

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES OF) CASE NO. 98-283
THE CITY OF OWENTON, KENTUCKY)

O R D E R

IT IS ORDERED that Tri-Village Water District ("Tri-Village") shall file the original and 8 copies of the following information with the Commission no later than January 7, 1999, 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. When the 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.

1. Provide Mr. Babington's curriculum vitae.
2. a. List each proceeding in which Mr. Babington has testified before or presented written testimony to the Kentucky Public Service Commission.
b. For each proceeding listed in response to the question above, state whether Mr. Babington filed a cost-of-service study with his testimony.

c. List all proceedings before the Kentucky Public Service Commission in which Mr. Babington has prepared and submitted a cost-of-service study.

3. a. What is Mr. Babington's position with Tri-Village?

b. How long has Mr. Babington held this position?

4. How is Mr. Babington familiar with Tri-Village's system and its business operations?

5. a. Who represented Tri-Village in its discussions with the City of Owenton, Kentucky ("Owenton") that led to the execution of their water purchase contract?

b. For each person listed above,

(1) State his or her position with Tri-Village.

(2) Explain why he or she will not be testifying on behalf of Tri-Village at the hearing in this matter.

6. Provide all correspondence between Owenton and Tri-Village since December 31, 1992, in which a "study on the cost of water production and distribution" is discussed.

7. a. Has Tri-Village made written request upon Owenton for a review of the current cost of water being supplied by Owenton and for the retention of a mutually agreeable engineer to perform a "study on the cost of water production and distribution"?

b. If yes,

(1) When?

(2) What was Owenton's response?

c. If no, why not?

8. At page 3 of his testimony, Mr. Babington states: "The City of Owenton is not making a fair allocation of its debt service and operation and maintenance costs toward the charges to Tri-Village Water District as the attached exhibit explains." The attached exhibit, however, accepts Owenton's allocation of existing long-term debt and new long-term debt to Tri-Village.

a. Why is Owenton's allocation of existing long-term debt and new long-term debt to Tri-Village unreasonable?

b. How should Owenton's existing long-term debt and new long-term debt be allocated to Tri-Village?

9. What test period does Tri-Village propose that the Commission use to determine Owenton's wholesale rate? Why is the use of this test period appropriate?

10. Refer to Direct Testimony of William C. Babington, Exhibit A, "Tri-Village Rate Calculation." When calculating the operation and maintenance expense component, Mr. Babington made no provision for operation and maintenance expenses attributable to distribution functions. Why not?

11. Refer to Direct Testimony of William C. Babington, Exhibit A.

a. The debt component of Tri-Village's rate is calculated by dividing \$14,602 by 69,404,000 gallons. Why was 69,404,000 gallons used to make this calculation?

b. The operations and maintenance component of Tri-Village's rate is calculated by dividing \$134,141 by 139,859,200 gallons. Why was 139,859,200 gallons used to make this calculation?

c. Provide a breakdown of operation and maintenance expense totaling \$134,141.

12. When determining that the rate to Tri-Village should be \$1.24, did Mr. Babington review all of Owenton's expenses?

13. Why should all expenses incurred in serving Tri-Village be allocated on the basis of the number of gallons produced or sold?

14. Does Mr. Babington agree that certain costs are fixed and should not be allocated based on the number of gallons purchased? If no, why not?

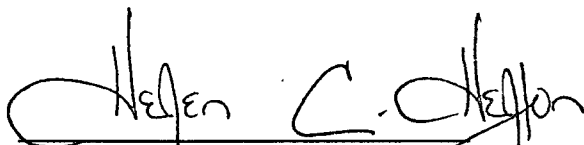
Done at Frankfort, Kentucky, this 28th day of December, 1998.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:



Executive Director