

Madison County Utilities District
297 Michelle Drive P. O. Box 670
Richmond, Kentucky 40476-0670
(859) 624-1735 Fax (859) 623-8220

July 3, 2008

RECEIVED

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PUBLIC SERVICE
COMMISSION

Ms. Stephanie Stumbo
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

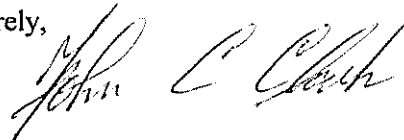
Re: Case Number 2008-00182
Additional Information
Request for Interim Order Certificate
of Public Convenience and Necessity
to Construct and Finance

Dear Ms. Stumbo:

Attached are the original and ten copies of Additional Information to the filed Application. Also included is a Request for Interim Order Certificate of Public Convenience and Necessity to Construct and Finance the 500,000 gallon elevated water storage tank. This is needed so existing bids can be accepted and the contractor awarded without incurring an increase in the bid price due to steel cost.

If you have any questions or need additional information, contact our engineer, Kerry Odle, at 859-623-2966.

Sincerely,



John Clark, Manager

c: Chuck Hardin W/A
Kerry Odle W/A
File W/A

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

APPLICATION OF THE MADISON COUNTY)
UTILITIES DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
TO CONSTRUCT A WATER STORAGE TANK)
AND A GENERAL RATE INCREASE TO)
FINANCE WATER STORAGE TANK)

Case No. 2008-00182

ADDITIONAL INFORMATION

1. 807KAR 5:0001, Section 10(7)(c):

Exhibit A is information from the District's Accountant related to the estimated cost and depreciated value of the 100,000 gallon tank that will be taken out of service. This tank is estimated to be taken out of service in the summer of 2010. The estimated cost to remove tank is \$35,000. In the contract to remove the tank, the steel from this tank will be property of the Contractor which contributes to the low demolition cost.

2. In Exhibit B is revised current and proposed rates. The only change is showing the rates per 10 cubic feet.

3. 807 KAR 5:001, Section 10(6)(g)

In Exhibit C is a Billing Analysis of all classes of customers.

4. 807 KAR 5:00A, Section 6(1) through 6(9) Madison County Utilities requests a deviation from requirements for bonds and notes since there has been no changes from information on the Annual Report. This deviation is requested due to the need to get an Interim Order for Construction and Financing Prior to Expiration of Bids for the Tank Construction.

WHEREFORE, the Applicant, Madison County Utilities District, requests the Public Service Commission of Kentucky grant to the Applicant an Interim Order Certificate of Public Convenience and Necessity to Construct and Finance prior to July 18, 2008 and prior to approval for a General Rate Increase, permitting the Applicant to construct Contract #2, 500,000 gallon elevated water storage tank. This request is to allow the award of the construction contract prior to the expiration of bids so to avoid price increase of steel which would increase the tank cost by \$90,000 to \$100,000.

Madison County Utilities District


John Clark, Manager

List of Exhibits

- A. Accountant Information of Original Cost and Depreciation of Old Tank
- B. Current and Proposed Rates
- C. Billing Analysis

Exhibit A

Accountant's Information of Original Cost and
Depreciation of Old Tank

Madison County Utilities District
Richmond, KY

PSC Case No. 2008-0018

The original estimated cost and accumulated depreciation through April 30, 2008 on the water tower that is to be dismantled is as follows:

Date placed in service: 1968

Original estimated cost: \$100,000.00

Estimated useful life: 75 years

Accumulated depreciation through 4/30/2008: \$53,098.00

Remaining book basis to write-off: \$46,902.00

The above information is based on “good-faith” estimates of the District’s engineer and accountant. When the former Kingston-Terrill Water District went “on-line” in 1968, the entire cost of the beginning physical plant, including mains, services, meters, flush valves, water tank, etc. were aggregated into a single asset and depreciated over a 75 year period. The current independent auditor has never seen the original allocation of construction costs of the beginning system. Depreciation expense has continued in the same manner throughout the years.

Attached is a copy of a partial depreciation schedule with the beginning plant amount highlighted in yellow.

