

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES AND)
AUTHORITY TO BUILD AND)
FINANCE LINE EXTENSION OF) CASE NO. 8748
HENRY COUNTY WATER DISTRICT)

O R D E R

IT IS ORDERED that Henry County Water District ("Henry County") shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by March 11, 1983. Henry County shall also furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. 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 confirmation from Henry County Fiscal Court of the proposed compensation to Henry County's commissioners as required by KRS 74.020(4).

(2)(a) How many employees does Henry County employ? Provide a list of employees, a description of each employee's duties, hourly pay or salary, number of hours worked per week, and number of hours worked during the 1981 test period.

(b) On page 3 of the 1981 annual report, it is reported that Elmer McAlister, the general manager, received \$14,400 annual salary. Where is his salary reported on page 11 of the 1981 annual report.

(3)(a) Explain Henry County's policy regarding wage increases, i.e., who makes the decision, what factors are considered in determining the amount of increase, etc.

(b) Explain the basis for projecting a \$2,400 increase in salaries. Who will receive the increase and how much will each employee receive? Has this increase gone into effect and if yes, on what date?

(4) Does Henry County plan to purchase all of its water from Henry County Water District #2 ("Henry County #2") after the proposed pipe construction is completed? Is Henry County #2 able to provide all of Henry County's current and projected water requirements? Has Henry County done a cost analysis to determine if it is less expensive to purchase all of its water from Henry County #2 than to purchase and also produce?

(5) What is the current rate of customer growth? Will additional customers be served after the proposed construction is completed and if yes, how many?

(6)(a) In Exhibit 1A and 1B, Henry County proposes a \$3,000 expense for computer billing service. Provide a contract for the computer service agreement.

(b) Will there be a reduction in the number of Henry County's employees due to the use of the computer service? Will there be other cost reductions in customer billing and collecting expenses recorded during the test year? If yes, quantify these reductions.

(7) For the electricity expense, telephone expense, chemical expense, legal and accounting fees, office supplies and postage expense, and insurance expense, provide all bills, invoices, and contracts, etc., for the 1981 test period, showing the effective or starting date of each increase in expense, and the test period volumes used (i.e., usage, KWH, fees, hours, etc.). Note: If this information is not filed, the Commission will not adjust test period expenses. The Commission's policy is to accept only those adjustments that are known and measurable.

(8) Provide a breakdown of Account 921, office supplies and other expenses of \$2,779.71, on page 11 of the 1981 annual report.

(9) Explain the nature of the truck allowance expense of \$600 reported in Exhibit 1A and 1B and the projected increase of \$600 in this expense. Provide verification of this expense.

(10) In Exhibit 1A and 1B of the application, provide a breakdown of the following expenses:

(a) pipe, meter and other supplies expense of \$2,828.86 and verification of the increase of \$6,025.

(b) repairs and maintenance of equipment expense of \$564.20 and verification of the increase of \$564.20.

(c) repairs and maintenance of plant expense of \$1,018.75 and verification of the increase of \$1,018.75.

(11) In Exhibit 1A and 1B, it is reported that depreciation expense will increase by \$2,800 due to plant additions of \$140,000. Provide a description of the plant additions of \$140,000, the date placed into service during the test period, the useful life, original cost and salvage value.

(12) Provide an analysis of expected rate case expenses applicable to this current case (Case Number 8748). Include in the analysis what services are to be rendered and the rate and time charged for that service.

(13) Explain and provide a breakdown of the services rendered for the architect's fee of \$450 reported in Exhibit 1A and 1B and also an explanation of services rendered for architect's fee of \$8,000 reported under current one-time expenditures in Exhibit 1A and 1B. Does the \$8,000 architect's fee correspond to the \$8,000 cost estimate for engineering provided by Sabak, Wilson, Heiner, and Lingo, Inc., in their letter dated October 13, 1982?

(14) Provide a breakdown of the \$12,000 reported for upgrading of plant under current one-time expenditures in Exhibit 1A and 1B.

(15) Provide verification of the \$9,000 expenditure for dam inspection fee. How often is this inspection performed?

(16) Provide a copy of the contract between Henry County and the McKee family, which includes the agreement made regarding the providing of water to the McKee family at reduced rates.

(17) Provide two copies of the engineering plans and specifications for the proposed construction project.

(18) Provide a copy of engineering calculations and field measurements used to determine the adequacy of the proposed construction project.

Done at Frankfort, Kentucky, this 23rd day of February, 1983.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary