Joint Applicants.

a. State whether the incremental water rate for Butler County Water System should be \$4.91 per 1,000 gallons. If no, state the correct incremental water rate for Butler County Water System and explain why it is the correct rate.

b. State whether the incremental water rate for Simpson County Water District should be \$5.17 per 1,000 gallons. If no, state the correct incremental water rate for Simpson County Water District and explain why it is the correct rate.

c. Provide a revised Table 3 for Butler County Water System and Simpson County Water District that reflects the use of the correct incremental water rate for each water utility.

3. Refer to “Revised Determination of Cost-Effective Meter Testing Frequency.” The study assumes water rates will remain constant.

a. Explain why no inflation factor was applied to water rates.

b. Describe the effect on the study’s results if an inflation factor was applied to water rates.

4. State the incremental water rate at which the proposed deviation would not be cost-effective.

5. State the number of years for which the manufacturer currently warrants the operation of Sensus Model SR11 meters.

6. State whether the manufacturer has lengthened the warranty period for new meters since 1989. If yes, state the change in the warranty period and the year the change was made.

7. a. State whether the Joint Applicants test new water meters when these meters are purchased.

b. State whether Joint Applicants, rather than testing water meters at the time of purchase, rely upon the manufacturer’s testing of these meters.

c. State when each of the Joint Applicants will first test a water meter after it is placed into service if no complaint is made or suspicions are raised regarding the water meter’s performance and the meter is not part of a test sample group.

d. State the number of meters that Joint Applicants have tested since January 1, 2002 as a result of a zero consumption detection procedure and a 50 percent consumption procedure. Provide a summary of the results of these tests.

e. State the number of meters that Joint Applicants have tested since January 1, 2002 for any reason other than that the meter was in a test sampling group or flagged as a result of zero consumption detection or 50 percent consumption procedures. Provide a summary of the reasons for the testing of these meters and of the results of these tests.

8. Refer to Bennett & Williams, Inc., "Calculating the Optimal Meter Testing Frequency" (Nov. 10, 1989). At page 5 of this study, the study's authors identify two purposes of a meter-testing program: fairness and check warranties. Noting that Warren County Water District has a 15-year warranty, the report states: "Thus meter testing frequencies greater than 15 years would be unwise because they would not detect the meters that fail to meet specifications in time to replace them while they are still under warranty." Explain why, given this statement, the proposed testing period of 21 years is not contrary to the purpose of a meter-testing program.

9. Refer to "Revised Determination of Cost-Effective Meter Testing Frequency" at 13. The report's authors estimate that the use of a 13-year testing interval will cause the program cost to be approximately \$19,400 per year higher than a 21-year testing interval.

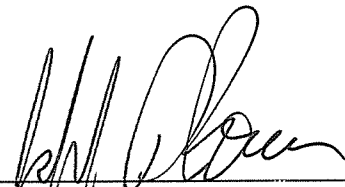
a. Show the calculations used to determine that a 13-year testing interval will cause annual program costs to be \$19,400 higher.

b. Assume that testing intervals between 14 and 20 years are under consideration as possible alternatives to the existing 13-year testing interval. State for each alternative the amount of annual program cost savings that Joint Applicants will achieve using a 21-year testing interval instead.

10. a. Describe the effect on each of the Joint Applicants of low flows (i.e., flows below 0.25 gallons per minute) on its current non-revenue water level.

b. Describe the effect, if any, that extending the testing interval to 21 years would have on meter failure to register low flows.

11. Identify all other jurisdictions in which the state utility regulatory commission has authorized a water utility to use a 21-year interval for testing water meters. Include with the response the statutory, regulatory, or administrative authority for the regulatory commission's actions.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

DATED: JAN 12 2012

cc: Parties of Record

Frank Hampton Moore, Jr.
COLE & MOORE
921 College Street - Phoenix Place
P. O. Box 10240
Bowling Green, KENTUCKY 42102-7240