Asset Depreciation Short Report - Sorted by - ASSET A/C#

Company: KINGSTON-TERRILL WATER DISTRICT
 Method: 1 - BOOK Std Conv Applied
 Range: 260 - MAINS - 271 - BLDGS

Year End: 12/31/02
 File: C:\AKDATA\KTWD
 Include: All assets

Page: 1
 Date: 04/28/04
 Time: 16:54:12

Date Acq	Description	Meth.	Life	Cost	Sec. 179	Depr Basis	Includes Section 179		
							Beg A/Depr	Curr Depr	End A/Depr
ASSET A/C# 260 MAINS									
12/31/75	BEG UTILITY PLANT	SLP	75.0	524,078.96	0.00	524,078.96	315,340.61	6,987.72	322,328.33
06/15/76	LINES	SLP	75.0	2,878.01	0.00	2,878.01	2,785.98	38.37	2,824.35
12/31/78	MAJOR EXTENSION	SLP	75.0	271,708.15	0.00	271,708.15	235,480.43	3,622.78	239,103.21
07/01/79	NEW EXTENSION	SLP	75.0	36,455.70	0.00	36,455.70	29,523.24	486.08	30,009.32
07/01/79	LINES	SLP	75.0	10,894.98	0.00	10,894.98	9,224.38	145.27	9,369.65
07/01/80	LINES	SLP	75.0	93,366.65	0.00	93,366.65	75,315.80	1,244.89	76,560.69
07/01/81	LINES	SLP	75.0	100,429.28	0.00	100,429.28	76,995.76	1,339.06	78,334.82
07/01/83	5240' 4" PVC LINE	SLP	75.0	7,000.36	0.00	7,000.36	4,834.84	93.34	4,928.18
07/01/83	LINES	SLP	75.0	16,829.64	0.00	16,829.64	11,556.44	224.40	11,780.84
07/01/83	27.100' 4" PVC LINE	SLP	75.0	32,798.30	0.00	32,798.30	22,521.47	437.31	22,958.78
07/01/84	ENGINEERING ON EXT	SLP	75.0	2,629.56	0.00	2,629.56	1,700.41	35.06	1,735.47
07/01/84	LINES	SLP	75.0	17,577.90	0.00	17,577.90	11,387.10	234.37	11,621.47
12/01/85	EXT # 4	SLP	75.0	17,663.78	0.00	17,663.78	10,716.02	235.52	10,951.54
07/01/87	2780' 4" PVC-GOODLOE	SLP	75.0	3,225.00	0.00	3,225.00	892.25	43.00	935.25
07/01/88	ADDITIONS	SLP	75.0	19,011.00	0.00	19,011.00	4,879.49	253.48	5,132.97
07/01/90	MASTER METER	SLP	20.0	4,024.00	0.00	4,024.00	2,313.80	201.20	2,515.00
07/01/90	4000' 4" PVC-GOODLOE CHAPEL RD	SLP	75.0	6,000.00	0.00	6,000.00	1,300.00	80.00	1,380.00
07/01/91	LINES	SLP	75.0	1,400.00	0.00	1,400.00	275.34	18.67	294.01
07/01/91	1800' 6" PVC-CEDAR PT	SLP	75.0	2,920.07	0.00	2,920.07	574.26	38.93	613.19
07/01/92	250' 4"-MCKEY LN	SLP	75.0	3,750.00	0.00	3,750.00	662.50	50.00	712.50
07/01/92	250' 4"-HICKORY LICK	SLP	75.0	750.00	0.00	750.00	132.50	10.00	142.50
07/01/92	160' 6" PVC	SLP	75.0	800.00	0.00	800.00	141.34	10.67	152.01
07/01/93	1200' 2" PVC	SLP	75.0	5,601.02	0.00	5,601.02	877.49	74.68	952.17
