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150 South Main Street  
Lawrenceburg, KY 40342

May 10, 2006

RE: Case No. 2006-00118

Please see enclosed data request from Commission Staff in the above case.

If you need further assistance, please contact Linda Mattox at (502) 564-3940 ext. 407.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

BOD/sh  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF SOUTH ANDERSON )  
WATER DISTRICT SETTING POLICY FOR ) CASE NO. 2006-00118  
WATER MAIN EXTENSIONS TO SERVE REAL )  
ESTATE DEVELOPMENTS )

COMMISSION STAFF'S FIRST DATA REQUEST  
TO SOUTH ANDERSON WATER DISTRICT

Pursuant to 807 KAR 5:001, Commission Staff requests that South Anderson Water District ("South Anderson") file the original and 8 copies of the following information with the Commission within 20 days of the date of this request, with a copy to all parties of record. Each copy of the information requested shall 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 shall be given to copied material to ensure its legibility. 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.

1. State why South Anderson requires the requested deviation from 807 KAR 5:066, Section 11(3).

2. Refer to South Anderson's motion to amend its existing tariff.
  - a. State whether the proposed tariff revision is mandatory and therefore requires South Anderson to make, without exception, refunds for connections to all real estate subdivision developments over a 10-year period.
  - b. If the proposed tariff is not mandatory and does not require South Anderson to make, without exception, refunds for connections to all real estate subdivision developments, describe the criteria that South Anderson will use to select the real estate developments that will receive their refunds over a 10-year period as opposed to a shorter period.
  - c. State whether, in South Anderson's opinion, the proposed tariff revision will permit South Anderson to make required refunds to real estate subdivision developers over a period shorter than 10 years. Explain.
  - d. List the criteria that will be used to determine whether the water district has "funds available."
  - e. Describe how payments to real estate subdivision developers would be made if required payment may be made over 10 years.
  - f. State whether the proposed tariff revision requires the refund to be equally distributed over the 10-year period. (For example, if a real estate subdivision developer is entitled to a refund of \$10,000, South Anderson will refund to the developer \$1,000 each year for 10 years.)
  - g. State whether the proposed tariff revision will apply to non-real estate subdivision developer refunds. If it will not apply, list and describe the

differences between the two types of extensions that require different refunding methods.

h. Describe the rules and procedures that South Anderson will follow to implement refunds under the proposed tariff revision.

i. State why South Anderson proposes to extend the time for paying any required refund to 10 years.

3. Describe the current refunding procedure that South Anderson follows when a connection is made to a water main extension that a real estate subdivision developer donated to the water district or otherwise contributed to the cost of that extension.

4. State the length of time that normally elapses between the connection to a water main extension that a real estate subdivision developer donated to the water district and South Anderson's issuance of a refund to the developer.

5. State the cost of the Phase 6 Expansion and the length and size of water main added to South Anderson's water distribution system as a result of the project.

6. State the cost of the Phase 5 Expansion and the length and size of water main added to South Anderson's water distribution system as a result of the project.

7. Refer to Case No. 2005-00221,<sup>1</sup> South Anderson District's Response to Commission Staff's Interrogatories and Requests for Production of Documents, Item 4. State for each year in which South Anderson made refunds to real estate developers for

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<sup>1</sup> Case No. 2005-00221, The Tariff Filing of South Anderson Water District Setting Policy for Water Main Extensions to Service Real Estate Developments.

connections to water main extensions in their subdivision the number of connections for which a refund was paid.

8. Refer to Case No. 2005-00221, South Anderson District's Response to Commission Staff's Interrogatories and Requests for Production of Documents, Item 3.

a. State whether South Anderson has issued refunds for connections to the water main extensions that are listed in South Anderson's response.

b. If yes, describe how South Anderson determined the amount of the refund.

c. Provide for each of the real estate subdivision developments listed in South Anderson's response the accounting entries that South Anderson made in its *accounting records to reflect the donation of the water main extensions to and in these subdivisions.*

d. Provide for each of the real estate subdivision developments listed in South Anderson's response the value of the water distribution assets that the real estate subdivision developers donated or contributed.

