

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF ESTILL COUNTY)
WATER DISTRICT NO. 1 FOR (1) A)
CERTIFICATE OF PUBLIC CONVENIENCE) CASE NO. 9018
AND NECESSITY, (2) APPROVAL OF)
PROPOSED FINANCING, AND)
(3) APPROVAL OF INCREASED RATES)

O R D E R

IT IS ORDERED that Estill County Water District No. 1 ("Estill County") shall file an original and seven copies of the following information with the Commission with a copy to all parties of record by May 18, 1984. Estill 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 an extension of time is filed by the stated date the case may be dismissed.

1. Please provide copies of any studies, comparisons, surveys, or other documentation used to determine the following water usage:

- A. New Residential Customers 3500 gallons per month
- B. Hargett Elementary School 466,190 gallons per year
- C. Camp Burnamwood 600,000 gallons per year

2. Provide estimated premiums to insure the new construction obtained from Estill County's insurance agent.

3. Please respond to the following concerning Miscellaneous Service Revenues:

- A. Give a full description of the services provided.
- B. List persons for whom this service is provided.
- C. How are expenses associated with this revenue accounted for?
- D. A difference exists between the revenue reported in the 1983 Annual Report (\$10,315.18) and Exhibit O of the application (\$12,897.18). Please explain this difference.

4. Review of the 1982 and 1983 Annual Reports reveals charges of \$23,621.33 and \$36,282.59 respectively to the account Outside Services employed. According to Exhibit O of the application, a large portion (90 percent for 1983) of this expense is engineering related. Please respond to the following questions related to the engineering services:

- A. What was the scope of these services?
- B. Is this a recurring expense?
- C. Were these services related to the proposed system?

5. Please respond to the following concerning Exhibit O of the application:

- A. Item 8 implies that two service calls per week will be required to service the proposed system. Provide the basis for this estimate.
- B. Item 10 refers to increased Office and Administrative Expense. Provide any information used to arrive at the \$.42 cost of billing each customer monthly.
- C. Item 13 refers to \$1,158 of Bad Debts Expense. Why weren't any bad debts written off in 1983? Also, what amount can reasonably be expected to recur each year as uncollectible?
- D. Item 16 implies that Estill County is requesting inclusion of only one-half of the yearly

depreciation of its proposed system for rate-making purposes. Please state the reason(s) for this.

- E. Item 14 seems to contain an error which affects the remainder of the statement. (The adjusted amount of \$21,223 should be \$21,221.) Please acknowledge the error and allow us to make the \$2 correction on Adjusted amounts of (1) Engineering Fees, (2) Total Operating Expenses, (3) Net Operating Income and (4) Net Income.

6. Provide hydraulic analyses, supported by computations and actual field measurements, of typical operational sequences of the proposed water distribution system. Computations are to be documented by a schematic map of the system that shows pipeline sizes, lengths, connections, pumps, water storage tanks, and sea level elevations of key points, as well as allocations of actual customer demands. Flows used in the analyses shall be identified as to whether they are based on average instantaneous flows, peak instantaneous flows, or any combination or variation thereof. The flows used in the analyses shall be documented by actual field measurements and customer use records. Justify fully any assumptions used in the analyses.

7. Provide a pressure recording chart showing the actual 24-hour continuously measured pressure available near the connection point of Estill County's proposed waterline on Dry Branch Road to Irvine's water system. Identify the 24-hour period recorded, the exact location of the pressure recorder and the sea level elevation of the recorder.

8. Provide narrative description of the proposed daily operational sequences of the water system. Documentation should include the methods and mechanisms proposed to provide positive

control of the proposed tanks water level. Narrative description should also include how tank will "work" (Expected inflow and outflow of water and approximate times of day). Any assumptions are to be fully supported by appropriate measurements and hydraulic calculations.

9. The proposed waterline to serve the area near the Hargett School appears to be in violation of the PSC regulation (807 KAR 5:066, Section 11) which prohibits 2-inch noncirculating lines in excess of 250-feet in length. It appears as though a 3-inch or larger line should be installed. Provide comments concerning this matter.

10. Provide criteria and relevant information used in the determination of the size of the proposed master meter.

11. Provide work papers used in preparation of the billing analysis and an explanation of the process used in determining the revenue produced from the rates during the test year.

12. Exhibits 1 and 2 to the application appear to be computer printout analyses of bills and revenue. Please provide the following with regard to these exhibits:

(a) Is Exhibit 1, page 2, based on actual test year bills at the current rate? If other than test year, what time period is covered?

(b) Is Exhibit 2, page 2, based on test year data plus anticipated new customers?

(c) Were the test year and projected billing analyses prepared from these exhibits?

13. Estill County's present tariff provides for a \$10.00 reconnect charge, \$2.00 meter test charge and \$250.00 tap-on fee. Are these charges compensatory? If not, why have no increases been proposed?

Done at Frankfort, Kentucky, this 4th day of May, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary