

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MUHLENBERG COUNTY	)	
WATER DISTRICT FOR A GENERAL RATE	)	CASE NO. 99-512
ADJUSTMENT PURSUANT TO THE PROVISIONS OF	)	
KRS 278.030 AND 807 KAR 5:001	)	

COMMISSION STAFF'S FIRST SET OF INTERROGATORIES AND  
REQUESTS FOR PRODUCTION OF DOCUMENTS  
TO MUHLENBERG COUNTY WATER DISTRICT

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Muhlenberg County Water District ("Muhlenberg") shall file the original and 8 copies of the following information with the Commission no later than July 14, 2000, with a copy to all parties of record. Each copy of the information requested shall 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 shall 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 request.

1. Provide a depreciation schedule of Muhlenburg District's utility plant that includes original cost, the depreciation rate, the annual depreciation expense, and the remaining balance.

2. Provide a schedule that contains the following information:
  - a. the name of each officer or employee of Muhlenberg District;
  - b. a description of his or her job duties;
  - c. his or her length of employment with Muhlenberg;
  - d. his or her test period salary;
  - e. his or her current salary;
  - f. the number of regulars hours that he or she worked during the test period;
  - g. the number of overtime hours that he or she worked during the test period;
  - h. his or her current regular and overtime pay rates.
3.
  - a. Provide a schedule that lists:
    - (1) each of Muhlenberg District's current insurance policies;
    - (2) the type of coverage that each policy provides;
    - (3) the annual premium for each policy;
    - (4) the effective date of each policy's coverage;
  - b. Provide all notices from Muhlenberg District's insurance carriers that report a change in coverage or premium from the test period level.
4.
  - a.
    - (1) List all employment benefits that Muhlenberg District provides to its officers or employees.
    - (2) For each benefit listed above, identify which employees are eligible to receive that benefit and state the total annual cost of providing that benefit.

b. (1) List all pension programs that Muhlenberg District provides to its officers or employees.

(2) For each program listed above, identify which employees are eligible to participate in that program and state the total annual cost of maintaining that program.

c. For any employee benefit or pension program that is not available to all employees, explain why all employees are not eligible to participate.

5. a. (1) Does Muhlenberg District provide family health insurance coverage?

(2) If yes,

(a) Who pays for the difference in premiums between single and family coverage?

(b) If Muhlenberg District pays the difference, are all employees given the option of taking family coverage or the difference in premiums as additional compensation?

6. a. List all persons or entities to whom Muhlenberg District provides free water service.

b. For each person or entity listed, state:

(1) the amount of free water (in gallons) provided during the test period; and,

(2) the total cost of providing free water service during the test period.

7. If Muhlenberg Water District provided water service to members of its Board of Commissioners, explain how the provisions of such service is consistent with the salary limitations that KRS 74.020(6).

8. Provide a copy of the resolution or ordinance of Muhlenberg County Fiscal Court establishing the current level of compensation for the members of Muhlenberg District's Board of Commissioners.

9. Provide documentary evidence that the Muhlenberg County Judge/Executive has approved Muhlenberg District's employment of private legal counsel.

10. Explain why Muhlenberg District did not use the Muhlenberg County Attorney to provide legal advice and counsel.

11. Provide invoices or other documentary evidence to support the levels of the following accounts:

a.	Purchased Water	\$650,364
b.	Purchased Power	\$ 41,404
c.	Materials and Supplies	\$ 75,948
d.	Transportation Expense	\$ 26,820
e.	Miscellaneous Expense	\$ 82,932
f.	Advertising Expense	\$ 1,116

12. a. List all rate case expenses incurred to date in this proceeding.  
b. Provide detailed invoices for each expense listed above.  
c. Beginning on August 1, 2000, and for each month thereafter until the completion of this case, provide an updated report of all rate case expenses and

provide detail invoices for all expenses for which an invoice has not been previously provided.

13. Provide all contracts and agreements (e.g., purchased water contracts, leases, rental agreements) under which Muhlenberg District incurred costs of \$1,000 or more during the test period.

14. Provide Muhlenberg District's Audit Report for 1999, including all workpapers and year-end adjusting journal entries.

15. Refer to Muhlenberg District's Application, Tab 12. Provide a copy of each loan agreement or bond ordinance listed.

16. a. When did Muhlenberg District first prepare or commission a cost-of-service study to determine the appropriate rate for its water service?

b. (1) Who prepared this study?

(2) Provide the preparer's curriculum vitae?

(3) List all cases before the Commission in which the preparer has submitted a cost-of-service study.

(4) List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

c. Provide a copy of this study.

17. a. Has Muhlenberg District subsequently prepared or commissioned a cost-of-service study to determine the appropriate rate for its water service?

b. For each subsequent study:

(1) Who prepared this study?

(2) Provide the preparer's curriculum vitae?

(3) List all cases before the Commission in which the preparer has submitted a cost-of-service study.

(4) List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared

(5) Provide a copy of the cost-of-service study.

18. a. If no cost-of-service study has been performed on Muhlenberg District's operations, describe rate reviews or studies that have been performed to review the fairness of Muhlenberg District's present rate structure.

b. Provide a copy of each review or study performed.

19. Describe how the proposed rates to the city of Drakesboro, Kentucky ("Drakesboro") and the Tennessee Valley Authority Paradise Fossil Electric Generating Plant ("Paradise") were determined.

20. Identify each Muhlenberg District facility that is used exclusively to provide water service to either Drakesboro or Paradise or both. For each facility listed, state the wholesale customer(s) who is (are) served exclusively by that facility.

21. a. How many master meters are used to serve Drakesboro?

b. State the size of each master meter.

c. Who is responsible for the maintenance of the master meter(s)?

22. a. How many master meters are used to serve Paradise?

b. State the size of each master meter.

c. Who is responsible for the maintenance of the master meter(s)?

23. Provide the total inch miles by line size contained in Muhlenberg District's system.

24. Complete the table below:

<b>Water Main Size</b>	<b>Total Miles Of Line</b>	<b>Miles Of Lines Jointly Used By Both Muhlenberg District &amp; Drakesboro</b>	<b>Miles Of Lines Jointly Used By Both Muhlenberg District &amp; Paradise</b>
16"			
14"			
12"			
10"			
8"			
6"			
4"			
2"			

25. Provide for each calendar year from 1995 through 1999 the total annual operation and maintenance expense and the percentage increase or decrease over the prior calendar year expense level.

26. State why Muhlenberg District requires an automatic adjustment mechanism based upon the Consumer Price Index.

27. State why the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") is the appropriate index upon which to base any automatic adjustment mechanism.

28. Identify all price indexes other than the CPI-W that Muhlenberg District considered when developing its rate adjustment proposal. For each index identified, explain why Muhlenberg District chose not to use that index.

29. Provide the proposed tariff sheet that will govern the operation of the proposed automatic adjustment mechanism.

30. Under the proposed automatic adjustment mechanism, on what date would the annual adjustment for inflation be made?

31. What notice of a rate adjustment would be provided to Muhlenberg District customers under the proposed automatic adjustment mechanism?

32. Explain the relationship between the CPI-W and the cost of distributing water.

33. Provide all purchase agreements and contracts for employment or services to which Muhlenberg District is currently a party and which contain cost adjustment provisions.

34. Provide the minutes for all meetings of Muhlenberg District's Board of Commissioners held since January 1, 1998.

35. Explain why, despite large operating losses, Muhlenberg District has not requested a general rate adjustment, other than for increases in the cost of purchased water, since January 1985.

36. For each year since January 1, 1993, identify the persons who were members of Muhlenberg District's Board of Commissioners.



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DATED: June 30, 2000

cc: Parties of Record