

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

AN ADJUSTMENT OF RATES OF HARRISON)
COUNTY WATER ASSOCIATION, INC.) CASE NO. 8911

O R D E R

IT IS ORDERED that Harrison County Water Association, Inc., ("Harrison County") shall file an original and eight copies of the following information with this Commission by January 27, 1984. 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. With regard to Attachment D of your application the gallons listed for 1,000 gallons in step four shows 2,264,000 gallons. The number of gallons should be shown as 4,528,000. This results in the billing analysis producing a total of \$267,656. The comparative statement on page 8 of the application lists operating revenues in the amount of \$272,974. Provide an explanation for the difference of \$5,318.

2. According to the test-period statements of monthly revenues submitted in response to the Commission's Order dated November 1, 1983, Harrison County realized revenues from reconnect fees in the total amount of \$470 and revenues from sales tax commissions in the total amount of \$26. However, the test-period comparative income statement submitted with the rate adjustment application reflects only the total amount of residential and

commercial revenues produced from water sales. Provide details as to the revenue account(s) in which the reconnect fees and sales tax commissions are reported per the test-period comparative income statement.

3. According to the test-period comparative income statement, Harrison County realized miscellaneous income in the amount of \$504. However, the total amount of miscellaneous income reported per the test-period statements of monthly revenues and expenses reflects a negative \$562. Provide complete details regarding the discrepancy that exists between this income amount as reported per the comparative income statement and that reported per the statements of monthly revenues and expenses.

4. According to its response to Item No. 10 of the Commission's Order dated November 1, 1983, Harrison County determined its revenue requirements based upon an approximate break-even point on the income statement. In determining the revenue requirements of water utilities, the Commission has primarily employed the debt service coverage method of revenue determination.

Is Harrison County aware of this method of determining revenue requirements? Provide any comments Harrison County may wish to extend concerning the debt service coverage method. Will Harrison County be in violation of any earnings requirements provisions of its mortgages securing its long-term debt if annual operating revenues are only sufficient to meet operating expenses?

5. With regard to the Phase IV extension of water lines, in its correspondence dated November 7, 1983, which accompanied the response to the Commission's Order of November 1, 1983, Harrison County indicated its intention to file for approval of financing and to apply for a certificate of public convenience and necessity within 3 months. Provide complete details concerning the status of this project, particularly with regard to Harrison County's intended filing for project approval from the Commission.

6. Harrison County's response to Item No. 7 of the Commission's Order dated December 2, 1983, indicates that the proposed adjustments to operating expenses in the total amount of \$32,110 associated with the Phase IV extensions were derived from the operating budget prepared by the Farmer's Home Administration ("FmHA"). Provide complete details regarding the basis upon which the budgeted expense amounts relative to the Phase IV extensions were determined per the FmHA operating budget.

7. Provide a schedule reflecting Harrison County's temporary cash investments and its restricted cash and cash investments as of December 31, 1983, including the following information:

- a) type of investment.
- b) investment amount.
- c) length of investment term.
- d) maturity date.
- e) rate of interest.

8. For the test period ended June 30, 1983, provide a detailed breakdown of Account No. 641, Transmission and Distribution Expenses--Operation Supplies and Expenses, according to the attached Format No. 1. Items of an amount less than \$100 may be grouped within a common classification. The total dollar amount of items included in the breakdown should reconcile with the total expense amount of \$17,524, as reported per the comparative income statement submitted with the application.

9. For the test period ended June 30, 1983, provide a detailed breakdown of Account No. 655, Transmission and Distribution Expenses--Maintenance of Other Plant, according to the attached Format No. 2. Items of an amount less than \$100 may be grouped within a common classification. The total dollar amount of items included in the breakdown should reconcile with the total repairs and maintenance expense amount of \$6,616, as reported per the test-period comparative income statement.

In addition, provide details as to the reason(s) that the \$6,616 maintenance expense amount reported per the test-period comparative income statement differs from the total maintenance expense amount of \$6,048, as reported per the statements of monthly revenue and expenses.

10. According to the test-period comparative income statement, Harrison County incurred expenses associated with outside services in the amount of \$3,966. Reported per the statement of water operation and maintenance expenses for the year ended December 31, 1982, are expenses for outside services in the

amount of \$10,366. Provide details regarding the substantial decrease that occurred in this expense from the calendar year 1982 to the test period ended June 30, 1983.

Done at Frankfort, Kentucky, this 17th day of January, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

HARRISON COUNTY WATER ASSOCIATION, INC.

CASE NO. 8911

Transmission and Distribution Expenses
Maintenance of Other Plant

Year Ended June 30, 1983

Format No. 2

<u>DATE</u>	<u>DESCRIPTION</u>	<u>REFERENCE (Ch. No., Invoice, etc.)</u>	<u>AMOUNT</u>			<u>TOTAL</u>
			<u>MATERIALS</u>	<u>LABOR</u>	<u>OTHER</u>	