

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE)	
KENTUCKY TURNPIKE WATER DISTRICT AND)	CASE NO. 98-398
THE IMPOSITION OF AN IMPACT FEE)	

O R D E R

IT IS ORDERED that Kentucky Turnpike Water District ("Kentucky Turnpike") shall file the original and 8 copies of the following information with the Commission no later than November 30, 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. 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. a. What is the debt service coverage ("DSC") requirement for Kentucky Turnpike Division II's long-term debt?
- b. What is the source (e.g., debt instrument, bond ordinance) of this requirement?

2. Refer to Kentucky Turnpike's Response to the Commission's Order of October 5, 1998, Item 7.

a. Provide a copy of the 1995 loan agreement between the Kentucky Infrastructure Authority ("KIA") and Kentucky Turnpike.

b. Describe how the 1995 loan proceeds and obligations were allocated between Kentucky Turnpike's divisions. Provide all calculations and state all assumptions used to make the allocation.

3. Provide a schedule showing the total debt service requirements for each of Kentucky Turnpike Division II's long-term debt instruments for each calendar year for the period from 1998 through 2003. This schedule shall include principal payment, interest payment and any surcharges, fees or other required payments.

4. Refer to Kentucky Turnpike's Response to the Commission's Order of October 5, 1998, Item 10.

a. (1) Does the interest income labeled as "PNC Money Market Certificate" represent the interest income "accruing on the escrow account that contains the remaining proceeds of the \$1,545,000 loan from PNC Bank"?

(2) If no, indicate where in Item 10 this income is represented.

b. Why is the \$8,189.21 of interest accrued on the KIA Debt Service Reserve not restricted to the retirement of the KIA loan?

5. Refer to Kentucky Turnpike's Response to the Commission's Order of October 5, 1998, Item 9.

a. Each Statement of Account from Stites & Harbison refers to an "attached itemization" of legal fees. Provide the itemized statement for each Statement of Account.

b. For each Statement of Account, state the case number for which the expenses listed on each invoice were incurred.

6. Refer to Kentucky Turnpike's Response to Burke Realty Company's Initial Information Requests, Item 11.

a. Who are the "Certified Public Accountants" to which Kentucky Turnpike refers?

b. When did Kentucky Turnpike's "Certified Public Accountants" conclude that the "District required a rate increase"?

c. How were the recommendations of the "Certified Public Accountants" relayed to Kentucky Turnpike? If by letter or other written communication, provide a copy of such communication.

7. Refer to Kentucky Turnpike's Response to Burke Realty Company's Initial Information Requests, Item 25. For what purpose(s) did Kentucky Turnpike use the proceeds of the Promissory Note issued to Peoples Bank of Bullitt County on November 15, 1996?

8. Refer to Kentucky Turnpike's Response to Burke Realty Company's Initial Information Requests, Item 27.

a. Define "customary fee."

b. Indicate where the reference to the fee for Mr. Brown's services is located in Kentucky Turnpike's Response to the Commission's Order of October 5, 1998, Item 7.

9. a. Identify all material expenditures that Kentucky Turnpike Division II incurred either individually or jointly with Division I during 1997 that are not expected to recur.

b. For each expenditure listed in response to Item 9(a), provide an invoice or other supporting document.

10. a. Identify all material expenditures that Kentucky Turnpike Division II incurred either individually or jointly with Division I during 1997 that are not annual expenditures, but are likely to recur in the future.

b. For each expenditure listed in response to Item 10(a), provide an invoice or other supporting document and state the estimated number of years that Kentucky Turnpike will benefit from that expenditure before it is again incurred.

11. a. What is the total compensation that Kentucky Turnpike paid to Martin L. Brown and GEM Capital in 1997?

b. What is the total compensation that Kentucky Turnpike paid to Martin L. Brown and GEM Capital in 1998?

12. a. Has Kentucky Turnpike executed any addendum or supplemental agreements with North Nelson Water District ("North Nelson") since January 15, 1996?

b. If yes, provide a copy of these agreements.

13. a. Is Kentucky Turnpike Division II currently selling water to North Nelson?

b. If yes,

(1) When did such sales begin?

(2) At what rate is Kentucky Turnpike currently selling water to North Nelson?

(3) For each month since sales began, provide the total monthly sales to North Nelson.

14. a. Has Kentucky Turnpike executed any addendum or supplemental agreements with Louisville Water Company ("LWC") since October 10, 1986?

b. If yes, provide a copy of these agreements.

c. Has LWC amended or changed its rates for water service to Kentucky Turnpike's Division II since October 13, 1994?

15. a. State for each month of 1997 and 1998 the total monthly water sales made to Jim Beam Brands Company.

b. What changes, if any, does Kentucky Turnpike expect in Jim Beam Brands Company's consumption patterns within the next two years?

16. a. What contracts, if any, has Kentucky Turnpike entered with any large commercial or wholesale customers since January 1, 1998? Provide a copy of each contract.

b. For each contract listed in 16(a), state the effect, if any, on Kentucky Turnpike's revenues and/or expenses.

17. Refer to Case No. 97-323.¹ Assume the Commission determines that the customer participation fees are unlawful fees and requires Kentucky Turnpike to refund such fees.

a. What is the total amount to be refunded if Kentucky Turnpike refunds all customer participation fees collected for the Cedar Grove Road Project?

b. What effect, if any, would such an outcome have on Kentucky Turnpike's proposed rate adjustment?

c. What amendments, if any, would Kentucky Turnpike make to its application for rate adjustment should such an outcome occur?

18. Provide a copy of the Bullitt County Fiscal Court Ordinance that authorizes the payment of \$3,600 annually to each Kentucky Turnpike Commissioner.

19. Refer to Kentucky Turnpike's Annual Report of 1997 at 32. Kentucky Turnpike estimates that Division II provided 6,448,550 gallons of water at no charge to fire departments.

a. Do Kentucky Turnpike's filed rate schedules contain any provision for free water service to fire departments?

b. (1) If yes, identify this provision.

(2) If no, state how Kentucky Turnpike's action is consistent with KRS 278.170(3). What is the appropriate rate-making treatment for these "free customers"?

¹ Case No. 97-323, Burke Realty Co. v. Kentucky Turnpike Water District.

20. How does Kentucky Turnpike allocate revenues between Division I and Division II?

21. Refer to Kentucky Turnpike's Response to the Commission's Order of October 5, 1998, Item 11.

a. Does the General Ledger Trial Balance include Division I's operations?

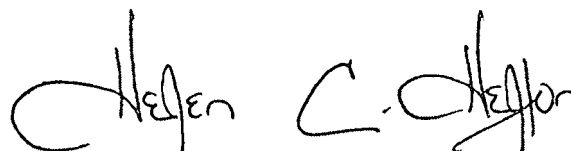
b. Provide a reconciliation of the Division II Audited Financial Statements, Statement of Operations (Kentucky Turnpike's Application, Attachment 7 at 4) to the General Ledger Trial Balance. Provide the adjusting journal entries made by Kentucky Turnpike's accountant.

Done at Frankfort, Kentucky, this 13th day of November, 1998.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director