04/01/94	LINE	SLP	75.0	2,407.20	0.00	2,407.20	341.01	32.10	373.11
03/31/95	980' 4"-HOME PLACE	SLP	75.0	5,123.02	0.00	5,123.02	631.84	68.31	700.15
03/31/95	300' 6" PVC DUNCANNON	SLP	75.0	702.00	0.00	702.00	86.58	9.36	95.94
07/01/96	MAIN LINES	SLP	75.0	3,486.00	0.00	3,486.00	337.12	46.48	383.60
07/01/97	LINE EXTENSIONS	SLP	75.0	46,632.15	0.00	46,632.15	3,575.12	621.76	4,196.88
12/31/97	8520' 6" LINE EXT-PROJECT	SLP	75.0	39,600.00	0.00	39,600.00	2,706.00	528.00	3,234.00
12/31/97	52000' 4" PVC-PROJECT	SLP	75.0	407,616.18	0.00	407,616.18	27,853.76	5,434.88	33,288.64
Grand totals: 260 - MAINS (30 assets)				1,687,358.91	0.00	1,687,358.91	854,962.88	22,645.69	877,608.57
ASSET A/C# 261 HYDRANT									
07/01/83	HYDRANT	SLP	25.0	712.51	0.00	712.51	527.25	28.50	555.75
07/01/83	3 HYDRANTS	SLP	25.0	2,172.00	0.00	2,172.00	1,607.28	86.88	1,694.16
07/01/84	2 HYDRANTS	SLP	25.0	1,448.00	0.00	1,448.00	1,013.80	57.92	1,071.52
07/01/87	HYDRANT	SLP	25.0	649.00	0.00	649.00	376.42	25.96	402.38
07/01/91	3 HYDRANTS	SLP	40.0	1,500.00	0.00	1,500.00	330.00	37.50	367.50
07/01/93	HYDRANT	SLP	40.0	400.00	0.00	400.00	150.00	10.00	160.00
07/01/95	6" HYDRANT	SLP	40.0	868.44	0.00	868.44	141.12	21.71	162.83
12/28/95	4" HYDRANT-PUNKIN RUN	SLP	40.0	599.25	0.00	599.25	91.13	14.98	106.11
07/01/97	FLUSH VALVES	SLP	40.0	8,500.00	0.00	8,500.00	956.25	212.50	1,168.75
Grand totals: 261 - HYDRANT (9 assets)				16,849.20	0.00	16,849.20	5,193.05	495.95	5,689.00
ASSET A/C# 262 SERVICES									
07/01/90	SERVICES	SLP	40.0	2,500.00	0.00	2,500.00	675.00	62.50	737.50
07/01/93	SERVICES	SLP	40.0	2,150.00	0.00	2,150.00	483.75	53.75	537.50
07/01/94	SERVICES	SLP	40.0	15,214.61	0.00	15,214.61	2,852.77	380.37	3,233.14
07/01/95	SERVICES	SLP	40.0	5,727.68	0.00	5,727.68	5,441.31	143.19	5,584.50
07/01/97	175 SERVICES	SLP	40.0	3,500.00	0.00	3,500.00	612.50	87.50	700.00
Grand totals: 262 - SERVICES (5 assets)				29,092.29	0.00	29,092.29	10,065.33	727.31	10,792.64
ASSET A/C# 263 EQUIPMENT									
05/01/97	PIPE LOCATOR	SLP	3.0	512.90	0.00	512.90	512.90	0.00	512.90
05/15/97	RECORDERS	SLP	5.0	725.00	0.00	725.00	676.67	48.33	725.00
08/15/97	CONCRETE SAW	SLP	5.0	700.00	0.00	700.00	618.33	81.67	700.00
Grand totals: 263 - EQUIPMENT (3 assets)				1,937.90	0.00	1,937.90	1,807.90	130.00	1,937.90

