

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MOUNTAIN WATER DISTRICT )  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY TO CONSTRUCT AND )  
FINANCE A SYSTEM IMPROVEMENTS PROJECT ) CASE NO. 2016-00356  
PURSUANT TO THE PROVISIONS OF KRS )  
278.020, KRS 278.300 and 807 KAR 5:001 )

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO MOUNTAIN WATER DISTRICT

Pursuant to 807 KAR 5:001, Mountain Water District ("Mountain District"), shall file with the Commission no later than December 15, 2016, 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 the 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.

Mountain District shall make timely amendment to any prior response if it obtains 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 Mountain District fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its 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 filling a paper containing personal information, Mountain District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Mountain District's application, Exhibit J. The Exhibit is a request for a loan increase ("Loan Increase Request") of \$370,000, with a supporting schedule showing the use of the funds required for the project as a whole.

a. On Page 2 of the Loan Increase Request, labelled SRF Project Cost Summary, the Total column does not sum to \$4,070,000. Provide an updated SRF Project Cost Summary that clearly shows the amounts allocated from each funding source and the corresponding total for each cost classification that sums to the \$4,070,000 requested by Mountain District.

b. The reason indicated on Page 1 of the Loan Increase Request for the additional funding required is "[n]o additional work, bids came in higher than budgeted." On page 6 of its application, Mountain District states that "[t]he Project was rebid on August 3, 2016, and such bid included the various alternatives to the main

construction.” Explain how the various alternatives do or do not qualify as additional construction.

c. The schedule provided in Mountain District’s application, Exhibit H, shows the detailed estimates by the Uniform System of Accounts (“USoA”) account number for the proposed construction prior to the addition of the alternate construction now proposed by Mountain District.

i. The USoA for Class C and D Sewer Utilities Accounting Instruction number 2, Components of Construction Cost, states “[t]he cost of construction property chargeable to the utility plant accounts shall include, where applicable, the cost of labor, materials and supplies, transportation, work done by others for the utility, injuries and damages incurred in construction work, privileges and permits, special machine service, allowance for funds used during construction, and such portion of general engineering, administrative salaries and expenses, insurance, taxes and other analogous items as may be properly includible in construction costs.”<sup>1</sup> Fully explain why the detailed estimates by USoA account number originally provided in the application do not include all components of construction cost.

ii. Provide a schedule showing the detailed estimates by USoA account number that is updated to reflect the proposed construction, including alternates, that is being requested by Mountain District following the USoA’s accounting instructions.

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<sup>1</sup> USoA for Class C and D Sewer Utilities, page 18.



Talina R. Mathews  
Executive Director  
Public Service Commission  
P.O. Box 615  
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DATED NOV 23 2016

cc: Parties of Record

Case No. 2016-00356

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