

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE TODD)
COUNTY WATER DISTRICT OF TODD)
AND LOGAN COUNTIES, KENTUCKY,) CASE NO. 8943
FOR APPROVAL OF AN INCREASE IN)
RATES TO BE CHARGED FOR WATER)
SERVICE.)

O R D E R

IT IS ORDERED that Todd County Water District ("Todd County") shall file an original and seven copies of the following information with the Commission by January 27, 1984. In the event the requested information is not available, Todd County shall state explicitly why the information cannot be furnished. If neither the response nor a motion for extension of time is filed by the stated date, the case may be dismissed.

1. With reference to Exhibit H, page 2, furnish a copy of the budget which FmHA recently rejected due to insufficient revenues. Provide a copy of the correspondence from FmHA indicating that the budget is unacceptable.

2. Provide a copy of Todd County's By-Laws referred to in Exhibit D, page 3.

3. Provide a copy of the 1979 bond resolution and a copy of the loan agreement associated with the bond issue.

4. Provide references to the provisions of the bond resolution requiring the maintenance of the reserve funds referred

to in Exhibit E, page 7. What is the current policy of FMHA concerning maintenance of the funds, and what are the potential ramifications of the failure to maintain these funds at the required levels?

5. For each employee and commissioner of Todd County, provide the following information for the test year:

a) The name, title and total compensation received during the test period. Include a description and the amount of any fringe benefits received for each employee and commissioner.

b) Total number of regular and overtime hours worked.

c) A complete description of the duties and responsibilities of each employee and commissioner.

d) For each commissioner provide the approximate amount of time required monthly to fulfill his duties and responsibilities in official utility business.

6. Provide the date of each commission meeting held during the test period and indicate the total number of commissioners in attendance at each meeting.

7. In reference to Exhibit H, page 6, item 6, the Rate Adjustment Cost of \$8,058, provide the following:

a) Actual expenses which have been incurred to date for legal, accounting, and engineering services.

b) The basis for the amounts listed for legal, accounting, and engineering costs included within the rate case expense breakdown.

c) A schedule of the hourly rates for legal, accounting, and engineering costs that will be charged to Todd County for this rate case.

d) A detailed description of the legal, accounting and engineering services to be provided Todd County in this case and an estimate of the number of hours that will be charged to Todd County for the services.

8. Provide an analysis of Employee Travel Expense for the test year. Show amounts attributable to each employee, and provide a summary of mileage, meals, lodging, gasoline and other costs reimbursed during the test year.

9. With reference to Exhibit E, page 18, provide a detailed analysis of the following expenses. Include in the analysis the check or voucher number, payee, the amount, the date, and a description of each transaction. Items of less than \$50 may be grouped with a general description of the costs included in each group.

a) Operations, Supplies and Expense	\$ 17,492
b) Chemicals	19,587
c) Repairs and Maintenance	16,684
d) General Expense	1,037
e) Office Supplies and Postage	2,843
f) Taxes	3,898

10. Provide copies of bills for water purchased from South Logan Water District during the test period. Provide a copy of the current contract to purchase water from South Logan Water District.

11. Provide an analysis of Accounting and Legal Fees incurred during the test year. The analysis should show the payee, dollar amount, account charged, hourly rates and time charged to Todd County according to each invoice, and a brief description of the services provided.

12. Provide an analysis of premiums paid for insurance coverage during the test period. Has additional insurance coverage been acquired or contemplated subsequent to the test year? If so, what will the annual cost of the additional insurance be?

13. Provide either copies of test-year utility bills, or a detailed analysis which includes monthly consumption, amount billed, and the rates of each vendor supplying utility service. The analysis should reconcile to the amount reported in Utilities expense on the test-year income statement reflected on Exhibit E, page 18.

14. With reference to Exhibit D, Section 3, provide an analysis of 10 percent late charges collected on delinquent bills during the test year. Include the account charged with these amounts. Also, indicate the total amount collected as a result of the \$15 disconnection and reconnection charges.

15. Exhibit H, Page 1, states, "The average operating cost per customer, excluding water production, for the test year was approximately \$53." Explain the derivation of this amount and the statement that this amount is "within acceptable limits of good water district management".

16. Provide a narrative explaining the policies of Todd County concerning write-offs of Customer Accounts Receivable including the procedures used to collect delinquent accounts. Were any amounts that were written off during the test year subsequently collected? Provide a 3-year analysis showing receivables written off and amounts subsequently collected.

17. Exhibit E lists as Other Income, Reimbursements in the amount of \$2,289. Provide an explanation of the basis for this income and indicate how the original transaction and the reimbursements were recorded.

18. Exhibit G lists as components of present monthly revenues Tap Fees, Repair Work, and Refunds. Provide a narrative explaining how these items were recorded and an analysis of transactions included in each.

19. Provide copies of billings to the City of Elkton ("Elkton") for the test year. Also, provide a copy of the contractual agreement to sell water to Elkton.

20. Provide a narrative explaining the \$51,138 receivable from Elkton listed on the August 31, 1983 Balance sheet. Why was only \$100 paid on the account during January through August 1983? Provide a breakdown of the receivable into amounts attributable to operation and maintenance payments, and principal and interest and reserve fund payments. Also, explain the steps being taken by Todd County to collect this past due amount.

21. Provide a determination of the wholesale rates applicable to Elkton based on test-year operation and maintenance costs.

22. The August 31, 1983, Balance Sheet indicates a zero balance for the account, Cash in Bank-Construction." However, Note 2 (Exhibit E, page 6) indicates a balance of \$15,525. Please explain this discrepancy.

23. Exhibit H, page 2, states that the Water Treatment Facility Reserve Account requires a payment of \$665 per month. Exhibit E on page 7 lists this requirement as \$996. Please indicate which amount is correct.

24. Exhibit H on page 1 states that there are 781 metered services on the system. With one bill to each per month, 9,372 bills would be rendered annually. Exhibit H, page 4, indicates 10,872 bills rendered during the test period. Please explain this large variance in bills issued, versus total customers.

25. It is the policy of the Commission to disallow the cost associated with line loss in excess of 15 percent. Provide a study reflecting all costs associated with line loss during the test period and a discussion of Todd County's position on this issue.

26. How many residential customers were being served as of August 31, 1983? How many service taps are there on the system?

27. How many customers are served on each of the following size meters: 1-inch, 2-inch, 3-inch and 4-inch? Do any of these customers normally use less water than the amount included in the minimum bill? If so, please indicate how many.

Done at Frankfort, Kentucky, this 11th day of January, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary