

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SALT RIVER WATER DISTRICT AND KENTUCKY)
TURNPIKE WATER DISTRICT JOINT PETITION) CASE NO. 92-169
FOR APPROVAL OF MERGER AGREEMENT AND)
RETAIL RATE ADJUSTMENT)

O R D E R

Kentucky Turnpike Water District ("Kentucky Turnpike") is HEREBY ORDERED AND COMPELLED to respond to the following no later than September 17, 1992. Kentucky Turnpike shall file the original and 12 copies of the following information with the Commission with a copy to all parties of record. Kentucky Turnpike shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested at the public hearing.

1. Refer to Joint Petition for Approval of Merger Agreement and Retail Rate Adjustment, Exhibit 10. Provide a billing analysis for January through December 1991 using the format in Exhibit 10.

2. Refer to PSC's first data request, Question 8. Provide a proposed statement of revenues and expenses for the merged utility. Include adjustments and supporting documentation for items that will be eliminated or added as a result of the merger.

3. Refer to Salt River Water District's ("Salt River") response to No. 12 of PSC's Order of August 7, 1992. Explain how Kentucky Turnpike's minimum usage is more favorable to the customers.

4. Refer to PSC's first data request, Question 15. Does Kentucky Turnpike know if or when the surcharge might change or does it have any control over the amount of surcharge it receives from Louisville Water Company ("LWC")?

a. Give a detailed accounting of the facilities owned by LWC in the Kentucky Turnpike water distribution system, and explain if this should affect the amount of surcharge collected by Kentucky Turnpike.

5. How is the money collected from Kentucky Turnpike's wholesale customers?

6. Refer to PSC's first data request, Question 22. When did the City of Pilot Village become a wholesale customer of Kentucky Turnpike?

7. Provide the copy of the lease with Burke Realty for office space. Will the lease be renewed?

8. Provide copies of all communications between Bullitt County Fiscal Court and Kentucky Turnpike involving the proposed merger; especially, those that deal with the issue of service territory. If no documents exist, provide a narrative explaining the communications.

9. Refer to the meeting of the board of commissioners held June 27, 1991. Explain in detail the Zoneton Road project, including the entity that provided service for the 22 customers outside Kentucky Turnpike's service area.

10. Describe in detail the services that Salt River will be providing to Kentucky Turnpike customers.

11. State whether LWC charges to Kentucky Turnpike will decrease when Salt River begins providing services to Kentucky Turnpike. Also state whether there will be any duplication of LWC and Salt River services provided to Kentucky Turnpike. If there will be, explain in detail.

12. State when the contract between LWC and Kentucky Turnpike will expire.

13. Provide calculations to support the amount of professional services, rent, utilities, and other office expenses which would be eliminated or decreased as a result of merger.

14. Provide a statement to reflect annualized revenues and expenses for 1991. Include workpapers or other documents that are sufficient to reconcile annualized operations to those reported in the 1991 audit.

15. Provide calculations and the underlying analyses to support the 75:25 allocation of Salt River's wages and expenses as shown in Exhibit 1 of the merger petition, page 4, Item 6(c).

16. Refer to Kentucky Turnpike's audited financial statements for 1991.

a. Provide invoices to support 1991 Professional Fees of \$11,900.

b. Provide invoices to support 1991 Supplies and Expenses of \$11,547.

c. Provide invoices to support 1991 Insurance Expense of \$254.

d. Provide a schedule to support depreciation expense of \$43,260 and amortization expense of \$3,705.

e. Explain why investments producing interest income of \$34,330 in 1991 are restricted.

17. Refer to Response to Interrogatories for Gerald Burke, Faye Crumbacker, and Karen Smith, dated August 24, 1992.

a. The response to Item 9 indicates that Salt River will have greater credit available and borrowing capacity as a result of the merger. Describe other benefits that will be attained by Salt River as a result of merger.

b. Refer to Items 10-12 of the response. Explain how Salt River's maintenance costs will decrease when Salt River will continue to do its own maintenance and LWC will continue to service only Kentucky Turnpike customers and lines.

18. Reference is made to Kentucky Turnpike's August 4, 1992 response to the Commission's data requests:

a. In Response No. 5, Kentucky Turnpike states: "Kentucky Turnpike is not in a position to waive the monthly surcharge by reason of the Master Lease Agreement with Louisville Water Company . . ." Please supply a photocopy of the Master Lease Agreement with underlining under the portion of the Master Lease Agreement which prohibits waiver of the monthly surcharge.

b. Response No. 5 also states that "[Kentucky Turnpike]" is further restricted by the terms of its original bonded indebtedness." Please supply a copy of the applicable

document, with underlining under the language that contains said restriction.

c. Kentucky Turnpike gives as a reason for not responding to Commission's Request No. 8 that it "has not met with the Commissioners of the Salt River Water District . . ." State whether or not, prior to the filing of the Joint Petition, there was any meeting on the subject and any document prepared showing (i) an estimated or pro-forma statement of revenues and expenses for the merged utility, or (ii) any identification of "items that will be eliminated or added as a result of the merger." If there were none, state so; if there were any, produce them.

d. With respect to Kentucky Turnpike's Response to Request No. 12, identify any present employee or commissioner of Kentucky Turnpike that has had any maintenance responsibilities, that has ever "maintain[ed] lines", that has had experience "collecting" bills or rendering water "services" to any customers. After having identified all such commissioners or employees, provide a complete description of the experience of each. If there are none, state so.

e. With respect to the response of Kentucky Turnpike to the Commission's Request No. 14a, please refer to Salt River's response to intervenors' request No. 11, inquiring about the "joint program . . . to expand water service along Kentucky Highway 61 . . ." Attached thereto is an agreement between Kentucky Turnpike and Salt River. Explain why the agreement was not made until July 2, 1992.

19. Reference is made to Salt River's response to Intervenor's Request No. 9 and to the documentation concerning the "North Project."

a. What did Kentucky Turnpike agree to contribute in the "North Project" before it commenced?

b. What did Kentucky Turnpike finally contribute?

c. What was the original estimated cost of the North Project?

d. What was the final cost of the North Project?

e. Describe the role of Irwin Construction Co., Inc. in the construction of the North Project.

f. Name all the jobs Irwin Construction Co. has performed for Kentucky Turnpike in the last 10 years.

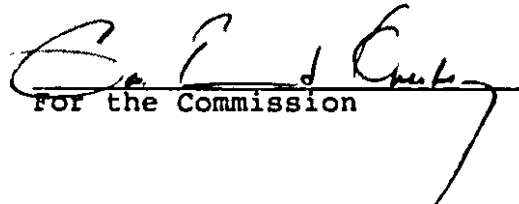
g. How much has been paid to Irwin Construction Co. in the last 10 years

(1) by Kentucky Turnpike?

(2) by developers in Kentucky Turnpike's territory?

Done at Frankfort, Kentucky, this 10th day of September, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director