Exhibit B

Current and Proposed Rates

Exhibit B

Current and Proposed Rates

	<u>Current Rates</u>	<u>Proposed Rates</u>
First 280 cubic feet – minimum	\$13.33/100 cu ft	\$13.60/100 cu ft
Next 720 cubic feet	\$4.17/ 100 cu ft	\$4.25/100 cu ft
Next 3,000 cubic feet	\$3.97/100 cu ft	\$4.05/100 cu ft
Next 8,000 cubic feet	\$3.80/100 cu ft	\$3.88/100 cu ft
Next 88,000 cubic feet	\$3.63/100 cu ft	\$3.70/100 cu ft
Over 100,000 cubic feet	\$3.36/100 cu ft	\$3.43/100 cu ft

Note: Current rates are the proposed pass-thru rates in PSC Case # 2007-00259.

Billing Analysis
 May, 2007 thru April, 2008
 Madison County Utilities District

Residential Customers

Average Bills

<u>Usage Rates</u>	<u># of Monthly Bills</u>	<u>Average Usage</u>	<u>Rates (to 6/30/08)</u>	<u>Rates (7/1/08)</u>	<u>Proposed Rates</u>
0 to 280 cf	25,382	160 cf	\$13.05	\$13.33	\$13.60
281 to 720 cf	54,782	485 cf	\$21.39	\$21.88	\$22.31
721 to 3000 cf	28,641	1,111 cf	\$46.65	\$47.76	\$48.70
3001 to 8000 cf	980	4,299 cf	\$169.51	\$173.81	\$177.30
8001 to 88,000 cf	118	13,690 cf	\$514.11	\$527.80	\$538.63
Over 88,000 cf	<u>1</u>	<u>99,927 cf</u>	<u>\$3,558.27</u>	<u>\$3,658.20</u>	<u>\$3,729.40</u>
Total:	109,904	619 cf	\$26.85	\$27.47	\$28.01

Commercial Customers (Including Apartments)

0 to 280 cf	3,743	90 cf	\$13.05	\$13.33	\$13.60
281 to 720 cf	1,833	475 cf	\$20.99	\$21.46	\$21.89
721 to 3,000 cf	1,950	1,431 cf	\$59.03	\$60.46	\$61.66
3,001 to 8,000 cf	415	4,509 cf	\$177.28	\$181.79	\$185.45
8,001 to 88,000 cf	136	20,417 cf	\$751.57	\$771.99	\$787.53
Over 88,000 cf	<u>3</u>	<u>97,608 cf</u>	<u>\$3,476.41</u>	<u>\$3,574.02</u>	<u>\$3,643.60</u>
Total:	8,080	1,097 cf	\$46.10	\$47.20	\$48.13

Government Customers

0 to 280 cf	81	156 cf	\$13.05	\$13.33	\$13.60
281 to 720 cf	48	477 cf	\$21.07	\$21.54	\$21.97
721 to 3,000 cf	53	1,499 cf	\$61.66	\$63.16	\$64.41
3,001 to 8,000 cf	27	4,823 cf	\$188.90	\$193.72	\$197.63
8,001 to 88,000 cf	37	20,292 cf	\$747.16	\$767.45	\$782.90
Over 88,000 cf	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	246	4,008 cf	\$158.75	\$162.75	\$166.01

Industrial Customers

Average Bills

<u>Usage Rates</u>	<u># of Monthly Bills</u>	<u>Average Usage</u>	<u>Rates (to 6/30/08)</u>	<u>Rates (7/1/08)</u>	<u>Proposed Rates</u>
0 to 280 cf	12	87 cf	\$13.05	\$13.33	\$13.60
281 to 720 cf	0	0	0	0	0
721 to 3,000 cf	12	1,636 cf	\$66.96	\$68.60	\$69.96
3,001 to 8,000 cf	0	0	0	0	0
8,001 to 88,000 cf	23	43,206 cf	\$1,556.02	\$1,599.23	\$1,630.72
Over 88,000 cf	<u>13</u>	<u>210,735 cf</u>	<u>\$7,170.81</u>	<u>\$7,381.55</u>	<u>\$7,530.31</u>
Total:	60	62,566 cf	\$2,239.43	\$2,302.00	\$2,347.04

All Customers

0 to 280 cf	29,219	152 cf	\$13.05	\$13.33	\$13.60
281 to 720 cf	56,694	484 cf	\$21.35	\$21.84	\$22.27
721 to 3,000 cf	30,663	1,132 cf	\$47.46	\$48.59	\$49.55
3,001 to 8,000 cf	1,422	4,370 cf	\$172.14	\$176.51	\$180.06
8,001 to 88,000 cf	314	19,543 cf	\$720.72	\$740.26	\$755.19
Over 88,000 cf	<u>17</u>	<u>184,254 cf</u>	<u>\$6,307.53</u>	<u>\$6,491.78</u>	<u>\$6,622.01</u>
Total:	118,329	690 cf	\$29.74	\$30.43	\$31.02