

# Berger, Cox & Nienaber

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November 29, 2006

Public Service Commission  
Attn: Mr. Michael Burford  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

RECEIVED  
DEC 4 2006  
PUBLIC SERVICE  
COMMISSION

Re: Case No. 2006-00440

Dear Mr. Burford:

Enclosed please find Bullock Pen Water District's Amended Application regarding the subject case. If you need any additional information, please advise.

Very truly yours,

BERGER, COX & NIENABER

  
Thomas R. Nienaber

TRN/csb

Enclosure

cc: Grant County Sanitary Sewer District  
Attn: Chairman Bobby Burgess

BEFORE THE PUBLIC SERVICE COMMISSION  
COMMONWEALTH OF KENTUCKY  
CASE NO. 2006-00440

RECEIVED

DEC 4 2006

PUBLIC SERVICE  
COMMISSION

IN RE: BULLOCK PEN WATER DISTRICT

AMENDED APPLICATION

Comes now the Bullock Pen Water District, through counsel, and submits the following response to the Commission's request of October 16, 2006 for additional information.

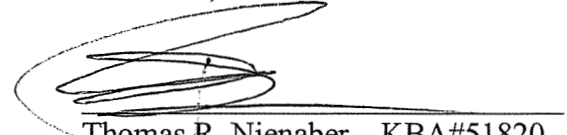
1. Pursuant to 807 KAR 5:011 §10(1)(a), the District submits the attached cost justification (Exhibit "C") supporting its request for an increase in customer deposits from \$50.00 to \$100.00.

2. Pursuant to 807 KAR 5:011 §10(1)(a), the District submits the attached information (Exhibit "D") supporting its request for an increase in the returned check charge from \$5.00 to \$20.00.

3. Pursuant to 807 KAR 5:011 §10(1)(a), the District would state that there is no unique equipment utilized by the District in providing the services in support of the requests made herein. Basically, the District employs only general office equipment and general administrative office personnel.

4. Pursuant to KRS 278.180, the District would state that the District did not give the Commission thirty days notice of this request.

BERGER, COX & NIENABER



Thomas R. Nienaber -- KBA#51820  
401 Madison Avenue  
Covington, KY 41011  
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cc: Bullock Pen Water District, Attn: Chairman Bobby Burgess  
Morris & Bressler, P.S.C., Attn: Ms. Peggy Gamble  
Hon. Greg Stumbo, Kentucky Attorney General

# **EXHIBIT "C"**

**Bullock Pen Water District  
Case No. 2006-00440**

**Documentation supporting the increase of customer deposits from \$50 to \$100**

Billing information for residential customers during the past 10 months is as follows:

<b>Month</b>	<b>Total Billed for Water</b>	<b>Number of Bills</b>	<b>Average Bill</b>	<b>Plus Utility Tax</b>	<b>Forfeited Discount</b>	<b>Total Average Bill</b>
January	192,673.69	5,716	33.71	1.01	3.37	38.09
February	183,798.85	5,715	32.16	0.96	3.22	36.34
March	188,238.94	5,748	32.75	0.98	3.27	37.01
April	181,165.14	5,822	31.12	0.93	3.11	35.16
May	184,751.62	5,895	31.34	0.94	3.13	35.41
June	227,086.32	5,953	38.15	1.14	3.81	43.11
July	212,876.75	5,993	35.52	1.07	3.55	40.14
August	222,638.46	6,030	36.92	1.11	3.69	41.72
September	207,531.71	6,040	34.36	1.03	3.44	38.83
October	183,608.81	6,046	30.37	0.91	3.04	34.32

Average Residential Billing For One Month 38.01

It is the District's policy to obtain a deposit from each new customer. If, within a year the customer has established that they are not a credit risk, their deposit is refunded. If there appears to be any risk of non-payment the deposit is retained.

It is also the District's policy not to shut off a customer's water until the customer has failed to pay their bill for two months.

Any customer is therefore able to use water for a minimum of 2 and 1/2 months before their water will be shut off and they will be forced to pay the bill. By this time the unpaid amount can be as much as \$95.03 (38.01 X 2 1/2). If the customer decides to move away from the District during this time, the District has no recourse but to use the deposit to cover the unpaid bill. Currently the deposit of \$50.00 is not sufficient and the District is left with an outstanding bill that they are normally unable to collect.

The District feels that a deposit of \$100.00 is necessary to protect itself from losses incurred due to the non-payment of bills.

# **EXHIBIT "D"**

**Bullock Pen Water District  
Case No. 2006-00440**

**Documentation supporting the increase in the return check charge from \$5.00 to \$20.00**

Currently the District charges \$5.00 to its customers for each returned check. This fee is to cover the administrative costs of collection when a check is returned to the District. These costs have increased over the years to the point that the \$5.00 fee is no longer sufficient. We estimate that the administrative costs are approximately \$19.56 per returned check calculated as follows:

Personnel costs:

Average rate per hour paid to full time office personnel	16.98
Plus Benefits:	
FICA & Medicare - 7.65%	1.30
Retirement - Currently 13.19% and expected to increase 7/1/07	2.24
Medical, Dental, Life Insurance - Average paid per hour	<u>9.98</u>
 Average Personnel Cost Per Hour	 <u><u>30.50</u></u>

When a bad check is returned by the bank, our personnel must look up the the customer's account, copy and mail a notice to the customer, follow up on any accounts that have not paid within 7 days to see that their service is cut off and process the repayment. On average we expect that this takes 30 to 45 minutes of personnel time. If administrative costs are calculated based on 30 and 45 minutes of personnel time, the average cost per returned check is \$19.56 as follows:

	30	45
	Minutes	Minutes
Personnel Costs	15.25	22.88
Postage, Paper, Etc Per Notice	0.50	0.50
Total Administrative Costs	<u>15.75</u>	<u>23.38</u>
 Average Administrative Costs		 <u><u>19.56</u></u>

We are therefore requesting the fee to increase to \$20.00 per returned check.