

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE CITY OF KEVIL,)	
KENTUCKY FOR APPROVAL OF MERGER AND)	CASE NO.
ACQUISITION OF OWNERSHIP OF THE)	2001-051
BANDANA WATER DISTRICT)	

FIRST DATA REQUEST OF COMMISSION STAFF
TO THE CITY OF KEVIL AND THE BANDANA WATER DISTRICT

The city of Kevil (“City”) and the Bandana Water District (“Bandana”) (collectively “Applicants”), pursuant to 807 KAR 5:001, are to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this pleading. The Applicants may file a joint response to these data requests. Each copy of the data 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 person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The Applicants shall include in each response the name of the individual(s) who provided the information needed or responded to the data request.

1. Refer to Exhibit H of the application, page 1, paragraph 2.

a. As stated, Kevil Water System is capable of meeting the additional demand of 104 homes. Does the system have any additional capacity for future growth? If so, how much?

b. With regard to the system improvements necessary to connect the two water systems, how will these improvements be funded? Will the financing have an impact on the rates proposed for Bandana's customers?

2. Refer to the Merger Agreement (Exhibit C, page 2).

a. Paragraph one states that a copy of the schedule of the City's water rates and charges now in effect is attached as Exhibit A. Provide a copy of Exhibit A or a copy of the City's current rates and charges.

b. Paragraph two states that a copy of the schedule of the City's outside water rates and charges now in effect is attached as Exhibit B. Provide a copy of Exhibit B or a copy of the City's current outside water rates.

3. Refer to Exhibit G – Bandana's Rate Table:

a. Table 1 shows Bandana's existing rates as follows:

First 3,000 gallons	\$9.05 Minimum bill
Next 2,000 gallons	\$3.60 per 1,000 gallons
Over 5,000 gallons	\$3.10 per 1,000 gallons

However, Bandana's current tariff on file with the Commission shows Bandana's existing rates as follows:

First 2,000 gallons	\$9.05 Minimum bill
Next 3,000 gallons	\$3.90 per 1,000 gallons
Next 5,000 gallons	\$3.10 per 1,000 gallons
Next 10,000 gallons	\$2.25 per 1,000 gallons
Over 30,000 gallons	\$1.70 per 1,000 gallons

Explain the difference in the rates shown at Exhibit G and Bandana's current tariff on file with the Commission.

b. Table 2 shows proposed rates and a three-step rate design for Bandana. Has the City done any analysis to determine that the proposed rates and design are appropriate for the Bandana customers? Explain.

4. How many customers does the City currently serve?

5. Describe the process by which the City determines when to increase its water rates.

a. Describe how the City determines the amount of any increase.

b. Describe any process by which the customers of the City may oppose a rate increase.

6. Refer to page 30 of Exhibit A. Provide a copy of the January 8, 2000 letter in which Williams, Williams & Lentz, LLP noted concerns regarding the City's internal control over financial reporting.

7. Refer to Exhibit B.

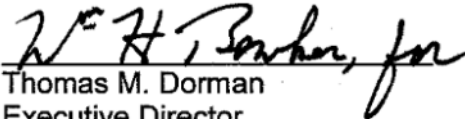
a. How many employees does the City now employ to operate its water service? Describe the position and job duties of each employee.

b. How many employees does Bandana currently employ?

c. Is the City's current staffing level sufficient to provide service to the customers of Bandana? If not, how many additional employees does the City intend to hire to meet these service needs?

8. Refer to Exhibit C, page 4, Section 301(1)(4). Describe the City's policy for deposits and how that policy will apply to the customers of Bandana.

9. Provide the current amount of debt held by Bandana. Explain how the City will pay for that debt.


Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
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DATED 4/5/2001

cc: All Parties