

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF THE)
MALLOWBONE WATER DISTRICT AND SOUTH)
CUMBERLAND WATER DISTRICT, BOTH WATER)
DISTRICTS OF CUMBERLAND COUNTY,)
KENTUCKY, ORGANIZED PURSUANT TO)
CHAPTER 74 OF THE KENTUCKY REVISED)
STATUTES, FOR A CERTIFICATE OF PUBLIC) CASE NO. 94-437
CONVENIENCE AND NECESSITY, AUTHORIZING)
AND PERMITTING SAID WATER DISTRICTS TO)
MERGE INTO A SINGLE, SURVIVING WATER)
DISTRICT TO BE KNOWN AS "CUMBERLAND)
COUNTY WATER DISTRICT" PURSUANT TO THE)
PROVISIONS OF SECTION 74.363 OF THE)
KENTUCKY REVISED STATUTES)

O R D E R

IT IS ORDERED that Marrowbone Water District ("Marrowbone") and South Cumberland Water District ("South Cumberland") shall file the original and 10 copies of the following information with the Commission, with a copy to all parties of record, no later than 30 days from the date of this Order.

1. Provide bond maturity schedules for: (1) the Marrowbone Water District Revenue Bonds, Series of 1993; and (2) the proposed Farmers Home Administration ("FmHA") bonds that will be issued by the merged district, the Cumberland County Water District ("Cumberland").

2. When available, provide a copy of the FmHA letter of conditions for the Cumberland's proposed Water Revenue Bonds.

3. On page 8 of the application, the petitioners state that they do not propose to amend or increase the existing rates and

charges of Marrowbone or South Cumberland. However, in Exhibit 2 Kenviron's Inc. stated that, "the proposed rate structure would go into effect as planned for the current MWD service area."

a. Which of the above statements is correct?

b. Provide a detailed description of Cumberland's plans to implement a unified rate structure for its entire system.

4. a. Provide separate schedules of Marrowbone's and South Cumberland's current level of employees. This schedule should state: each employee's name and job title, a brief description of the employee's duties, the length of employment, the current salary.

b. Provide the employee information for the merged Cumberland system.

c. Provide a 5 year analysis of Cumberland's level of employees. This analysis should show positions that will be eliminated as a result of the merger, and any proposed savings that will result from the consolidation of positions.

5. Refer to Exhibit 2, Summary of Data for the Proposed Merger of the Marrowbone Water District and the South Cumberland Water District to Form the Cumberland Water District:

a. Provide all workpapers, assumptions and calculations used to develop Table III, Statement of Operations for the First Full Year of Operation Cumberland Water District.

b. Provide a reconciliation by account of the Combined column in Table II, Statement of Operations for the Year Ending December 31, 1993 South Cumberland Water District and Marrowbone

Water District, with Table III. Include a detailed description for any differences between any revenue or expense.

6. Do you anticipate that the proposed merger will result in the construction of any connection(s) between the existing water systems? If so, describe any such connections.

7. If the answer to No. 6 is yes, do you anticipate that such connections will have any hydraulic effect on the system of the merged utility? If so, describe any hydraulic change expected.

8. Does each merging utility, Marrowbone and South Cumberland, have its own office building currently?

a. Are the building(s) owned or rented by the districts?

b. Describe what will be done with each office building after the merger (i.e. any plans to sell, rent, or lease).

c. Provide the number of employees who work out of each office.

d. Describe the placement of the office employees after the merger.

9. Each district has its own set of special charges such as customer deposit, tap-on and reconnection fees.

a. How will the merger affect special charges for current customers?

b. How will special charges be determined for new customers?

Done at Frankfort, Kentucky, this 27th day of December, 1994.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Director



For the Commission