

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO BUTLER COUNTY)
WATER SYSTEM, INC. S RATE SCHEDULE FOR) CASE NO. 2002-00040
SERVICES WITH PRIVATE FIRE PROTECTION)
FACILITIES)

COMMISSION STAFF S FIRST SET OF INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO BUTLER COUNTY WATER SYSTEM, INC.

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Butler County Water System, Inc. ("Butler County") file the original and 8 copies of the following information with the Commission within 20 days of this request, 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 should be given to copied material to ensure its legibility.

1. In Case No. 9505¹ Butler County submitted a cost-of-service study which calculated customers minimum bills in the following manner:

¹ Case No. 9505, The Application of Butler County Water System, Inc., Butler County, Kentucky, (1) For a Certificate of Public Convenience and Necessity Authorizing Said System to Construct Major Improvements and Additions to Its Existing Municipal Water Distribution System Pursuant to the Provisions of KRS 278.020 of the Kentucky Revised Statutes; and (2) Seeking Approval of the Issuance of Certain Securities as Required by KRS 278.030; and (3) Approval of One Water Rate Structure for All Customers, Butler County Water District s Application at Table 12.

Meter Size (Inches)	Customer Charge	Gallons	Water Charge	Preliminary Minimum Bill	Revised Customer Charge	Final Minimum Bill
5/8 x 3/4	3.32	2,000	5.40	8.72	2.86	8.26
3/4	3.98	3,000	8.10	12.08	3.52	11.62
1	4.65	5,000	13.50	18.15	4.19	17.69
1 1/2	6.64	10,000	25.60	32.24	6.18	31.78
2	8.96	16,000	39.70	48.66	8.50	48.20
3	12.62	30,000	72.60	85.22	12.16	84.76
4	17.93	50,000	119.60	137.53	17.47	137.07
6	33.20	100,000	219.60	252.80	32.74	252.34

The cost-of-service study found that Butler County's cost of water for minimum bill purposes was \$5.40 for 2,000 gallons, or \$2.70 per 1,000 gallons.

a. Explain why, given the results of this cost-of-service study, the rate for private fire protection service should not be calculated by reducing the minimum charge for water service by \$2.70 per each 1,000 gallons of water.

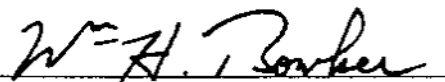
b. State whether the rate for fire protection service (in the absence of any water usage) should be based upon the customer charge component of the minimum bill.

c. If Butler County's response to Item 1(b) is no, explain why the rate for fire protection service (in the absence of any water usage) should not be based upon the customer charge component of the minimum bill.

2. Provide all rate analyses and cost-of-service studies that Butler County has performed or commissioned since September 1, 1986. For each study provided, state the name and position of the study's author.

3. Provide all documents and materials related to its rates for water service that Butler County submitted to the Farmers Home Administration or Rural Development since September 1, 1986 to support its applications for loans or grants from those agencies.

4. Provide all correspondence, internal memoranda, notes, and other documents created since September 1, 1986 in which Butler County, its officers, or employees have discussed or calculated the customer charge component or commodity component of Butler County's rates for water service.

for 
Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

DATED: April 15, 2002

cc: Parties of Record