

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OHIO COUNTY WATER)
DISTRICT FOR (1) ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY FOR CONSTRUCTION OF)
THE 1997 WATER SYSTEM IMPROVEMENTS;) CASE NO. 98-015
(2) AUTHORIZATION TO ISSUE SERIES I)
REVENUE BONDS IN THE AMOUNT OF)
\$4,000,000; AND AUTHORIZATION TO RAISE)
RATES TO PAY FOR THE ADDITIONAL)
INDEBTEDNESS)

O R D E R

IT IS ORDERED that Ohio County Water District ("Ohio District") shall file the original and 8 copies of the following information with the Commission by May 22, 1998, with a copy to all parties of record. Each copy of the information requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility. Where requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this Order. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. Provide the test period billing analysis usage data in a spreadsheet format on a 3.5-inch computer diskette.

2. Refer to Ohio District's Response to the Commission's Order of October 21, 1997 in Case No. 97-423,¹ Item 5, page 3.

a. When does Ohio District expect to begin construction and installation of pumping facilities at the Perdue Farms Plant?

b. What is the estimated time to complete construction and installation of the pumping facilities once construction begins?

c. (1) Is it correct that, based upon 1995/96 Water System Improvements Preliminary Engineering Report, the cost of the pumping facilities is estimated to be \$45,000?

(2) Does Ohio District expect any change to this estimated cost?

(3) If yes, what is the expected change in cost? Why are changes in the cost expected?

3. Ohio District's statement of revenues and expenses for the 12 months ending September 30, 1997 shows miscellaneous service revenues of \$23,334. Provide an explanation of this amount.

4. Refer to Ohio District's Response to the Commission's Order of October 21, 1997 in Case No. 97-423, Item 5(a). List and describe the overall benefits of the proposed projects that Ohio County Fiscal Court has required Ohio District to undertake as a condition to receiving 1 million gallons of water daily from Perdue Farms.

¹ Case No. 97-423, An Investigation Into the Rates of Ohio County Water District.

5. Refer to Ohio District's Application, Exhibit H1 at page 2.
 - a. Provide a detailed explanation of the proposed adjustment of \$72,494 resulting from "a billing period that differs from the test year; late payments; and a differing billing cycle."
 - b. Provide the specific reconciling items that comprise the \$72,494 proposed adjustment.
6. Provide the invoices for the test year purchased water expense of \$3,767.
7. a. Ohio District's water sales revenue for the test period represents a 32 percent increase over calendar year 1996. Why did Ohio District's chemical costs increase 61 percent for the same period?
 - b. Provide a detailed general ledger analysis for chemicals expense incurred during the test period.
8. For each of the following accounts, provide invoices supporting payments during each calendar month of the test period in which the payment exceeds \$1,000, (regardless of the allocation of the payment among subaccounts in lesser amounts):
 - a. Materials & supplies.
 - b. Contractual services.
9. a. How does Ohio District determine bad debts?
 - b. How often does Ohio District review its accounts receivable for applicable charge-offs?

10. Was amortization of rate case expense of \$9,949 for Case No. 95-459² included in miscellaneous expense on Ohio District's 1996 Annual Report to the Commission?

11. Provide a detailed schedule of Ohio District's calculation of its depreciation expense.

12. Refer to Ohio District's Application, Exhibit H4, page 1. Why has Ohio District proposed rates that will generate revenues 3.6 percent less than its required revenue?

13. Provide hydraulic analysis, supported by computations and actual field measurements, of the typical operational sequences of Ohio District's existing water distribution system. Computations shall be documented by a schematic map of the Ohio District 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.

² Case No. 95-459, The Application of Ohio County Water District for (1) Authority to Assume Ownership, Operation and Maintenance of Rough River Water System, Inc. (2) Authority to Make General Adjustments in Current Rates and (3) Authority to Increase the Current Connection Fees.

14. Provide a summary of any operational deficiencies of Ohio District's existing water system that are indicated by the hydraulic analyses or that are known from experience.

15. Provide hydraulic analyses, supported by computations and field measurements, demonstrating the appropriateness of the engineering design of the proposed construction. Justify fully any assumptions used in the analyses.

16. Provide one copy of the final engineering report for the proposed construction project. This copy shall be signed, sealed, and dated by a registered professional engineer.

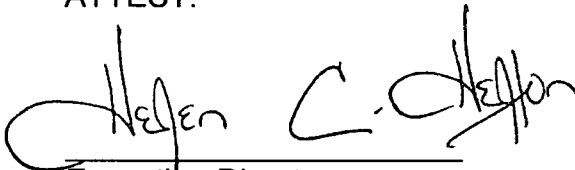
Done at Frankfort, Kentucky, this 8th day of May, 1998.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:



Executive Director