

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter:

THE APPLICATION OF THE BARNESBURG)
WATER ASSOCIATION, INC., OF)
PULASKI COUNTY, KENTUCKY, FOR (1))
A CERTIFICATE OF PUBLIC CONVEN-)
IENCE AND NECESSITY AUTHORIZING)
AND PERMITTING SAID WATER)
DISTRICT TO CONSTRUCT ADDITIONAL)
WATER LINES, STORAGE TANKS, PUMP)
STATIONS AND RELATED FACILITIES)
TO SERVE NEW AND ADDITIONAL CUS-)
TOMERS, AND (2) FOR APPROVAL OF)
THE WATER RATES PROPOSED TO BE)
CHARGED BY THE ASSOCIATION TO)
CUSTOMERS OF THE ASSOCIATION,)
AND (3) APPROVAL OF THE PROPOSED)
PLAN OF FINANCING THE PROPOSED)
ADDITIONS TO SAID WATER SYSTEM)

CASE NO. 8745

O R D E R

IT IS ORDERED that Barnesburg Water Association, Inc. ("Barnesburg") shall file an original and eight copies of the following information with the Commission, by April 4, 1983. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide a depreciation schedule for calendar year 1982. The Schedule should include original cost, in service date, rate or life, and accumulated depreciation for each asset classification and each sub-account within the utility plant in

service account. The amount for depreciation expense as reflected in the schedule should reconcile with depreciation expense as listed in the calendar year 1982 operating statement filed with the Commission on March 1, 1983.

2. a. Is Barnesburg aware of the Commission's policy to compute depreciation expense for rate-making purposes on the basis of the original cost of the plant in service less contributions in aid of construction?

b. If you are in disagreement with this policy provide a detailed explanation as to why this policy should not be applied in determining the revenue requirements in this case.

3. Item No. 6-9 of the information filed March 1, 1983 includes a balance sheet for the year ended December 31, 1982. Within the fixed assets section of the balance sheet an amount totaling \$4,804 is listed and identified as "Interest on long-term debts." Provide an analysis which reflects how this amount was derived and provide the rationale for including this item within this section.

4. Provide the maturity date and the interest rate for the following investments listed on the balance sheet at December 31, 1982.

Savings - Merrill Lynch \$74,255

Savings Account \$ 1,154

5. Included within the balance sheet for the year ended December 31, 1982, is an amount totaling \$12,686 and is identified as "Debt Retirement Fund." Provide the type of investment in which these funds are invested, the maturity date, and the interest rate at December 31, 1982.

6. The 1981 Annual Report for Barnesburg reflects that special funds at December 31, 1981 totaled \$10,200. However, the balance sheet for the year ended December 31, 1982, reflects the following amounts in the accounts listed.

Debt Retirement Fund	\$12,686
Savings - Merrill Lynch	74,255
Savings Account	<u>1,154</u>
Total	\$88,095

Provide an explanation for the increase of \$77,895 in special funds.

7. The 1981 Annual Report for Barnesburg reflects that tap-on-fees at December 31, 1981 totalled \$57,746. However, the balance sheet for the year ended December 31, 1982 reflects that tap-on-fees totalled \$120,936 at the end of 1982. Provide an explanation for this increase

8. Provide an explanation for the following changes noted in the amounts reported in the 1982 test period operating statement as compared to the 1981 operating statement.

a. Supplies decreased by \$2,932 (87%)¹

¹ The numbers in parentheses represent the change expressed as a percent of 1981.

- b. Maintenance decreased by \$3,881 (48%)
- c. Customer billing increased by \$487 (26%)
- d. Accounting increased by \$540 (100%)
- e. Travel increased by \$2,395 (100%)

9. Provide a detailed breakdown of maintenance expense for calendar year 1982 as shown in attached Format No. 1. Items under \$100 may be grouped within a common classification. The total for the breakdown should reconcile with the total listed in the 1982 operating statement.

10. Provide a detailed breakdown of travel expense for calendar year 1982 as shown in attached Format No. 2. Items under \$100 may be grouped within a common classification. The total for the breakdown should reconcile with the total listed in the 1982 operating statement.

11. Provide a detailed schedule of the expenses associated with this rate case. As shown in attached Format No. 3. Include the hourly rate to be charged to Barnesburg for any professional services rendered. Also, provide the period over which Barnesburg proposes to amortize these expenses.

12. Provide the following concerning construction and financing of the new waterworks project:

- a. When is construction scheduled to begin and when is it scheduled to be completed?
- b. When will Barnesburg receive the proceeds of the Farmers Home Administration ("FmHA") loan?
- c. Will Barnesburg be required to provide interim financing from a private source during the period of construction?

If so, provide the interest rate and time period for the interim financing.

13. What coverage ratio(s) are required by FmHA under the financing agreement for the construction project in this case?

14. Items 1 and 2, filed March 1, 1983, in response to information requests 1 and 2 contained in the Commission's Order of January 13, 1983, are based on a "typical month." In addition, there are discrepancies between Items 1 and 2 in both total usage and usage by rate block.

- a. Provide a detailed billing analysis for the 12-month test year period based on actual usage.
- b. Provide the number of new customers and estimated usage per rate increment anticipated after construction.

Done at Frankfort, Kentucky, this 16th day of March, 1983.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

Barnesburg Water Association, Inc.

Case No. 8745

Maintenance Expense

Calendar Year 1982

<u>Date</u>	<u>Description</u>	<u>Reference (Ch. No., Invoice, etc.)</u>	<u>Materials</u>	<u>Labor</u>	<u>Other</u>	<u>Total</u>
				<u>Amount</u>		

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Travel Expense

Calendar Year 1982

<u>Date</u>	<u>Description</u>	<u>Reference (Chk No., Invoice, etc.)</u>	<u>Mileage Rate (1)</u>	<u>Gas & Oil</u>	<u>Other</u>	<u>Total</u>
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Amount

(1) If a mileage rate is used indicate the rate used.

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Rate Case Expenses

<u>Description</u>	<u>Services(\$)</u>	<u>Materials(\$)</u>	<u>No. of Hours</u>	<u>Hourly Rate</u>	<u>Total Amount</u>
<u>Engineering</u>					
<u>Accounting</u>					
<u>Legal</u>					
<u>Printing & Copying</u>					
<u>Postage</u>					
<u>Other</u>					