

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF)
KENTUCKY-AMERICAN WATER COMPANY) CASE NO. 8836

O R D E R

IT IS ORDERED that Kentucky-American Water Company shall file an original and 12 copies of the following information with the Commission by August 17, 1983. Each copy of the data requested should contain an index of the information provided and be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. 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 copy of any preliminary reports and/or executive summaries made to Kentucky-American by the firm of Camp, Dresser and McKee concerning the water demand study mentioned in Mr. Edens' direct testimony, questions 17-19.

2. Provide a copy of Camp, Dresser and McKee's final report to Kentucky-American upon its completion.

3. Provide a detailed description of the methodology, including study assumptions, and data sources used by Camp, Dresser and McKee to forecast water consumption.

4. Provide a detailed description of the methodology, including study assumptions and data sources used by Camp, Dresser and McKee to forecast population trends.

5. Provide a cost analysis for the proposed return check charge.

6. Provide a copy of all schedules and workpapers identified in Mr. Jones' direct testimony, questions 15-16, used to update Mr. Ober's cost of service study filed in Case No. 8571. All schedules should be consistent in format with those filed by Mr. Ober. Insofar as the updated study varies from Mr. Ober's in either schedule format or allocation methodology a detailed description of the variance should also be included.

7. Provide an analysis of the proportion of all residential customers falling into the usage levels shown in Exhibit No. 6, Schedule 5. Also, provide a similar analysis for all commercial and industrial customers.

8. Provide workpapers showing the adjustment to sales to the University of Kentucky, Square D Corporation, Trane Corporation,

Blue Grass Army Depot and the Federal Correctional Institute discussed in Mr. Jones' direct testimony, question 12.

9. What criteria does Kentucky-American use in determining when to accrue an allowance for funds used during construction ("AFUDC")?

10. At the end of the test period, what is the balance in CWIP eligible for AFUDC?

11. Regarding Exhibit 4, Schedule 8 for pro forma group insurance costs, is all of the increase proposed reflective of increased labor costs or has the group plan changed in any way? If so, describe the changes and their effect on the pro forma group insurance expense.

12. Regarding Exhibit 4, Schedule 9 for pro forma pension plan costs, is all of the increase proposed reflective of increased labor costs or has the pension plan changed in any way? If so, describe the changes and their effect on the pro forma pension plan costs. Also, describe "other pension plan expense" of \$3283 and explain why it was not reflected in the test period.

13. Edens' testimony, pages 10-11 highlights efforts by the company to control costs. Has the annualized expense change of these measures been incorporated in test period operations? Are there other measures which Kentucky-American has implemented to control costs? If so, describe such measures and indicate the cost savings which are reflected in test period and/or pro forma operations.

14. Has Kentucky-American increased its end of period depreciation reserve to reflect the inclusion of its pro forma adjustments to depreciation expense?

15. How does Kentucky-American determine the amounts to be capitalized on payroll taxes and employee benefits?

16. Regarding the adjustment to salaries and wages of \$210,215, provide the calculations to show separately the amount of the adjustment applicable to union employees and the amount applicable to salaried employees. Show the percentage increase in each category if it differs from 5 percent. Also provide the number of union employees and the number of salaried employees at the end of the test period.

17. Regarding Exhibit 4, schedule 12, Kentucky-American included an adjustment to fuel and power costs of \$70,000 to reflect "costs of pumping into the Number Four Reservoir on a more normal basis than was experienced during the test year." Provide details concerning this adjustment, including the test period fuel and power costs and the projected fuel and power costs associated with pumping into the Number Four Reservoir, and explain why the test period level was abnormal.

18. Why did Kentucky-American choose a 3 year period in which to amortize its depreciation study?

19. Page 12 of Mr. Edens' testimony refers to a Partial Factor Productivity evaluation referred to as Edens' Appendix 1. Provide this appendix, as it apparently was omitted from the testimony. Also provide any workpapers and/or assumptions used to support this evaluation.

20. Do all employees of Kentucky-American receive the same benefit package? Provide a detailed explanation of benefits in general and any areas where there is a material difference in the benefits received by any employee or group of employees.

21. What is the percentage of employee benefits for all employees to total wages for the test period and the previous 5 years?

22. Do Kentucky-American's employees share in the cost of any employee benefits such as pension plans, etc.? If yes, what percentage of the total expenditure is borne by Columbia?

23. Regarding the "Report on Depreciation Rates" by John Russell Associates, Inc., provide (for all accounts where negative salvage value is assumed) any data sources or studies used to support the negative salvage values incorporated in the report.

Done at Frankfort, Kentucky, this 4th day of August, 1983.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Secretary