

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE CONTRACT FILING OF KENTUCKY )  
TURNPIKE WATER DISTRICT WITH )  
THE CITY OF LEBANON JUNCTION )  
FOR THE SUPPLY OF WATER )

CASE NO. 98-589

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 within 14 days of this Order, 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. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. a. What facilities, if any, will Kentucky Turnpike be required to construct as a result of the contract with the city of Lebanon Junction?
  - b. If facilities must be constructed, what is their cost?

2. What division of Kentucky Turnpike will be responsible for providing water to Lebanon Junction?

3. How was the minimum monthly charge of \$2520 determined? Show all calculations and state all assumptions used to derive this charge.

4. How did Kentucky Turnpike determine that the monthly minimum usage should be 2,000,000 gallons? Show all calculations and state all assumptions.

5. The proposed contract provides a minimum monthly charge that is based upon the monthly purchase of 2,000,000 gallons, but makes no provision for monthly sales in excess of 2,000,000 gallons.

a. What rate will Kentucky Turnpike charge to Lebanon Junction for all monthly purchases in excess of 2,000,000 gallons?

b. How was this rate determined? Show all calculations and state all assumptions used to derive this charge.

6. What size metering connection will Kentucky Turnpike use to serve Lebanon Junction?

7. Refer to Paragraph 3 of the Water Sales Agreement.

a. Why does Kentucky Turnpike's rate increase 8 percent in the second and third years of the agreement?

b. How was the magnitude of the rate increase determined? Show all calculations and state all assumptions used to derive this rate adjustment.

c. What is the projected revenue impact of the required rate increases?

8. a. Has the Louisville Water Company ("LWC") approved the proposed Agreement?

b. If yes, provide documentary evidence of this approval.

9. How does Kentucky Turnpike intend to finance the construction of the mains and meters to which the contract refers?

10. a. Has Kentucky Turnpike received any grants from the Kentuckiana Regional Planning and Development Agency for the purpose of providing water service to Lebanon Junction?

b. If yes, state the amount of each grant, the date the grant was received, and all conditions attached to each grant.

11. In 1998 Kentucky Turnpike officials advised the Commission that hydraulic design problems within its distribution system prevented the water district from adding new customers and from meeting its contractual commitments with existing customers.

a. What actions have been taken to correct these hydraulic design problems?

b. Do such hydraulic design problems currently prevent Kentucky Turnpike from adding new customers or meeting its contractual commitments to current customers?

c. (1) What effect, if any, will such hydraulic design problems have on Kentucky Turnpike's ability to meet the minimum quantity requirements of the proposed contract?

(2) If Kentucky Turnpike's present ability to meet the minimum quantity requirements is affected, what corrective actions are planned?

12. a. Under its present contract with LWC, what is the maximum quantity (gallons per minute) that LWC is required to deliver to Kentucky Turnpike Division II?

b. State in terms of gallons per minute and excluding Kentucky Turnpike's sales to Jim Beam Brands Company and North Nelson County Water District, Kentucky Turnpike Division II's

(1) average daily consumption.

(2) maximum daily consumption.

13. Refer to Paragraph 7 of the Water Sales Agreement.

a. Why are restrictions placed upon Lebanon Junction's right to resell the purchased water?

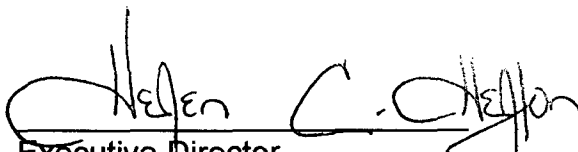
b. Why are these restrictions reasonable?

Done at Frankfort, Kentucky, this 7th day of December, 1998.

PUBLIC SERVICE COMMISSION

  
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For the Commission

ATTEST:

  
\_\_\_\_\_  
Executive Director