

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BULLOCK PEN)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	
CONSTRUCT PROPOSED WATERWORKS)	
IMPROVEMENT PROJECT AND FOR)	CASE NO.
APPROVAL OF PROPOSED PLAN OF)	2008-00170
FINANCING, INCREASE IN RATES,)	
NONRECURRING CHARGES, AND TARIFF)	
REVISIONS)	

COMMISSION STAFF'S THIRD INFORMATION REQUEST
TO BULLOCK PEN WATER DISTRICT

Bullock Pen Water District ("Bullock Pen"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before August 7, 2009. 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.

Bullock Pen 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 Bullock Pen 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 shall 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Bullock Pen's application at 4 and the Final Engineering Report for Phase VI, Surcharge Estimate.

a. In its application, Bullock Pen stated that the Phase VI construction project would allow it to serve 183 new customers in Kenton County, but the surcharge calculation is based on 80 new customers. Provide a detailed explanation for the discrepancy in the number of new customers Bullock Pen is proposing to add in Kenton County.

b. In its application, Bullock Pen stated that it would receive \$180,000 in tap-on fees from Project VI, but the surcharge calculation contained in the final engineering report shows that only \$80,000 in tap-on fees will be received. Provide a detailed explanation for the discrepancy and identify the correct amount in tap-on fees that Bullock Pen will collect from the Kenton County customers resulting from the Phase VI construction project.

c. Provide a revised calculation of the Phase VI surcharge using the proposed 183 customers. Include copies of all workpapers, assumptions, and calculations used to calculate the Phase VI surcharge.

2. Refer to Bullock Pen's response to the Commission Staff's Second Information Request, Exhibit 40.

a. According to Bullock Pen's responses, the long-term debts listed in Table 1 below have term periods that exceed two years. For each long-term debt listed in Table 1 below, explain why Bullock Pen did not request prior Commission authorization as required by KRS 278.300.

Table 1				
	<u>Identification</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding Balance</u>
(1)	Old National Bank - Loan No. 1	09/01/03	02/05/14	\$ 229,307.46
(2)	Old National Bank - Loan No. 2	03/05/04	03/05/11	\$ 33,894.84
(3)	Daimler Chrysler - Cap. Lease	10/17/05	10/17/10	\$ 11,859.75

b. Bullock Pen provided a schedule listing all of its outstanding long-term debt. For each long-term debt issuance listed on the schedule, provide the debt service requirement the lenders expect Bullock Pen to maintain and written documentation to support this response.

3. Refer to Bullock Pen's Response to Commission Staff's Second Information Request, Item 3(a), Exhibit 24. Bullock Pen proposes to include debt service coverage ("DSC") of 0.20x on its Phase VI debt from the Kentucky Infrastructure Authority ("KIA"). In prior decisions, the Commission has used a DSC of 0.10x for any KIA debt, noting that the KIA does not have a coverage requirement. Explain in detail why Bullock Pen is proposing to use a 0.20x DSC for its KIA debt and provide documentation to support this request.

4. Refer to Bullock Pen's Response to Commission Staff's Second Information Request, Item 3(b), Exhibit 25. Provide the cost-of-service study and billing analysis in electronic, Microsoft Excel format.

5. Refer to Bullock Pen's Response to Commission Staff's Second Information Request, Item 3(c), Exhibit 26.

a. Explain why Bullock Pen included interest on customer deposits, the Chrysler lease payments, and the amortization of debt expense in its calculation of the 2007 debt service of \$754,827.

b. Provide a detailed breakdown of the items included in the amortization of debt expense of \$8,654.

6. Refer to Bullock Pen's Response to Commission Staff's Second Information Request, Item 12, Exhibit 31. The employee pay rates that are currently in effect were granted in either 2007 or 2008. Explain if Bullock Pen will give its employees a wage increase in calendar year 2009. If the response is yes, provide a copy of the minutes of the Commissioners' meeting approving the wage increases, the date the wage increase will become effective, and the amount of the wage increase for each employee.

7. Refer to Bullock Pen's Response to Commission Staff's Second Information Request, Item 9. For each item listed in Table 2 below, provide a complete and detailed description of the engineering service provided and a copy of all supporting invoices. State whether the service will be required to be performed in the future and the anticipated date the service will be required to be performed.

Table 2			
	<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
a.	01/25/2008	CMW, INC.	\$ 453.84
b.	03/04/2008	CMW, INC.	\$ 688.08

c.	03/27/2008	CMW, INC.	\$ 1,447.15
d.	04/18/2008	CMW, INC.	\$ 1,016.13
e.	05/28/2008	CMW, INC.	\$ 976.91
f.	06/25/2008	CMW, INC.	\$ 614.28
g.	07/22/2008	CMW, INC.	\$ 911.05
h.	08/08/2008	CMW, INC.	\$ 1,822.29
i.	09/19/2008	CMW, INC.	\$ 409.92
j.	10/14/2008	CMW, INC.	\$ 570.96
k.	11/10/2008	CMW, INC.	\$ 908.29
l.	11/28/2008	CMW, INC.	\$ 785.86
m.	12/31/2008	CMW, INC.	\$ 2,901.17

8. Refer to Bullock Pen's Response to Commission Staff's Second Information Request, Item 9. For each item listed in Table 3 below, provide a complete and detailed description of the legal service provided and all supporting invoices. State whether the service will be required to be performed in the future and the anticipated date the service will be required to be performed.

Table 3			
	<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
a.	01/31/2008	Thomas R. Nienaber	\$ 1,375.00
b.	03/31/2008	Thomas R. Nienaber	\$ 1,781.25
c.	05/12/2008	Thomas R. Nienaber	\$ 2,343.75
d.	05/15/2008	Thomas R. Nienaber	\$ 250.00
e.	09/15/2008	Thomas R. Nienaber	\$ 3,763.75
f.	10/31/2008	Thomas R. Nienaber	\$ 2,459.76
g.	12/31/2008	Thomas R. Nienaber	\$ 5,375.00


9. Bullock Pen reported paying \$2,679 to Raymond Baker for contractual management services. Provide a detailed explanation of the services Mr. Baker provides to Bullock Pen, a copy of the contract between Bullock Pen and Mr. Baker, and an explanation of how the monthly payments to Mr. Baker are calculated.

10. Bullock Pen paid \$1,850 to Regions Bank for contractual services. Provide a detailed explanation of the services Regions Bank provides to Bullock Pen, a copy of the

contract between Bullock Pen and Regions Bank, and an explanation of how the monthly payments to Regions Bank are calculated.

11. Refer to Bullock Pen's Response to Commission Staff's Second Information Request, Item 9. For each item listed in Table 4 below, provide a complete and detailed description of the accounting service provided and all supporting invoices. State whether the service will be required to be performed in the future and the anticipated date the service will be required to be performed.

	<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
a.	01/31/2008	Morris & Bressler	\$ 4,726.52
b.	02/29/2008	Morris & Bressler	\$ 5,497.16
c.	03/31/2008	Morris & Bressler	\$ 104.25
d.	04/30/2008	Morris & Bressler	\$ 204.00
e.	05/31/2008	Morris & Bressler	\$ 3,508.16
f.	06/23/2008	Van Gorder, Walker & Co, Inc.	\$ 9,650.00
g.	06/30/2008	Morris & Bressler	\$ 1,519.66
h.	08/31/2008	Morris & Bressler	\$ 2,629.44
i.	09/30/2008	Morris & Bressler	\$ 237.00
j.	10/31/2008	Morris & Bressler	\$ 2,198.22
k.	12/05/2008	Morris & Bressler	\$ 860.00
l.	12/31/2008	Morris & Bressler	\$ 7,727.66



Jeff Derpuen
Executive Director
Public Service Commission
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DATED: JUL 17 2009

cc: Parties of Record

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