9. State whether the rate adjustment that South Anderson requested in Case No. 2001-00090<sup>2</sup> was directly attributable to Phase 5 water main extension project.

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<sup>2</sup> Case No. 2001-00090, The Application of South Anderson Water District, Anderson County, Kentucky, (1) For a Certificate of Public Convenience and Necessity Authorizing Construction of Major Additions and Improvements to Its Water System; (2) Seeking Approval of Revised Water Service Rates and Charges; and (3) Seeking Approval of the Issuance of Certain Securities (Ky. PSC May 3, 2001).

10. State whether the rate adjustment that South Anderson requested in Case No. 2005-00344<sup>3</sup> was directly attributable to the Phase 6 water main extension project.

11. State whether South Anderson agrees with the following statement: To the extent that South Anderson's rates for water service were increased as a result of the Phase 5 and Phase 6 water main extension projects, existing water district customers were required to bear a portion of the cost of extending water service to new customers served through these projects.

12. State for each of the first 4 months of calendar year 2006 the number and the total amount of refunds that South Anderson made to real estate subdivision developers for person(s) connecting to water main extensions in their subdivisions.

13. State whether South Anderson agrees that it has a statutory duty to extend water service to all persons within its territory regardless of who constructed the residence or the structure being served. Explain.

14. Refer to Case No. 2005-00221, South Anderson District's Response to Commission Staff's Interrogatories and Requests for Production of Documents, Item 8.

a. State the number of connections to donated real estate subdivision development extensions that South Anderson expects to occur in calendar year 2007 and in calendar year 2008 and the expected amount of refunds if South Anderson's present tariff remains in effect.

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<sup>3</sup> Case No. 2005-00344, Application of South Anderson Water District, Anderson County, Kentucky, (1) For a Certificate of Public Convenience and Necessity Authorizing Construction of Major Additions and Improvements to Its Water System; (2) Seeking Approval of Revised Water Service Rates and Charges; and (3) Seeking Approval of the Issuance of Certain Securities (Ky. PSC September 23, 2005).

b. Explain why South Anderson anticipates an increase in rates if refunds to real estate subdivision developers continue at the current pace. Provide the calculations and assumptions that South Anderson used to derive its estimated need.

c. State the additional number of customers that South Anderson expects to obtain from real estate subdivision development extensions and the amount of additional net operating revenues that these customers will generate. Provide the calculations and state assumptions that South Anderson used to derive its response.

15. State why South Anderson has not proposed to eliminate refunds to non-real estate subdivision development water main extensions.

16. Explain why different refunding methods for real estate subdivision development and non-real estate subdivision development water main extensions is reasonable.

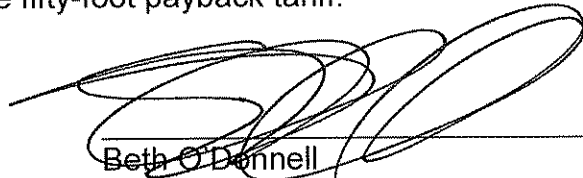
17. Explain why different refunding methods for real estate subdivision development and non-real estate subdivision development water main extensions do not violate the equal protection clause of the federal Constitution.

18. State whether South Anderson has published notice of application for a deviation from 807 KAR 5:066, Section 11(3). If no, explain why not.

19. Provide a copy of the minutes of all meetings of South Anderson's Board of Commissioners in which the issue of refunds to developers for real estate subdivision development water main extensions was discussed.

20. Refer to Case No. 2005-00221, South Anderson District's Response to Commission Staff's Interrogatories and Requests for Production of Documents, Item 9.

Provide all calculations and state assumptions used to derive the estimate of "average monthly expense due to refund under the fifty-foot payback tariff."



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

DATED: May 10, 2006

cc: Parties of Record

Case No. 2006-00118