

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE)
PENDLETON COUNTY WATER DISTRICT) CASE NO. 9625

O R D E R

IT IS ORDERED that Pendleton County Water District ("Pendleton") shall file an original and eight copies of the following information. The information requested herein is due no later than November 25, 1986. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Please provide a copy of the current letter from Farmers Home Administration ("FmHA") stating the number of additional customers, a breakdown of the costs of the proposed construction, and a schedule of the financing. The letter provided in the application was dated September 13, 1983.

2. Provide the number of customers currently, the average number of customers during the test year, the proposed number of additional customers, and the number of customers used in determining the proposed adjustments.

3. With regard to the following proposed adjustments, please provide copies of the calculations computing the adjustments and a detailed explanation of the methodology behind each adjustment:

- (a) Division II, Salaries & Wages - Pumping Adjustments
3a and 12
- (b) Division II, Salaries & Wages - Operation Adjustment
13
- (c) Division II, Salaries & Wages - Meter Reading
adjustment 14
- (d) Division II, Utilities - Storage/Meter Adjustment
17
- (e) Division I, Utilities - Telephone Adjustment 7b
- (f) Division II, Utilities - Telephone Adjustment 17a
- (g) Division II, Repairs & Maintenance - Storage
Adjustment 18
- (h) Division II, Repairs & Maintenance - Distribution
Adjustment 19
- (i) Division II, Repairs & Maintenance - Meters
Adjustment 20
- (j) Division II, Repairs & Maintenance - Services
Adjustment 22
- (k) Division II, Repairs & Maintenance - Supplies
& Parts Adjustment 23
- (l) Division II, General Administration - Adjustment 25
- (m) Division I, Outside Services - Accounting
Adjustment 9a
- (n) Division II, Outside Services - Accounting Adjustment
26a
- (o) Division II, Uncollectable Accounts - Adjustment 29
- (p) Division I, Taxes - PSC Assessment Adjustment 12
- (q) Division II, Taxes - PSC Assessment Adjustment 33
- (r) Division II, Depreciation - Adjustment 34

4. With regard to the Division II, Purchased Water Adjustments 3b, 15, and 4 please provide the following:

a. The notice of increase in water rates by the City of Falmouth stating the new rates and the effective date.

b. An explanation as to why a 4-month average was used to compute the adjustment due to the water line break per adjustment 3b.

c. The calculations used to reduce the purchased water amount to reflect the anticipated decrease in water consumption by Griffin Industries per adjustment 3b.

d. Reconcile Schedule 18 per the application to the actual 3b adjustment of \$<20,511>.

e. The calculations used to determine adjustment 15.

f. An explanation as to why a 2-year amortization period was used for adjustment 4.

5. Please provide Pendleton's Kentucky Sales and use tax exemption certificate number.

6. Explain why Pendleton has been paying sales tax on the power purchased from Harrison Co. RECC.

7. With regard to the Division II Utilities - Pumping Adjustments 5 and 16, please provide the following:

a. The methodology and calculations used to determine the purchased water decrease adjustment of \$<1,816.63> per Schedule 19 of the revised application.

b. The methodology and calculations used to determine the Division II Utilities Pumping adjustment 16.

8. Provide copies of the bids received for painting and cleaning the water and storage tanks in Division I and II.

9. Explain why the painting and cleaning of the water storage tank in Division I has been amortized over a 3-year period while the cleaning of the water storage tank in Division II has been amortized over a 2-year period.

10. Provide copies of the invoices received associated with the rate case expense per Schedule 16 of the application. In addition, provide the calculations used to determine Division I Rate Case Expense adjustments 4 and 8, and Division II Rate Case Expense adjustments 7 and 24.

11. Provide copies of the legal services invoices that reconcile to Schedule 20 per the application. In addition, please explain why these expenses were amortized over a 2-year period.

12. Provide the calculations and methodology used to determine the Division I Outside Services - Legal adjustment 9 and the Division II Outside Services - Legal adjustment 26.

13. Provide a copy of the invoice for the annual audit for the FmHA report. In addition, provide the calculations and methodology used to determine the Division I Outside Service - Audit adjustments 5 and 10, and the Division II Outside Services - Audit adjustments 9 and 27.

14. Provide a copy of the quote on the cost of obtaining an insurance policy separate from the Gas Division. In addition, provide the calculations and methodology used to determine Division I - Property Insurance adjustment 6 and Division II - Property Insurance adjustments 10 and 30. Please explain why the

cost of insurance increases proportionally to the number of gallons increase of 41 percent for Division II per Schedule 17.

15. Please state the amount Pendleton has collected through tap-on fees for the Phase III extension and state the interest rate at which these funds are invested.

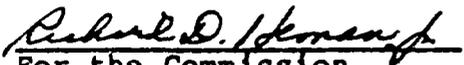
16. Please explain in detail the Division I, principal-short term debt adjustments 7 and 11.

17. Provide a copy of the bond amortization schedule for the proposed financing of \$273,000.

18. Please provide the detailed calculations used to determine the Division II, Depreciation adjustment 34. In addition, provide a detailed breakdown of the proposed extension stating the appropriate depreciation rates for the various assets.

Done at Frankfort, Kentucky, this 17th day of November, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director