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January 18, 2017

Dr. Talina Mathews
Public Service Commission
Post Office Box 615
Frankfort, Kentucky 40602

RECEIVED

Re: Beech Grove Water System, Inc.
Case No. 2016-00255

JAN 25 2017
Public Service
Commission

Dear Dr. Mathews:

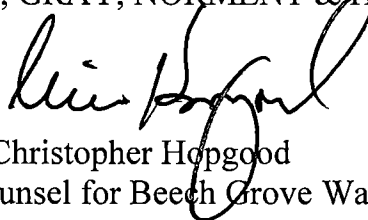
Enclosed for filing are the original and 10 copies of Responses to Commission Staff's Request for Information.

Your assistance in this matter is appreciated.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood
Counsel for Beech Grove Water System, Inc.

JCH/cds
Encls.

RECEIVED

JAN 25 2017

Public Service
Commission

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

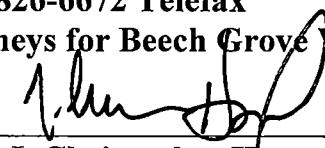
THE APPLICATION OF BEECH GROVE)
WATER SYSTEM, INC. FOR CERTIFICATE)
OF PUBLIC CONVENIENCE AND) CASE NO. 2016-00255
NECESSITY AND APPROVAL OF FINANCING)

RESPONSES TO COMMISSION STAFF'S REQUEST
FOR INFORMATION

BEECH GROVE WATER SYSTEM, INC. submits the following
responses to the Staff's request for information.

DORSEY, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, Kentucky 42420
(270) 826-3965 Telephone
(270) 826-6672 Telefax
Attorneys for Beech Grove Water System, Inc.

By



J. Christopher Hopgood
chopgood@dkgnlaw.com

1 **Item 1)** Refer to Beech Grove's response to the Request for Information
2 contained in the Appendix to the Commission's December 5, 2016, Order
3 ("Commission's First Request") Item 2.a. and 2.b. Attached with the responses
4 are the two pages from Beech Grove's 2014 and 2015 Annual Report filed with
5 the Commission entitled Water Statistics ("Water Statistics Report"). In response
6 to Item 2.b., Beech Grove attached its "Monthly Water Use Report" for each
7 month starting with January 2014 and ending November 2016, with grand totals
8 on a separate page entitled "Annual Water Use Report" for each calendar year.

9 a. On its 2014 and 2015 Water Statistics Report, Beech Grove
10 reported Total Water Sales at 51,903,000 gallons and 64,151,000 gallons
11 respectively. On its 2014 and 2015 Monthly Water Use Report, Total Water Sold
12 was 51,794,000 gallons and 64,032,000 gallons respectively. Explain the
13 discrepancy between the amounts reported on Beech Grove's Water Statistic
14 Report and the amounts reported on Beech Grove's monthly water use reports
15 included in the response.

16 **RESPONSE:**

17 **The monthly water loss report reflects the customer's usage for the month**
18 **plus any corrections that come in *before* the monthly billing cycle is closed. If a**
19 **correction comes in *after* the monthly billing cycle closes, it will not be reflected on a**
20 **monthly report. However, those corrections, whenever they occur, are always reflected**
21 **on the annual report. Thus, the annual report will reflect corrections to accounts when**

1 **monthly reports do not. Therefore, the discrepancy is due to lack of adjustments on the**
2 **monthly reports after the billing cycle for that month has closed.**

3
4 b. On its Annual Water Use report, Beech Grove reported 0 gallons in 2014
5 and 13,000 gallons in 2015 for the combined total of system flushing, fire department use, and
6 other utility use. On its 2014 and 2015 Water Statistics Report, Beech Grove reported
7 2,512,000 gallons and 67,000 gallons of Other Water Used, respectively. Explain the
8 discrepancy between the amounts reported on Beech Grove's Water Statistics Report and the
9 amounts reported on its Annual Water Use Report.

10 **RESPONSE:**

11 **In 2014 and 2015 Beech Grove Water System was not entering water loss**
12 **on monthly reports. Once it was discovered that those water loss amounts should be**
13 **entered monthly, that has been done.**

14 **Thus, in 2014 and 2015 water loss would only be on the annual reports and**
15 **the correct figures are: 2014-25,000 for system flushing and 12,000 for fire department;**
16 **2015-17,000 system flushing and 13,000 fire department, not the 43,000 which was a**
17 **typographical error. "Other of 7,000" is the correct number for ISO rate testing in**
18 **2015.**

19

1 **Item 2)** In its response to Item 4.b. of the Commission's First Request, Beech Grove
 2 provided a schedule outlining the proposed meter and Radio Frequency system costs that
 3 included a breakdown of the individual components of each meter, the total cost of meters by
 4 meter size, the cost of installation, and the total purchase price including tax. The schedule in
 5 the application appears to have errors. With regard to this schedule, Staff has recalculated the
 6 total Purchase of the radio-read metering system as follows:

7	<u>Component</u>	<u>5/8 X 34 Inch</u>	<u>1 inch</u>	
8	Base Cost	\$ 62.00	\$115.00	
9	Reader Endpoints	88.00	88.00	
10	S-Pit Install Kit	2.03	2.03	
11	S-Lid Lock	<u>4.50</u>	<u>4.50</u>	
12				
13	Meter Unit Cost	\$156.53	\$209.53	
14	Times: Number of Meters	<u>525</u>	<u>55</u>	
15				
16	Subtotal	\$82,178.25	\$11,524.15	\$93,702.40
17	Plus: Installation Costs			29,160.00
18	Tax			<u>7,371.74</u>
19				
20	Total Cost of Meter Reading System			<u>\$130,234.14</u>
21				
22				

1 **Item 3)** Provide commentary as to the correctness of Staff's schedule versus the
2 schedule provided in response to Staff's First Request. If Staff's schedule is incorrect with
3 respect to Beech Grove's cost to purchase its radio read metering system, provide an updated
4 schedule with the total cost of the metering system broken down by its components that sums
5 to the \$130,234.14 requested in its application.

6 **RESPONSE:**


7 **Staff's calculation of the component costs is correct.**

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VERIFICATION

I, **SHEILA MURPHY**, office manager of **BEECH GROVE WATER SYSTEM, INC.**, hereby verify that the information contained in the foregoing responses is true and correct to the best of my information and belief.

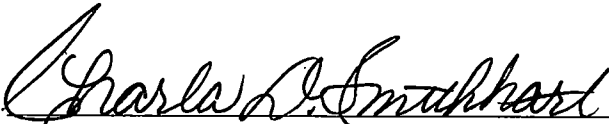


SHEILA MURPHY

STATE OF KENTUCKY
COUNTY OF HENDERSON

The foregoing was signed, acknowledged and sworn to before me by **SHEILA MURPHY**, for and on behalf of **BEECH GROVE WATER SYSTEM, INC.** this 18th day of January, 2017.

My commission expires September 29, 2017



Notary Public, State of Kentucky at Large

(seal)