

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF HARDIN COUNTY)
WATER DISTRICT NO. 2, HARDIN)
COUNTY, KENTUCKY, (1) FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY AUTHORIZING SAID)
DISTRICT TO CONSTRUCT MAJOR)
IMPROVEMENTS AND ADDITIONS TO ITS)
EXISTING MUNICIPAL WATER DISTRI-)
BUTION SYSTEM PURSUANT TO THE)
PROVISIONS OF CHAPTER 74 OF THE)
KENTUCKY REVISED STATUTES; (2))
SEEKING APPROVAL OF THE ADJUST-)
MENT OF WATER SERVICE RATES AND)
CHARGES; AND (3) SEEKING)
APPROVAL OF THE ISSUANCE OF)
CERTAIN SECURITIES)

CASE NO. 9041

O R D E R

IT IS ORDERED that Hardin County Water District No. 2 ("Hardin County No. 2") shall file an original and seven copies of the following information with the Commission, with a copy to all parties of record, by August 9, 1984. If the information requested or a motion for an extension of time is not filed by the stated date, the Commission may dismiss the case without prejudice. Hardin County No. 2 shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each item of information requested.

1. As is stated above, furnish the name of the witness who will be available at the public hearing for responding to questions concerning each item of information requested in the

Commission's Order of May 29, 1984. Such information was not furnished in response to that Order.

2. Regarding the depreciation expense proposed of \$83,115, this amount of depreciation is based on the present plant in service. Are you aware that the Commission may also allow a pro forma adjustment for depreciation expense on the proposed construction if said construction is approved? Also, were customers of Hardin County No. 2 informed of the changed rates as a result of the increased revenue requirement? If so, provide evidence indicating that such is the case. If not, do you plan to notify your customers of the new proposed rates filed with the Commission?

3. According to the 1983 Annual Report, water sales revenue was \$793,870. Water sales revenue according to Table V-2 of the Engineering Report was \$807,838 for 1983. Please explain this apparent discrepancy.

4. Regarding Appendix 1 of the response to the Commission's Order of May 29, 1984, the response indicates that the exhibits submitted illustrate answers to items 2 and 4. Provide the following as the original response was not submitted in the manner requested:

(a) Only for those invoices over \$100, provide a listing of the invoices which were expensed in the "maintenance of meters" account.

(b) Only for those invoices over \$150, provide a listing of the invoices which were expensed in the "transmission and distribution expense" account.

(c) Only for those invoices over \$150, provide a listing of the invoices which were expensed in the "maintenance of service expense" account.

(d) Provide narrative explanations for the increases and list the major non-recurring expenditures for items in (a), (b) and (c) above, and list which account each non-recurring item was expensed in.

5. Regarding the increases in the following accounts:

| | <u>1982</u> | <u>1983</u> |
|-------------------------------------|-------------|-------------|
| Accounting and Collecting Labor | \$18,503 | \$30,603 |
| Administrative and General Salaries | 55,519 | 73,648 |
| Meter Reading Labor | 7,200 | 12,402 |

Provide the amount of increase due to each factor listed in item 3 of the response to the May 29, 1984, Order (i.e., How much of the increase for each expense account was due to the hiring of additional employees, how much to modest salary increases, how much to additional overtime wages?) Also provide reasons for each of the increases (e.g., If additional accounting and collecting labor was hired, what factors necessitated the additional manpower requirements?)

6. Provide the date in 1982 when Hardin County No. 2 adopted the State Employee Retirement System Plan for its employees.

7. How many gallons did you estimate the 200 new customers would use when preparing the billing analysis? How did you arrive at the estimate?

8. Please explain why you propose to eliminate steps in your rate structure? Provide justification that the new proposed rate structure will be more fair than the present rate structure. How will the new rate structure benefit the utility? its customers?

9. The billing analysis produces \$814,335. Table V-7 shows water sales to be \$817,840. Explain the difference of \$3,505.

10. Provide cost justification for increasing each tap-on fee. Cost justification forms are attached for your convenience.

11. The copies of the print-outs of the computer hydraulic analyses filed in response to Items 14 and 16 of the Commission's May 29, 1984, Information Request do not show the data or results for pipes 57 through 64. Provide this information for each computer run previously filed.

12. In conjunction with the response to Item 21 of the Commission's May 29, 1984, Information Request, provide the daily expected total inflow and outflow, in gallons of water, from each of the proposed tanks. Any assumptions are to be fully supported by appropriate field measurements and hydraulic calculations.

Done at Frankfort, Kentucky, this 16th day of July, 1984.

PUBLIC SERVICE COMMISSION

Richard D. Heran
For the Commission

ATTEST:

Acting Secretary