

COMMONWEALTH OF KENTUCKY  
BEFORE THE UTILITY REGULATORY COMMISSION

\* \* \* \* \*

In the Matter of

APPLICATION OF PULASKI COUNTY WATER )  
DISTRICT NO. 1, OF PULASKI COUNTY, )  
KENTUCKY, FOR (1) A CERTIFICATE OF )  
PUBLIC CONVENIENCE AND NECESSITY; )  
(2) APPROVAL OF THE PROPOSED PLAN ) CASE NO. 7911  
OF FINANCING OF SAID PROJECT; AND )  
(3) APPROVAL OF THE INCREASED WATER )  
RATES PROPOSED TO BE CHARGED BY THE )  
DISTRICT TO CUSTOMERS OF THE DISTRICT )

O R D E R

IT IS ORDERED That the above case be and it hereby is set for hearing on September 3, 1980 at 10:30 a.m., Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky for the purpose of receiving testimony with respect to the request of Pulaski County Water District No. 1 for a certificate of convenience and necessity to construct facilities and the financing associated with the project.

IT IS FURTHER ORDERED That Pulaski County Water District No. 1 shall provide by September 19, 1980 the information requested in the Commission Staff Request dated August 13, 1980 attached hereto as Appendix "A".

Done at Frankfort, Kentucky, this 19th day of August, 1980.

UTILITY REGULATORY COMMISSION

  
For the Commission

ATTEST:

\_\_\_\_\_  
Secretary

PERRY R. W. ... CHAIRMAN  
CHARLES H. ... VICE CHAIRMAN  
CLAUDE M. VAUGHAN, JR., COMMISSIONER  
DENNIS P. CARRIGAN, EXECUTIVE DIRECTOR  
RICHARD D. HEMAN, JR., SECRETARY



UTILITY REGULATORY COMMISSION

RICHARD S. TAYLOR, CHAIRMAN  
JOHN S. HOFFMAN, VICE CHAIRMAN  
MARY RAY OAKEN, COMMISSIONER  
DENNIS P. CARRIGAN, EXECUTIVE DIRECTOR  
RICHARD D. HEMAN, JR., SECRETARY

COMMONWEALTH OF KENTUCKY  
ENERGY REGULATORY COMMISSION  
UTILITY REGULATORY COMMISSION

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POST OFFICE BOX 615  
FRANKFORT, KENTUCKY 40602  
502-564-3940

*Appendix  
11/11*

M E M O R A N D U M

TO: Case File No. 7911

FROM: Byrnes Fairchild *BF*  
Charles Vickers *CV*

SUBJECT: Review of Application Filed  
by: Pulaski County W. D. #1

DATE: August 13, 1980

The following has been noted in a review of the Application filed July 15, 1980:

(1) Billing Analysis - should include the number of bills for each one hundred gallons of usage from "0" gallons to "10,000" gallons for the "Test-Year". The information submitted only lists bills in 1,000 gallon increments and the number of bills listed multiplied by the usage listed for these bills does not equal the gallons of usage shown on the submitted listing. Further, the Application includes more than one billing analysis for the Test-Year; and the number of bills, revenue produced, etc., do not correlate--and--the staff does not know which one is more valid.

(2) The "Comparative Income Statement" as submitted is not appropriate. It lists "customer service connections" as revenues. This is improper accounting. Those fees for this public-non-profit utility are "contributions in aid of construction" and are to be accounted for as such. This is a "break-even" fee allowed by the IRS as non-taxable contributions. The revised Comparative Income Statement that deletes the \$4,931.02 from revenues should also delete the same amount from expenses.

The expenses tabulated on the Comparative Income Statement should be listed in the same manner as set forth on

sheets 10 and 11 of the Commission's Annual Report forms. This would result in a more detailed breakout of the \$11,463 listed for "System Operations". Additional details or information on the expenses as submitted are needed for the following:

- (a) Utilities - a breakout for each type of utility expense.
  - (b) \$6,780 for directors' travel and salaries.
  - (c) Separate the combined expense of \$960 into legal expense and audit (or accounting) expense.
  - (d) Show how the \$10,027.61 for depreciation was computed.
  - (e) Explain the source of \$3,612.65 interest income.
  - (f) Explain the \$1,769.95 listed as refunds.
- (3) The number of customers listed as served during the test-year is not the same throughout the Application. This is also related to notation (1) regarding the Billing Analysis.

Further general comments on the Comparative Income Statement are as follows:

- (1) The tabulation of "Proforma Adjustments" should be total annual adjustments; not incremental per customer adjustments as shown. Further, it is not appropriate to compute all of these adjustments on the basis of a ratio of the proforma customers to test-year customers. Only a few of the utility's expenses will increase in direct proportion to the increase in customers.